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China Hongqiao Group Limited

中國宏橋集團有限公司

(Incorporated under the laws of Cayman Islands with limited liability)

(Stock Code: 1378)

**CONNECTED TRANSACTIONS
DISPOSAL OF ASSETS AND DISPOSAL OF EQUITY INTEREST IN A SUBSIDIARY
AND
CONTINUING CONNECTED TRANSACTIONS
INDUSTRIAL WASTE TREATMENT AGREEMENT AND INDUSTRIAL GOODS
PROCUREMENT AGREEMENT**

THE DISPOSALS

The Board hereby announces that on 14 February 2025, (i) Beihai Xinhe (an indirect subsidiary of the Company) entered into the Beihai Asset Transfer Agreement with Lvxiang Resources, pursuant to which Beihai Xinhe shall sell, and Lvxiang Resources shall acquire, the Beihai Target Assets; (ii) Zhanhua Huihong (an indirect subsidiary of the Company) entered into the Zhanhua Asset Transfer Agreement with Lvzhi Resources, pursuant to which Zhanhua Huihong shall sell, and Lvzhi Resources shall acquire, the Zhanhua Target Assets; and (iii) Weiqiao Aluminum & Power (an indirect subsidiary of the Company) entered into the Hongtong Equity Transfer Agreement with Weiqiao Renewable, pursuant to which Weiqiao Aluminum & Power shall sell, and Weiqiao Renewable shall acquire, the entire equity interest in Hongtong Resources.

CONTINUING CONNECTED TRANSACTIONS AND TERMINATION OF THE RENEWED BEIHAI INDUSTRIAL WASTE SERVICE AGREEMENT

The Board hereby announces that on 14 February 2025, the Company and Weiqiao Xinxing Industrial entered into (i) the Industrial Waste Treatment Agreement, pursuant to which the Weiqiao Xinxing Industrial Group shall provide Industrial Waste Treatment Services to the Group; and (ii) the Industrial Goods Procurement Agreement, pursuant to which the Weiqiao Xinxing Industrial Group shall sell industrial goods to the Group.

Reference is made to the October 2024 Announcement in relation to, among others, the Renewed Beihai Industrial Waste Service Agreement. Upon entering into the Industrial Waste Treatment Agreement, the Renewed Beihai Industrial Waste Service Agreement was terminated by the parties thereto on 14 February 2025 and the continuing connected transactions contemplated under the Renewed Beihai Industrial Waste Service Agreement will be covered and conducted pursuant to the Industrial Waste Treatment Agreement.

LISTING RULES IMPLICATIONS

Beihai Xinhe, Zhanhua Huihong and Weiqiao Aluminum & Power are all indirect subsidiaries of the Company. Weiqiao Xinxing Industrial is a wholly-owned subsidiary of Weiqiao Chuangye Group, which is an associate of Mr. Zhang Bo (an executive Director and, together with his other family members, having equity interests in Weiqiao Chuangye Group). Weiqiao Renewable is a subsidiary of Weiqiao Xinxing Industrial, and both Lvxiang Resources and Lvzhi Resources are subsidiaries of Weiqiao Renewable. Therefore, each of Weiqiao Xinxing Industrial, Weiqiao Renewable, Lvxiang Resources and Lvzhi Resources is a connected person of the Company under the Listing Rules. Accordingly, the Disposals contemplated under the Disposals Agreements constitute connected transactions of the Company under Chapter 14A of the Listing Rules, and the Continuing Connected Transactions contemplated under the Industrial Waste Treatment Agreement and Industrial Goods Procurement Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

According to Rule 14A.35 of the Listing Rules, if a previously announced connected transaction is subsequently terminated, this fact must be announced as soon as practicable. As the Renewed Beihai Industrial Waste Service Agreement and the continuing connected transactions contemplated thereunder have been terminated with effect on 14 February 2025, the Company is required to make an announcement in respect of such termination.

The Disposals contemplated under the Disposals Agreements are aggregated pursuant to Rule 14A.81 of the Listing Rules. As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Disposals, on an aggregate basis, is more than 0.1% but less than 5%, the Disposals are subject to the announcement and reporting requirements but exempt from the circular (including independent financial advice) and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The continuing connected transactions contemplated under the Renewed Production Water Supply Agreement and the Continuing Connected Transactions contemplated under the Industrial Waste Treatment Agreement and Industrial Goods Procurement Agreement are aggregated pursuant to Rule 14A.81 of the Listing Rules. As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Continuing Connected Transactions (together with the continuing connected transactions contemplated under the Renewed Production Water Supply Agreement), on an aggregate basis, is more than 0.1% but less than 5%, the Continuing Connected Transactions are subject to the announcement, reporting and annual review requirements but exempt from the circular (including independent financial advice) and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

A. THE DISPOSALS

On 14 February 2025, (i) Beihai Xinhe (an indirect subsidiary of the Company) entered into the Beihai Asset Transfer Agreement with Lvxiang Resources, pursuant to which Beihai Xinhe shall sell, and Lvxiang Resources shall acquire, the Beihai Target Assets; (ii) Zhanhua Huihong (an indirect subsidiary of the Company) entered into the Zhanhua Asset Transfer Agreement with Lvzhi Resources, pursuant to which Zhanhua Huihong shall sell, and Lvzhi Resources shall acquire, the Zhanhua Target Assets; and (iii) Weiqiao Aluminum & Power (an indirect subsidiary of the Company) entered into the Hongtong Equity Transfer Agreement with Weiqiao Renewable, pursuant to which Weiqiao Aluminum & Power shall sell, and Weiqiao Renewable shall acquire, the entire equity interest in Hongtong Resources.

Weiqiao Xinxing Industrial is a wholly-owned subsidiary of Weiqiao Chuangye Group, which is an associate of Mr. Zhang Bo (an executive Director and, together with his other family members, having equity interests in Weiqiao Chuangye Group). Weiqiao Renewable is a subsidiary of Weiqiao Xinxing Industrial, and both Lvxiang Resources and Lvzhi Resources are subsidiaries of Weiqiao Renewable. Therefore, each of Weiqiao Renewable, Lvxiang Resources and Lvzhi Resources is a connected person of the Company under the Listing Rules.

(1) The Beihai Asset Transfer Agreement

Date

14 February 2025

Parties

- (i) Beihai Xinhe; and
- (ii) Lvxiang Resources

Subject matter

Pursuant to the Beihai Asset Transfer Agreement, Beihai Xinhe shall sell, and Lvxiang Resources shall acquire, the Beihai Target Assets.

Target asset

The Beihai Target Assets are the assets owned by Beihai Xinhe in respect of the comprehensive use of red mud project, mainly used for extracting iron from red mud. Red mud is the industrial waste generated during the Group's production process of alumina.

The unaudited book value of the Beihai Target Assets as at 30 November 2024 was approximately RMB2,130,249. Given that the Group does not conduct a separate accounting of the Beihai Target Assets, there was no data as to the net profit attributable to the Beihai Target Assets for the financial years ended 31 December 2022 and 31 December 2023.

Consideration, pricing basis and payment terms

Pursuant to the Beihai Asset Transfer Agreement, the total consideration payable by Lvxiang Resources to Beihai Xinhe for the transfer of the Beihai Target Assets is RMB3,369,999 (including tax), which is determined on normal commercial terms and arrived at after arm's length negotiations based on the appraised value of the Beihai Target Assets as at 30 November 2024 according to the valuation report prepared by an independent valuer using the asset-based approach.

Lvxiang Resources shall pay the total consideration within 10 days of the date of the Beihai Asset Transfer Agreement.

Completion

Completion shall take place on the date on which the parties complete the handover procedure of the Beihai Target Assets. The parties shall complete the handover procedure of the Beihai Target Assets within 10 days after the date of the Beihai Asset Transfer Agreement. Beihai Xinhe shall provide all the documents, information, data and materials in relation to the Beihai Target Assets (including but not limited to the title proof, financial information and management documents) to Lvxiang Resources. The parties shall sign a completion confirmation.

From the completion date, Lvxiang Resources shall become the sole legal owner of the Beihai Target Assets and is entitled to occupy, use, benefit from, and dispose of the Beihai Target Assets, and Beihai Xinhe shall no longer own the Beihai Target Assets. The parties shall proactively cooperate to attend to all the registration procedures for the change of ownership in respect of the Beihai Target Assets within 90 days of the completion date (if needed).

The asset transfer under the Beihai Asset Transfer Agreement does not involve the transfer of relevant claims or liabilities of Beihai Xinhe or the Beihai Target Assets, which shall still be enjoyed or borne by Beihai Xinhe, and not be changed, discharged or terminated by virtue of the transfer.

(2) The Zhanhua Asset Transfer Agreement

Date

14 February 2025

Parties

- (i) Zhanhua Huihong; and
- (ii) Lvzhi Resources

Subject matter

Pursuant to the Zhanhua Asset Transfer Agreement, Zhanhua Huihong shall sell, and Lvzhi Resources shall acquire, the Zhanhua Target Assets.

Target asset

The Zhanhua Target Assets are the assets owned by Zhanhua Huihong in respect of the comprehensive use of red mud project, mainly used for extracting iron from red mud. Red mud is the industrial waste generated during the Group's production process of alumina.

The Zhanhua Target Assets were constructed by the Group in October 2023 with a total investment amount of approximately RMB40,000,000. The unaudited book value of the Zhanhua Target Assets as at 30 November 2024 was approximately RMB27,989,966. Given that the Group does not conduct a separate accounting of the Zhanhua Target Assets, there was no data as to the net profit attributable to the Zhanhua Target Assets for the financial year ended 31 December 2023.

Consideration, pricing basis and payment terms

Pursuant to the Zhanhua Asset Transfer Agreement, the total consideration payable by Lvzhi Resources to Zhanhua Huihong for the transfer of the Zhanhua Target Assets is RMB31,805,479 (including tax), which is determined on normal commercial terms and arrived at after arm's length negotiations based on the appraised value of the Zhanhua Target Assets as at 30 November 2024 according to the valuation report prepared by an independent valuer using the asset-based approach.

Lvzhi Resources shall pay the total consideration within 10 days of the date of the Zhanhua Asset Transfer Agreement.

Completion

Completion shall take place on the date on which the parties complete the handover procedure of the Zhanhua Target Assets. The parties shall complete the handover procedure of the Zhanhua Target Assets within 10 days after the date of the Zhanhua Asset Transfer Agreement. Zhanhua Huihong shall provide all the documents, information, data and materials in relation to the Zhanhua Target Assets (including but not limited to the title proof, financial information and management documents) to Lvzhi Resources. The parties shall sign a completion confirmation.

From the completion date, Lvzhi Resources shall become the sole legal owner of the Zhanhua Target Assets and is entitled to occupy, use, benefit from, and dispose of the Zhanhua Target Assets, and Zhanhua Huihong shall no longer own the Zhanhua Target Assets. The parties shall proactively cooperate to attend to all the registration procedures for the change of ownership in respect of the Zhanhua Target Assets within 90 days of the completion date (if needed).

The asset transfer under the Zhanhua Asset Transfer Agreement does not involve the transfer of relevant claims or liabilities of Zhanhua Huihong or the Zhanhua Target Assets, which shall still be enjoyed or borne by Zhanhua Huihong, and not be changed, discharged or terminated by virtue of the transfer.

(3) The Hongtong Equity Transfer Agreement

Date

14 February 2025

Parties

- (i) Weiqiao Aluminum & Power; and
- (ii) Weiqiao Renewable

Subject matter

Pursuant to the Hongtong Equity Transfer Agreement, Weiqiao Aluminum & Power shall sell, and Weiqiao Renewable shall acquire, the entire equity interest in Hongtong Resources.

Target company

Hongtong Resources, being the target company, is a limited liability company incorporated under the laws of the PRC on 29 July 2016 and wholly-owned by Weiqiao Aluminum & Power. It is principally engaged in processing of solid waste and comprehensive utilisation of solid waste.

The unaudited total equity attributable to owners of the parent company of Hongtong Resources as at 30 November 2024 was RMB61,817,132. Based on the unaudited financial statements of Hongtong Resources, its net profits (both before and after taxation) for the financial years ended 31 December 2022 and 31 December 2023 were as follows:

	For the financial year ended 31 December 2022 (Unaudited) RMB	For the financial year ended 31 December 2023 (Unaudited) RMB
Approximate net profit before tax	2,905,845	26,537,867
Approximate net profit after tax	2,179,384	19,903,400

Consideration, pricing basis and payment terms

Pursuant to the Hongtong Equity Transfer Agreement, the total consideration payable by Weiqiao Renewable to Weiqiao Aluminum & Power for the transfer of the entire equity interest in Hongtong Resources is RMB62,000,000 (including tax), which is determined on normal commercial terms and arrived at after arm’s length negotiations based on the appraised value of the shareholders’ equity of Hongtong Resources as at 30 November 2024 according to the valuation conducted by an independent valuer using the asset-based approach.

Weiqiao Renewable shall pay the total consideration within 30 days of the date of the Hongtong Equity Transfer Agreement.

Completion

The parties shall proactively cooperate to attend and complete the industry and commerce registration procedures for altering, for example, the equity interest, personnel and the articles of association and such relevant matters in connection with the transfer of the equity interest in Hongtong Resources, within 30 days after the date of the Hongtong Equity Transfer Agreement.

Upon completion of the registration procedures for the alteration in respect of the transfer of the equity interest, Weiqiao Renewable shall hold 100% equity interest in Hongtong Resources and shall enjoy and bear all the rights and obligations in respect of such equity interest. Weiqiao Aluminum & Power shall cease to hold such equity interest and cease to enjoy and bear any rights and obligations in respect of such equity interest.

During the period between the appraisal benchmark date and the completion date, the profit and loss of Hongtong Resources shall be attributed to Weiqiao Aluminum & Power.

(4) Financial Effects of the Disposals and Proposed Use of Proceeds

Based on the aggregate consideration of RMB97,175,478 and the estimated taxes of the Disposals of approximately RMB3,253,049, the Company is expected to record a gain on the Disposals of approximately RMB93,922,429. The net proceeds of approximately RMB93,922,429 are intended to be used as the general working capital of the Company.

The exact amount of the gain on the Disposals to be recorded in the financial statements of the Company for the financial year ending 31 December 2025 is subject to audit. It will be calculated based on the book value or equity attributable to owners of the parent company (as the case may be) of the respective target as at the date of the completion of the respective Disposal, net of any incidental expenses, and therefore may differ from the estimated amount of the gain set out above.

Upon completion of the Disposal under the Hongtong Equity Transfer Agreement, Hongtong Resources will cease to be a subsidiary of the Company.

B. THE CONTINUING CONNECTED TRANSACTIONS AND TERMINATION OF THE RENEWED BEIHAI INDUSTRIAL WASTE SERVICE AGREEMENT

The Board hereby announces that on 14 February 2025, the Company and Weiqiao Xinxing Industrial entered into (i) the Industrial Waste Treatment Agreement, pursuant to which the Weiqiao Xinxing Industrial Group shall provide Industrial Waste Treatment Services to the Group; and (ii) the Industrial Goods Procurement Agreement, pursuant to which the Weiqiao Xinxing Industrial Group shall sell industrial goods to the Group.

(1) The Industrial Waste Treatment Agreement

Date

14 February 2025

Parties

- (i) The Company (including its subsidiaries); and
- (ii) Weiqiao Xinxing Industrial (including its subsidiaries)

Connected person

Weiqiao Xinxing Industrial is a wholly-owned subsidiary of Weiqiao Chuangye Group, which is an associate of Mr. Zhang Bo (an executive Director and, together with his other family members, having equity interests in Weiqiao Chuangye Group). Therefore, Weiqiao Xinxing Industrial is a connected person of the Company under the Listing Rules.

Transaction nature

The Company and Weiqiao Xinxing Industrial entered into the Industrial Waste Treatment Agreement on 14 February 2025 for a term commencing on 14 February 2025 and ending on 31 December 2027 (both days inclusive), pursuant to which the Weiqiao Xinxing Industrial Group shall provide Industrial Waste Treatment Services to the Group.

Pricing basis and payment terms

The prices of the Industrial Waste Treatment Services provided by the Weiqiao Xinxing Industrial Group to the Group shall be approximately RMB896.23 per ton (VAT exclusive) for electrolytic cell residue in Shandong region, the PRC, approximately RMB1,415.09 per ton (VAT exclusive) for electrolytic cell residue in Yunnan region, the PRC, approximately RMB2,830.19 per ton (VAT exclusive) for combustible waste and approximately RMB471.70 per ton (VAT exclusive) for carbon residue, for the period from 14 February 2025 to 31 December 2025, which are determined with reference to the market prices of the same or comparable types of services provided by other independent third parties in proximity to Weiqiao Xinxing Industrial (the “**Industrial Waste Treatment Market Price**”). The prices of such services provided by the Weiqiao Xinxing Industrial Group to the Group for the financial year ending 31 December 2026 and the financial year ending 31 December 2027 shall be re-determined by both parties within one month prior to the end of the preceding year through negotiation with reference to the then Industrial Waste Treatment Market Price. The Company may request Weiqiao Xinxing Industrial to obtain the Industrial Waste Treatment Market Price from at least three other independent third parties in proximity to Weiqiao Xinxing Industrial and provide the evidence to the Company. In principle, the prices of such services provided by the Weiqiao Xinxing Industrial Group to the Group shall not be higher than the then Industrial Waste Treatment Market Price. The Company will also designate relevant personnel of the financial department of the Company to conduct market research and obtain prices or quotations for the Industrial Waste Treatment Market Price to ensure that the prices of such services provided by Weiqiao Xinxing Industrial are fair to the Group. If the prices are otherwise mandatorily regulated by the PRC government, the mandatory governmental price shall be adopted as the service prices under the Industrial Waste Treatment Agreement.

The Directors confirmed that the pricing basis agreed between the Company and Weiqiao Xinxing Industrial for providing the Industrial Waste Treatment Services to the Group is negotiated on an arm’s length basis and is fair and reasonable, and constitutes a normal commercial term.

Weiqiao Xinxing Industrial may, on the last business day of each calendar month, prepare an account book of the relevant fees that shall be paid by the Company up to that day. The amount undue shall not be included in such account book. The Company shall, within the first twenty (20) days of the following month, pay the amount due in full.

Termination and renewal

Either party to the Industrial Waste Treatment Agreement may terminate it by providing at least thirty (30) days prior written notice to the counterparty. The Industrial Waste Treatment Agreement is renewable for another term of three (3) years (subject to the compliance of the relevant requirements under the Listing Rules by the Company) unless either party decides not to renew it and gives at least thirty (30) days prior written notice to the counterparty accordingly. For the avoidance of doubt, the Industrial Waste Treatment Agreement shall not be renewed without approval from the Board and/or (if required under the Listing Rules) the independent Shareholders.

Historical transaction values and the annual caps

As disclosed in the October 2024 Announcement, Beihai Solid Waste (which is a subsidiary of Weiqiao Xinxing Industrial as at the date of this announcement) has been providing industrial waste collection, transport, storage and disposal services to the Group pursuant to the Previous Industrial Waste Service Agreement (as defined under the October 2024 Announcement). The historical transaction values for the services provided by Beihai Solid Waste to the Group under the Previous Industrial Waste Service Agreement (as defined under the October 2024 Announcement) for the three financial years ended 31 December 2024 are as follows:

	For the financial year ended 31 December		
	2022	2023	2024
Historical transaction values (<i>RMB</i>) (<i>VAT exclusive</i>)	160,569,000	101,394,000	80,840,000 ^(Note)

Note: Based on management accounts only

Save as disclosed above and save for the Renewed Beihai Industrial Waste Service Agreement, the Company confirms that the Company did not enter into any transaction agreement with Weiqiao Xinxing Industrial in relation to the Industrial Waste Treatment Services in the past three years.

Set out below are the annual caps which are the maximum amount estimated to be payable by the Company to Weiqiao Xinxing Industrial under the Industrial Waste Treatment Agreement for the period from 14 February 2025 to 31 December 2027:

	For the period from 14 February 2025 to 31 December 2025	For the financial year ending 31 December	
		2026	2027
Estimated maximum volumes of industrial waste to be handled (<i>ton</i>):			
– Electrolytic cell residue (Shandong region, the PRC)	200,000	200,000	200,000
– Electrolytic cell residue (Yunnan region, the PRC)	5,000	15,000	15,000
– Combustible waste	10,000	10,000	10,000
– Carbon residue	50,000	50,000	50,000
Annual caps (RMB) (VAT exclusive)	238,208,000	252,359,000	252,359,000

Electrolytic cell residue, combustible waste and carbon residue are industrial waste generated during the production process of the Group. The annual caps for the period from 14 February 2025 to 31 December 2027 are determined with reference to (i) the volumes of industrial waste generated and estimated to be generated by the Group in the production process; (ii) the annual treatment capacity of the Weiqiao Xinxing Industrial Group; and (iii) the prices of Industrial Waste Treatment Services provided by Weiqiao Xinxing Industrial to the Company for the period from 14 February 2025 to 31 December 2025 under the Industrial Waste Treatment Agreement, i.e. approximately RMB896.23 per ton (VAT exclusive) for electrolytic cell residue in Shandong region, the PRC, approximately RMB1,415.09 per ton (VAT exclusive) for electrolytic cell residue in Yunnan region, the PRC, approximately RMB2,830.19 per ton (VAT exclusive) for combustible waste and approximately RMB471.70 per ton (VAT exclusive) for carbon residue.

(2) The Industrial Goods Procurement Agreement

Date

14 February 2025

Parties

- (i) The Company (including its subsidiaries); and
- (ii) Weiqiao Xinxing Industrial (including its subsidiaries)

Connected person

Weiqiao Xinxing Industrial is a wholly-owned subsidiary of Weiqiao Chuangye Group, which is an associate of Mr. Zhang Bo (an executive Director and, together with his other family members, having equity interests in Weiqiao Chuangye Group). Therefore, Weiqiao Xinxing Industrial is a connected person of the Company under the Listing Rules.

Transaction nature

The Company and Weiqiao Xinxing Industrial entered into the Industrial Goods Procurement Agreement on 14 February 2025 for a term commencing on 14 February 2025 and ending on 31 December 2027 (both days inclusive), pursuant to which the Weiqiao Xinxing Industrial Group shall sell industrial goods (being electrolyte powder and carbon powder) to the Group.

Pricing basis and payment terms

For the period from 14 February 2025 to 31 December 2027, the prices of the electrolyte powder provided by the Weiqiao Xinxing Industrial Group to the Group shall not be higher than those of the same products provided by the Weiqiao Xinxing Industrial Group to other independent third parties on normal commercial terms in the ordinary and usual course of business in the PRC (the “**Electrolyte Powder Market Price**”). Weiqiao Xinxing Industrial shall provide the evidence of the Electrolyte Powder Market Price at the request of the Company, such as samples of the contracts entered into between Weiqiao Xinxing Industrial and independent third parties and the relevant invoices.

For the period from 14 February 2025 to 31 December 2025, the prices of the carbon powder provided by the Weiqiao Xinxing Industrial Group to the Group shall be approximately RMB265.49 per ton (VAT exclusive), which is determined with reference to the market prices of the same or comparable types of products provided by other independent third parties in proximity to Weiqiao Xinxing Industrial (the “**Carbon Powder Market Price**”). The prices of carbon powder provided by the Weiqiao Xinxing Industrial Group to the Group for the financial year ending 31 December 2026 and the financial year ending 31 December 2027 may be re-determined by both parties within one month prior to the end of the preceding year through negotiation with reference to the then Carbon Powder Market Price. The Company may request Weiqiao Xinxing Industrial to obtain the Carbon Powder Market Price from at least three other independent third parties in proximity to Weiqiao Xinxing Industrial and provide the evidence to the Company.

In principle, the prices of such industrial goods provided by the Weiqiao Xinxing Industrial Group to the Group shall not be higher than the then Electrolyte Powder Market Price or the then Carbon Powder Market Price (as the case may be). The Company will also designate relevant personnel of the financial department of the Company to conduct market research and obtain prices or quotations for the Electrolyte Powder Market Price and the Carbon Powder Market Price (as the case may be) to ensure that the prices of such industrial goods provided by Weiqiao Xinxing Industrial are fair to the Group. If the prices are otherwise mandatorily

regulated by the PRC government, the mandatory governmental price shall be adopted as the purchase prices under the Industrial Goods Procurement Agreement.

The Directors confirmed that the pricing basis agreed between the Company and Weiqiao Xinxing Industrial for supplying industrial goods to the Group is negotiated on an arm's length basis and is fair and reasonable, and constitutes a normal commercial term.

Weiqiao Xinxing Industrial may, on the last business day of each calendar month, prepare an account book of the relevant fees that shall be paid by the Company up to that day. The amount undue shall not be included in such account book. The Company shall, within the first twenty (20) days of the following month, pay the amount due in full.

Termination and renewal

Either party to the Industrial Goods Procurement Agreement may terminate it by providing at least thirty (30) days prior written notice to the counterparty. The Industrial Goods Procurement Agreement is renewable for another term of three (3) years (subject to the compliance of the relevant requirements under the Listing Rules by the Company) unless either party decides not to renew it and gives at least thirty (30) days prior written notice to the counterparty accordingly. For the avoidance of doubt, the Industrial Goods Procurement Agreement shall not be renewed without approval from the Board and/or (if required under the Listing Rules) the independent Shareholders.

Historical transaction values and the annual caps

The Company confirms that there were no historical transaction values available since the Company did not enter into any transaction agreement with Weiqiao Xinxing Industrial in relation to the supply of industrial goods.

Set out below are the annual caps which are the maximum amount estimated to be payable by the Company to Weiqiao Xinxing Industrial under the Industrial Goods Procurement Agreement for the period from 14 February 2025 to 31 December 2027:

	For the period from 14 February 2025 to 31 December 2025	For the financial year ending 31 December 2026	2027
Estimated maximum volumes of industrial goods to be purchased (<i>ton</i>):			
– Electrolyte powder	12,000	12,000	12,000
– Carbon powder	4,500	4,500	4,500
Annual caps (RMB) (VAT exclusive)	13,938,000	13,938,000	13,938,000

Electrolyte powder and carbon powder are products after processing carbon residue. The annual caps for the period from 14 February 2025 to 31 December 2027 are determined with reference to (i) the annual treatment capacity of the Weiqiao Xinxing Industrial Group, (ii) the estimated volume of carbon residue generated during the production process of the Group, and (iii) the prices of such industrial goods as provided by Weiqiao Xinxing Industrial in December 2024, i.e. approximately RMB1,061.95 per ton (VAT exclusive) for electrolyte powder and approximately RMB265.49 per ton (VAT exclusive) for carbon powder.

(3) Termination of the Renewed Beihai Industrial Waste Service Agreement

Reference is made to the October 2024 Announcement in relation to, among others, the Renewed Beihai Industrial Waste Service Agreement. Upon entering into the Industrial Waste Treatment Agreement, the Renewed Beihai Industrial Waste Service Agreement was terminated by the parties thereto on 14 February 2025, and the continuing connected transactions contemplated under the Renewed Beihai Industrial Waste Service Agreement will be covered and conducted pursuant to the Industrial Waste Treatment Agreement.

The Directors confirm that (i) neither the Company nor Beihai Solid Waste has to pay the other party any compensation as a result of the termination of the Renewed Beihai Industrial Waste Service Agreement; and (ii) the termination of the Renewed Beihai Industrial Waste Service Agreement is fair and reasonable and on normal commercial terms and will not cause any material adverse impact on the business, operations or financial conditions of the Company. The Directors also confirm that the historical transaction amount under the Renewed Beihai Industrial Waste Service Agreement has not exceeded the relevant annual cap thereunder as disclosed in the October 2024 Announcement.

C. REASONS FOR AND BENEFITS OF ENTERING INTO THE DISPOSALS AGREEMENTS AND THE INDUSTRIAL WASTE TREATMENT AGREEMENT AND THE INDUSTRIAL GOODS PROCUREMENT AGREEMENT

The Group is principally engaged in the manufacture and sale of aluminum products, whereas the treatment of solid waste and utilisation of renewable resources (including the comprehensive use of red mud) are not the principal business of the Group. Meanwhile, the Weiqiao Xinxing Industrial Group has more resources and experience in processing solid waste and utilisation of renewable resources. By transferring the relevant assets to the Weiqiao Xinxing Industrial Group (including Weiqiao Renewable, Lvxiang Resources and Lvzhi Resources) and entering into the Industrial Waste Treatment Agreement and the Industrial Goods Procurement Agreement, the Group will be able to focus its resources on its principal business. Meanwhile, the enhanced capability of the Weiqiao Xinxing Industrial Group in the treatment and comprehensive use of solid waste (including red mud) will also enable the Weiqiao Xinxing Industrial Group to provide better services to the Group for treatment of solid waste (including red mud).

Further, the Company and Weiqiao Xinxing Industrial entered into the Industrial Waste Treatment Agreement also after considering, among others,

- (i) the close proximity of the Weiqiao Xinxing Industrial Group to the Company's subsidiaries, which makes it convenient and efficient for providing the Industrial Waste Treatment Services to the Group; and
- (ii) the Weiqiao Xinxing Industrial Group is approved by the Ecology and Environment Bureau of Binzhou City to provide industrial waste collection, transport, storage and disposal services and is able to provide stable and quality services with flexible scheduling for the needs of the Group.

The Company and Weiqiao Xinxing Industrial entered into the Industrial Goods Procurement Agreement also after considering, among others,

- (i) the close proximity of the Weiqiao Xinxing Industrial Group to the Company's subsidiaries, which makes it convenient and efficient for supplying the industrial goods to the Group; and
- (ii) given that the electrolyte powder and carbon powder are produced from the carbon residue generated from the production process of the Group, the Group will be able to better fulfil its corporate social responsibility by utilising such resources.

D. LISTING RULES IMPLICATIONS

Beihai Xinhe, Zhanhua Huihong and Weiqiao Aluminum & Power are all indirect subsidiaries of the Company. Weiqiao Xinxing Industrial is a wholly-owned subsidiary of Weiqiao Chuangye Group, which is an associate of Mr. Zhang Bo (an executive Director and, together with his other family members, having equity interests in Weiqiao Chuangye Group). Weiqiao Renewable is a subsidiary of Weiqiao Xinxing Industrial, and both Lvxiang Resources and Lvzhi Resources are subsidiaries of Weiqiao Renewable. Therefore, each of Weiqiao Xinxing Industrial, Weiqiao Renewable, Lvxiang Resources and Lvzhi Resources is a connected person of the Company under the Listing Rules. Accordingly, the Disposals contemplated under the Disposals Agreements constitute connected transactions of the Company under Chapter 14A of the Listing Rules, and the Continuing Connected Transactions contemplated under the Industrial Waste Treatment Agreement and Industrial Goods Procurement Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

According to Rule 14A.35 of the Listing Rules, if a previously announced connected transaction is subsequently terminated, this fact must be announced as soon as practicable. As the Renewed Beihai Industrial Waste Service Agreement and the continuing connected transactions contemplated thereunder have been terminated with effect on 14 February 2025, the Company is required to make an announcement in respect of such termination.

The Disposals contemplated under the Disposals Agreements are aggregated pursuant to Rule 14A.81 of the Listing Rules. As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Disposals, on an aggregate basis, is more than 0.1% but less than 5%, the Disposals are subject to the announcement and reporting requirements but exempt from the circular (including independent financial advice) and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The continuing connected transactions contemplated under the Renewed Production Water Supply Agreement and the Continuing Connected Transactions contemplated under the Industrial Waste Treatment Agreement and Industrial Goods Procurement Agreement are aggregated pursuant to Rule 14A.81 of the Listing Rules. As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Continuing Connected Transactions (together with the continuing connected transactions contemplated under the Renewed Production Water Supply Agreement), on an aggregate basis, is more than 0.1% but less than 5%, the Continuing Connected Transactions are subject to the announcement, reporting and annual review requirements but exempt from the circular (including independent financial advice) and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Each of Mr. Zhang Bo, Ms. Zheng Shuliang, Mr. Yang Congsen, Mr. Zhang Jinglei, Ms. Zhang Ruilian and Ms. Sun Dongdong had either not participated in voting or abstained from voting on the relevant resolutions of the Board approving (i) the Disposals Agreements and the transactions contemplated thereunder and (ii) the Industrial Waste Treatment Agreement and the Industrial Goods Procurement Agreement and the Continuing Connected Transactions contemplated thereunder as they and/or their respective associates concurrently have material interests and/or hold relevant positions in Weiqiao Chuangye Group.

The Directors (including the independent non-executive Directors) consider that the Continuing Connected Transactions are in the ordinary and usual course of business of the Group, and the terms of the Disposals Agreements, the Industrial Waste Treatment Agreement and the Industrial Goods Procurement Agreement (including the respective annual caps for the Continuing Connected Transactions) have been negotiated on an arm's length basis, and are on normal commercial terms and are fair and reasonable and in the interest of the Group and the Shareholders as a whole.

E. INTERNAL CONTROL PROCEDURES

The Company has adopted the following internal control measures to ensure that the Continuing Connected Transactions are in accordance with the respective pricing policies and the respective terms of the Industrial Waste Treatment Agreement and the Industrial Goods Procurement Agreement, and in compliance with the Listing Rules:

- (i) the finance department of the Company shall obtain and monitor all the quotations and/or pricing records as reference prices of the Industrial Waste Treatment Agreement and the Industrial Goods Procurement Agreement to ensure that the prices of the Industrial Waste Treatment Services offered by the Weiqiao Xinxing Industrial Group to the Group are not higher than the prices offered by other independent third parties in proximity to the Weiqiao Xinxing Industrial Group to the Group for providing the same or comparable types of services, and to ensure that the prices of industrial goods supplied by the Weiqiao Xinxing Industrial Group to the Group are not higher than the prices at which such industrial goods are supplied by the Weiqiao Xinxing Industrial Group to other independent third parties in the PRC (in the case of electrolyte powder), or supplied by other independent third parties in proximity to the Weiqiao Xinxing Industrial Group (in the case of carbon powder);

- (ii) the finance department of the Company shall monitor and ensure that the Continuing Connected Transactions are conducted in accordance with the terms of the relevant agreements and the respective annual caps for the Continuing Connected Transactions are not exceeded;
- (iii) the Board will continue to periodically review the Company's internal control systems and their effectiveness; and
- (iv) the independent non-executive Directors shall, and the Company shall engage its external auditors to, conduct annual review of the Continuing Connected Transactions and the respective annual caps for the Continuing Connected Transactions in accordance with the requirements of the Listing Rules.

F. GENERAL INFORMATION

The Group is principally engaged in the manufacture and sale of aluminum products.

Beihai Xinhe is principally engaged in the manufacturing and sale of alumina.

Zhanhua Huihong is principally engaged in the manufacturing and sale of alumina.

Weiqiao Aluminum & Power is a non-wholly owned subsidiary of the Company with the Company indirectly holding approximately 98.56% of its equity interest and is principally engaged in trading and equity investments.

Hongtong Resources is principally engaged in the processing of solid waste and comprehensive utilisation of solid waste.

The Weiqiao Xinxing Industrial Group (including Weiqiao Renewable, Lvxiang Resources and Lvzhi Resources) is principally engaged in the processing of solid waste and comprehensive utilisation of solid waste.

Weiqiao Chuangye Group is principally engaged in the processing and sale of cotton, lint cotton, cotton seed oil, fabrics, cotton yarn and print cloth, retail and distribution of cloth and supply of industrial water. As at the date of this announcement, Weiqiao Chuangye Group is held as to approximately 31.20% by Shandong Weiqiao Investment Holdings Company Limited* (山東魏橋投資控股有限公司) (“**Weiqiao Investment**”), which is the single largest shareholder of Weiqiao Chuangye Group. The registered shareholders of Weiqiao Investment are 27 individuals, and adopt “one person, one vote”. Among these shareholders, Mr. Zhang Bo holds approximately 10.34% equity interest (of which approximately 2.07% is held on behalf of others), Ms. Zhang Hongxia holds approximately 7.76% equity interest (of which approximately 1.55% is held on behalf of others), Ms. Zhang Yanhong holds approximately 7.76% equity interest (of which approximately 1.55% is held on behalf of others), Mr. Yang Guangchang holds approximately 5.17% equity interest (of which approximately 1.72% is held on behalf of others), and the remaining equity interest is held by the other 23 individual shareholders, of which their shareholding ranges from 1.38% to 3.45%. Approximately 48.65% equity interest of Weiqiao Chuangye Group is held by its 11 senior management members (approximately 13.13% by Mr. Zhang Bo, approximately 11.24% by Ms. Zhang Hongxia, approximately 10.14% by Ms. Zhang Yanhong, approximately 2.18% by

Mr. Yang Congsen, approximately 3.21% by Mr. Zhang Shixue, approximately 3.95% by Mr. Wei Yingzhao, approximately 1.13% by Mr. Qi Xingli, approximately 1.73% by the late Mr. Zhang Shijun, approximately 0.30% by Ms. Zhao Suwen, approximately 1.13% by Mr. Liu Fenghai, and approximately 0.52% by Mr. Wei Jiakun), and 20% equity interest of Weiqiao Chuangye Group is held by Binzhou Hanchuang Technological Development Partnership (Limited Partnership)* (濱州瀚創科技發展合夥企業(有限合夥)), which is held as to 99.975% by Shandong Weiqiao Chuangye Group Company Limited Union Committee* (山東魏橋創業集團有限公司工會委員會) (the “**Union**”). The Union serves as an incentive and shareholding platform for a certain number of core employees, holding such interests on behalf of those employees. None of such employees holds more than 1% equity interest in Weiqiao Chuangye Group.

G. DEFINITIONS

In this announcement, the following expressions shall have the following respective meanings:

“Beihai Solid Waste”	Binzhou City Beihai Weiqiao Solid Waste Disposal Co., Ltd.* (濱州市北海魏橋固廢處置有限公司), a limited liability company established in the PRC on 8 May 2017, which is approved by the Ecology and Environment Bureau of Binzhou City to provide industrial waste collection, transport, storage and disposal services
“Beihai Xinhe”	Binzhou Beihai Xinhe New Material Co., Ltd.* (濱州市北海信和新材料有限公司), a limited liability company incorporated under the laws of the PRC on 24 August 2011 and an indirect subsidiary of the Company
“Beihai Asset Transfer Agreement”	the asset transfer agreement entered into between Beihai Xinhe and Lvxiang Resources on 14 February 2025 in relation to the disposal of the Beihai Target Assets by Beihai Xinhe to Lvxiang Resources
“Beihai Target Assets”	the target assets to be disposed of under the Beihai Asset Transfer Agreement
“Board”	the board of Directors
“Company”	China Hongqiao Group Limited (中國宏橋集團有限公司)
“Continuing Connected Transactions”	the continuing connected transactions contemplated under the Industrial Waste Treatment Agreement and the Industrial Goods Procurement Agreement or any of them if the context so required
“Director(s)”	the director(s) of the Company

“Disposal(s)”	collectively, the disposal of the Beihai Target Assets by Beihai Xinhe, the disposal of the Zhanhua Target Assets by Zhanhua Huihong and the disposal of the equity interest in Hongtong Resources by Weiqiao Aluminum & Power pursuant to the respective Disposal Agreement, or any of them if the context so required
“Disposals Agreement(s)”	collectively, the Beihai Asset Transfer Agreement, the Zhanhua Asset Transfer Agreement and the Hongtong Equity Transfer Agreement, or any of them if the context so required
“Group”	the Company and its subsidiaries
“Hongtong Resources”	Binzhou Hongtong Resources Comprehensive Utilisation Co., Ltd.* (濱州市宏通資源綜合利用有限公司), a limited liability company incorporated under the laws of the PRC on 29 July 2016 and wholly-owned by Weiqiao Aluminum & Power
“Hongtong Equity Transfer Agreement”	the equity transfer agreement entered into between Weiqiao Aluminum & Power and Weiqiao Renewable on 14 February 2025 in relation to the disposal of the equity interest in Hongtong Resources by Weiqiao Aluminum & Power to Weiqiao Renewable
“Industrial Goods Procurement Agreement”	the industrial goods procurement agreement entered into between the Company and Weiqiao Xinxing Industrial on 14 February 2025 for a term commencing on 14 February 2025 and ending on 31 December 2027 (both days inclusive)
“Industrial Waste Treatment Agreement”	the industrial waste collection, transportation, storage and disposal service agreement entered into between the Company and Weiqiao Xinxing Industrial on 14 February 2025 for a term commencing on 14 February 2025 and ending on 31 December 2027 (both days inclusive)
“Industrial Waste Treatment Services”	the treatment services provided by the Weiqiao Xinxing Industrial Group to the Group for the industrial waste generated during the production process of the Group pursuant to the Industrial Waste Treatment Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

“Lvxiang Resources”	Shandong Lvxiang Resources Comprehensive Utilisation Co., Ltd.* (山東綠祥資源綜合利用有限公司), a limited liability company incorporated under the laws of the PRC on 26 December 2024
“Lvzhi Resources”	Shandong Lvzhi Resources Comprehensive Utilisation Co., Ltd.* (山東綠智資源綜合利用有限公司), a limited liability company incorporated under the laws of the PRC on 26 December 2024
“October 2024 Announcement”	the announcement of the Company dated 18 October 2024 in relation to the Renewed Beihai Industrial Waste Service Agreement and the Renewed Production Water Supply Agreement
“PRC”	the People’s Republic of China
“Renewed Beihai Industrial Waste Service Agreement”	the industrial waste service agreement entered into between the Company and Beihai Solid Waste on 18 October 2024 for a term commencing on 1 January 2025 and ending on 31 December 2027 (both days inclusive), the details of which are set out in the October 2024 Announcement
“Renewed Production Water Supply Agreement”	the production water supply agreement entered into between Shandong Hongqiao New Material Co., Ltd.* (山東宏橋新型材料有限公司) (an indirect subsidiary of the Company) and Weiqiao Chuangye Group on 18 October 2024 for a term commencing on 1 January 2025 and ending on 31 December 2027 (both days inclusive), the details of which are set out in the October 2024 Announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	registered holder(s) of the shares of the Company
“VAT”	Value added tax of the PRC
“Weiqiao Aluminum & Power”	Shandong Weiqiao Aluminum and Power Co., Ltd.* (山東魏橋鋁電有限公司), a limited liability company incorporated under the laws of the PRC on 25 December 2002 and an indirect subsidiary of the Company
“Weiqiao Chuangye Group”	Shandong Weiqiao Chuangye Group Company Limited* (山東魏橋創業集團有限公司), a limited liability company established in the PRC on 14 April 1998

“Weiqiao Renewable”	Shandong Weiqiao Renewable Resources Co., Ltd.* (山東魏橋再生資源有限公司) (formerly known as Zouping Weiqiao Renewable Resources Utilisation Co., Ltd.* (鄒平魏橋再生資源利用有限公司)), a limited liability company incorporated under the laws of the PRC on 1 April 2008
“Weiqiao Xinxing Industrial”	Binzhou Weiqiao Xinxing Industrial Co., Ltd.* (濱州魏橋鑫興實業有限公司), a limited liability company incorporated under the laws of the PRC on 25 December 2002
“Weiqiao Xinxing Industrial Group”	collectively, Weiqiao Xinxing Industrial and its subsidiaries
“Zhanhua Asset Transfer Agreement”	the asset transfer agreement entered into between Zhanhua Huihong and Lvzhi Resources on 14 February 2025 in relation to the disposal of the Zhanhua Target Assets by Zhanhua Huihong to Lvzhi Resources
“Zhanhua Huihong”	Binzhou Zhanhua Huihong New Material Co., Ltd.* (濱州市沾化區匯宏新材料有限公司), a limited liability company incorporated under the laws of the PRC on 13 August 2013 and an indirect subsidiary of the Company
“Zhanhua Target Assets”	the target assets to be disposed of under the Zhanhua Asset Transfer Agreement
“%”	per cent

* *The Chinese names of the PRC entities have been translated into English in this announcement for reference only. In the event of any discrepancies between the Chinese names of the PRC entities and their respective English translation, the Chinese version shall prevail.*

By order of the Board
China Hongqiao Group Limited
Zhang Bo
Chairman

Hong Kong, the PRC
14 February 2025

As at the date of this announcement, the Board comprises twelve directors, namely Mr. Zhang Bo, Ms. Zheng Shuliang, Ms. Zhang Ruilian and Ms. Wong Yuting as executive Directors, Mr. Yang Congsen, Mr. Zhang Jinglei, Ms. Sun Dongdong and Mr. Tian Mingming (Mr. Zhang Hao as his alternate) as non-executive Directors, and Mr. Wen Xianjun, Mr. Han Benwen, Mr. Dong Xinyi and Ms. Fu Yulin as independent non-executive Directors.