

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

CONNECTED TRANSACTION DISPOSAL OF EQUITY INTEREST IN THE TARGET COMPANY

THE DISPOSAL

On 6 November 2024, Guangdong Xingfa, an indirect wholly-owned subsidiary of the Company, FSPG and Star Lake Bioscience entered into the Equity Transfer Agreement with Guangxin Holding. Pursuant to the Equity Transfer Agreement, each of Guangdong Xingfa, FSPG and Star Lake Bioscience agreed to sell and transfer 2.80% equity interest in the Target Company and Guangxin Holding agreed to acquire and accept the transfer of an aggregate of 8.40% equity interest in the Target Company. The aggregate consideration of the Disposal amounts to approximately RMB33,559,390 (equivalent to approximately HK\$36,579,735) and the consideration of Guangdong Xingfa's Disposal amounts to approximately RMB11,186,463 (equivalent to approximately HK\$12,193,245). As at the date of this announcement, Guangxin Holding is indirectly holding 91.60% equity interest of the Target Company. Immediately upon completion of the Disposal, the Group will cease to hold any interest in the Target Company.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Guangxin Holding is the controlling shareholder of the Company 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, Guangdong Xingfa's Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined in the Listing Rules) of Guangdong Xingfa's Disposal exceeds 0.1% but is less than 5%, therefore Guangdong Xingfa's Disposal is subject to the reporting and announcement requirements, but is exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE EQUITY TRANSFER AGREEMENT

On 6 November 2024, Guangdong Xingfa, an indirect wholly-owned subsidiary of the Company, FSPG and Star Lake Bioscience entered into the Equity Transfer Agreement with Guangxin Holding.

The principal terms of the Equity Transfer Agreement are set forth as follows:

Date: 6 November 2024

Parties: (1) Guangxin Holding (as purchaser); and
(2) the Vendors

Subject matter: Pursuant to the Equity Transfer Agreement, each of Guangdong Xingfa, FSPG and Star Lake Bioscience agreed to sell and transfer 2.80% equity interest in the Target Company and Guangxin Holding agreed to purchase and accept the transfer of an aggregate of 8.40% equity interest in the Target Company.

Consideration: The aggregate consideration of the Disposal amounts to approximately RMB33,559,390 (equivalent to approximately HK\$36,579,735) and the consideration of Guangdong Xingfa's Disposal amounts to approximately RMB11,186,463 (equivalent to approximately HK\$12,193,245) which was determined after arm's length negotiations among the parties to the Equity Transfer Agreement and on normal commercial terms with reference to the Valuation.

Pursuant to the Valuation Report, the appraised value of the entire equity interest of the Target Company as at the Valuation Reference Date using asset approach was approximately RMB399,516,549 (equivalent to approximately HK\$435,473,039) as assessed by the Valuer.

Guangxin Holding shall pay the corresponding consideration in cash into the respective designated account of each of Guangdong Xingfa, FSPG and Star Lake Bioscience within ten (10) Working Days after the Equity Transfer Agreement becoming effective.

Completion: Completion shall take place upon the completion of the business registration for the Disposal, of which Guangxin Holding is to hold the entire equity interest of the Target Company. Such business registration procedure shall be carried out within fifteen (15) Working Days after Guangxin Holding has fully paid and settled the total consideration of the Disposal.

Immediately upon completion of the Disposal, Guangdong Xingfa will cease to hold any interest in the Target Company.

- Effective date: The Equity Transfer Agreement shall become effective upon:
- (i) all parties to the Equity Transfer Agreement have duly executed the Equity Transfer Agreement; and
 - (ii) all parties to the Equity Transfer Agreement have obtained the necessary approvals for the Equity Transfer Agreement.

FINANCIAL INFORMATION ON THE TARGET GROUP

Set out below is certain audited consolidated financial information of the Target Company for the year ended 31 December 2022 and the year ended 31 December 2023 prepared in accordance with the PRC Generally Accepted Accounting Principles:

	Year ended 31 December 2023 <i>RMB</i> approximately	Year ended 31 December 2022 <i>RMB</i> approximately
Net (loss)/profit before taxation	(21,334,330)	5,418,730
Net (loss)/profit after taxation	<u>(21,487,535)</u>	<u>5,910,217</u>

The audited consolidated total asset value and net asset value of the Target Company were approximately RMB400,780,117 and approximately RMB383,000,149 as at 31 May 2024.

FINANCIAL EFFECT OF GUANGDONG XINGFA'S DISPOSAL

The gross proceeds from Guangdong Xingfa's Disposal will be approximately RMB11,186,463 (equivalent to approximately HK\$12,193,245), which is intended to be applied as general working capital of the Group. Guangdong Xingfa's Disposal will be accounted for as equity transaction and is not expected to lead to any material gain or loss to the consolidated income statement of the Group. Shareholders should note that the actual financial effect of Guangdong Xingfa's Disposal is subject to the review of the auditors of the Company. Upon completion of the Disposal, the Group will cease to hold any interest in the Target Company.

INFORMATION ON THE PARTIES AND THE TARGET GROUP

The Group

The Group is principally engaged in the manufacture and sale of aluminium profiles which are applied as construction and industrial materials.

Guangdong Xingfa

Guangdong Xingfa is an indirect wholly-owned subsidiary of the Company, which is principally engaged in the business of manufacturing and sale of aluminium profiles.

FSPG

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, FSPG is a company incorporated in the PRC with limited liability, the shares of which are listed on Shenzhen Stock Exchange (stock code: 000973). It is principally engaged in the manufacturing and sale of new high molecular materials, including optical thin film, electrical thin film, dialysis and protection material, plastic woven barrier material, and packaging film. As at the date of this announcement, Guangxin Holding is the largest shareholder of FSPG, which holds approximately 26.75% equity interest in FSPG.

Star Lake Bioscience

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Star Lake Bioscience is a company incorporated in the PRC with limited liability, the shares of which are listed on Shanghai Stock Exchange (stock code: 600866). It is principally engaged in the research, manufacturing and sale of amino acid products for animals, food additives and seasonings, organic plant nutrition fertilizers, pharmaceutical intermediates and active pharmaceutical ingredients. As at the date of this announcement, Guangxin Holding is the largest shareholder of Star Lake Bioscience holding approximately 34.09% equity interest in Star Lake Bioscience.

Guangxin Holding

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, 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 the controlling shareholder of the Company, indirectly holding approximately 31.47% of the total issued share capital of the Company and therefore, Guangxin Holding is a connected person of the Company under the Listing Rules.

The Target Group

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Target Company is a company incorporated in the PRC with limited liability. The Target Company is principally engaged in research and experimental development, provision of professional technology services and the application and promotion of technology. As at the date of this announcement, the Target Company is (a) indirectly owned as to 91.60% by Guangxin Holding; (b) owned as to 2.80% by Guangdong Xingfa; (c) owned as to 2.80% by FSPG; and (d) owned as to 2.80% by Star Lake Bioscience.

As at the date of this announcement, (i) the Target Company holds (i) approximately 50% equity interest in Guangdong Li Yuan New Materials Technology Co., Ltd.* (廣東立原新材料科技有限公司); (ii) approximately 49.89% equity interest in Guangdong Province Guangxin Ion Speed Technology Co., Ltd.* (廣東省廣新離子速科技有限公司); and (iii) approximately 49% equity interest in Guangxin Biological Intelligent Manufacturing Technology Innovation (Shenzhen) Co., Ltd.* (廣新生物智造技術創新(深圳)有限公司), each being a company incorporated in the PRC with limited liability.

Save as disclosed above, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of FSPG and Star Lake Bioscience and their respective ultimate beneficial owner(s) are third party(ies) independent of the Company and its connected persons.

REASONS FOR AND BENEFITS OF GUANGDONG XINGFA'S DISPOSAL

The Directors considered that Guangdong Xingfa's Disposal enables the Group to realise its investment in the Target Company and provides the Group an opportunity to enhance its financial flexibility.

Taking into account of the recent financial performance of the Target Company, Guangdong Xingfa's Disposal is considered to be beneficial to the Group in optimizing its allocation of resources, which is conducive to the Group's ability to manage risks and achieve long-term stable and healthy development.

VIEWS OF THE DIRECTORS

Although Guangdong Xingfa's Disposal are not conducted in the ordinary and usual course of business of the Group, taken into consideration of the reasons for and benefits of Guangdong Xingfa's Disposal mentioned above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Equity Transfer Agreement are on normal commercial terms and that the terms of the Equity Transfer Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of Mr. WANG Li, Ms. ZHENG Jianhua and Mr. WANG Lei is a Director nominated by Guangxin Holding and each of them may be deemed to have a material interest in the Equity Transfer Agreement and the transactions contemplated thereunder. As such, each of Mr. WANG Li, Ms. ZHENG Jianhua and Mr. WANG Lei had abstained from voting on the Board resolutions on approving on the Equity Transfer Agreement and the transactions contemplated thereunder.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Guangxin Holding is the controlling shareholder of the Company 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, Guangdong Xingfa's Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined in the Listing Rules) of Guangdong Xingfa's Disposal exceeds 0.1% but is less than 5%, therefore Guangdong Xingfa's Disposal is subject to the reporting and announcement requirements, but is exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and phrases have the following meanings:

“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of directors of the Company;
“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 directors of the Company;
“Disposal”	the disposal of an aggregate of 8.40% equity interest in the Target Company by the Vendors pursuant to the Equity Transfer Agreement;
“Equity Transfer Agreement”	the equity transfer agreement dated 6 November 2024 entered into among Guangxin Holding, FSPG, Guangdong Xingfa and Star Lake Bioscience in respect of the equity transfer of an aggregate of 8.40% equity interest in the Target Company;
“FSPG”	佛山佛塑科技集團股份有限公司 (FSPG Hi-Tech Co., Ltd.), a company established in the PRC with limited liability and the shares of which are listed on Shenzhen Stock Exchange (stock code: 000973);
“Group”	the Company and its subsidiaries from time to time;

“Guangdong Xingfa”	廣東興發鋁業有限公司(unofficial English translation being Guangdong Xingfa Aluminium Co., Ltd.), a company established in the PRC with limited liability;
“Guangdong Xingfa’s Disposal”	the disposal of 2.80% equity interest in the Target Company by Guangdong Xingfa pursuant to the Equity Transfer Agreement;
“Guangxin Holding”	廣東省廣新控股集團有限公司(unofficial English translation being Guangdong Guangxin Holding Group Co., Ltd.), a company established in the PRC with limited liability;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“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;
“Shareholder(s)”	holder(s) of the shares of the Company;
“Star Lake Bioscience”	廣東肇慶星湖生物科技股份有限公司 (Star Lake Bioscience Co., Inc Zhaoqing Guangdong), a company established in the PRC with limited liability and the shares of which are listed on Shanghai Stock Exchange (stock code: 600866);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target Company”	廣東省廣新創新研究院有限公司 (unofficial English translation being Guangdong Guangxin Innovative Research Centre Co., Ltd.), a company established in the PRC with limited liability;
“Target Group”	the Target Company and its subsidiary(ies) from time to time
“Valuation”	the valuation of the entire equity interest of the Target Company conducted by the Valuer as at the Valuation Reference Date;
“Valuation Reference Date”	31 May 2024;
“Valuation Report”	the valuation report dated 6 September 2024 issued by the Valuer in respect of the Valuation;

“Valuer”	廣東財興資產評估土地房地產估價有限公司 (unofficial English translation being Guangdong Caixing Asset Valuation and Land and Real Estate Appraisal Co., Ltd), a qualified independent valuer in the PRC;
“Vendors”	collectively, Guangdong Xingfa, FSPG and Star Lake Bioscience;
“Working Day”	a working day other than Saturday, Sunday and statutory holiday under the laws of the PRC; and
“%”	per cent.

In this announcement, for illustration purpose only, amounts quoted in RMB have been translated in HK\$ using an exchange rate of RMB1 = HK\$1.09. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

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

6 November 2024

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

<i>Executive Directors:</i>	Mr. WANG Li (<i>Chairman</i>) Mr. LIAO Yuqing (<i>Chief Executive Officer</i>) Ms. ZHENG Jianhua (<i>Chief Financial Officer</i>) Mr. LAW Yung Koon Mr. WANG Zhihua Mr. LUO Jianfeng
<i>Non-executive Directors:</i>	Mr. ZUO Manlun Mr. WANG Lei
<i>Independent non-executive Directors:</i>	Mr. CHEN Mo Mr. HO Kwan Yiu Mr. LAM Ying Hung, Andy Mr. WEN Xianjun

* *For identification purpose only*