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BILLION INDUSTRIAL HOLDINGS LIMITED

百宏實業控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2299)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcements of the Billion Industrial Holdings Limited (the “**Company**”) dated 10 December 2020, 31 December 2020, 1 February 2021 and 2 February 2021 (the “**Announcements**”) and the circular of the Company dated 13 January 2021 (the “**Circular**”). Unless otherwise stated, terms used herein shall have the same meanings as those defined in the Announcements and the Circular.

As disclosed in the Circular, the continuing connected transactions under the 2021 Sales Agreements and the 2021 Purchase and Processing Agreements and the proposed annual caps thereunder for the years ending 31 December 2021, 2022 and 2023 were conditional upon the approval by the Independent Shareholders at the EGM. In addition, due to business requirements, on 31 December 2020, Billion Fujian, Billion High-tech and Billion Vietnam (as the case may be) entered into the Additional Sales Agreements and the Additional Purchase and Processing Agreements, the terms of each of which are substantially the same as the respective 2021 Sales Agreements and 2021 Purchase and Processing Agreements, for the purpose of carrying out the aforesaid continuing connection transactions during the period from 1 January 2021 until the date of the EGM, i.e. on 1 February 2021.

As disclosed in the Poll Results Announcement, more than 50% of the votes were cast against the ordinary resolutions and thus the ordinary resolutions to approve and confirm the 2021 Sales Agreements and the 2021 Purchase and Processing Agreements were not passed. Due to business requirement, the parties to the Additional Sales Agreements and the Additional Purchase and Processing Agreements have agreed to further extend the expiration date of each of the Additional Sales Agreements and the Additional Purchase and Processing Agreements to 31 December 2021. The parties to each of the Additional Sales Agreements and the Additional Purchase and Processing Agreements have agreed to maintain the aggregated value of the transactions to be carried out pursuant to the Additional Sales Agreements and the Additional Purchase and Processing Agreements to a level such that the highest applicable percentage ratios as defined in the Listing Rules on such aggregate transaction value shall be less than 5% at any time when the Additional Sales Agreements and the Additional Purchase and Processing Agreements are in force, and that they shall co-operate with the Company and take necessary control mechanisms to ensure that such aggregate transaction value shall fall within the 5% threshold. In view of the above, the parties agreed that the maximum aggregated transaction amount under the Additional Sales Agreements and the Additional Purchase and Processing Agreements during the period from 1 January 2021 to 31 December 2021 (both dates inclusive) shall be RMB350,802,000 and RMB350,802,000 respectively.

The parties undertook that no transaction under each of the Additional Sales Agreements and the Additional Purchase and Processing Agreements should be consummated if any such transaction would cause the aggregate transaction amount under any Additional Sales Agreement or Additional Purchase and Processing Agreement to exceed the maximum aggregated transaction amount in respect of the relevant Additional Sales Agreement or Additional Purchase and Processing Agreement (as applicable) as stated above. Save as disclosed above, the terms of the Additional Sales Agreements and the Additional Purchase and Processing Agreements remain unchanged.

The Group will re-negotiate the terms of the 2021 Sales Agreements and the 2021 Purchase and Processing Agreements and the respective annual caps thereunder (“**New Terms**”) with Baikai Elastic Weaving, Baikai Wrap Knitting, Baikai Textile, Baikai Zipper, Baikai Paper and Baikai Vietnam, respectively. The Company will make further announcement and, if applicable, issue a circular in relation to the New Terms for the Independent Shareholders’ approval as and when appropriate.

Given that more time is required for the re-negotiation on the terms of the 2021 Sales Agreements and the 2021 Purchase and Processing Agreement which will be subject to the approval by the Independent Shareholders at another extraordinary general meeting to be held by the Company, in order to avoid any disruption to the current business and operations of the Group and the adverse effects as a result of such disruption, the Directors consider it appropriate for the Group to further extend the terms of the Additional Sales Agreements and the Additional Purchase and Processing Agreements as an interim measure. The Directors (including the independent non-executive Directors but excluding Mr. Sze Tin Yau and Mr. Wu Jinbiao who had abstained from voting on the board resolutions for approving the extension of the terms of the Additional Sales Agreements and the Additional Purchase and Processing Agreements) consider that the terms of the Additional Sales Agreements and the Additional Purchase and Processing Agreements have been entered into on normal commercial terms or better and in the ordinary course of business of the Group, and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

CONTINUED SUSPENSION OF TRADING

Trading in the shares of the Company on the Stock Exchange has been suspended from 9:00 a.m. on 1 April 2021, and will remain suspended until the Company's fulfilling of the Resumption Guidance.

The Company will publish further announcement(s) to inform the shareholders of the Company of its progress in complying with the Resumption Guidance, any significant developments in respect of the publication of the 2020 Annual Results and the expected date for the publication of the 2020 Annual Results as and when appropriate, as well as quarterly updates on its development pursuant to Rule 13.24A of the Listing Rules. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the Shares of the Company.

By order of the Board of
Billion Industrial Holdings Limited
Sze Tin Yau
Co-chairman

Hong Kong, 30 June 2021

As at the date of this announcement, the Board comprises Mr. Sze Tin Yau and Mr. Wu Jinbiao as executive Directors, Mr. Zhang Shengbai as non-executive Director and Mr. Chan Shek Chi, Mr. Lin Jian Ming and Mr. Shih Chun Pi as independent non-executive Directors.