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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 FURTHER ACQUISITION OF LISTED SECURITIES

THE ACQUISITION

The Board wishes to announce that on July 9, 2021, the Company acquired through block trade a total of 138,802,000 Weihai H Shares from an independent third party at the price of HK\$3.23 per Weihai H Share for an aggregate consideration of approximately HK\$448.3 million (exclusive of transaction costs).

IMPLICATIONS UNDER THE LISTING RULES

The subscription or acquisition of the Weihai H Shares by the Company, on a standalone basis, does not constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

As the Previous Subscription and the Acquisition completed within a 12 month-period, the Acquisition is required to aggregate with the Previous Subscription in accordance with Rule 14.22 of the Listing Rule. One of the applicable percentage ratios for the Acquisition, when aggregated as a whole, is more than 5% and below 25%. As such, the Acquisition, when aggregated as a whole, constitute a discloseable transaction of the Company, and are therefore subject to the notification and announcement requirements but exempt from the shareholders' approval requirement pursuant to Chapter 14 of the Listing Rules.

THE ACQUISITION

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The price of the Acquisition was determined on the basis of the relevant market price of Weihai H Shares on the Stock Exchange at the relevant time and after arm's length negotiations between the Company and the seller.

The seller of the Acquisition is Silverlight Asia Investment Fund, a fund registered in the Cayman Islands, which is principally engaged in investment business. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the seller of the Weihai H Shares and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

ASSETS ACQUIRED

Immediately before the Acquisition, the Company held 137,243,000 Weihai H Shares. Immediately upon settlement of the Acquisition of the Weihai H Shares, the Company will hold an aggregate of 276,045,000 Weihai H Shares, representing approximately 4.62% of the total issued shares of Weihai Bank as at the date of this announcement.

CONSIDERATION

The aggregate consideration for the Acquisition was approximately HK\$448.3 million (exclusive of transaction costs). The consideration of the Acquisition has been funded by the Group's internal resources.

PREVIOUS SUBSCRIPTION

The Company subscribed 137,243,000 Weihai H Shares for an aggregate consideration of approximately HK\$459.8 million (exclusive of transaction costs) through Weihai Bank's initial public offering.

THE COMPANY

The Group is principally engaged in the production and sale of aluminium products.

INFORMATION ON WEIHAI BANK

Weihai Bank is a commercial bank established in the PRC and is principally engaged in the corporate banking and retail banking. The Weihai H Shares are listed on the main board of the Stock Exchange (stock code: 9677). As at the date of this announcement, the Company is interested in 276,045,000 Weihai H Shares, representing approximately 4.62% of the total number of Weihai Bank shares in issue. Save for such holding, Weihai Bank is independent of and not connected with the Company and its connected persons.

According to the published financial statements of Weihai Bank, the financial results of Weihai Bank for the two years ended 31 December 2020 are as follows:

	For the year ended 31 December 2020 (audited) <i>RMB million</i>	For the year ended 31 December 2019 (audited) <i>RMB million</i>
Profit before tax	1,951.3	1,813.7
Net profit after tax	1,648.2	1,523.7

The audited net asset value of Weihai Bank as at 31 December 2020 was approximately RMB21,673.7 million.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company believes that the Acquisition will help further deepen and expand the long-term strategic cooperative relationship between the Group and Weihai Bank. Such strategic cooperative relationship will help achieve a win-win development by consolidating and deepening the future business cooperation between the two parties. The Group will continue to focus on the production and sale of aluminium products, which is the core business of the Group, and strive to maximize returns for the shareholders of the Company. As the price of the Acquisition was determined with reference to the previous day's closing price of Weihai H Shares and after arm's length negotiations between the Company and the seller, the Directors considered that the terms of the Acquisition are fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

The subscription or acquisition of Weihai H Shares by the Company, on a standalone basis, does not constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

As the Previous Subscription and the Acquisition completed within a 12 month-period, the Acquisition is required to aggregate with the Previous Subscription in accordance with Rule 14.22 of the Listing Rule.

One of the applicable percentage ratios for the Acquisition, when aggregated as a whole, is more than 5% and below 25%. As such, the Acquisition, when aggregated as a whole, constitute a discloseable transaction of the Company, and are therefore subject to the notification and announcement requirements but exempt from the shareholders' approval requirement pursuant to Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Acquisition”	the acquisition of 138,802,000 Weihai H Shares from an independent party at the price of HK\$3.23 per Weihai H Share for a consideration of approximately HK\$448.3 million (exclusive of transaction costs) conducted through block trade on 9 July 2021
“Board”	the board of Directors
“Company”	China Hongqiao Group Limited (中國宏橋集團有限公司)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors 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
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China, excluding for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Previous Subscription”	the subscription of an aggregate of 137,243,000 Weihai H Shares for an aggregate consideration of approximately HK\$459.8 million (exclusive of transaction costs) by the Company
“Shareholder(s)”	registered holder(s) of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Weihai Bank”	威海市商業銀行股份有限公司 (Weihai City Commercial Bank Co., Ltd.), a commercial bank established in the PRC, the H shares of which are listed on the main board of the Stock Exchange (stock code: 9677)
“Weihai H Share(s)”	overseas listed foreign shares of RMB1.00 each in the issued share capital of Weihai Bank which are subscribed in foreign currency
“%”	per cent

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

Shandong Province, the People’s Republic of China
13 July 2021

As at the date of this announcement, the Board comprises eleven directors, namely Mr. Zhang Bo, Ms. Zheng Shuliang and Ms. Zhang Ruilian as executive directors, Mr. Yang Congsen, Mr. Zhang Jinglei, Mr. Li Zimin (Mr. Zhang Hao as his alternate) and Ms. Sun Dongdong as non-executive directors, and Mr. Wen Xianjun, Mr. Xing Jian, Mr. Han Benwen and Mr. Dong Xinyi as independent non-executive directors.