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CHTC FONG'S INTERNATIONAL COMPANY LIMITED

中國恒天立信國際有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 641)

**DISCLOSEABLE TRANSACTION
LAND USE RIGHTS RESUMPTION**

The Board hereby announces that on 10 January 2022, Zhejiang CHTC Fong's, an indirect wholly-owned subsidiary of the Company, entered into the Land Resumption Agreement with Shaoxing Keqiao Management Committee. Pursuant to the Land Resumption Agreement, Zhejiang CHTC Fong's has agreed to surrender the land use rights of the industrial land parcel with an area of 76,680 m² located in the Binhai Industrial Park, Keqiao Economic and Technological Development Zone, Shaoxing, the PRC to Shaoxing Keqiao Management Committee and will receive a refund of land premium of RMB40,257,000 (equivalent to approximately HK\$49,000,000).

As the highest applicable percentage ratio (as defined under 14.04(9) of the Listing Rules) calculated according to the premium of the land to be received by Zhejiang CHTC Fong's under the Land Resumption Agreement exceeds 5% but is less than 25%, the transaction contemplated under the Land Resumption Agreement constitutes a discloseable transaction of the Company according to the Listing Rules and is therefore subject to the reporting and announcement requirements but is exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board hereby announces that on 10 January 2022, Zhejiang CHTC Fong's, an indirect wholly-owned subsidiary of the Company, entered into the Land Resumption Agreement with Shaoxing Keqiao Management Committee. Pursuant to the Land Resumption Agreement, Zhejiang CHTC Fong's has agreed to surrender the land use rights of the industrial land parcel with an area of 76,680 m² located in the Binhai Industrial Park, Keqiao Economic and Technological Development Zone, Shaoxing, the PRC to Shaoxing Keqiao Management Committee and will receive a refund of land premium of RMB40,257,000 (equivalent to approximately HK\$49,000,000).

LAND RESUMPTION AGREEMENT

The principal terms of the Land Resumption Agreement are set out below:

Date

10 January 2022

Parties

- (1) Zhejiang CHTC Fong's, an indirect wholly-owned subsidiary of the Company
- (2) Shaoxing Keqiao Management Committee

THE RELEVANT LAND RESUMED

As set out in the "Management Discussion and Analysis" section in the Annual Report 2018 of the Company, on 30 January 2019, Zhejiang CHTC Fong's successfully obtained the Relevant Land at the open listing-for-sale process, which occupies an area of 76,680 m² with a land use right of 50 years. In respect of the acquisition of the Relevant Land, Zhejiang CHTC Fong's has (i) paid the land premium of RMB40,257,000 to Shaoxing Bureau of Natural Resources and Planning; and (ii) paid a deed tax and stamp duty totaling approximately RMB1,228,000 for the acquisition of the Relevant Land, respectively.

Pursuant to the Land Resumption Agreement, within one month from the date of issuance of the "Decision on Resumption of State-owned Construction Land Use Rights in Keqiao District, Shaoxing City" (《紹興市柯橋區收回國有建設用地使用權決定書》) by Shaoxing Bureau of Natural Resources and Planning, the Shaoxing Keqiao Management Committee will refund the aforesaid land premium to Zhejiang CHTC Fong's in one lump sum. According to the process that the Group was informed about the land resumption, the Group expects to receive a refund of the paid land premium of RMB40,257,000 within three months.

REASONS FOR AND BENEFITS OF ENTERING INTO THE LAND RESUMPTION AGREEMENT

As mentioned in the section headed "Management Discussion and Analysis" in the 2018 Annual Report of the Company, after the acquisition of the Relevant Land by Zhejiang CHTC Fong's on 30 January 2019, the original intention of which was to construct a base on the Relevant Land for research and development, design, manufacture and marketing of intelligent supporting system for dyeing and finishing equipment to our customers. In view of the macroeconomic situation, market changes and the ongoing pandemic of COVID-19, the Group has not yet carried out any civil construction works by the deadline of 20 March 2020 in accordance with the terms of the agreement for the acquisition of the Relevant Land, the Relevant Land remains idle. In light of this, the Group has not yet obtained the land use right certificate of the Relevant Land and is unable to freely transfer the Relevant Land in the open market. After arm's length negotiations, the Land Resumption Agreement was entered into

between Zhejiang CHTC Fong's and Shaoxing Keqiao Management Committee on 10 January 2022 in relation to the resumption of the Relevant Land. The transaction contemplated under the Land Resumption Agreement will not have any adverse impact on the normal operations of the Group. The proceeds to be received by Zhejiang CHTC Fong's will supplement the cash flow of the Group and will be utilized as the working capital of the Group.

Given the above and the benefits to the Group, the Board is of the view that the Land Resumption Agreement was arrived at after arm's length negotiations between the Group and Shaoxing Keqiao Management Committee on terms that are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Furthermore, in December 2020, the Group has substantially completed the relocation of its production base from Shenzhen to Zhongshan. The new plant in Zhongshan has a site area of approximately 500,000 m², its relocation created an opportunity for the Group to conduct technological transformation in the new plant to improve the craftsmanship of product manufacturing and streamline the production process. The Group is expected to achieve incremental business growth, improve production efficiency, reduce overall production costs, and enhance its corporate image and overall competitiveness. The new plant is also in line with the Group's strategic plan to cope with its future expansion and development. The Group plans to commence the research and development, design and manufacture of intelligent supporting system for dyeing and finishing equipment at the new Zhongshan plant, which will enable the Group to fully utilize the production capacity of the Zhongshan plant.

GENERAL INFORMATION

Shaoxing Keqiao Management Committee and Shaoxing Bureau of Natural Resources and Planning are both departments directly under the Shaoxing Municipal Government. Shaoxing Keqiao Management Committee is responsible for, among other things, the development and management of Shaoxing Keqiao Economic and Technological Development Zone (紹興柯橋經濟技術開發區); Shaoxing Bureau of Natural Resources and Planning is responsible for, among other things, the management of land planning, the review and approval of the transfer and assignment of land use rights of state-owned land in Shaoxing, the PRC, and the issuance of various land certificates. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Shaoxing Keqiao Management Committee and Shaoxing Bureau of Natural Resources and Planning are both governmental authorities of the PRC and are third parties independent of the Company and its connected persons.

The Company acts as an investment holding company. The Group is principally engaged in the manufacture and sale of dyeing and finishing machines, manufacture and sale of stainless steel casting products and trading of stainless steel supplies. Zhejiang CHTC Fong's was incorporated in the PRC in December 2018 and is an indirect wholly-owned subsidiary of the Company, its main business scope includes production, research and development, and distribution of intelligent printing and dyeing machinery and accessories. As of the date of this announcement, Zhejiang CHTC Fong's has not commenced any business activities.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined under 14.04(9) of the Listing Rules) calculated according to the total premium of the land to be received by Zhejiang CHTC Fong's under the Land Resumption Agreement exceeds 5% but is less than 25%, the transaction contemplated under the Land Resumption Agreement constitutes a discloseable transaction of the Company according to the Listing Rules and is therefore subject to the reporting and announcement requirements but is exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Board”	the board of directors of the Company
“Company”	CHTC Fong's International Company Limited, an exempted company incorporated in Bermuda with limited liability, the issued shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Relevant Land”	the parcel of industrial land situated at Binhai Industrial Park, Keqiao Economic and Technological Development Zone (2018) No. 25, Shaoxing, with an area of 76,680 m ²
“Land Resumption Agreement”	the Land Resumption Agreement dated 10 January 2022 entered into between Zhejiang CHTC Fong's and Shaoxing Keqiao Management Committee in relation to the resumption of the Relevant Land
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People's Republic of China

“RMB”	Renminbi, the lawful currency of the PRC
“Shaoxing Keqiao Management Committee”	Shaoxing Keqiao Economic and Technological Development Zone Management Committee
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Zhejiang CHTC Fong’s”	Zhejiang CHTC Fong’s Intelligent Printing and Dyeing Machinery Co., Ltd., a company established in the PRC with limited liability, being an indirect wholly-owned subsidiary of the Company
“%”	per cent

In this announcement, conversion of RMB into HK\$ is based on the approximate exchange rate of RMB1.00 to HK\$1.22. The exchange rate is for illustration purpose only and does not constitute a representation that any amounts have been, could have been or may be exchanged at this or any other rates at all.

On behalf of the Board
CHTC Fong’s International Company Limited
Ye Maoxin
Chairman

Hong Kong, 10 January 2022

As at the date of this announcement, the Company’s Executive Directors are Mr. Ye Maoxin (Chairman), Mr. Guan Youping (Chief Executive Officer), Ms. Guo Yunfei (Chief Financial Officer) and Mr. Wu Xudong; the Non-executive Director is Mr. Fong Kwok Leung, Kevin; and the Independent Non-executive Directors are Mr. Ying Wei, Dr. Yuen Ming Fai and Mr. Li Jianxin.