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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)

MEMORANDUM OF UNDERSTANDING IN RELATION TO POSSIBLE SUBSCRIPTION OF SHARES IN THE COMPANY

This announcement is made by China Hongqiao Group Limited (the “**Company**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

THE MEMORANDUM OF UNDERSTANDING

The board of directors of the Company (the “**Board**”) is pleased to announce that on 20 March 2017 (after trading hours), the Company and CTI Capital Management Limited (中信信惠國際資本有限公司, “**CTICM**”) as the possible subscriber, entered into a memorandum of understanding (the “**MOU**”), pursuant to which CTICM intended to subscribe new shares (the “**Subscription Shares**”) of the Company to be allotted and issued by the Company (the “**Possible Subscription**”). Upon the completion of the Possible Subscription, CTICM will become the shareholder of the Company holding not more than 10% of the issued share capital of the Company as enlarged by issue of the Subscription Shares.

Conditions Precedent and Due Diligence

The Possible Subscription shall be conditional upon the fulfilment of the following conditions precedent (the “**Conditions Precedent**”):

- (i) the result of due diligence on the commercial, finance and legal aspects of the Company commenced by CTICM (“**Due Diligence**”) does not include any material issues affecting the Possible Subscription; and

(ii) internal approval procedures of the Company and CTICM have been passed in accordance with the Listing Rules and other relevant rules and regulations.

The Conditions Precedent may be changed subject to the consensus of the Company and CTICM if necessary.

The period of Due Diligence shall not exceed three (3) months from the date of execution of the MOU subject to extension as may be agreed between the Company and CTICM.

Exclusivity Period

During the period from the date of execution of the MOU up to the date falling three (3) months from the date of execution of the MOU (or such later date as may be agreed between the Company and CTICM (the “**Exclusivity Period**”), the Company shall not enter into any statement of intent or understanding or agreement with any person or entity (other than CTICM) in relation to the Possible Subscription or transactions having similar effect to the Possible Subscription as contemplated under the MOU.

Binding Effect

Save for the provisions relating to confidentiality and the Exclusivity Period, which are legally binding on the Company or CTICM, the MOU does not have any legally binding effect.

GENERAL INFORMATION

CTICM is an investment holding company principally engaged in investment management and consultancy. As at the date of this announcement, CTICM is a wholly-owned Hong Kong subsidiary of CITIC Trust Co., Ltd. (中信信託有限責任公司), which is a subsidiary of CITIC Group Corporation (中國中信集團有限公司). CITIC Trust Co., Ltd. is a national non-bank financial institution under the supervision of the China Banking Regulatory Commission (中國銀行業監督管理委員會), principal engaged in trust business. As of the end of 2016, the full-caliber management assets of CITIC Trust Co., Ltd. amounted over RMB1,700 billion, ranking first in the industry for 10 consecutive years.

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

The Possible Subscription contemplated under the MOU is subject to the entering into of the definitive agreement by the Company and CTICM and the relevant terms and conditions have not yet been finalized, and therefore the Possible Subscription may or may not materialize. Further announcement(s) in relation to the Possible Subscription will be made by the Company in accordance with all applicable requirements of the Listing Rules as and when appropriate.

Accordingly, shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board
China Hongqiao Group Limited
Zhang Shiping
Chairman

Shandong, the PRC
20 March 2017

As at the date of this announcement, the Board comprises eight directors, namely Mr. Zhang Shiping, Ms. Zheng Shuliang and Mr. Zhang Bo as executive directors, Mr. Yang Congsen and Mr. Zhang Jinglei as non-executive directors, and Mr. Chen Yinghai, Mr. Xing Jian and Mr. Han Benwen as independent non-executive directors.