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TEXHONG INTERNATIONAL GROUP LIMITED

天虹國際集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 2678)

CONNECTED TRANSACTIONS IN RELATION TO RESTRUCTURING; AND CONTRACTUAL ARRANGEMENTS

THE CONTRACTUAL ARRANGEMENTS

The Board hereby announces that, in order to undergo the Restructuring so that Haiha Industrial Park VN can make the application for the Relevant Amendments for the Group to implement the 50MW Project, HK Co, the Project Company, the Member Companies and Haiha Industrial Park VN entered into the Framework Agreement on 2 April 2026. Following the execution of the Framework Agreement and the relevant Ancillary Agreements at each stage of the Restructuring, the Group will remain control over the Project Company, the Owned Assets (in respect of the Merger Period) and the Successor Company throughout the Restructuring, and the financial information thereof will continue to be consolidated into the financial statements of the Group under the applicable accounting standards.

IMPLICATIONS UNDER THE LISTING RULES

Each of the Member Companies and Haiha Industrial Park VN is a connected person of the Company by virtue of its being an associate of Mr. Hong, the chairman of the Company and an executive Director. Therefore, the transactions contemplated under the Framework Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Framework Agreement is more than 0.1% but less than 5%, the connected transactions contemplated under the Framework Agreement are subject to the reporting and announcement requirements, but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

BACKGROUND

Reference is made to the announcements of the Company dated 7 November 2022, 8 December 2022, 28 December 2022 and 3 February 2023 and the circular of the Company dated 9 December 2022 regarding the Asset Purchase Agreement dated 7 November 2022, pursuant to which HK Co conditionally agreed to purchase and Haiha Industrial Park VN conditionally agreed to sell the Assets located within Hai Ha Industrial Park at a maximum consideration of US\$54.6 million.

Pursuant to the terms of the Asset Purchase Agreement, Haiha Industrial Park VN shall establish the Project Company into whom Assets shall be injected, after which the entire charter capital of the Project Company shall be transferred to the Group. As of the date of this announcement, the transfer of the entire charter capital of the Project Company has been completed and the Project Company has become an indirect, wholly-owned subsidiary of the Company held through HK Co. The Assets include certain boilers that generate steam which is used in the Group's manufacturing process. It is the Group's intention to utilize the steam generated thereby to also produce electricity. As further explained in the section headed "Reasons for and Benefits of the Restructuring and the Contractual Arrangements" below, due to certain current administrative constraints, the Group has been advised that it is necessary to undergo the Restructuring to allow the appropriate parties to make the relevant applications to the competent Vietnam authorities to do so.

Accordingly, on 2 April 2026, HK Co, the Project Company, the Member Companies and Haiha Industrial Park VN entered into the Framework Agreement to implement the Restructuring and establish the Contractual Arrangements on the terms and conditions set out therein.

REASONS FOR AND BENEFITS OF THE RESTRUCTURING AND THE CONTRACTUAL ARRANGEMENTS

As explained above, the Group had acquired certain Assets from Haiha Industrial Park VN pursuant to the Asset Purchase Agreement. Among the Assets acquired were certain boilers which were then in construction at the time of the acquisition and the construction is now partially completed. The boilers are used to generate high-pressure steam, which will then be converted to mid and low-pressure steam for use in the manufacturing process of fabrics. The conversion process of high-pressure steam to mid or low pressure steam can generate electricity, which can be used as electricity supplies for the Group and for sale to the national power grid which would further boost the Group's existing revenue streams and make use of existing resources that would otherwise be wasted. As such, the Project Company intends to implement a project which seeks to produce electricity using the high-pressure steam generated from the boilers in order to maximize energy efficiency (the "**50MW Project**") within the original project of which the Assets form a part (the "**Current Project**").

As advised by the Vietnam Legal Advisers, in order to implement the 50MW Project, the Project Company is required to amend its Investment Registration Certificate with the Quang Ninh EZA, to, among others, (1) amend the investment objective of the Current Project by adding electricity production, transmission and distribution as part of the objectives; and (2) change the project name to reflect the 50MW Project (collectively, the "**Relevant Amendments**").

According to the Vietnam Legal Advisers, pursuant to an official letter issued by the Vietnam government in 2017 (the "**Official Letter 200**"), Haiha Industrial Park VN was the investor approved to undertake a cogeneration thermal power project (the "**Thermal Project Approval**") within Hai Ha Industrial Park.

Having completed the acquisition of the Assets pursuant to the Asset Purchase Agreement, the Group now seeks to implement the 50MW Project and is required to make applications to Quang Ninh EZA to seek approval of the Relevant Amendments, but is advised by the Vietnam Legal Advisers that, because Haiha Industrial Park VN was the party to whom the Thermal Project Approval was granted under Official Letter 200, Haiha Industrial Park VN should be the appropriate party to make such applications. Given that Haiha Industrial Park VN had already transferred the Assets and its entire interest in the Current Project to the Project Company, it no longer possesses the standing or capacity to make such applications.

Therefore, it is necessary to implement the Restructuring in order for Haiha Industrial Park VN to make the applications for the Relevant Amendments.

MATERIAL TERMS OF THE FRAMEWORK AGREEMENT

Date

2 April 2026

Parties

1. HK Co
2. Project Company
3. Member Companies
4. Haiha Industrial Park VN

Restructuring

Pursuant to the Framework Agreement, the Restructuring shall be carried out in the following stages:

1. Within 20 business days of signing the Framework Agreement, HK Co shall transfer the entire charter capital of the Project Company to Haihe Holdings and Haihe International as to 80% and 20%, respectively, at the total consideration of US\$5,746,864 (the “**Disposal**”), being the registered charter capital of the Project Company as at the date of the Framework Agreement.
2. Within 25 business days of the completion of Disposal, Haiha Industrial Park VN shall acquire the entire charter capital of the Project Company from the Member Companies and then merge with the Project Company (the “**Merger**”). Pursuant to the applicable laws of Vietnam, Haiha Industrial Park VN shall inherit the Owned Assets, and the Project Company shall cease to exist as a separate legal entity.
3. Within 25 business days of the completion of the Merger, Haiha Industrial Park VN shall apply to Quang Ninh EZA to seek approval of, among others, the Relevant Amendments.
4. Within 40 business days of obtaining approval for the Relevant Amendments, Haiha Industrial Park VN shall establish the Successor Company via ‘company separation’ (the “**Separation**”) under the laws of Vietnam, who shall be owned by Haihe Holdings and Haihe International as to 80% and 20%, respectively. The Successor Company shall inherit the Owned Assets as provided by the laws of Vietnam.

5. Within 40 business days of the completion of paragraph 4 above, the Member Companies shall transfer their entire charter capital respectively held in the Successor Company to HK Co at the total consideration of US\$5,746,864, being the registered charter capital of the Successor Company (the “**Successor Company Transfer**”).

Consideration for the Successor Company Transfer will be settled by the Group using the proceeds from the Disposal.

Arrangements relating to the Fees

During the period from the completion of the Disposal until the completion of the Successor Company Transfer (the “**Contractual Arrangements Period**”), HK Co shall not hold any charter capital in the Project Company (or the Successor Company), but the Group shall be entitled to the Fees, which shall be settled on the date of the completion of the Successor Company Transfer.

To ensure that the Group is able to maintain control over the Project Company, the Owned Assets and the Successor Company during the Contractual Arrangements Period, the below measures will be implemented pursuant to the Framework Agreement.

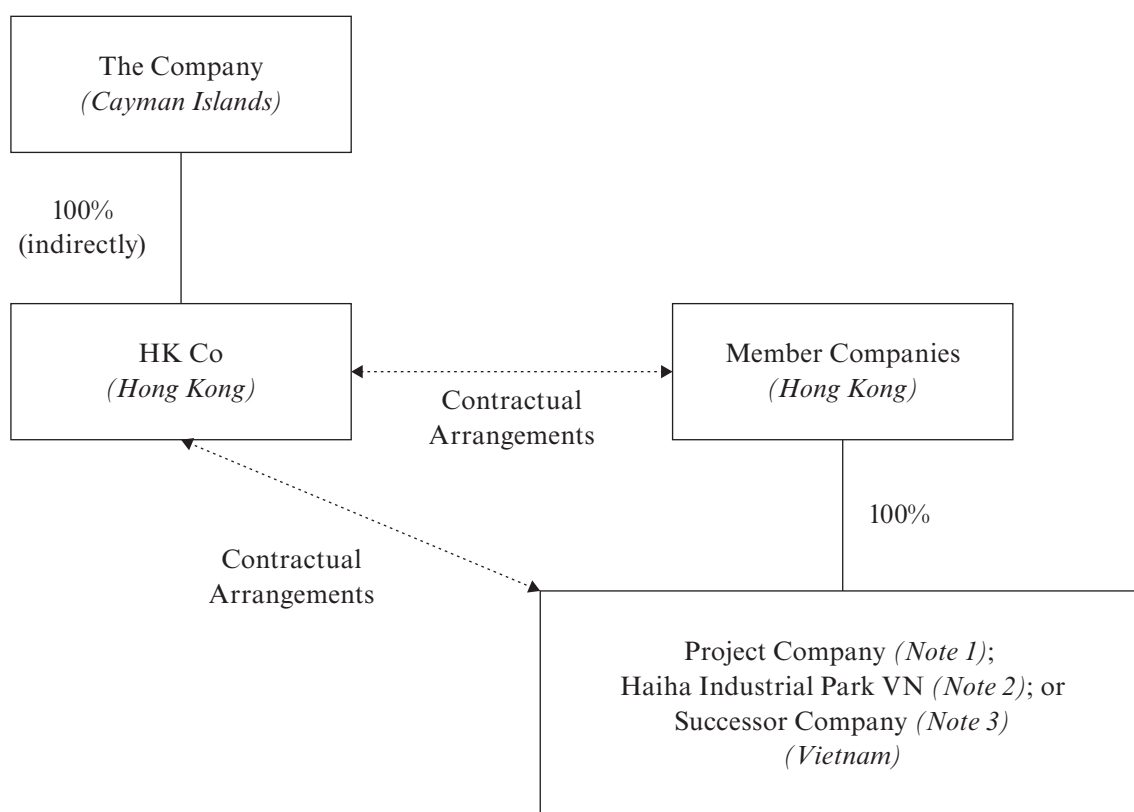
1. Each of the Member Companies irrevocably and unconditionally appoints any director of HK Co and its successors (including liquidators) as its (including its authorized representative’s) attorney-in-fact to exercise, on its behalf, the rights in relation to its respective equity interest in the Project Company (during the period from the completion of the Disposal until the completion of the Merger) and the Successor Company (during the period from the completion of the Separation until the completion of the Successor Company Transfer) (collectively, the “**Haiha Group Period**”) and the rights in relation to directorship over the Project Company and the Successor Company (including those of persons they may designate from time to time as directors thereof) (if applicable) during the said period, including attendance at shareholders’ (and, if applicable, directors’) meetings or making shareholder (and, if applicable, director) decisions, exercising all shareholders’ (and, if applicable, directors’) rights and voting rights in accordance with applicable laws and the articles of association of the Project Company and the Successor Company (as the case may be) during the Haiha Group Period, to designate and appoint the legal representative, directors, general manager and senior management of the Project Company and the Successor Company (as the case may be), and to submit and file documents with the relevant government authorities.

2. The Project Company undertakes that during the period from the completion of the Disposal until the completion of the Merger, among others:
 - (i) except for the purpose of executing transactions under the Framework Agreement, the constitutional document of the Project Company shall not be supplemented, altered or amended in any manner, nor shall its registered charter capital be increased or decreased, nor shall its charter capital structure be altered;
 - (ii) it shall conduct its business prudently and effectively in accordance with sound financial and commercial standards and practices;
 - (iii) it shall not, in any manner, sell, transfer, pledge, dispose of or create any other security over any legal or beneficial interest in the assets, business or revenue of the Project Company, except with the prior written consent of HK Co or as required under the Framework Agreement;
 - (iv) it shall operate its business in the ordinary course of business at all times in order to maintain the value of its assets and shall refrain from any action/omission that may adversely affect its operating conditions or the value of its assets; and
 - (v) execute all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate charges or raise necessary and appropriate defences against all claims in order to maintain the ownership of the Project Company over all of its assets.
3. Each of the Member Companies irrevocably and unconditionally undertakes that during the Haiha Group Period, it shall, among others:
 - (i) except for the purpose of executing transactions under the Framework Agreement, not pass any shareholder's and/or board resolution approving the constitutional documents of the Project Company and the Successor Company to be supplemented, altered or amended in any manner, or any change in their registered charter capital or charter capital structure;
 - (ii) not sell, transfer, pledge, dispose of or create any other security over its legal or beneficial interests in the Project Company and the Successor Company (as the case may be), except with the prior written consent of HK Co or as required under the Framework Agreement;
 - (iii) procure the shareholders' meeting and/or board of directors and/or directors of the Project Company and the Successor Company (as the case may be) not to approve any sale, transfer, pledge, disposal of or creation of any other security over its legal or beneficial interests in such companies, except with the prior written consent of HK Co or as required under the Framework Agreement;

- (iv) procure the shareholders' meeting and/or board of directors and/or directors of the Project Company and the Successor Company (as the case may be) not to approve any mergers or consolidation with any person, or acquisition or investment in any person by such companies, except with the prior written consent of HK Co or as required under the Framework Agreement;
 - (v) execute all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate charges or raise necessary and appropriate defences against all claims in order to maintain the ownership over the equity interests in the Project Company and the Successor Company (as the case may be); and
 - (vi) procure the Successor Company to give the same undertakings as those given by the Project Company as provided in the Framework Agreement.
4. Each of the Member Companies shall irrevocably and unconditionally:
- (i) pledge its equity interests in the Project Company and the Successor Company (as the case may be) to HK Co;
 - (ii) pay all dividends and distributions declared, paid and payable by the Project Company and the Successor Company in relation to its charter capital held in such companies to HK Co; and
 - (iii) assign and direct all distributions of assets and capital made and to be made by the Project Company and the Successor Company in all occasions, including but not limited to liquidation, in relation to its charter capital held in such companies to HK Co.
5. Haiha Industrial Park VN has irrevocably and unconditionally undertaken that, during the period from the completion of the Merger until the Successor Company is established and becomes the official owner of the Owned Assets under the applicable laws of Vietnam (the "**Merger Period**"), it shall:
- (i) conduct the business originally belonging to the Project Company prudently and effectively in accordance with sound financial and commercial standards and practices;
 - (ii) operate the business originally belonging to the Project Company in the ordinary course of business at all times in order to maintain the value of the assets originally belonging to the Project Company and refrain from any action/omission that may adversely affect the value of the assets originally belonging to the Project Company;

- (iii) not, in any manner, sell, transfer, pledge, dispose of or create any other security over any legal or beneficial interest in the assets, business or revenue originally belonging to the Project Company, except with the prior written consent of HK Co or as required under the Framework Agreement; and
- (iv) to the extent permitted by the laws and regulations of Vietnam, pledge the assets originally belonging to the Project Company unconditionally and irrevocably to HK Co.

Pursuant to the terms above, the Company shall exercise control over and receive economic benefits from the Owned Assets at all times throughout the Restructuring. Set forth below is the effective structure of the Contractual Arrangements during the Restructuring:



Notes:

- (1) In respect of the period from the completion of the Disposal until the completion of the Merger
- (2) In respect of the Merger Period
- (3) In respect of the period from the completion of Separation until the completion of the Successor Company Transfer

For purposes of giving effect to and executing the Disposal, the Merger, the Successor Company Transfer as well as the pledges and powers of attorney undertaken given by the Member Companies and Haiha Industrial Park VN (as the case may be) pursuant to the Framework Agreement, the relevant parties shall enter into the Ancillary Agreements in accordance with the applicable laws of Vietnam.

If, after the Merger is completed, approval for the Relevant Amendments cannot be obtained by 31 October 2026 (or such other date as may be agreed by the parties in writing) for any reason whatsoever, then, between 1 November 2026 (or such other date as may be agreed by the parties in writing) until 31 December 2026 (or such other date as may be agreed by the parties in writing), (a) Haiha Industrial Park VN shall establish the Successor Company, and transfer the Owned Assets to the Successor Company, and (b) the Member Companies shall transfer the entire charter capital respectively held in the Successor Company to HK Co at the total consideration of US\$5,746,864. In such scenario, the Group shall continue be entitled to the Fees generated by the Project Company, the Owned Assets and the Successor Company before and after completion of its acquisition.

DISPUTE RESOLUTION, SUCCESSION AND OTHERS

Dispute resolution

Pursuant to the Framework Agreement, any dispute arising from the interpretation or execution thereof shall be submitted to the Arbitration Tribunal of the International Chamber of Commerce in Singapore or the arbitration tribunal of such other place as the parties agree for arbitration in accordance with its arbitration rules then in force. The arbitral award established under such dispute resolution clause shall be final and binding on all parties. If so permitted by and to the extent permissible by applicable laws, the arbitral tribunal may grant arbitration award over the charter capital or land assets of the Project Company, the Successor Company, or (during the Merger Period) Haiha Industrial Park VN (as the case may be), and may make order regarding the conduct of business or compulsory transfer of assets or charter capital, or order the parties to procure the winding up of the Project Company or the Successor Company (as the case may be).

Judgment upon the award may be entered into any court having jurisdiction, or application may be submitted to such court for judicial acceptance of the award and an order of enforcement, as the case may be. Any party may, without waiving any remedy under the Framework Agreement, seek from the courts of Hong Kong or Vietnam or the Cayman Islands or any court having jurisdiction any interim or provisional relief that is necessary to protect the rights or property of that party, in accordance with applicable laws, pending the establishment of the arbitral tribunal or pending the arbitral tribunal's determination of the merits of the dispute.

Succession

In the event that either of the Member Companies and/or Haiha Industrial Park VN are liquidated, dissolved or encounter any other event that may affect their ability to exercise (in the case of the Member Companies) their rights in relation to the charter capital of the Project Company and the Successor Company, or (in the case of Haiha Industrial Park VN) its rights in the Owned Assets, the Member Companies and/or Haiha Industrial Park VN (as the case may be) shall procure their respective successors, creditors, authorised assignees and transferees be deemed to be a party to the Framework Agreement, who shall succeed and assume the rights and obligations of the Member Companies and/or Haiha Industrial Park VN (as the case may be) thereunder, and shall transfer the relevant charter capital or Owned Assets (as the case may be) to HK Co or its designated party to the fullest extent permitted by the applicable laws.

Each of the Member Companies and Haiha Industrial Park VN have made appropriate arrangements to ensure that, to the fullest extent permitted by the applicable laws, their respective successors, creditors, authorised assignees or transferees, or other persons who may in any circumstances be entitled to assume (in the case of the Member Companies) the charter capital in the Project Company and the Successor Company, or (in the case of the Haiha Industrial Park VN) the Owned Assets, shall not affect or impede the exercise of their rights as shareholders and (if applicable) directors (including persons they may designate from time to time as directors) of the Project Company and the Successor Company (in the case of the Member Companies) or their rights and interests in the Owned Assets (in the case of Haiha Industrial Park VN), nor take any action that affects or impedes the execution of their respective obligations under the Framework Agreement.

Loss Sharing

The Framework Agreement does not provide that the Company or HK Co is obligated to share the losses of the Project Company or the Successor Company or those attributable to the Owned Assets, or to provide financial support to the Project Company or the Successor Company. Further, each of the Project Company or the Successor Company is a limited liability company and shall be solely liable for its own debts and losses to the extent of its assets. Under the relevant laws and regulations of Vietnam, neither the Company nor HK Co have statutory obligation to share the losses of the Project Company or the Successor Company or Haiha Industrial Park VN during the Contractual Arrangements Period in respect of losses attributable to the Owned Assets. Despite the foregoing, in respect of the Contractual Arrangements, given that the financial information of the Project Company, the Successor Company, as well as the Owned Assets, will be consolidated into the Group's financial statements under the applicable accounting standards, the Group's business, financial position and results of operations would be adversely affected if the Project Company or the Successor Company suffered losses or if the Owned Assets recorded loss as if they were subsidiaries of the Company or assets and liabilities of the Group during the Contractual Arrangements Period.

Insurance

The Company does not maintain any insurance policy to cover the risks relating to the Contractual Arrangements.

EFFECT AND LEGALITY OF THE NEW CONTRACTUAL ARRANGEMENTS

Based on the above, the Vietnam Legal Advisers is of the opinion that the Contractual Arrangements are narrowly tailored to minimize potential conflict with relevant laws and regulations of Vietnam and that:

- (i) the use of the Contractual Arrangements (including the Ancillary Agreements proposed to be entered into) does not constitute any breach of applicable laws and regulations of Vietnam;
- (ii) the Contractual Arrangements do not contravene the current articles of association of the Project Company, and will not contravene the model articles of association under the laws of Vietnam which the Successor Company is expected to be adopted upon its incorporation;
- (iii) the Framework Agreement is binding on the parties thereto. Notwithstanding that the relevant Ancillary Agreements can only be entered into prior to and/or upon the completion of the relevant steps of the Restructuring, the undertakings given by the Member Companies and Haiha Industrial Park VN under the Framework Agreement to grant the relevant rights and powers to HK Co are enforceable under the relevant laws of Vietnam;
- (iv) the Contractual Arrangements (including the Ancillary Agreements proposed to be entered into) would not be deemed invalid or ineffective under the laws and regulations of Vietnam.

As confirmed by the Company with its auditors, following the execution of the Framework Agreement and the relevant Ancillary Agreements at each stage of the Restructuring, the Group will remain control over the Project Company, the Owned Assets (in respect of the Merger Period) and the Successor Company throughout the Restructuring, and the financial information thereof will continue to be consolidated into the financial statements of the Group under the applicable accounting standards. Accordingly, the net accounting impact of the Restructuring as a whole is expected to be minimal.

The Directors anticipate that the aggregate Fees during the Contractual Arrangements Period (which is expected to end on or before 31 October 2026) will be approximately RMB13 million. The above expected amount of Fees was estimated with reference to the historical revenue generated and operating costs incurred by the Project Company for the preceding financial year.

BOARD'S VIEW ON THE CONTRACTUAL ARRANGEMENTS

Based on the above, the Board is of the view that the Contractual Arrangements are narrowly tailored to achieve the Group's business objectives with regard to the implementation of the 50MW Project and to minimise the potential conflict with relevant laws of Vietnam, and that the Contractual Arrangements conferring significant control and economic benefits from the Owned Assets are enforceable under the laws and regulations of Vietnam. The purpose of the Framework Agreement and the Contractual Arrangements would also be fulfilled as soon as the Relevant Amendments have been approved and the charter capital of the Successor Company has been transferred to the Group, allowing HK Co to become the registered shareholder of the Successor Company.

The Board confirms that the Contractual Arrangements are in compliance with each of the applicable requirements set out in the guidance letter HKEX-GL77-14 published by the Stock Exchange.

In view of the foregoing, the Directors (including the independent non-executive Directors) are of the view (i) the Contractual Arrangements are necessary for achieving the Group's business objectives, in particular, regarding the implementation of the 50MW Project; and (ii) the connected transactions contemplated under Framework Agreement and the Contractual Arrangements are:

- (a) on normal commercial terms;
- (b) on fair and reasonable terms; and
- (c) in the interests of the Company and the Shareholders as a whole.

As at the date of this announcement, to the best of the knowledge, information and belief of the Directors, after making all reasonable enquiries, the Directors are not aware of any factors that has led or would lead to any interference or encumbrance from or restrictions imposed by any Vietnam governing bodies on the Contractual Arrangements.

INTERNAL CONTROL MEASURES

The Group has adopted, and will continue to adopt, the following internal control measures to ensure legal and regulatory compliance of the Group, the sound and effective operation of the Project Company, the Successor Company, the implementation of the Contractual Arrangements during the Contractual Arrangements Period:

- (a) major issues arising from implementation of the Framework Agreement and the Ancillary Agreements will be regularly reviewed by the Board;
- (b) matters relating to compliance and regulatory enquiries from relevant governmental authorities (if any) will be discussed in regular meetings of the Board;

- (c) relevant business units and operation divisions of the Group will report regularly, which will be no less than on a monthly basis, to the designated executive Directors on compliance and performance conditions under the Contractual Arrangements and other related matters;
- (d) the company seals, financial seals, contract seals and crucial corporate certificates of the Project Company and the Successor Company are to be kept by the Group's finance department. The original title documents relating to the assets belonging to the Project Company and the Successor Company shall also be kept with the Group's finance department. Any employee of the Group who wishes to use the seals will have to obtain internal approval from the business, legal and/or finance department(s) (as the case may be) of the Group, as well as approval from the relevant department head and vice president of the Company, depending on the importance or transaction value of the document to which the seal(s) will be affixed. The relevant personnel in charge of the abovementioned departments as well as the members responsible for the custody and handling of the seals, corporate certificates and abovementioned title documents are employees of the Group;
- (e) legal advisers and/or other professionals will be retained to assist the Group to deal with specific issues arising from the Contractual Arrangements, to ensure that the operation and implementation of the Contractual Arrangements as a whole will comply with applicable laws and regulations, and that the steps to be undertaken in respect of the Restructuring will be implemented as timely as possible with a view to complete the Restructuring as soon as reasonably practicable in accordance with the terms of the Framework Agreement;
- (f) the independent non-executive Directors will conduct a review on compliance with the Framework Agreement and the Ancillary Agreements and their confirmation will be disclosed in the Company's annual report for the year ending 31 December 2026;
- (g) to avoid potential conflicts of interest, the Board (including the independent non-executive Directors) will ensure that any designee, person or entity designated by HK Co shall be restricted to HK Co, a subsidiary of the Company (which will be under the management control of and own fiduciary duties to the Company) or an authorised officer of the Group, and shall exclude the Member Companies (being the registered shareholders of the equity interests of the Project Company and the proposed registered shareholders of the equity interests of the Successor Company), Haiha Industrial Park Vietnam Limited (as the legal owner inheriting the Owned Assets after completion of the Merger) and any of their associates, including Mr. Hong and Mr. Zhu (being the ultimate beneficial owners as to 78% and 22%, respectively, of the aforementioned companies); and
- (h) in respect of all decisions to be made by the Board regarding the Contractual Arrangements and the implementation thereof, Director(s) with interest in the relevant transaction(s), including Mr. Hong and Mr. Zhu, shall abstain from voting on the relevant Board resolution(s).

RISKS AND LIMITATIONS RELATING TO THE CONTRACTUAL ARRANGEMENTS

(1) Loss sharing and economic risks to the Group

The Framework Agreement does not provide that the Company or HK Co is obligated to share the losses of the Project Company or the Successor Company or those attributable to the Owned Assets, or to provide financial support to the Project Company or the Successor Company. Further, each of the Project Company or the Successor Company is a limited liability company and shall be solely liable for its own debts and losses to the extent of its assets. Under the relevant laws and regulations of the Vietnam, neither the Company nor HK Co have statutory obligation to share the losses of the Project Company or the Successor Company or Haiha Industrial Park VN during the Contractual Arrangements Period in respect of losses attributable to the Owned Assets. Despite the foregoing, in respect of the Contractual Arrangements, given that the financial information of the Project Company and the Successor Company, as well as the Owned Assets, will be consolidated into the Group's financial statements under the applicable accounting standards, the Group's business, financial position, and results of operations would be adversely affected if the Project Company or the Successor Company suffered losses or if the Owned Assets recorded loss as if they were subsidiaries of the Company or assets and liabilities of the Group during the Contractual Arrangements Period.

(2) The Contractual Arrangements may not be as effective in providing control over and entitlement to the economic interests in the Owned Assets as through direct ownership of the Project Company

The Contractual Arrangements may not be as effective in providing HK Co with control over and entitlement to the economic interests in the Owned Assets as direct ownership thereof in the form of the Project Company. If HK Co had direct ownership of the Project Company, it would be able to directly exercise its rights as a shareholder to effect changes in the board of directors of the Project Company. However, under the Contractual Arrangements, HK Co can only exercise control over the Owned Assets by relying on the Project Company, Haiha Industrial Park VN and the Member Companies to perform their respective contractual obligations under the Framework Agreement and the Ancillary Agreements and on the Successor Company abiding by the undertakings that the Member Companies have undertaken to procure it to give. They may not act in the best interests of HK Co or may not perform their obligations under the Framework Agreement and the Ancillary Agreements. If any dispute relating to the Framework Agreement remains unresolved, HK Co will have to enforce its rights under the Framework Agreement and seek to interpret the terms of the Framework Agreement in accordance with the laws of Vietnam, which is subject to uncertainties in the Vietnam legal system.

Since the legal environment in Vietnam is different from that in Hong Kong, the uncertainties in the Vietnam legal system could limit the ability of HK Co to enforce the relevant agreements under the Contractual Arrangements. There is no assurance that the results of such arbitrations will be in favour of HK Co and/or that there will not be any difficulties in enforcing any arbitral awards granted, including specific performance, injunctive relief or damages. As HK Co may not be able to obtain sufficient remedies in a timely manner, its ability to exert effective control over the Project Company and the Owned Assets, and the implementation and operation of the Current Project could be materially and adversely affected, and may and have a material adverse impact on HK Co's business, prospects and results of operation.

(3) Potential conflicts of interest

HK Co shall rely on the Contractual Arrangements to exercise control over and to receive economic benefits from the Owned Assets. In case of a conflict of interest or deterioration in the relationship between the Member Companies, Haiha Industrial Park VN, the Project Company, the Successor Company and HK Co, or where any of them is in breach of the Contractual Arrangements, HK Co's business, prospects and results of operation may be materially and adversely affected. It cannot be assured that if conflicts arise, the Member Companies, Haiha Industrial Park VN, the Project Company or the Successor Company will act in the best interests of HK Co or that the conflicts will be resolved in favor of HK Co. If the Member Companies, Haiha Industrial Park VN, the Project Company or the Successor Company fails to perform their obligations under the respective Contractual Arrangements, HK Co may have to rely on legal remedies through arbitration as provided under the Framework Agreement or the Ancillary Agreements, which may be expensive, time-consuming and disruptive to HK Co's operations and may be subject to uncertainties as discussed above.

Under the Framework Agreement, HK Co may also seek interim or provisional relief from the courts to protect its rights or property pending the establishment of the arbitral tribunal or such other appropriate circumstances. However, there is no assurance that such remedies will be effective or readily available under the laws of Vietnam. Any arbitration or legal proceedings could result in disruption to the business of HK Co and result in extra costs to the Group. There can also be no assurance that the outcome of such arbitration or legal proceedings would be in favour of HK Co.

(4) The Vietnam authorities may consider the Contractual Arrangements do not comply with future applicable laws and regulations of Vietnam

There is no assurance that in future the laws of Vietnam will not change and that the Contractual Arrangements will in future be considered non-compliant with the then prevailing laws. It is also uncertain as to whether governmental or judicial authorities in Vietnam may in the future interpret the prevailing laws or regulations with the result that the Contractual Arrangements would be considered not to be in compliance with the relevant laws and regulations in Vietnam. Under such circumstances, there may be an adverse effect on the business, prospects and results of operations of HK Co.

(5) The Contractual Arrangements may be subject to scrutiny of the tax authorities and additional tax may be imposed in the future

There is no assurance that in future that there will not be any change of laws or change of interpretation of laws or regulations by the tax authorities which may result in the Contractual Arrangements being scrutinized by any tax authorities or higher income tax rates being imposed or additional taxes being incurred by HK Co in connection with the Contractual Arrangements.

INFORMATION ABOUT THE PARTIES TO THE CONTRACTUAL ARRANGEMENTS

The Group is principally engaged in the manufacture and distribution of quality yarn, grey fabrics and garment fabrics, especially high value-added core-spun yarn.

HK Co is a limited liability company incorporated under the laws of Hong Kong and is an indirectly wholly-owned subsidiary of our Company. It is an investment holding company.

The Project Company was established under the laws of Vietnam in 8 January 2025 and is an indirectly wholly-owned subsidiary of our Company as at the date of this announcement. It is principally engaged in industrial waste treatment (sludge incineration) and production and supply of industrial steam. Set out below is a summary of key financial information of the Project Company based on its audited consolidated financial information for the financial year ended 31 December 2025:

	For the year ended 31 December 2025 <i>million VND</i> (audited)
Profit before taxation	38,537 (equivalent to approximately RMB10.4 million)
Profit after taxation	36,607 (equivalent to approximately RMB9.9 million)

As at 31 December 2025, the Project Company had audited total assets and net assets of approximately RMB300,035,000 and RMB46,310,000, respectively.

Haiha Industrial Park VN was established under the laws of Vietnam and is owned as to 80% by Haihe Holdings and 20% by Haihe International, both of which are investment holding companies incorporated under the laws of Hong Kong and ultimately owned as to 78% by Mr. Hong, the chairman of the Company and an executive Director and as to 22% by Mr. Zhu, the vice chairman of the Company and the chief executive officer of the Group and an executive Director. Haiha Industrial Park VN is principally engaged in infrastructure development.

IMPLICATIONS UNDER THE LISTING RULES

Each of the Member Companies and Haiha Industrial Park VN is a connected person of the Company by virtue of its being an associate of Mr. Hong, the chairman of the Company and an executive Director. Therefore, the transactions contemplated under the Framework Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Framework Agreement is more than 0.1% but less than 5%, the connected transactions contemplated under the Framework Agreement are subject to the reporting and announcement requirements, but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Mr. Hong and Mr. Zhu have material interests in the transactions contemplated under the Contractual Arrangements and have abstained from voting on the Board resolution. Save as disclosed above, none of the Directors had a material interest in such transactions and had abstained from voting on the Board resolution.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

- | | |
|-------------------------------|--|
| “50 MW Project” | shall have the meaning ascribed to it under the section headed “Reasons for and Benefits of the Restructuring and the Contractual Arrangements” |
| “Acquisition” | the acquisition of the Assets by HK Co from Hai Ha Industrial Park under the Asset Purchase Agreement |
| “Ancillary Agreements” | the agreements to be entered legally give effect to the transactions under the Framework Agreement, including the charter capital transfer agreement in respect of the Disposal and the Successor Company Transfer, a merger contract in respect of the Merger as well as the pledges and power of attorney (as applicable) undertaken to be given by the Member Companies and Haiha Industrial Park VN (as the case may be) pursuant to the Framework Agreement |

“Asset Purchase Agreement”	the asset purchase agreement (as supplemented) dated 7 November 2022 entered into between HK Co as purchaser and Haiha Industrial Park VN as vendor in relation to the Acquisition
“Assets”	certain lots of land together with the assets and other ancillary equipment thereon located within Hai Ha Industrial Park
“associate”	has the same meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Company”	Texhong International Group Limited (天虹國際集團有限公司), a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the same meaning ascribed thereto under the Listing Rules
“Contractual Arrangements”	the contractual arrangements contemplated under the Framework Agreement
“Contractual Arrangements Period”	shall have the meaning ascribed to it under the section headed “Material Terms of the Framework Agreement”
“Current Project”	shall have the meaning ascribed to it under the section headed “Reasons for and Benefits of the Restructuring and the Contractual Arrangements”
“Director(s)”	the director(s) of the Company
“Disposal”	shall have the meaning ascribed to it under the section headed “Material Terms of the Framework Agreement”
“Fees”	the fees (net of the operating costs and taxes) generated by the Project Company, the Owned Assets and the Successor Company (as the case may be)
“Framework Agreement”	the framework agreement dated 2 April 2026 entered into among HK Co, the Project Company, the Member Companies and Haiha Industrial Park VN in relation to the Restructuring and the Contractual Arrangements
“Group”	the Company and its subsidiaries

“Hai Ha Industrial Park”	Hai Ha Industrial Park and Ports, Quang Ha township, Hai Ha District, Quang Ninh Province, Vietnam
“Haiha Group Period”	shall have the meaning ascribed to it under the section headed “Material Terms of the Framework Agreement”
“Haiha Industrial Park VN”	HaiHa Industrial Park Vietnam Limited (海河工業園區越南有限公司), a company established in Vietnam which is ultimately owned as to 78% by Mr. Hong and as to 22% by Mr. Zhu
“Haihe Holdings”	Haihe Industrial Park Holdings Limited (海河工業園控股有限公司), a company incorporated in Hong Kong and ultimately owned as to 78% by Mr. Hong and as to 22% by Mr. Zhu
“Haihe International”	Haihe International Investment Limited (海河國際投資有限公司), a company incorporated in Hong Kong and ultimately owned as to 78% by Mr. Hong and as to 22% by Mr. Zhu
“HK Co”	Kong Power Development (Hong Kong) Limited (港能發展(香港)有限公司), a limited liability company incorporated in Hong Kong which is a wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Member Companies”	Haihe Holdings and Haihe International
“Merger”	shall have the meaning ascribed to it under the section headed “Material Terms of the Framework Agreement”
“Merger Period”	shall have the meaning ascribed to it under the section headed “Material Terms of the Framework Agreement”
“Mr. Hong”	Mr. Hong Tianzhu the chairman of the Company and an executive Director
“Mr. Zhu”	Mr. Zhu Yongxiang, the vice chairman and the chief executive officer of the Company and an executive Director
“Official Letter 200”	shall have the meaning ascribed to it under the section headed “Reasons for and Benefits of the Restructuring and the Contractual Arrangements”

“Owned Assets”	assets, rights, obligations and interests belonging to the Project Company (including the Current Project) prior to the Merger
“PRC”	The People’s Republic of China
“Project Company”	Haiha Energy Vietnam Company Limited, (海河能源越南有限公司), a company incorporated under laws of Vietnam and a wholly-owned subsidiary of the Company before the Disposal
“Quang Ninh EZA”	Quang Ninh Economic Zone Authority
“Relevant Amendments”	shall have the meaning ascribed to it under the section headed “Reasons for and Benefits of the Restructuring and the Contractual Arrangements”
“Restructuring”	the restructuring to be undertaken by HK Co as set out in the Framework Agreement, comprising the Disposal, the Merger, the Separation and the Successor Company Transfer
“RMB”	Renminbi, the lawful currency of the PRC
“Separation”	shall have the meaning ascribed to it under the section headed “Material Terms of the Framework Agreement”
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Successor Company”	the company that shall be established by way of separation under the laws of Vietnam from Haiha Industrial Park VN and into which the Owned Assets shall be injected and shall become an indirect wholly-owned subsidiary of the Company after completion of the Successor Company Transfer
“Successor Company Transfer”	shall have the meaning ascribed to it under the section headed “Material Terms of the Framework Agreement”
“Thermal Project Approval”	shall have the meaning ascribed to it under the section headed “Reasons for and Benefits of the Restructuring and the Contractual Arrangements”
“US\$”	United States dollars, the lawful currency of the United States of America
“Vietnam”	the Socialist Republic of Vietnam

“Vietnam Legal Advisers”	BDLAW and Associates Co., Ltd., the legal advisers to the Company as to laws of Vietnam
“VND”	Vietnamese dong, the lawful currency of Vietnam
“%”	per cent.

In this announcement, amounts quoted in VND have been converted into RMB at the rate of VND3,711.7289 to RMB1.00. Such exchange rate has been used, where applicable, for purpose of illustration only and does not constitute representation that any amounts were or may have been exchanged at such rate or any other rates.

By Order of the Board
Texhong International Group Limited
Hong Tianzhu
Chairman

Hong Kong, 2 April 2026

As at the date of this announcement, the Board comprises the following Directors:

Executive Directors:

Mr. Hong Tianzhu
Mr. Zhu Yongxiang
Mr. Ye Lixin

Independent non-executive Directors:

Prof. Tao Xiaoming
Prof. Cheng Longdi
Mr. Shu Wa Tung, Laurence