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
DEEMED DISPOSAL OF EQUITY INTEREST IN HONGQIAO HOLDINGS

SUMMARY

Hongqiao Holdings, a non-wholly owned subsidiary of the Company, proposed to conduct the Proposed Placement to issue shares by way of private placement to not more than 35 Target Subscribers, with a view to raising gross proceeds of up to RMB12,000,000,000 (equivalent to approximately HK$13,863,000,000) to be used for its wind power projects, photovoltaic projects, aluminum deep processing projects, as well as for the repayment of bank loans and replenishment of working capital.

On 31 July 2026, the Board approved the Proposed Placement. If the Proposed Placement is implemented, the Directors expect that the issuance will result in a dilution of the Company's equity interest in Hongqiao Holdings by not more than 10% (subject to the final size of the issuance). The Proposed Placement will constitute a deemed disposal of the Company's equity interest in Hongqiao Holdings pursuant to Rule 14.29 of the Listing Rules.

Upon the completion of the Proposed Placement, Hongqiao Holdings will continue to be accounted for as a subsidiary of the Company and its financial results will continue to be consolidated into the Company's consolidated financial statements.

As one or more of the applicable percentage ratios in respect of the Proposed Placement calculated pursuant to the Listing Rules (assuming the maximum proportion of 10% of Hongqiao Holdings Shares will be issued pursuant to the Proposed Placement) exceed 5% but are all less than 25%, the Proposed Placement constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

The Proposed Placement is subject to, among other things, the approval of the general meeting of Hongqiao Holdings, the review and approval by the Shenzhen Stock Exchange and the registration approval by the CSRC. As the Proposed Placement may or may not be implemented, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

I. INTRODUCTION

Hongqiao Holdings, a non-wholly owned subsidiary of the Company, proposed to issue, by way of private placement made in accordance with the relevant requirements of the PRC's securities regulatory authorities, to not more than 35 Target Subscribers, shares representing not more than 10% of the total number of shares of Hongqiao Holdings prior to the issuance (the final number of shares to be issued will be determined by dividing the total amount of proceeds by the placement price) so as to raise gross proceeds of up to RMB12,000,000,000 (equivalent to approximately HK$13,863,000,000) to be used for its wind power projects, photovoltaic projects, aluminum deep processing projects, as well as for the repayment of bank loans and replenishment of working capital.

On 31 July 2026, the Board approved the Proposed Placement. As the Company will not participate in the Proposed Placement, if the Proposed Placement is implemented, the Directors expect that the issuance will result in a dilution of the Company's equity interest in Hongqiao Holdings by not more than 10% (subject to the final size of the issuance).

Upon the completion of the Proposed Placement, Hongqiao Holdings will continue to be accounted for as a subsidiary of the Company and its financial results will continue to be consolidated into the Company's consolidated financial statements.

II. THE PROPOSED PLACEMENT OF HONGQIAO HOLDINGS SHARES

A summary of the principal terms of the Proposed Placement is set out as follows:

Issuer:	Hongqiao Holdings
Type and nominal value of shares:	Domestically listed RMB ordinary shares (A shares) of Hongqiao Holdings with a nominal value of RMB1.00 each
Number of shares to be issued, method and timing:	Shares representing not more than 10% of the total number of shares of Hongqiao Holdings prior to the issuance (the final number of shares to be issued will be determined by dividing the total amount of proceeds by the placement price) will be issued to specific placees in accordance with the relevant requirements of the PRC's securities regulatory authorities by way of private placement within the validity period of the CSRC registration approval.
Target Subscribers:	Not more than 35 Target Subscribers, which include securities investment fund management companies (證券投資基金管理公司), securities companies, trust companies, finance companies, insurance institutional investors (保險機構投資者), qualified foreign institutional investors, and other qualified investors in compliance with the requirements of the CSRC.

The final placees will be determined by the board of directors of Hongqiao Holdings together with the sponsor of the Proposed Placement on the basis of the price inquiry. The placees will not include connected persons of Hongqiao Holdings.

Subscription Price: The Subscription Price will be determined in accordance with the requirements of relevant laws, regulations and rules, and by way of market price inquiry (市場詢價). The Subscription Price will be no less than 80% of the average trading price of the Hongqiao Holdings Shares on the Shenzhen Stock Exchange for the 20 consecutive trading days prior to the pricing reference date, which is the first day of the period of the Proposed Placement.

Amount and use of proceeds: The gross proceeds to be raised from the Proposed Placement will be not more than RMB12,000,000,000 (equivalent to approximately HK$13,863,000,000), which will be settled in cash.

It is proposed that the net proceeds from the Proposed Placement (after deducting the relevant fees and expenses) will be utilised as follows:

(i) approximately RMB5,650,000,000 (equivalent to approximately HK$6,527,000,000) will be used in the wind power projects (11 sub-projects in total);

(ii) approximately RMB2,250,000,000 (equivalent to approximately HK$2,599,000,000) will be used in the photovoltaic projects (6 sub-projects in total);

(iii) approximately RMB2,300,000,000 (equivalent to approximately HK$2,657,000,000) will be used in the aluminum deep processing projects (2 sub-projects in total); and

(iv) approximately RMB1,800,000,000 (equivalent to approximately HK$2,080,000,000) will be used in the repayment of bank loans and replenishment of working capital of Hongqiao Holdings.

If the actual amount of the proceeds from the Proposed Placement is less than RMB12,000,000,000, Hongqiao Holdings will adjust the priority and amount of proceeds to be used in each of the items above and make up the shortfall by funds from other sources.

Lock-up period:	The new Hongqiao Holdings Shares to be issued by Hongqiao Holdings to the Target Subscribers shall be subject to a lock-up period of six months from the completion date of the issuance.
Arrangement for the accumulated undistributed profits:	Upon the completion of the Proposed Placement, the accumulated undistributed profits of Hongqiao Holdings prior to the completion of the Proposed Placement will be shared by its new and original shareholders based on their respective shareholdings in Hongqiao Holdings.
Conditions precedent:	Completion of the Proposed Placement is conditional upon the fulfillment of, among others, the following conditions precedent: (i) the approval of the Proposed Placement by the general meeting of Hongqiao Holdings; (ii) the review and approval of the Proposed Placement by the Shenzhen Stock Exchange; and (iii) the registration approval of the Proposed Placement by the CSRC. As at the date of this announcement, the board of directors of Hongqiao Holdings has approved the Proposed Placement. The approval of the general meeting and regulatory approvals as mentioned above are still pending.

III. FINANCIAL INFORMATION OF HONGQIAO HOLDINGS

Based on the audited consolidated financial information of Hongqiao Holdings prepared based on the generally accepted accounting principles of the PRC, the audited total asset value and net asset value of Hongqiao Holdings as of 31 December 2025 were approximately RMB111,287,772,033.62 and RMB45,563,581,226.39, respectively.

The audited net profit before and after taxation of Hongqiao Holdings for the two financial years ended 31 December 2025 (prepared based on the generally accepted accounting principles of the PRC), respectively, were as follows:

	For the year ended 31 December 2025 *RMB (audited)*	**For the year ended 31 December 2024** *RMB (audited)*
Net profit before taxation	**24,858,070,996.84**	23,751,346,804.71
Net profit after taxation	**18,755,726,059.69**	18,072,983,263.11

IV. SHAREHOLDING STRUCTURE OF HONGQIAO HOLDINGS

The table below sets out the expected shareholding structures of Hongqiao Holdings before and upon the completion of the Proposed Placement (assuming the maximum proportion of 10% of Hongqiao Holdings Shares will be issued pursuant to the Proposed Placement, and the actual impact on the shareholding is subject to the final size of the issuance), respectively:

	Shareholding as at the date of this announcement		Shareholding upon completion of the Proposed Placement	
Shareholders	**Number of shares**	**Approximate percentage of the issued shares of Hongqiao Holdings**	**Number of shares**	**Approximate percentage of the issued shares of Hongqiao Holdings**
Weiqiao Aluminum & Power and Shandong Hongqiao *(Note 1)*	11,596,153,721	88.99%	11,596,153,721	80.90%
The Company *(Note 2)*	11,596,153,721	88.99%	11,596,153,721	80.90%
Other shareholders of Hongqiao Holdings	1,434,964,481	11.01%	2,738,076,301	19.10%
Total:	**13,031,118,202**	**100.00%**	**14,334,230,022**	**100.00%**

Notes:

1. Weiqiao Aluminum & Power and Shandong Hongqiao are parties acting in concert and are the controlling shareholders of Hongqiao Holdings. The actual controllers (as defined by the relevant requirements of the Shenzhen Stock Exchange) of Hongqiao Holdings are Mr. Zhang Bo (張波), Ms. Zhang Hongxia (張紅霞) and Ms. Zhang Yanhong (張艷紅).

2. The Company holds its equity interest in Hongqiao Holdings through Weiqiao Aluminum & Power and Shandong Hongqiao. As at the date of this announcement, the Company's interest in Hongqiao Holdings is approximately 88.99%.

V. FINANCIAL EFFECT OF THE PROPOSED PLACEMENT

Upon the completion of the Proposed Placement, the contributions made by the Target Subscribers will lead to an increase in the assets and shareholders' equity of Hongqiao Holdings.

After the completion of the Proposed Placement, Hongqiao Holdings will continue to be accounted for as a subsidiary of the Company, and the financial results of Hongqiao Holdings will continue to be consolidated into the consolidated accounts of the Company.

The Company is of the view that as the deemed disposal by the Company of its equity interest in Hongqiao Holdings pursuant to the Proposed Placement will not result in the Company's loss of control over Hongqiao Holdings, the deemed disposal will not result in the recognition of any gain or loss in the Company's consolidated financial statements.

VI. REASONS AND BENEFITS OF THE PROPOSED PLACEMENT

The Directors consider that the Proposed Placement will provide additional funding to Hongqiao Holdings, and enable it to (i) fund its key projects in relation to wind power generation, photovoltaic power generation and aluminum deep processing, and ensure the smooth implementation of its business expansion and green energy transition plans, (ii) improve the asset-liability ratio of Hongqiao Holdings and increase its liquidity, thereby enhancing the operation results and profitability of Hongqiao Holdings and, in turn, improving the overall profitability and competitiveness of the Group.

The Directors are of the view that the terms of the Proposed Placement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

VII. IMPLICATIONS UNDER THE LISTING RULES

If the Proposed Placement is implemented, the Directors expect that the issuance will result in a dilution of the Company's equity interest in Hongqiao Holdings by not more than 10% (subject to the final size of the issuance). The Proposed Placement will constitute a deemed disposal of the Company's equity interest in Hongqiao Holdings pursuant to Rule 14.29 of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Proposed Placement calculated pursuant to the Listing Rules (assuming the maximum proportion of 10% of Hongqiao Holdings Shares will be issued pursuant to the Proposed Placement) exceed 5% but are all less than 25%, the Proposed Placement constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, each of the Target Subscribers and its ultimate beneficial owner(s) will be third parties independent of the Company and its connected persons.

The Company will make further announcement(s) on the progress of the Proposed Placement as and when appropriate.

VIII. INFORMATION ON THE COMPANY AND HONGQIAO HOLDINGS

The Company is incorporated in the Cayman Islands with limited liability and is principally engaged in the manufacture and sales of aluminum products. The shares of the Company are listed on the Main Board of the Stock Exchange (stock code: 1378.HK).

Hongqiao Holdings is a joint stock company incorporated under the laws of the PRC with limited liability, being a non-wholly owned subsidiary of the Company and the shares of which are listed on the Shenzhen Stock Exchange (stock code: 002379.SZ). It is principally engaged in the research and development, production and sales of aluminum alloy products, alumina products and aluminum fabrication products. It currently owns the production lines of the Group in Mainland China for all of the aluminum alloy products and alumina products, and part of the aluminum fabrication products.

IX. DEFINITIONS

In this announcement, the following expressions shall have the following meanings, unless the context requires otherwise:

"Board"	the board of Directors
"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 shares of which are listed on the Main Board of the Stock Exchange (stock code: 1378.HK)
"connected person"	has the meaning ascribed thereto under the Listing Rules
"CSRC"	China Securities Regulatory Commission of the PRC
"Director(s)"	the director(s) of the Company
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hongqiao Holdings"	Shandong Hongqiao Aluminum Industry Holding Company Limited (山東宏橋鋁業控股股份有限公司), a joint stock company incorporated under the laws of the PRC with limited liability, being a non-wholly owned subsidiary of the Company and the shares of which are listed on the Shenzhen Stock Exchange (stock code: 002379.SZ)
"Hongqiao Holdings Share(s)"	the domestically listed RMB ordinary share(s) (A shares) with a nominal value of RMB1.00 each in the share capital of Hongqiao Holdings
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"PRC"	the People's Republic of China, and for the purpose of this announcement only, excluding Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan
"Proposed Placement"	the proposed issuance of shares representing not more than 10% of the total number of shares of Hongqiao Holdings prior to the issuance (the final number of shares to be issued will be determined by dividing the total amount of proceeds by the placement price) by Hongqiao Holdings in accordance with the relevant requirements of the PRC's securities regulatory authorities at the Subscription Price by way of private placement to raise gross proceeds of not more than RMB12,000,000,000

"RMB"	Renminbi, the lawful currency of the PRC
"Shandong Hongqiao"	Shandong Hongqiao New Materials Co., Ltd. (山東宏橋新型材料有限公司), a subsidiary of the Company
"Shareholder(s)"	the holder(s) of ordinary share(s) of the Company
"Shenzhen Stock Exchange"	Shenzhen Stock Exchange in the PRC
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription Price"	the subscription price of each new Hongqiao Holdings Share to be issued under the Proposed Placement
"Target Subscriber(s)"	the target subscriber(s) for the new Hongqiao Holdings Shares to be issued under the Proposed Placement
"Weiqiao Aluminum & Power"	Shandong Weiqiao Aluminum and Power Co., Ltd. (山東魏橋鋁電有限公司), a subsidiary of the Company
"%"	per cent

For illustration purposes, amounts in RMB in this announcement have been translated to HK$ at RMB0.86559 = HK$1.00.

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

Shandong, the PRC
31 July 2026

As at the date of this announcement, the Board comprises eleven Directors, namely Mr. Zhang Bo, Mr. Zhang Jinglei, Ms. Zhang Ruilian and Ms. Wong Yuting as executive Directors, Mr. Yang Congsen, Mr. Tu Yikai (Mr. Zhang Hao as his alternate) and Ms. Sun Dongdong as non-executive Directors, and Mr. Meng Xianzhong, Mr. Wen Xianjun, Ms. Fu Yulin and Mr. Ma Jin as independent non-executive Directors.