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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)

EXERCISE OF OPTION BY THE SUBSCRIBER RELATING TO ITS INTEREST IN SHANDONG HONGQIAO

This announcement is made pursuant to Rule 14.74(2) of the Listing Rules. On 7 February 2024, Changzhe Hongji and Changzhe Hongye exercised the option, thereby requiring the Repurchase Obligor(s) to purchase 3.25% and 0.79% equity interest in Shandong Hongqiao from Changzhe Hongji and Changzhe Hongye respectively. Upon completion of the Purchase, Shandong Hongqiao will continue to be an indirect non-wholly owned subsidiary of the Company and the shareholding of the Company will be increased from 94.52% to 98.56%.

BACKGROUND OF THE OPTION

This announcement is made pursuant to Rule 14.74(2) of the Listing Rules. Reference is made to the announcement of China Hongqiao Group Limited (the “**Company**”) dated 3 May 2021 (the “**Announcement**”) in relation to, among other things, the capital contribution agreements entered into between each of Changzhe Hongji and Changzhe Hongye with the Company, Hongqiao Investment (HK) and Shandong Hongqiao, to subscribe for 3.25% and 0.79% equity interest in Shandong Hongqiao respectively. Capitalised terms used herein shall have the same meanings as defined in the Announcement unless otherwise defined.

As disclosed in the Announcement, the Company, Hongqiao Investment (HK) and Shandong Hongqiao entered into the capital contribution agreements with each of Changzhe Hongji and Changzhe Hongye, pursuant to which Changzhe Hongji and Changzhe Hongye subscribed for 3.25% and 0.79% equity interest in Shandong Hongqiao respectively.

INFORMATION ABOUT SHANDONG HONGQIAO

Shandong Hongqiao is an indirect non-wholly owned subsidiary of the Company and is principally engaged in ore dressing, common non-ferrous metal smelting, non-ferrous metals calendaring processing, metal material sales, coal and coal product sales and goods import and export business. It also acts as a holding company for certain indirect subsidiaries of the Group in the PRC.

As at 30 June 2023, the unaudited consolidated total assets and net assets of Shandong Hongqiao amounted to approximately RMB186,464,060,000 and RMB101,456,244,000 respectively. The audited financial information of Shandong Hongqiao for the two financial years ended 31 December 2021 and 2022 is set out in the following table:

	For the year ended 31 December	
	2021	2022
	(audited)	(audited)
	RMB'000	RMB'000
Revenue	115,967,977	129,712,253
Profit before tax	22,490,939	12,437,965
Profit after tax	16,909,168	9,630,591

Exercise of the Option

On 7 February 2024, Changzhe Hongji and Changzhe Hongye exercised the option, thereby requiring the Repurchase Obligor(s) to purchase the shares held by Changzhe Hongji and Changzhe Hongye from the foregoing parties on the following terms (the “**Purchase**”):

- (1) Relevant Parties: Changzhe Hongji and Changzhe Hongye (each as the holder of the option) and the Repurchase Obligor(s) (as the obligor of the option)
- (2) Target Equity Interest: 3.25% and 0.79% equity interest in Shandong Hongqiao
- (3) Completion Date: 15 March 2024 (or any earlier date as agreed by the relevant parties)
- (4) Consideration: RMB2,481,556,320.78 (in respect of Changzhe Hongji) and RMB602,453,079.11 (in respect of Changzhe Hongye), respectively

Upon completion of the Purchase, Shandong Hongqiao will continue to be an indirect non-wholly owned subsidiary of the Company and the shareholding of the Company will be increased from 94.52% to 98.56%.

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

Shandong, the PRC
15 March, 2024

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. Tu Yikai (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.