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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)

DISCLOSEABLE TRANSACTION

THE TRANSACTION

References are made to the announcements of the Company dated 23 December 2024 and 6 January 2025 in relation to the intended issuance of new shares by Hontron Holding to the existing shareholders of Hongtuo Industrial (including Weiqiao Aluminum & Power) to acquire the Target Shares held by them, including the “agreement of intent for the acquisition of assets by issuance of shares” entered into between Weiqiao Aluminum & Power and Hontron Holding on 20 December 2024 and the proposal for the Transaction resolved and approved by the board of directors of Hontron Holding on 6 January 2025. On 22 May 2025, Hontron Holding entered into the Supplemental Agreement with the existing shareholders of Hongtuo Industrial (including Weiqiao Aluminum & Power) in relation to the Transaction. Pursuant to the Transaction Documents, the Sellers agreed to transfer, in aggregate, the 100% equity interest in Hongtuo Industrial held by them to Hontron Holding.

Upon completion of the Transaction, the indirect shareholding proportion of the Company in Hontron Holding will increase from approximately 22.98% to approximately 88.99%, and the indirect shareholding proportion of the Company in Hongtuo Industrial will decrease from approximately 95.295% to approximately 88.99%. Both Hontron Holding and Hongtuo Industrial (through Hontron Holding) will continue to be subsidiaries of the Group.

LISTING RULES IMPLICATION

The Transaction constitutes a deemed disposal of approximately 6.305% equity interest in Hongtuo Industrial by the Company. As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of such deemed disposal exceeds 5% but is less than 25%, the Transaction constitutes a discloseable transaction of the Company, and is therefore subject to the notification and announcement requirements but exempt from the shareholders’ approval requirement under Chapter 14 of the Listing Rules.

THE TRANSACTION

References are made to the announcements of the Company dated 23 December 2024 and 6 January 2025 in relation to the intended issuance of new shares by Hontron Holding to the existing shareholders of Hongtuo Industrial (including Weiqiao Aluminum & Power) to acquire the Target Shares held by them, including the “agreement of intent for the acquisition of assets by issuance of shares” entered into between Weiqiao Aluminum & Power and Hontron Holding on 20 December 2024 and the proposal for the Transaction resolved and approved by the board of directors of Hontron Holding on 6 January 2025. On 22 May 2025, Hontron Holding entered into the Supplemental Agreement with the existing shareholders of Hongtuo Industrial (including Weiqiao Aluminum & Power) in relation to the Transaction. Pursuant to the Transaction Documents, the Sellers agreed to transfer, in aggregate, the 100% equity interest in Hongtuo Industrial held by them to Hontron Holding.

The principal terms of the Transaction Documents are set out as follows:

Date

22 May 2025

Parties

- (1) Hontron Holding (as the purchaser); and
- (2) Weiqiao Aluminum & Power, Jiahui Investment, Orient Asset Management, CITIC Financial Asset, Juxin Tianang, Ningbo Xinlv, Jinan Hongtai, Junyue Investment and Tiancheng Xincheng (as the Sellers).

Hontron Holding is an indirect non-wholly owned subsidiary of the Company, and Weiqiao Aluminum & Power is an indirect wholly-owned subsidiary of the Company. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, other than Weiqiao Aluminum & Power, the remaining Sellers and their respective ultimate beneficial owner(s) are independent third parties.

Subject matter

Pursuant to the Transaction Documents, Hontron Holding shall purchase the Target Shares held by the Sellers by issuance of shares. Upon completion of the Transaction, the indirect shareholding proportion of the Company in Hontron Holding will increase from approximately 22.98% to approximately 88.99%, and the indirect shareholding proportion of the Company in Hongtuo Industrial will decrease from approximately 95.295% to approximately 88.99%. Both Hontron Holding and Hongtuo Industrial (through Hontron Holding) will continue to be subsidiaries of the Group.

Consideration and basis for determination of consideration

Hontron Holding and the Sellers agreed that Hontron Holding shall issue shares to the Sellers as consideration for the acquisition of the Target Shares by Hontron Holding from the Sellers. The shares to be issued are intended to be listed on the SZSE.

The consideration for the Transaction is RMB63,517,935,380.09, which is based on the appraised value of the Target Shares as at 31 December 2024 according to the valuation report prepared by an independent appraisal institution and determined after arm's length negotiations between the Sellers and Hontron Holding.

The issue price of the Transaction is RMB5.34 per share, which is no less than 80% of the average trading price of the shares of Hontron Holding over the 120 trading days prior to the Pricing Benchmark Date.

The formula for calculating the number of shares to be issued in the Transaction is: the number of shares to be issued to the Sellers = the amount of consideration to be paid to the Sellers \div the issue price of the shares to be issued in the Transaction, and rounded down to the nearest whole share, with any fractional shares being included in the capital reserve. Therefore, the total number of shares to be issued by Hontron Holding to the Sellers is 11,894,744,449 shares. The number of shares to be issued eventually shall be subject to such number as considered and approved at the general meeting of Hontron Holding, reviewed and approved by the SZSE, and registered with the CSRC.

During the period from the Pricing Benchmark Date to the completion of the issuance, in the event of any ex-right or ex-dividends events of Hontron Holding, such as dividend distribution, bonus issue, capital increase by conversion, or rights issue, the issue price will be adjusted in accordance with the relevant laws and regulations of the regulatory authorities, and the number of shares to be issued shall be adjusted accordingly.

Completion

The completion date of the Transaction shall be the date on which the parties jointly complete the industry and commerce registration alternation procedures for the transfer of the Target Shares to the name of Hontron Holding.

The rights, obligations and risks of the Target Shares shall be transferred from the completion date. Hontron Holding will become the legal owner of the Target Shares from the completion date, owning 100% of the equity interest in Hongtuo Industrial, and enjoy and bear the corresponding shareholder's rights and obligations.

The parties shall, as soon as practicable after the completion of the industry and commerce registration alternation procedures for the transfer of the Target Shares to the name of Hontron Holding, proceed with the issuance of the new shares in respect of the Transaction, and shall conduct the registration, lock-up and other related procedures in respect of the consideration shares to be obtained by the Sellers under the Transaction with the China Securities Depository and Clearing Corporation Limited Shenzhen Branch in accordance with the relevant laws and regulations. The Sellers shall fully cooperate with Hontron Holding in completing the foregoing matters.

The Transaction's taking effect and other terms

The Transaction is subject to a number of conditions precedent, including but not limited to the review and approval by the SZSE, and registration with the CSRC being approved.

For further details of the conditions precedent and other terms, please refer to the announcement of the Company dated 6 January 2025.

Financial effects of the Transaction on the Group

Immediately following the completion of the Transaction, the indirect shareholding proportion of the Company in Hontron Holding will increase from approximately 22.98% to approximately 88.99%, and the indirect shareholding proportion of the Company in Hongtuo Industrial will decrease from approximately 95.295% to approximately 88.99%. Therefore, the Transaction will constitute a deemed disposal by the Group of its interest in Hongtuo Industrial under Chapter 14 of the Listing Rules. Both Hontron Holding and Hongtuo Industrial (through Hontron Holding) will continue to be subsidiaries of the Group, and the financial results of Hontron Holding and Hongtuo Industrial will continue to be consolidated into the consolidated financial statements of the Company immediately following the completion of the Transaction.

There is no expected gain or loss resulting from the Transaction. As the Transaction will not result in the Group's loss of control over Hongtuo Industrial, any deemed disposal resulting from the Transaction will be accounted for as an equity transaction and will not result in the recognition of any gain or loss in profit or loss of the Group.

GENERAL INFORMATION ABOUT THE PARTIES

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

Weiqiao Aluminum & Power is a wholly-owned subsidiary of the Company with the Company indirectly holding 100% of its equity interest.

Hongtuo Industrial is a non-wholly owned subsidiary of the Company, in which the Company indirectly holds approximately 95.295% equity interest (through Weiqiao Aluminum & Power). Hongtuo Industrial is principally engaged in the research and development, production and sales of aluminum alloy products, alumina products and aluminum fabrication products, and it currently owns the production line of the Group in Mainland China for all of the aluminum alloy products and alumina products, and part of the aluminum fabrication products. Upon completion of the Transaction, Hongtuo Industrial

will continue to be an indirectly controlled subsidiary of the Company (through Hontron Holding). The financial results of Hongtuo Industrial for the two financial years ended 31 December 2023 and 2024 are as follows:

	For the year ended	
	31 December	
	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)
Revenue	128,953,465	149,288,961
Profit before tax	9,268,140	23,819,545
Profit after tax	6,747,457	18,144,373

The audited net asset value of Hongtuo Industrial as at 31 December 2024 was RMB42,738,276,325.10.

Hontron Holding (a company listed on the SZSE, stock code: 002379.SZ) is a non-wholly owned subsidiary indirectly held as to approximately 22.98% of its shares (through Shandong Hongqiao) by the Company, and is principally engaged in the research and development, production and sales of aluminum sheet, strip, and foil products. The financial results of Hontron Holding for the two financial years ended 31 December 2023 and 2024 are as follows:

	For the year ended	
	31 December	
	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)
Revenue	2,687,276	3,486,223
Profit (loss) before tax	(141,061)	(65,040)
Profit (loss) after tax	(145,222)	(68,982)

The audited net asset value of Hontron Holding as at 31 December 2024 was RMB1,959,834,348.65.

Jiahui Investment, Junyue Investment and Jinan Hongtai are investment funds with Beijing Shangao Juntai Private Equity Fund Management Co., Ltd.* (北京山高君泰私募基金管理有限責任公司) (“**Shangao Juntai**”) as the managing partner. Shangao Juntai is a state-owned capital holding management company jointly established by Shandong Tonghui Capital Investment Group Co., Ltd.* (山東通匯資本投資集團有限公司), Shandong Finance Development Co., Ltd.* (山東省財金發展有限公司) and Qingkong (Tsinghua Holdings) SinoKing Capital Management (Beijing) Co., Ltd* (清控金信資本管理(北京)有限公司).

Orient Asset Management is a central state-owned financial enterprise jointly established by the Ministry of Finance of the PRC and the National Council for Social Security Fund of the PRC* (全國社保基金理事會) upon approval from the State Council of the PRC. Orient Asset Management, formerly known as China Orient Asset Management Company* (中國東方資產管理公司), was established in October 1999 and was converted into a joint-stock limited company in September 2016.

CITIC Financial Asset's principal business includes distressed asset management business, financial services business, asset management and investment business.

Juxin Tianang is an equity investment partnership with CITIC Trust PE Co., Ltd* (中信聚信(北京)資本管理有限公司) (“**CITIC Trust PE**”) as the managing partner. CITIC Trust PE was established in 2012 and is one of the first batch of equity investment pilot institutions in the trust industry approved by the China Banking Regulatory Commission, providing comprehensive financial solutions such as asset management, financial advisory and investment and financing consultation services.

Ningbo Xinlv is invested and established by CITIC Industrial Investment Group Corp., Ltd. (中信興業投資集團有限公司) (“**CITIC Industrial Investment**”) as the entity for its investment in Hongtuo Industrial. CITIC Industrial Investment is indirectly and wholly owned by CITIC Limited (a company listed on the Stock Exchange, stock code: 0267). CITIC Industrial Investment is a capital operation platform managing businesses such as healthcare, logistics, infrastructure agriculture and advanced manufacturing.

Tiancheng Xincheng is an investment fund with Jiuyue Private Equity Fund Management (Beijing) Co., Ltd.* (玖鉞私募股權基金管理(北京)有限公司) (“**Jiuyue Private Equity Fund Management**”) as the managing partner. Jiuyue Private Equity Fund Management focuses on investments in industries such as high-end manufacturing, healthcare and new materials.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Transaction is conducive to enhancing the asset securitisation level and market influence of the Group, achieving asset integration to improve management efficiency and business performance, and promoting the long-term development of the Group. Meanwhile, the Transaction is conducive to (including but not limited to) enhancing the asset quality of Hontron Holding and significantly improving its financial position and profitability, and it also facilitates the establishment of Hontron Holding as a leading listed company in the aluminum industry, enhances its overall value, and achieves the maximisation of the interests of its shareholders.

The Directors (including the independent non-executive Directors) consider that the terms of the Transaction Documents are on normal commercial terms, fair and reasonable, and that the Transaction is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION

The Transaction constitutes a deemed disposal of approximately 6.305% equity interest in Hongtuo Industrial by the Company. As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of such deemed disposal exceeds 5% but is less than 25%, the Transaction constitutes a discloseable transaction of the Company, and is therefore subject to the notification and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

GENERAL

Hontron Holding has published the progress regarding the Transaction on the website of the SZSE (www.szse.cn/index/index.html) in accordance with the applicable rules of the SZSE. For further details of the Transaction, please refer to the restructuring report disclosed on the website (<http://www.szse.cn/disclosure/listed/bulletinDetail/index.html?e4df2fcc-646c-4a34-a6ff-0cfdcbe0b317>).

Shareholders and potential investors should note that the Transaction is subject to the satisfaction and/or (where applicable) waiver of certain conditions precedent. Therefore, the Transaction may or may not proceed, and the Company will make further announcements on the progress of the Transaction as and when appropriate. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Company's securities.

DEFINITIONS

“Board”	the board of directors of the Company
“CITIC Financial Asset”	China CITIC Financial Asset Management Co., Ltd. (中國中信金融資產管理股份有限公司), formerly known as China Huarong Asset Management Co., Ltd. (中國華融資產管理股份有限公司), which was incorporated in the PRC on 1 November 1999, converted into a joint stock limited company on 28 September 2012, listed on the main board of the Stock Exchange (stock code: 2799) on 30 October 2015, and formally changed its name in January 2024 to China CITIC Financial Asset Management Co., Ltd.
“Company”	China Hongqiao Group Limited (中國宏橋集團有限公司), a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the main board of the Stock Exchange
“CSRC”	the China Securities Regulatory Commission
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hongtuo Industrial”	Shandong Hongtuo Industrial Company Limited* (山東宏拓實業有限公司), a company incorporated in the PRC with limited liability on 17 November 2016 and an indirect non-wholly owned subsidiary of the Company
“Hontron Holding”	Shandong Hontron Aluminum Industry Holding Company Limited (山東宏創鋁業控股股份有限公司), a company listed on the SZSE (stock code: 002379.SZ) and an indirect non-wholly owned subsidiary of the Company

“Jiahui Investment”	Jinan Jiahui Investment Partnership (Limited Partnership)* (濟南嘉匯投資合夥企業(有限合夥)), a limited partnership established in the PRC on 11 December 2023
“Jinan Hongtai”	Jinan Hongtai Investment Partnership (Limited Partnership)* (濟南宏泰投資合夥企業(有限合夥)), a limited partnership established in the PRC on 20 December 2023
“Junyue Investment”	Jinan Junyue Investment Partnership (Limited Partnership)* (濟南君岳投資合夥企業(有限合夥)), a limited partnership established in the PRC on 29 November 2023
“Juxin Tianang”	Tianjin Juxin Tianang Equity Investment Partnership (Limited Partnership)* (天津聚信天昂股權投資合夥企業(有限合夥)), a limited partnership established in the PRC on 28 February 2023
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Ningbo Xinlv”	Ningbo Xinlv Enterprise Management Partnership (Limited Partnership)* (寧波信鋁企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on 21 December 2023
“Orient Asset Management”	China Orient Asset Management Co., Ltd. (中國東方資產管理股份有限公司), which was incorporated in the PRC on 27 October 1999
“PRC”	the People’s Republic of China
“Pricing Benchmark Date”	7 January 2025, being the date of announcement of the resolutions of the first interim meeting in 2025 of the sixth session of the board of directors of Hontron Holding
“Sellers”	the nine existing shareholders of Hongtuo Industrial, including Weiqiao Aluminum & Power, Jiahui Investment, Orient Asset Management, CITIC Financial Asset, Juxin Tianang, Ningbo Xinlv, Jinan Hongtai, Junyue Investment and Tiancheng Xincheng
“Shandong Hongqiao”	Shandong Hongqiao New Material Co., Ltd.* (山東宏橋新型材料有限公司), a company incorporated in the PRC with limited liability on 27 July 1994 and an indirect wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“SZSE”	the Shenzhen Stock Exchange

“Supplemental Agreement”	the “supplemental agreement to the agreement for the acquisition of assets by issuance of shares” in relation to the Transaction entered into among Hontron Holding and the Sellers on 22 May 2025
“Target Shares”	100% equity interest in Hongtuo Industrial
“Tiancheng Xincheng”	Tiancheng Xincheng Phase I (Wenzhou) Venture Capital Partnership (Limited Partnership)* (天鉞鋅鋅一期(溫州)創業投資合夥企業(有限合夥)), a limited partnership established in the PRC on 24 August 2023
“Transaction”	the acquisition by Hontron Holding of the 100% equity interest in Hongtuo Industrial held by the Sellers by way of issuance of shares
“Transaction Documents”	the proposal for the acquisition of assets by issuance of shares in relation to the Transaction resolved and approved by the board of directors of Hontron Holding on 6 January 2025, the “agreement for the acquisition of assets by issuance of shares” in relation to the Transaction subsequently entered into among Hontron Holding and the Sellers, and the Supplemental Agreement in relation to the Transaction entered into among Hontron Holding and the Sellers
“Weiqiao Aluminum & Power”	Shandong Weiqiao Aluminum and Power Co., Ltd.* (山東魏橋鋁電有限公司), a company incorporated in the PRC with limited liability on 25 December 2002 and an indirect wholly-owned subsidiary of the Company

* *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

Shandong, the PRC
22 May 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, Mr. Tian Mingming (Mr. Zhang Hao as his alternate) and Ms. Sun Dongdong as non-executive Directors, and Mr. Wen Xianjun, Mr. Han Benwen, Mr. Dong Xinyi and Ms. Fu Yulin as independent non-executive Directors.