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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)**

## CONTINUING CONNECTED TRANSACTIONS
## REVISION OF THE ANNUAL CAPS FOR THE INDUSTRIAL GOODS PROCUREMENT AGREEMENT

**REVISION OF THE ANNUAL CAPS FOR THE INDUSTRIAL GOODS PROCUREMENT AGREEMENT**

Reference is made to the announcement of the Company dated 14 February 2025 in relation to, among others, the Industrial Goods Procurement Agreement and the Continuing Connected Transactions contemplated thereunder.

The Board anticipates that the Existing Annual Caps for procurement of electrolyte powder and carbon powder under the Industrial Goods Procurement Agreement will not be sufficient to meet the production needs of the Group for the two years ending 31 December 2027, being the remaining term of the Industrial Goods Procurement Agreement. Accordingly, the Company proposes to revise the Existing Annual Caps.

## LISTING RULES IMPLICATIONS

According to Rule 14A.54 of the Listing Rules, if the Company proposes to revise the annual caps for continuing connected transactions, the Company will be required to re-comply with the provisions under Chapter 14A of the Listing Rules in relation to the relevant continuing connected transactions.

Weiqiao Xinxing Industrial is a wholly-owned subsidiary of Weiqiao Chuangye Group, which is a subsidiary of China Hongqiao Holdings Limited (the controlling shareholder of the Company), as well as 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. Accordingly, the Continuing Connected Transactions contemplated under the Industrial Goods Procurement Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The Continuing Connected Transactions contemplated under the Industrial Goods Procurement Agreement and the continuing connected transactions contemplated under the Renewed Production Water Supply Agreement, the Industrial Waste Treatment Agreement and the Supply and Procurement Framework Agreement (in respect of the procurement from Weiqiao Chuangye Group by the Group) 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 Revised Annual Caps of the Continuing Connected Transactions contemplated under the Industrial Goods Procurement Agreement (together with the continuing connected transactions contemplated under the Renewed Production Water Supply Agreement, the Industrial Waste Treatment Agreement and the Supply and Procurement Framework Agreement (in respect of the procurement from Weiqiao Chuangye Group by the Group)), on an aggregate basis, is more than 0.1% but less than 5%, the Continuing Connected Transactions (including the Revised Annual Caps) 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. REVISION OF THE ANNUAL CAPS FOR THE INDUSTRIAL GOODS PROCUREMENT AGREEMENT

Reference is made to the announcement of the Company dated 14 February 2025 in relation to, among others, the Industrial Goods Procurement Agreement and the Continuing Connected Transactions contemplated thereunder.

The Board anticipates that the Existing Annual Caps for procurement of electrolyte powder and carbon powder under the Industrial Goods Procurement Agreement will not be sufficient to meet the production needs of the Group for the two years ending 31 December 2027, being the remaining term of the Industrial Goods Procurement Agreement. Accordingly, the Company proposes to revise the Existing Annual Caps.

### 1. Material terms of the Industrial Goods Procurement Agreement

The details of the Industrial Goods Procurement Agreement are set out as follows:

**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 a subsidiary of China Hongqiao Holdings Limited (the controlling shareholder of the Company), as well as 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 redetermined 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 had confirmed that the pricing basis agreed between the Company and Weiqiao Xinxing Industrial for supplying industrial goods to the Group was negotiated on an arm's length basis and was fair and reasonable, and constituted a normal commercial term.

Weiqiao Xinxing Industrial may, on the last business day of each calendar month, prepare an account book of the relevant amounts 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 the independent Shareholders (if required under the Listing Rules).

**Historical transaction values and the Existing Annual Caps**

The historical transaction values for the industrial goods supplied by Weiqiao Xinxing Industrial Group to the Group under the Industrial Goods Procurement Agreement for the period from 14 February 2025 to 31 December 2025 and the period from 1 January 2026 to the date of this announcement are as follows:

| | **For the period from 14 February 2025 to 31 December 2025** | **From 1 January 2026 to the date of this announcement** |
|---|---|---|
| **Historical transaction values *(RMB)* *(VAT exclusive)*** *(Note 1)* | 9,613,000 | 11,385,000 *(Note 2)* |
| **Existing Annual Caps *(RMB)* *(VAT exclusive)*** | 13,938,000 | 13,938,000 |

*Note 1:* As set out in the announcement of the Company dated 14 February 2025, there were no historical transaction values available in relation to the supply of industrial goods by the Weiqiao Xinxing Industrial Group to the Group for the two years ended 31 December 2024 and the period from 1 January 2025 to 13 February 2025.

*Note 2:* Calculated based on management accounts only.

As at the date of this announcement, the Existing Annual Cap for the year ending 31 December 2026 has not been exceeded.

## 2. Revision of the Existing Annual Caps for the Industrial Goods Procurement Agreement

As set out in the announcement of the Company dated 14 February 2025, the Existing Annual Caps for each of the two financial years ending 31 December 2027, being the financial years during the remaining term of the Industrial Goods Procurement Agreement, are RMB13,938,000 (VAT exclusive). Set out below are the Revised Annual Caps which are the maximum amounts estimated to be payable by the Company to Weiqiao Xinxing Industrial for each of the two financial years ending 31 December 2027:

| | **For the financial year ending 31 December** | |
|---|---|---|
| | **2026** | **2027** |
| Estimated maximum volumes of industrial goods to be purchased (ton): | | |
| – Electrolyte powder | 21,600 | 23,600 |
| – Carbon powder | 6,300 | 6,300 |
| **Revised Annual Caps *(RMB) (VAT exclusive)*** | 24,133,000 | 26,240,000 |

Electrolyte powder and carbon powder are products after processing carbon residue. The Revised Annual Caps for each of the two financial years ending 31 December 2027 are determined with reference to (i) the actual purchase volume of electrolyte powder and carbon powder by the Group from the Weiqiao Xinxing Industrial Group for the six months ended 30 June 2026; (ii) the projected annual purchase volume of electrolyte powder and carbon powder by the Group from the Weiqiao Xinxing Industrial Group for each of the two financial years ending 31 December 2027; (iii) the average unit price of RMB1,041.08 per ton (VAT exclusive) for electrolyte powder and RMB265.49 per ton (VAT exclusive) for carbon powder during the six months ended 30 June 2026; and (iv) a 10% buffer for potential business needs.

There is no change to the terms and other aspects of the Industrial Goods Procurement Agreement.

## 3. Reasons for and Benefits of Revision of the Annual Caps

There has been an increased frequency of maintenance start-stop cycles for the electrolytic cells of the Group, leading to a higher consumption of electrolyte powder, which is required during each restart event. The improved production technique also drives the demand for electrolyte powder. Meanwhile, based on the latest operational estimates, the Group’s demand for carbon powder is also greater than initially anticipated. Therefore, the Board anticipates that the Existing Annual Caps for procurement of electrolyte powder and carbon powder under the Industrial Goods Procurement Agreement will not be sufficient to meet the production needs of the Group for the two years ending 31 December 2027, and revision of the Existing Annual Caps is required.

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 Industrial Goods Procurement Agreement (including the Revised Annual Caps) 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.

## 4. Internal Control Procedures

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

(i) the finance department of the Company will obtain and monitor all the quotations and/or pricing records as reference prices of the Industrial Goods Procurement Agreement 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 will monitor and ensure that the Continuing Connected Transactions are conducted in accordance with the terms of the relevant agreement and the Revised 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 will, and the Company will also engage external auditors to, conduct annual review of the Continuing Connected Transactions and the Revised Annual Caps in accordance with the requirements of the Listing Rules.

## B. LISTING RULES IMPLICATIONS

According to Rule 14A.54 of the Listing Rules, if the Company proposes to revise the annual caps for continuing connected transactions, the Company will be required to re-comply with the provisions under Chapter 14A of the Listing Rules in relation to the relevant continuing connected transactions.

Weiqiao Xinxing Industrial is a wholly-owned subsidiary of Weiqiao Chuangye Group, which is a subsidiary of China Hongqiao Holdings Limited (the controlling shareholder of the Company), as well as 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. Accordingly, the Continuing Connected Transactions contemplated under the Industrial Goods Procurement Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The Continuing Connected Transactions contemplated under the Industrial Goods Procurement Agreement and the continuing connected transactions contemplated under the Renewed Production Water Supply Agreement, the Industrial Waste Treatment Agreement and the Supply and Procurement Framework Agreement (in respect of the procurement from Weiqiao Chuangye Group by the Group) 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 Revised Annual Caps of the Continuing Connected Transactions contemplated under the Industrial Goods Procurement Agreement (together with the continuing connected transactions contemplated under the Renewed Production Water Supply Agreement, the Industrial Waste Treatment Agreement and the Supply and Procurement Framework Agreement (in respect of the procurement from Weiqiao Chuangye Group by the Group)), on an aggregate basis, is more than 0.1% but less than 5%, the Continuing Connected Transactions (including the Revised Annual Caps) 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.

## C. BOARD'S APPROVAL

The Revised Annual Caps were approved by the Board. Each of Mr. Zhang Bo, 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 resolution of the Board approving the Revised Annual Caps as they and/or their respective associates concurrently have material interests and/or hold relevant positions in Weiqiao Chuangye Group.

## D. GENERAL INFORMATION

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

The Weiqiao Xinxing Industrial Group are wholly-owned subsidiaries of Weiqiao Chuangye Group and 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 73.91% of the equity interest by Shandong Shenghe Zhiyuan Investment Co., Ltd.* (山東盛和致遠投資有限公司) ("**Shenghe Zhiyuan**"), the single largest shareholder of Weiqiao Chuangye Group. The registered shareholders of Shenghe Zhiyuan are two corporate shareholders, among which China Hongqiao Holdings Limited holds 80% of the equity interest and Shiping Global Holding Company Limited* (士平環球控股有限公司) holds 20% of the equity interest. Approximately 19.13% of the 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 certain core employees, holding such interests on behalf of those employees. None of such employees holds more than 1% equity interest in Weiqiao Chuangye Group. Approximately 2.71% of the equity interest of Weiqiao Chuangye Group is held by Shandong Weiqiao Investment Holdings Co., Ltd. ("**Weiqiao Investment**"). 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 4.13% equity interest of Weiqiao Chuangye Group is held by its 10 management members (approximately 1.14% by Mr. Zhang Bo, approximately 0.98% by Ms. Zhang Hongxia, approximately 0.88% by Ms. Zhang Yanhong, approximately 0.19% by Mr. Yang Congsen, approximately 0.28% by Mr. Zhang Shixue, approximately 0.34% by Mr. Wei Yingzhao, approximately 0.15% by Mr. Zhang Kai, approximately 0.03% by Ms. Zhao Suwen, approximately 0.10% by Mr. Liu Fenghai, and approximately 0.04% by Mr. Wei Jiakun).

## F. DEFINITIONS

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

| | |
|---|---|
| "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 Goods Procurement Agreement |
| "Director(s)" | the director(s) of the Company |
| "Existing Annual Cap(s)" | the existing annual cap(s) for the Continuing Connected Transactions for the period commencing on 14 February 2025 and ending on 31 December 2027 |
| "Group" | the Company and its subsidiaries |
| "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), the details of which are set out in the announcement of the Company dated 14 February 2025 |
| "Listing Rules" | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited |
| "PRC" | the People's Republic of China |
| "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 announcement of the Company dated 18 October 2024 |

| | |
|---|---|
| "Revised Annual Caps" | the revised annual caps for the Continuing Connected Transactions for the two years ending 31 December 2027 |
| "RMB" | Renminbi, the lawful currency of the PRC |
| "Shareholder(s)" | registered holder(s) of the shares of the Company |
| "Supply and Procurement Framework Agreement" | the supply and procurement framework agreement entered into between the Company and Weiqiao Chuangye Group on 16 June 2025 for a term commencing on 16 June 2025 and ending on 31 December 2027 (both days inclusive), the details of which are set out in the announcement of the Company dated 16 June 2025 |
| "VAT" | value added tax of the PRC |
| "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 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 |
| "%" | 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
21 August 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.*