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XINGFA ALUMINIUM HOLDINGS LIMITED

興發鋁業控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 98)

CONTINUING CONNECTED TRANSACTIONS — (1) THE NEW TENANCY ARRANGEMENT; AND (2) THE 2023 GUANGDONG FOREIGN TRADING GROUP MASTER SUPPLY AGREEMENT

THE NEW TENANCY ARRANGEMENT

Reference is made to the 2021 Announcement in connection with, among others, the 2022 Tenancy Agreement entered into between Xingfa Precision, an indirect wholly-owned subsidiary of the Company, and Xingfa Environmental, an indirect non-wholly owned subsidiary of China Lesso, a substantial Shareholder in respect of the lease of the Property for a fixed term of three years commencing from 1 January 2022 to 31 December 2024 (both dates inclusive).

On 16 October 2023, Xingfa Precision and Xingfa Environmental entered into the New Tenancy Agreement, pursuant to which the parties agreed to revise the rent and the term in respect of the lease of the Property under the 2022 Tenancy Agreement. The New Tenancy Agreement is fixed for a term of nineteen years from 1 January 2023 to 31 December 2041 (both dates inclusive). The 2022 Tenancy Agreement shall be terminated forthwith upon the coming into effect of the New Tenancy Agreement.

THE 2023 GUANGDONG FOREIGN TRADING GROUP MASTER SUPPLY AGREEMENT

On 16 October 2023, Guangdong Xingfa, an indirect wholly-owned subsidiary of the Company and Guangdong Foreign Trading, an indirect non-wholly owned subsidiary of Guangxin Holding, a controlling Shareholder, entered into the 2023 Guangdong Foreign Trading Group Master Supply Agreement, pursuant to which Guangdong Xingfa Group members, as suppliers, agreed to sell to Guangdong Foreign Trading Group members, as purchasers, aluminium profiles and/or panels specified by members of the Guangdong Foreign Trading Group members for a term from 16 October 2023 to 31 December 2023 (both dates inclusive).

IMPLICATIONS UNDER THE LISTING RULES

(1) The New Tenancy Arrangement

As at the date of this announcement, Xingfa Environmental is directly owned as to (i) 60% by Yongbao Environmental, which is in turn an indirect non-wholly owned subsidiary of China Lesso, a substantial Shareholder; and (ii) 40% by Guangdong Xingfa, an indirect wholly-owned subsidiary of the Company. Therefore, Xingfa Environmental is a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the New Tenancy Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.52 of the Listing Rules, the term of the New Tenancy Agreement must not exceed three years except in special circumstances where the nature of the transaction requires a longer period. Since the term of the New Tenancy Agreement is fixed for nineteen years, the Independent Financial Adviser has been appointed to explain why the New Tenancy Agreement requires a longer period and to confirm that it is normal business practice for agreements of such type to be of such duration.

As the highest applicable percentage ratio in respect of the highest New Tenancy Annual Cap exceeds 0.1% but is less than 5%, the continuing connected transactions under the New Tenancy Agreement are subject to the reporting, announcement and annual review requirements but exempt from circular and independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

(2) The 2023 Guangdong Foreign Trading Group Master Supply Agreement

As at the date of this announcement, Guangdong Foreign Trading is an indirect non-wholly owned subsidiary of Guangxin Holding, which is a controlling Shareholder and indirectly interested in approximately 31.47% of the total issued share capital of the Company. Therefore, Guangxin Holding is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the 2023 Guangdong Foreign Trading Group Master Supply Agreement constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios relating to the Supply Agreement Annual Cap for the continuing connected transactions contemplated under the 2023 Guangdong Foreign Trading Group Master Supply Agreement exceeds 0.1% but is less than 5%, the continuing connected transactions under the 2023 Guangdong Foreign Trading Group Master Supply Agreement are subject to the reporting, announcement and annual review requirements but exempt from circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

Reference is made to the 2021 Announcement in connection with, among others, the 2022 Tenancy Agreement entered into between Xingfa Precision, an indirect wholly-owned subsidiary of the Company, and Xingfa Environmental, an indirect non-wholly owned subsidiary of China Lesso, a substantial Shareholder.

In addition, on 16 October 2023, Guangdong Xingfa, an indirect wholly-owned subsidiary of the Company and Guangdong Foreign Trading, an indirect non-wholly owned subsidiary of Guangxin Holding, a controlling Shareholder, entered into the 2023 Guangdong Foreign Trading Group Master Supply Agreement, pursuant to which Guangdong Xingfa Group members, as suppliers, agreed to sell to Guangdong Foreign Trading Group members, as purchasers, aluminium profiles and/or panels specified by members of the Guangdong Foreign Trading Group members subject to the terms and conditions thereof.

Details of each of the New Tenancy Agreement and the 2023 Guangdong Foreign Trading Group Master Supply Agreement are set out below.

(1) THE NEW TENANCY ARRANGEMENT

The Board wishes to announce that on 16 October 2023, Xingfa Precision and Xingfa Environmental entered into the New Tenancy Agreement to revise the rent and term in respect of the lease of the Property under the 2022 Tenancy Agreement. The 2022 Tenancy Agreement shall be terminated forthwith upon the coming into effect of the New Tenancy Agreement.

The principal terms of the New Tenancy Agreement are set out as follows:

- Date** : 16 October 2023
- Landlord** : Xingfa Precision
- Tenant** : Xingfa Environmental
- Property** : 中國廣東省佛山市三水區樂平鎮中心科技工業園D區12號 (unofficial English translation being No. 12 Central Science and Technology Industrial Zone D, Leping Town Centre, Sanshui District, Foshan City, Guangdong Province, the PRC).
- Use of the Property** : For the processing and recycling of waste resources.
- Term** : A fixed term of nineteen years commencing from 1 January 2023 to 31 December 2041 (both dates inclusive).
- Rent** : A monthly rent of RMB352,357.08 (tax exclusive) for the three years ending 31 December 2023, 2024 and 2025. With effect from 1 January 2026, the rent per annum (tax exclusive) shall be calculated with reference to the aforementioned monthly rent of RMB352,357.08 (tax exclusive) and a year-on-year increment of 3%. Pursuant to the New Tenancy Agreement, the parties may review and renegotiate the rent every five years from 1 January 2026. The rent shall be payable semi-annually.
- The rent receivable under the New Tenancy Agreement was arrived at after arm's length negotiations between the parties thereto with reference to the prevailing market rents at similar locations.
- Early termination** : Either party may notify the other party to early terminate the New Tenancy Agreement by serving 6-month prior notice to the other. In the event that no written objection is received from the other party within ten days from the date of such notice, the New Tenancy Agreement shall be terminated forthwith.

Historical figures

The Group did not have any lease transaction with Xingfa Environmental for the two years ended 31 December 2020 and 2021. For the year ended 31 December 2022 and the six months ended 30 June 2023, the rental amount (tax exclusive) of the Property leased by the Group to Xingfa Environmental was approximately RMB4,221,024 (equivalent to approximately HK\$4,600,916) and approximately RMB2,111,000 (equivalent to approximately HK\$2,300,990) respectively.

The Existing Annual Caps and New Tenancy Annual Caps

The Existing Annual Caps in respect of the transactions contemplated under the 2022 Tenancy Agreement and the New Tenancy Annual Caps in respect of the transactions contemplated under the New Tenancy Agreement for each of the nineteen years commencing from 1 January 2023 to 31 December 2041 (both dates inclusive) are as follows:

For the year ending 31 December	Existing Annual Cap (RMB)	New Tenancy Annual Cap (RMB) (approximately)
2023	4,221,024	4,228,285
2024	4,221,024	4,228,285
2025	—	4,228,285
2026	—	4,355,134
2027	—	4,485,788
2028	—	4,620,362
2029	—	4,758,973
2030	—	4,901,742
2031	—	5,048,794
2032	—	5,200,258
2033	—	5,356,266
2034	—	5,516,954
2035	—	5,682,463
2036	—	5,852,937
2037	—	6,028,525
2038	—	6,209,381
2039	—	6,395,662
2040	—	6,587,532
2041	—	6,785,158

The respective New Tenancy Annual Cap for each of the three years ending 31 December 2023, 2024 and 2025 as set out above is arrived at translating the monthly rent of RMB352,357.08 (tax exclusive) into rent receivable per annum (tax exclusive) by the Group for each of the three years ending 31 December 2023, 2024 and 2025. The New Tenancy Annual Cap for each of the subsequent sixteen years commencing from 1 January 2026 to 31 December 2041 (both dates inclusive) is arrived at with reference to the aforementioned monthly rent of RMB352,357.08 and a year-on-year increment of 3%.

As at the date of this announcement, the total actual value of lease transactions carried out pursuant to the 2022 Tenancy Agreement in the Year 2023 has not exceeded the Existing Annual Cap for the year ending 31 December 2023 as disclosed in the 2021 Announcement.

Opinions from the Independent Financial Adviser

According to Rule 14A.52 of the Listing Rules, the term of the New Tenancy Agreement must not exceed three years except in special circumstances where the nature of the transaction requires a longer period. Since the term of the New Tenancy Agreement is fixed for nineteen years, the Independent Financial Adviser has been appointed to explain why the New Tenancy Agreement requires a longer period and to confirm that it is normal business practice for agreements of such type to be of such duration.

In assessing the reasons as to why the duration of the New Tenancy Agreement should be longer than three years, the Independent Financial Adviser has relied on the information set out in this announcement, and has taken into account the following principal factors considered by the management of the Company:

- (i) the long-term leasing arrangement is expected to benefit the Group by providing and securing stable stream of rental income during the term of the New Tenancy Agreement and by minimizing the risk of discontinuance of the lease arrangement as well as the potential loss of economic benefits during the term of the New Tenancy Agreement; and
- (ii) the long duration of the New Tenancy Agreement allows the Group to benefit from the reduced administrative and marketing burdens of finding new suitable tenant after expiration of such lease, whilst enjoying long-term rental income.

Furthermore, in considering whether it is normal business practice for the New Tenancy Agreement to have a term of such duration, the Independent Financial Adviser has on a best-effort basis, identified and reviewed 6 transactions of other listed companies listed on the Main Board of the Stock Exchange involving the leasing of industrial land and properties and the lease arrangements for business and general

operations in the past six years (“**Comparable Transactions**”). The Independent Financial Adviser noted that the duration of the agreements of the Comparable Transactions ranged from 10 years to 22 years. As such, the lease period of the New Tenancy Agreement, which is 19 years, falls within the range of those of the Comparable Transactions. Having considered the abovementioned, the Independent Financial Adviser is of the view that it is a normal business practice for the New Tenancy Agreement to be of such duration.

Internal controls

The Group will undertake the following internal control measures to monitor the rents and terms of the transactions contemplated under the New Tenancy Agreement and ensure that the rents and terms offered by Xingfa Precision to Xingfa Environmental under the New Tenancy Agreement will be no more favourable than rents and terms offered to independent tenants and that the New Tenancy Annual Caps are not exceeded:

- (1) monitoring the prevailing market rents at similar locations on a quarterly basis;
- (2) adhering to the relevant internal control policy of the Group on connected transactions in monitoring the rents under the New Tenancy Agreement to ensure that they shall be no more favourable than those offered by the Group to independent tenants;
- (3) a monthly financial report which contains information on all connected transactions carried out by the Group, including the continuing connected transactions under the New Tenancy Agreement, will be submitted to the Board;
- (4) the independent non-executive Directors will review and confirm that the rents and terms under the New Tenancy Agreement are fair and reasonable to the Group and in the interests of the Shareholders and the Group as a whole, on terms no more favourable than rents and terms offered to independent tenants on an annual basis; and
- (5) the auditors of the Company will review the rents and terms under the New Tenancy Agreement and the New Tenancy Annual Caps of such continuing connected transactions in compliance with the annual reporting and review requirements under the Listing Rules on an annual basis.

Reasons for and benefits of the entering into the New Tenancy Agreement

In view of the stable rental income generated to the Group under the 2022 Tenancy Agreement and the increase in rental income expected to be generated under the New Tenancy Agreement, as well as the rent and terms under the New Tenancy Agreement will not be more favourable to Xingfa Environmental than those offered to independent

tenants, the Directors (including the independent non-executive Directors) consider that the entering into the New Tenancy Agreement is in the interests of the Company and its Shareholders as a whole.

The Directors (including the independent non-executive Directors) therefore consider that the adoption of the New Tenancy Annual Caps is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

(2) 2023 GUANGDONG FOREIGN TRADING GROUP MASTER SUPPLY AGREEMENT

Date : 16 October 2023

Parties

(i) Supplier(s) : Guangdong Xingfa and its subsidiaries from time to time

(ii) Purchaser(s) : Guangdong Foreign Trading and its subsidiaries from time to time

Duration

The 2023 Guangdong Foreign Trading Group Master Supply Agreement is for a term from 16 October 2023 to 31 December 2023 (both dates inclusive).

Subject matter

Pursuant to the 2023 Guangdong Foreign Trading Group Master Supply Agreement, Guangdong Xingfa Group members, as suppliers, agreed to sell to Guangdong Foreign Trading Group members, as purchasers, aluminium profiles and/or panels specified by members of the Guangdong Foreign Trading Group. The aluminium profiles and/or panels to be purchased by Guangdong Foreign Trading Group members will be further processed into building materials, interior decoration products and renovation and installation materials and sold to their customers. There is no minimum supply amount under the 2023 Guangdong Foreign Trading Group Master Supply Agreement and any Guangdong Xingfa Group member is not contractually bound to supply, in response to a purchase order placed, to any Guangdong Foreign Trading Group member any products referred to in any purchase order. The aluminium profiles and/or panels to be supplied by Guangdong Xingfa Group to Guangdong Foreign Trading Group will be in accordance with the specifications of Guangdong Foreign Trading Group members if accepted by the Guangdong Xingfa Group members, on a case-by-case basis.

Historical figures

The Group did not have any transaction with Guangdong Foreign Trading Group members in respect of the supply of aluminium profiles and/or panels prior to 1 March 2023. The aggregate historical transactions in connection with the supply of aluminium profiles and/or panels to Guangdong Foreign Trading Group members for the six months from 1 March 2023 to 31 August 2023 amounted to approximately RMB 1,738,000 (equivalent to approximately HK\$1,894,420).

Supply Agreement Annual Cap

The Supply Agreement Annual Cap for the sales transactions of aluminium profiles and/or panels sold by Guangdong Xingfa Group to Guangdong Foreign Trading Group for the year ending 31 December 2023 (including the transactions contemplated under the 2023 Guangdong Foreign Trading Group Master Supply Agreement) will be approximately RMB30,000,000 (equivalent to approximately HK\$32,700,000). Such Supply Agreement Annual Cap is estimated primarily with reference to:

- (1) the historical sales amount of aluminium profiles and/or panels sold by Guangdong Xingfa Group to Guangdong Foreign Trading Group members;
- (2) the projected sales volume of aluminium profiles and/or panels to Guangdong Foreign Trading Group members for the year ending 31 December 2023;
- (3) the projected purchase price of aluminium ingots; and
- (4) the recovery of general market demand for aluminium profiles and/or panels from the COVID-19,

and on the principal assumptions that, for the duration of the projected period, there will not be any adverse change or disruption in market conditions, operation and business environment or government policies which may materially affect the businesses of the Group.

In view of the above, the Directors (including the independent non-executive Directors) are of the view that the Supply Agreement Annual Cap for the 2023 Guangdong Foreign Trading Group Master Supply Agreement is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Internal controls

The Group will undertake the following internal control measures to monitor the pricing and terms of the transactions contemplated under the 2023 Guangdong Foreign Trading Group Master Supply Agreement and ensure that the prices and terms offered by Guangdong Xingfa Group to Guangdong Foreign Trading Group will be no more favourable than prices and terms offered to independent customers and that the Supply Agreement Annual Cap is not exceeded:

- (1) monitoring the prevailing average price of aluminium ingots as quoted on Guangdong Nanhai Nonferrous Metals Market on a daily basis;
- (2) comparing the prices and terms of the supply of aluminium profiles and/or panels to Guangdong Foreign Trading Group with the prices and terms of aluminium profiles and/or panels supplied by the Group in the PRC as agreed with independent customers on a regular basis;
- (3) adhering to the relevant internal control policy of the Group on connected transactions in monitoring the prices and terms of supply of aluminium profiles and/or panels offered by Guangdong Xingfa Group to Guangdong Foreign Trading Group members to ensure that they shall be no more favourable than those offered by the Group to independent customers;
- (4) a monthly financial report which contains information on all connected transactions carried out by the Group, including the continuing connected transactions under the 2023 Guangdong Foreign Trading Group Master Supply Agreement, will be submitted to the Board;
- (5) the independent non-executive Directors will review and confirm that the pricing and terms of the transactions contemplated under the 2023 Guangdong Foreign Trading Group Master Supply Agreement are in the Group's ordinary and usual course of business and are fair and reasonable to the Group and in the interests of the Shareholders and the Group as a whole, on terms no more favourable than prices and terms offered to independent customers on an annual basis; and
- (6) the auditors of the Company will review the pricing and terms of the transactions contemplated under the 2023 Guangdong Foreign Trading Group Master Supply Agreement and the Supply Agreement Annual Cap of such continuing connected transactions in compliance with the annual reporting and review requirements under the Listing Rules on an annual basis.

Reasons for and benefits of the 2023 Guangdong Foreign Trading Group Master Supply Agreement

The Group has been supplying aluminium profiles and/or panels to Guangdong Foreign Trading Group since March 2023 in its ordinary and usual course of business.

The Group is one of the leading aluminium profiles manufacturers in the PRC with advanced research and development capability. Guangdong Foreign Trading Group plans to purchase aluminium profiles and/or panels from the Group in its ordinary course of business on an on-going basis. As it is in the ordinary and usual course of business of the Group to supply aluminium profiles and/or panels to Guangdong Foreign Trading Group and the prices and terms offered by the Group to Guangdong Foreign Trading Group will not be more favourable to Guangdong Foreign Trading Group than those offered to independent customers, therefore the Directors consider that it is in the interest of the Shareholders and the Group as a whole to enter into the 2023 Guangdong Foreign Trading Master Supply Agreement and to supply aluminium profiles and/or panels to Guangdong Foreign Trading Group on an on-going basis.

INFORMATION ON THE PARTIES

(i) The Group

The Group is principally engaged in (i) the manufacture and sale of aluminium profiles which are applied as construction and industrial materials; and (ii) property development.

(ii) Xingfa Precision

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of the announcement, Xingfa Precision is (a) a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company; and (b) principally engaged in the manufacture and sale of precision products.

(iii) Xingfa Environmental

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of the announcement, Xingfa Environmental is (a) directly owned as to 60% by Yongbao Environmental, which is in turn indirectly owned as to approximately 59.50% by China Lesso, a substantial shareholder of the Company; (b) directly owned as to 40% by Guangdong Xingfa; and (c) principally engaged in the business of research and development of various environmental equipment and waste processing.

(iv) Guangxin Holding

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, Guangxin Holding is (i) a company established in the PRC with limited liability; (ii) directly owned as to 90% by the Guangdong Provincial People's Government* (廣東省人民政府) and 10% by Department of Finance of Guangdong Province* (廣東省財政廳); and (iii) principally engaged in capital investment. As at the date of this announcement, Guangxin Holding is a controlling shareholder of the Company holding approximately 31.47% interest in the Company and therefore Guangxin Holding is a connected person of the Company.

(v) Guangdong Foreign Trading Group

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, Guangdong Foreign Trading is (i) a company incorporated in the PRC with limited liability; (ii) principally engaged in the import and export of kitchen and bathroom fittings and accessories and electrical appliances; and (iii) owned as to 91% by Guangxin Holding, 5% by Guangdong Advertising Group Holding Co., Ltd.* (廣東省廣告集團股份有限公司) and 4% by Guangdong Xingfa.

VIEWS OF THE DIRECTORS

The New Tenancy Agreement

Having considered the reasons for and benefits of entering into the New Tenancy Agreement, the Directors (including the independent non-executive Directors) are of the view that the terms of the New Tenancy Agreement are on normal commercial terms and are fair and reasonable to the Group and in the interests of the Shareholders and the Group as a whole. The Directors (including the independent non-executive Directors) also confirm that the New Tenancy Annual Caps in connection to the transactions contemplated under the New Tenancy Agreement as set out in this announcement are fair and reasonable and in the interests of the Group and the Shareholders taken as a whole.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, (i) Mr. LUO Jianfeng, an executive Director nominated by China Lesso and an executive director of China Lesso; and (ii) Mr. ZUO Manlun, a non-executive Director nominated by China Lesso and the chief executive officer of China Lesso, may be deemed to have interests in the New Tenancy Agreement, each of Mr. LUO Jianfeng and Mr. ZUO Manlun had abstained from voting on the resolutions of the Board to approve the New Tenancy Agreement and the transactions contemplated thereunder as well as the related New Tenancy Annual Caps.

The 2023 Guangdong Foreign Trading Group Master Supply Agreement

Taking into account of the reasons for and benefits of entering into the 2023 Guangdong Foreign Trading Group Master Supply Agreement, the Directors (including the independent non-executive Directors) are of the view that the 2023 Guangdong Foreign Trading Group Master Supply Agreement is entered into in the ordinary course of business of the Group and the terms of the 2023 Guangdong Foreign Trading Group Master Supply Agreement are on normal commercial terms and are fair and reasonable to the Group and in the interests of the Shareholders and the Group as a whole. The Directors (including the independent non-executive Directors) also confirm that the Supply Agreement Annual Cap set out in this announcement is fair and reasonable and in the interests of the Company and the Shareholders taken as a whole.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of Mr. WANG Li, Mr. WANG Lei and Ms. XIE Jingyun is a Director nominated by Guangxin Holding and each of them may be deemed to have a material interest in the 2023 Guangdong Foreign Trading Group Master Supply Agreement and the transactions contemplated thereunder. As such, each of Mr. WANG Li, Mr. WANG Lei and Ms. XIE Jingyun had abstained from voting on the Board resolutions on approving the 2023 Guangdong Foreign Trading Group Master Supply Agreement and the transactions contemplated thereunder as well as the Supply Agreement Annual Cap.

IMPLICATIONS UNDER THE LISTING RULES

The New Tenancy Agreement

As at the date of this announcement, Xingfa Environmental is directly owned as to (i) 60% by Yongbao Environmental, which is in turn an indirect non-wholly owned subsidiary of China Lesso, a substantial Shareholder; and (ii) 40% by Guangdong Xingfa, an indirect wholly-owned subsidiary of the Company. Therefore, Xingfa Environmental is a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the New Tenancy Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.52 of the Listing Rules, the term of the New Tenancy Agreement must not exceed three years except in special circumstances where the nature of the transaction requires a longer period. Since the term of the New Tenancy Agreement is fixed for nineteen years, the Independent Financial Adviser has been appointed to explain why the New Tenancy Agreement requires a longer period and to confirm that it is normal business practice for agreements of such type to be of such duration. The opinion of the Independent Financial Adviser is set out in the section headed “(1) The New Tenancy Arrangement — Opinions from the Independent Financial Adviser” in this announcement.

As the highest applicable percentage ratio in respect of the highest New Tenancy Annual Cap exceeds 0.1% but is less than 5%, the continuing connected transactions under the New Tenancy Agreement are subject to the reporting, announcement and annual review requirements but exempt from circular and independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

The 2023 Guangdong Foreign Trading Group Master Supply Agreement

As at the date of this announcement, Guangdong Foreign Trading is an indirect non-wholly owned subsidiary of Guangxin Holding, which is a controlling Shareholder and indirectly interested in approximately 31.47% of the total issued share capital of the Company. Therefore, Guangxin Holding is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the 2023 Guangdong Foreign Trading Group Master Supply Agreement constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios relating to the Supply Agreement Annual Cap for the continuing connected transactions contemplated under the 2023 Guangdong Foreign Trading Group Master Supply Agreement exceeds 0.1% but is less than 5%, the continuing connected transactions under the 2023 Guangdong Foreign Trading Group Master Supply Agreement are subject to the reporting, announcement and annual review requirements but exempt from circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“2021 Announcement”	the announcement of the Company dated 31 December 2021 in relation to, among others, the 2022 Tenancy Agreement
“2022 Tenancy Agreement”	the tenancy agreement dated 31 December 2021 and entered into between Xingfa Precision, as landlord, and Xingfa Environmental, as tenant, in respect of the leasing of the Property for a term of three years from 1 January 2022 to 31 December 2024 (both dates inclusive)
“2023 Guangdong Foreign Trading Group Master Supply Agreement”	the master supply agreement dated 16 October 2023 and entered into between Guangdong Xingfa and Guangdong Foreign Trading Group in relation to the supply of aluminium profiles and/or panels by Guangdong Xingfa Group members to Guangdong Foreign Trading Group members for a term from 16 October 2023 to 31 December 2023 (both dates inclusive)

“Board”	the board of Directors
“China Lesso”	China Lesso Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange. As at the date of this announcement, China Lesso is interested in approximately 26.11% equity interest of the Company through its direct wholly-owned subsidiary
“Company”	Xingfa Aluminium Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Existing Annual Cap(s)”	the existing maximum aggregate annual transaction values in respect of the continuing connected transactions contemplated under the 2022 Tenancy Agreement for each of the Year 2023 and Year 2024 (as the case may be) as disclosed in the 2021 Announcement
“Group”	the Company and its subsidiaries from time to time
“Guangdong Foreign Trading”	廣東省外貿開發有限公司 (Guangdong Province Foreign Trading Development Co., Limited*), a company established in the PRC with limited liability, which is (i) owned as to 4% by Guangdong Xingfa and (ii) a non-wholly owned subsidiary of Guangxin Holding
“Guangdong Foreign Trading Group”	Guangdong Foreign Trading and its subsidiaries from time to time
“Guangdong Xingfa”	廣東興發鋁業有限公司 (Guangdong Xingfa Aluminium Co., Ltd.*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Guangdong Xingfa Group”	Guangdong Xingfa and its subsidiaries from time to time

“Guangxin Holding”	廣東省廣新控股集團有限公司 (Guangdong Province Guangxin Holding Group Co., Ltd.*), a company established in the PRC with limited liability and ultimately owned as to 90% by 廣東省人民政府 (Guangdong Provincial People’s Government*) and 10% by 廣東省財政廳 (Department of Finance of Guangdong Province*)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Financial Adviser”	Euto Capital Partners Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity as defined under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), which has been appointed as the independent financial adviser for the purpose of Rule 14A.52 of the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Tenancy Agreement”	the tenancy agreement dated 16 October 2023 and entered into between Xingfa Precision, as landlord, and Xingfa Environmental, as tenant, in respect of the leasing of the Property for a term of nineteen years from 1 January 2023 to 31 December 2041 (both dates inclusive)
“New Tenancy Annual Cap(s)”	the maximum aggregate annual transaction values in respect of the continuing connected transactions contemplated under the New Tenancy Agreement for each of the nineteen years commencing from 1 January 2023 to 31 December 2041 (both dates inclusive and as the case may be)
“New Tenancy Arrangement”	the termination of the 2022 Tenancy Agreement and the entering into the New Tenancy Agreement
“PRC”	the People’s Republic of China
“Property”	中國廣東省佛山市三水區樂平鎮中心科技工業園D區12號 (unofficial English translation being No. 12 Central Science and Technology Industrial Zone D, Leping Town Centre, Sanshui District, Foshan City, Guangdong Province, the PRC)

“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	share(s) of the Company of HK\$0.01 each
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supply Agreement Annual Cap”	the maximum aggregate annual transaction value in respect of the continuing connected transactions contemplated under the 2023 Guangdong Foreign Trading Group Master Supply Agreement for the period from 16 October 2023 to 31 December 2023 (both dates inclusive)
“Xingfa Environmental”	廣東興發環境科技有限公司 (Guangdong Xingfa Environmental Technology Co., Ltd.*), a company established in the PRC with limited liability and, as at the date of this announcement, is (i) owned as to 60% by Yongbao Environmental, which is in turn an indirect non-wholly owned subsidiary of China Lesso; and (ii) owned as to 40% by Guangdong Xingfa
“Xingfa Precision”	廣東興發精密製造有限公司 (Guangdong Xingfa Precision Manufacture Co., Ltd.*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Year 2023”	a period of one year from 1 January 2023 to 31 December 2023 (both dates inclusive)
“Year 2024”	a period of one year from 1 January 2024 to 31 December 2024 (both dates inclusive)
“Yongbao Environmental”	江蘇永葆環保科技股份有限公司 (Jiangsu Yongbao Environmental Technology Co., Ltd.*), a company established in the PRC with limited liability and indirectly owned as to approximately 59.50% by China Lesso as at the date of this announcement
“%”	per cent.

For the purpose of illustration only, the amounts denominated in RMB have been translated into HK\$ using the exchange rate of RMB1:HK\$1.09. Such translation should not be construed as a representation that the amounts quoted could have been or could be or will be converted at the stated rate or at any other rates at all.

By Order of the Board
Xingfa Aluminium Holdings Limited
WANG Li
Chairman

Hong Kong, 16 October 2023

As at the date of this announcement, the directors of the Company are as follows:

Executive Directors:

Mr. WANG Li (*Chairman*)
Mr. LIAO Yuqing (*Chief Executive Officer*)
Mr. WANG Lei
Mr. LAW Yung Koon
Mr. WANG Zhihua
Mr. LUO Jianfeng

Non-executive Directors:

Mr. ZUO Manlun
Ms. XIE Jingyun

Independent non-executive Directors:

Mr. CHEN Mo
Mr. HO Kwan Yiu
Mr. LAM Ying Hung, Andy
Mr. WEN Xianjun

* *For identification purpose only*