

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement is for information purposes only and is not an offer to sell or the solicitation of an offer to buy any securities and neither this announcement nor anything in it forms the basis for any contract or commitment whatsoever.



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)

**(1) PROPOSED PLACING OF PLACING SHARES UNDER SHARE SPECIFIC MANDATE AND
(2) PROPOSED PLACING OF US\$320,000,000 5.0% CONVERTIBLE BONDS DUE 2022 UNDER
CB SPECIFIC MANDATE**

PROPOSED PLACING OF PLACING SHARES UNDER SHARE SPECIFIC MANDATE

On 15 August 2017 (after trading hours), the Company entered into the Share Placing Agreement with the Share Subscriber, being an Independent Third Party, pursuant to which the Share Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue 806,640,670 Placing Shares at the Placing Price of HK\$6.80 per Placing Share.

The Placing Shares represent (i) approximately 11.11% of the existing issued share capital of the Company as at the date of this announcement; and (ii) 10.00% of the issued share capital of the Company as enlarged by the Placing Shares (assuming there is no other change in the share capital of the Company between the date of the Share Placing Agreement and the Share Placing Completion Date). The Placing Shares will be issued under the Share Specific Mandate and will rank *pari passu* in all respects among themselves and with the existing Shares.

The Placing Price of HK\$6.80 per Placing Share represents (i) a discount of approximately 3.55% to the closing price of the Share as quoted on the Stock Exchange on 21 March 2017, being the Last Trading Day; and (ii) a discount of approximately 4.33% to the average closing price of the Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including 21 March 2017, being the Last Trading Day.

The estimated gross proceeds of the Share Placing will be approximately HK\$5,485,156,556 and the net proceeds of the Share Placing, after the deduction of the related expenses, are estimated to be approximately HK\$5,481,000,000. The Company intends to use the net proceeds from the Share Placing for the repayment of bank borrowings and replenishment of the Group's working capital.

PROPOSED PLACING OF CONVERTIBLE BONDS UNDER CB SPECIFIC MANDATE

On 15 August 2017 (after trading hours), the Company entered into the CB Placing Agreement with the Purchaser and the Lead Manager, both being Independent Third Parties, pursuant to which the Company has agreed to issue and the Lead Manager has conditionally agreed to procure the Purchaser to subscribe and pay for the Convertible Bonds on a best efforts basis. The Convertible Bonds will be issued with an initial principal amount of US\$320,000,000.

The initial Conversion Price (subject to adjustment) is HK\$8.16, representing (i) a premium of approximately 15.74% over the closing price of the Shares as quoted on the Stock Exchange on 21 March 2017, being the Last Trading Day, and (ii) a premium of 14.80% to the average closing price of the Shares over the last five (5) consecutive trading days up to and including 21 March 2017, being the Last Trading Day.

Assuming full conversion of the Convertible Bonds at the initial Conversion Price of HK\$8.16 and at the Fixed Exchange Rate per Share, the Convertible Bonds will be convertible into approximately 306,713,725 Shares (subject to adjustment), representing (i) approximately 4.22% of the issued share capital of the Company as at the date of this announcement, (ii) approximately 4.05% of the issued share capital of the Company as enlarged by the issue of such 306,713,725 Shares, assuming no Share Placing, and (iii) approximately 3.66% of the issued share capital of the Company as enlarged by the issue of such 306,713,725 Shares, assuming the Share Placing is completed.

The estimated gross proceeds of the CB Placing will be approximately US\$320,000,000 and the net proceeds of the CB Placing, after the deduction of the related expenses, are estimated to be approximately US\$316,800,000. The Company intends to use the net proceeds from the CB Placing for the repayment of bank borrowings and replenishment of the Group's working capital.

GENERAL

The EGM will be convened and held by the Company to consider and, if thought fit, approve among others, (i) the Share Placing Agreement and the transactions contemplated thereunder (including the granting of the Share Specific Mandate), and (ii) the CB Placing Agreement and the transactions contemplated thereunder (including the granting of the CB Specific Mandate).

The Directors confirm that, to the best of their knowledge, information and belief after having made all reasonable enquiries, no Shareholder has a material interest in the Share Placing and the CB Placing.

A circular containing, among other things, further details regarding (i) the Share Placing Agreement, the transactions contemplated thereunder and the Share Specific Mandate, (ii) the CB Placing Agreement, the transactions contemplated thereunder and the CB Specific Mandate, and (iii) a notice of EGM is expected to be despatched by the Company to the Shareholders as soon as practicable.

Shareholders and potential investors should note that the completion of the Share Placing and the CB Placing are subject to fulfillment of the respective conditions of the Share Placing Agreement and the CB Placing Agreement, including the Listing Committee having granted the listing of, and permission to deal in, the Placing Shares and the Conversion Shares. As the trading in the Shares on the Stock Exchange has been suspended since 22 March 2017, the Company understands that the Listing Committee would only consider whether to grant the listing of, and permission to deal in, the Placing Shares and the Conversion Shares after the Company has fulfilled all the Resumption Conditions. Therefore, the Share Placing and the CB Placing may or may not proceed, and the Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

I. INTRODUCTION

On 15 August 2017 (after trading hours), the Company entered into the Share Placing Agreement with the Share Subscriber, being an Independent Third Party, pursuant to which the Share Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue 806,640,670 Placing Shares at the Placing Price of HK\$6.80 per Placing Share. On the same date, the Company entered into the CB Placing Agreement with the Purchaser and the Lead Manager, both being Independent Third Parties, pursuant to which the Company has agreed to issue and the Lead Manager has conditionally agreed to procure the Purchaser to subscribe and pay for the Convertible Bonds on a best efforts basis with an initial principal amount of US\$320,000,000.

II. THE SHARE PLACING AGREEMENT

The principal terms of the Share Placing Agreement are set out below:

Date : 15 August 2017 (after trading hours)

Issuer : the Company

Share Subscriber : CTI Capital Management Limited (中信信惠國際資本有限公司)

The Share Subscriber is an investment holding company incorporated in Hong Kong with limited liability.

As at the date of this announcement, the Share Subscriber is a wholly-owned Hong Kong subsidiary of CITIC Trust Co., Ltd.* (中信信託有限責任公司), which is an indirect 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), principally engaged in trust business in the PRC.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, each of the Share Subscriber and its ultimate beneficial owner(s) is an Independent Third Party, and the Share Subscriber and its associates do not hold any Shares as at the date of this announcement.

Share Placing

Under the Share Placing Agreement and subject to fulfilment, or waiver, of the conditions precedent set out below, the Share Subscriber has agreed to subscribe for, and the Company has agreed to allot and issue 806,640,670 Placing Shares, representing (i) approximately 11.11% of the existing issued share capital of the Company as at the date of this announcement; and (ii) 10.00% of the issued share capital of the Company as enlarged by the Placing Shares (assuming there are no other changes in the share capital of the Company between the date of the Share Placing Agreement and the Share Placing Completion Date). The Placing Shares will be issued under the Share Specific Mandate and will rank *pari passu* in all respects among themselves and with the existing Shares.

Placing Price

The Placing Price is HK\$6.80 per Placing Share. The aggregate nominal value of the Placing Shares is US\$8,066,406.7.

The Placing Price represents:

- (i) a discount of approximately 3.55% to the closing price of the Share as quoted on the Stock Exchange on 21 March 2017, being the Last Trading Day; and
- (ii) a discount of approximately 4.33% to the average closing price of the Share over the last five (5) consecutive trading days up to and including 21 March 2017, being the Last Trading Day.

The estimated gross proceeds from the Share Placing are estimated to be approximately HK\$5,485,156,556 and the net proceeds from the Share Placing of the Placing Shares, after deduction of the related expenses, are estimated to be approximately HK\$5,481,000,000.

The Placing Price was reached after arm's length negotiations between the Company and the Share Subscriber with reference to, among others, (i) the historical trading price of the Shares; (ii) the current market condition; and (iii) the business prospects of the Group. The Directors consider that the terms and conditions of the Share Placing Agreement (including the Placing Price) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Payment Term

The Placing Price in the sum of HK\$5,485,156,556 will be payable through wire transfer by the Share Subscriber (in the proportion to the number of Placing Shares allocated to them) on the later of (i) the date of fulfilling the Resumption Conditions and releasing the Resumption Announcement, or (ii) the sixth Business Day upon the issuance of the notification of closing by the Company.

If the Company fails to satisfy the conditions precedent of the fulfillment of the Resumption Conditions and the release of the Resumption Announcement, the Company shall return the amount paid by the Share Subscriber together with the relevant interest accrued and relevant costs incurred. If the Company fails to fulfill all the conditions precedents set out below and allot and issue the Placing Shares on or before the Long Stop Date (or any other date agreed by the Share Subscriber at its absolute discretion), the Company shall return the amount paid by the Share Subscriber together with the relevant interest accrued and relevant costs incurred.

Ranking of the Placing Shares

The Placing Shares, when fully paid and allotted and issued, will rank *pari passu* in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Placing Shares.

Conditions Precedent

The completion of Share Placing is conditional in all respects upon:

- (i) obtaining the approval for the Share Placing Agreement and the transactions contemplated thereunder (including the grant of the Share Specific Mandate) of the Shareholders at the forthcoming EGM;
- (ii) the Listing Committee granting listing of, and permission to deal in, the Placing Shares and listing not being revoked or withdrawn prior to the Share Placing Completion Date; and
- (iii) the Company fulfilling the Resumption Conditions and releasing the Resumption Announcement on the Stock Exchange.

The Share Subscriber may waive the whole or any part of the aforesaid conditions precedent in writing from time to time.

After entering into the Share Placing Agreement, the Company shall (i) make timely arrangement for convening the EGM as soon as possible, (ii) apply to the Stock Exchange for the granting of listing of, and/or permission to deal in, the Placing Shares as soon as possible, and (iii) shall use its best endeavour to fulfil the above conditions precedent prior to the Long Stop Date. In the event that any of the conditions precedent under the Share Placing Agreement is not fulfilled or waived in full by 5:00 p.m. on the Long Stop Date, all obligations and liabilities of both parties of the Share Placing Agreement shall cease to have effect and neither party shall claim for indemnity save for any antecedent breaches of the provisions hereof.

The Company shall notify the Share Subscriber in writing for any substantial development in relation to the fulfilment of the Resumption Conditions within two (2) Business Days, and issue the notification of closing within one (1) Business Day upon the receipt of the written confirmation from the Share Subscriber. The Resumption Announcement shall be released within six (6) Business Days from the date of issuance of the notification of closing, and the conditions precedent of the fulfilling the Resumption Conditions and the release of the Resumption Announcement, shall be regarded as fulfilled on the sixth Business Day upon the issuance of the notification of closing.

The Completion of Share Placing

The completion of Share Placing will take place on 4:00 p.m. of the Share Placing Completion Date.

The Company and the Share Subscriber shall not be obliged to complete the subscription of any of the Placing Shares unless the subscription of all the Placing Shares are completed simultaneously.

The allotment and issue of the Placing Shares is not subject to any further Shareholders' approval except the Share Specific Mandate.

Listing

The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Placing Shares.

Board Representation

As long as the Share Subscriber holds not less than 5% of the total issued share capital of the Company, the Share Subscriber shall, to the extent permitted under the applicable laws, the articles of association of the Company and the Listing Rules as amended from time to time, have the right to nominate one person to be appointed as a non-executive Director.

III. THE CB PLACING AGREEMENT

The principal terms of the CB Placing Agreement are set out below:

- Date** : 15 August 2017 (after trading hours)
- Issuer** : the Company
- Purchaser** : CNCB (Hong Kong) Investment Limited (信銀(香港)投資有限公司), a company incorporated in Hong Kong with limited liability
- The Lead Manager** : CNCB (Hong Kong) Capital Limited (信銀(香港)資本有限公司), a company incorporated in Hong Kong and licensed with the SFC to carry out type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, each of the Lead Manager, the Purchaser and their ultimate beneficial owners is an Independent Third Party, and none of the Lead Manager, the Purchaser or their respective associates hold any Shares as at the date of this announcement.

Subject to fulfilment, or waiver, of the conditions precedent set out below, the Lead Manager has agreed to procure the Purchaser to subscribe and pay for, the Convertible Bonds on a best efforts basis. The Convertible Bonds will be issued with an initial principal amount of US\$320,000,000.

Undertakings

The Company has, among other things, undertaken with the Lead Manager and the Purchaser that neither the Company nor any person acting on its behalf will: (a) issue, offer, sell, pledge, contract to sell or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any debt securities with covenants or any Shares or securities of the same class as the Convertible Bonds or the Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Convertible Bonds, the Shares or securities of the same class as the Convertible Bonds, the Shares or other instruments representing interests in the Convertible Bonds, the Shares or other securities of the same class as them, (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the Shares, (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (a), (b) or (c) is to be settled by delivery of Shares or other securities, in cash or otherwise or (d) announce or otherwise make public an intention to do any of the foregoing, in any such case without the prior written consent of the Lead Manager and the Purchaser (which consent shall not

be unreasonably withheld or delayed), between the date of the CB Placing Agreement and the date which is 60 days after the CB Closing Date (both dates inclusive); except for (a) the Convertible Bonds and the Conversion Shares; and (b) the sale of Shares under the Share Placing Agreement.

The Company shall procure the Controlling Shareholder to execute a lock-up undertaking, pursuant to which the Controlling Shareholder shall undertake to the Purchaser that between the date of the CB Placing Agreement and the date which is 60 days after the CB Closing Date, it will not, and will procure that none of its nominees, companies controlled by it and trusts associated with it (whether individually or together and whether directly or indirectly) and affiliates will (i) offer, lend, pledge, issue, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares directly or indirectly held by the Controlling Shareholder as at the date of the lock-up undertaking or any interests therein beneficially owned or held by the Controlling Shareholder or any securities convertible into or exercisable or exchangeable for or substantially similar to any such Shares or interests; or (ii) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Shares, whether any such transaction described in (i) or (ii) above is to be settled by delivery of the Shares directly or indirectly held by the Controlling Shareholder as at the date of the lock-up undertaking or such other securities, in cash or otherwise; or (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above, unless with the prior written consent of each of the Lead Manager and the Purchaser (whose consent shall not be unreasonably withheld or delayed).

Conditions Precedent

The completion of CB Placing is conditional upon:

- (i) obtaining the approval for the CB Placing Agreement and the transactions contemplated thereunder (including the grant of the CB Specific Mandate) of the Shareholders at the forthcoming EGM;
- (ii) the Listing Committee having agreed, subject to any conditions (if any) reasonably satisfactory to the Lead Manager and the Purchaser, to list the Conversion Shares; and
- (iii) the release of the Resumption Announcement, containing the Company's fulfilment of the Resumption Conditions and resumption of trading in the Shares on the Stock Exchange.

The Lead Manager and the Purchaser may, at their discretion and upon such terms as they think fit, waive compliance with the whole or any part of the above conditions precedent.

Termination

Notwithstanding anything contained in the CB Placing Agreement, the Lead Manager or the Purchaser may, after prior consultation with the Company to the extent practicable, by notice to the Company given at any time prior to payment of the net subscription monies for the Convertible Bonds to the Company, terminate the CB Placing Agreement in any of the following circumstances:

- (i) if there shall have come to the notice of the Lead Manager or the Purchaser any breach of, or any event rendering untrue or incorrect in any respect, any of the warranties and representations contained in the CB Placing Agreement or any failure to perform any of the Company's undertakings or agreements in the CB Placing Agreement;
- (ii) if any of the conditions precedent set out above has not been satisfied or waived by the Lead Manager or the Purchaser on or prior to 31 December 2017;
- (iii) if in the opinion of the Lead Manager, there shall have been, since the date of the CB Placing Agreement, any change, or any development involving a prospective change, in national or international monetary, financial, political or economic conditions (including any disruption to trading generally, or trading in any securities of the Company on any stock exchange or in any over-the-counter market) or currency exchange rates or foreign exchange controls such as would in its view, be likely to prejudice materially the success of the offering and distribution of the Convertible Bonds or dealings in the Convertible Bonds in the secondary market;
- (iv) if, in the opinion of the Lead Manager, there shall have occurred any of the following events: (a) a suspension or a material limitation in trading in securities generally on the New York Stock Exchange, the London Stock Exchange plc, the Singapore Exchange Securities Trading Limited and/or the Stock Exchange; (b) a suspension in trading for more than ten (10) consecutive days (or, provided that (1) the reasons for such suspension shall have been disclosed in full to the Lead Manager and the Purchaser upon such suspension and (2) such suspension and its reasons are not adverse to any member of the Group, twenty (20) consecutive days or such longer period as the Lead Manager and the Purchaser may agree in writing) in the Shares on the Stock Exchange after the issue of the Resumption Announcement; (c) a general moratorium on commercial banking activities in the United States, Singapore, Hong Kong, the PRC and/or the United Kingdom declared by the relevant authorities or a material disruption in commercial banking or securities settlement or clearance services in the United States, Hong Kong, Singapore, the PRC or the United Kingdom; or (d) a change or development involving a prospective change in taxation affecting the Company, the Convertible Bonds and the Conversion Shares; and
- (v) if, in the opinion of the Lead Manager, there shall have occurred any event or series of events (including the occurrence of any local, national or international outbreak or escalation of disaster, hostility, insurrection, armed conflict, act of terrorism, act of God or epidemic) as would in their view be likely to prejudice materially the success of the offering and distribution of the Convertible Bonds or dealings in the Convertible Bonds in the secondary market.

IV. INITIAL CONVERSION PRICE AND CONVERSION SHARES

The initial Conversion Price (subject to adjustment), being HK\$8.16 (assuming conversion at the Fixed Exchange Rate) per Share, represents;

- (i) a premium of approximately 15.74% over the closing price of the Shares as quoted on the Stock Exchange on 21 March 2017, being the Last Trading Day; and
- (ii) a premium of approximately 14.80% to the average closing price of the Shares over the last five (5) consecutive trading days up to and including 21 March 2017, being the Last Trading Day.

The initial Conversion Price was determined after arms' length negotiations between the parties with reference to the prevailing market price of the Shares. The net price of each Conversion Share to the Company, based on the estimated net proceeds of approximately US\$316,800,000 and 306,713,725 Conversion Shares (based on the initial Conversion Ratio of 191,696.1 Shares per Convertible Bond), is expected to be approximately US\$1.03.

Assuming full conversion of the Convertible Bonds at the initial Conversion Price of HK\$8.16, the Convertible Bonds will be convertible into approximately 306,713,725 Shares (subject to adjustment), representing (i) approximately 4.22% of the issued share capital of the Company as at the date of this announcement, (ii) approximately 4.05% of the issued share capital of the Company as enlarged by the issue of such 306,713,725 Shares, assuming no issue of Placing Shares, and (iii) approximately 3.66% of the issued share capital of the Company as enlarged by the issue of such 306,713,725 Shares, assuming the issue of Placing Shares is completed. The Conversion Shares will be allotted and issued by the Company pursuant to the CB Specific Mandate to be granted to the Directors at the EGM which will be held as soon as practicable.

V. PRINCIPAL TERMS AND CONDITIONS OF THE CONVERTIBLE BONDS

The principal terms of the Convertible Bonds, which will be constituted by the Trust Deed to be entered into between the Company and the Trustee, are summarised as follows:

Issuer : the Company

Principal Amount : US\$320,000,000

Issue Price : 100% of the principal amount of the Convertible Bonds

Interest

The Convertible Bonds bear interest from (and including) the CB Closing Date at the rate of 5.0% per annum calculated by reference to the principal amount thereof and payable in US dollars semi-annually.

Conversion Right

Holders of the Convertible Bonds have the right to convert their Convertible Bonds into Shares at any time during the Conversion Period at the then prevailing Conversion Price.

Conversion Price

The Convertible Bonds will be convertible into Shares at an initial Conversion Price of HK\$8.16 per Share. The Conversion Price will be subject to adjustment for, among other things, consolidation, subdivision or reclassification of Shares, capitalisation of profits or reserves, capital distributions, rights issues of shares or options over shares, rights issues of other securities, other dilutive events and Change of Control of the Company.

Conversion Period

The Convertible Bonds may be converted into Shares at any time during the Conversion Period (on or after the 41st day after the CB Issue Date up to the close of business on the tenth day prior to the maturity date (both days inclusive), or if such Convertible Bond has been called for redemption before the maturity date, then up to the close of business on a date no later than ten (10) days (both days inclusive) prior to the date fixed for redemption, or if notice requiring redemption has been given by the holder of such Convertible Bond, then up to the close of business on the day prior to the giving of such notice).

Ranking of Conversion Shares

The Conversion Shares will rank *pari passu* in all respects with the Shares then in issue on the relevant date of registration of the holder(s) of such Conversion Shares on the register of members of the Company.

Transfer

Other than during closed periods and subject to the terms of the agency agreement, the Convertible Bonds are transferable without restrictions.

Maturity

Unless previously redeemed, converted, purchased and cancelled, the Company will redeem each Convertible Bond on the maturity date at 100% of its principal amount together with accrued and unpaid interest.

Redemption

(A) Redemption for taxation reasons

At any time the Company may, having given not less than thirty (30) nor more than sixty (60) days' notice to the holders of Convertible Bonds (which notice shall be irrevocable), redeem the Convertible Bonds, in whole, but not in part, at a redemption price equal to their principal amount, together with accrued but unpaid interest to the date fixed for redemption, if the Company satisfies the Trustee immediately prior to the giving of such notice that (i) the Company has or will become obliged to pay any additional tax amounts in respect of any payment by the Company under or in respect of the Convertible Bonds, as a result of any change in, or amendment to, the laws or regulations of the Cayman Islands or Hong Kong or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 15 August 2017, and (ii) such obligation cannot be avoided by the Company taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Company would be obliged to pay such additional amounts were a payment in respect of the Convertible Bonds then due.

(B) Redemption for delisting or Change of Control

When (a) the Shares cease to be listed or admitted to trading or suspended for period equal to or exceeding 90 consecutive trading day on the Stock Exchange (or if applicable, an alternative stock exchange), or (b) there is a Change of Control with respect to the Company, the holder of each Convertible Bond will have the right, at such holder's option, to require, by giving notice to the paying agent (which notice shall be irrevocable and may not be withdrawn without the Company's consent), the Company to redeem all but not in part of that holder's Convertible Bonds at a redemption price equal to the early redemption amount prescribed therein together with interest accrued to the date fixed for redemption.

(C) Redemption at the option of the holders of the Convertible Bonds

The Company will, at the option of the holder of any Convertible Bonds who gives notice to the paying agent of not more than 60 days and not less than 30 days prior to the date that is three years from the CB Issue Date, redeem all or some only of such holder's Convertible Bonds at 106% of the principal amount, together with interest accrued to the date fixed for redemption.

Form of the Convertible Bonds and Denomination

The Convertible Bonds will be in registered form and in denomination of US\$200,000 each.

Ranking of the Convertible Bonds

The Convertible Bonds, when issued, will constitute direct, unsubordinated, unconditional and (subject to the terms and conditions of the Convertible Bonds) unsecured obligations of the Company and shall at all times rank *pari passu* and without any preference or priority among themselves.

Negative Pledge

The Company has, among other things, also undertaken that, so long as any Convertible Bonds remain outstanding (as defined in the Trust Deed), the Company will not, and will ensure that none of its subsidiaries will, create or have outstanding, any encumbrance (being a mortgage, charge, pledge, lien or other encumbrance or security interest securing any obligation of any person), upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness or any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Convertible Bonds the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as either (i) the Trustee shall in its absolute discretion deem not materially less beneficial to the interests of the holders of the Convertible Bonds or (ii) shall be approved by an extraordinary resolution (as defined in the Trust Deed) of the holders of the Convertible Bonds.

Listing

No application will be made by the Company to the Listing Committee for listing of the Convertible Bonds. An Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares.

VI. EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY FOLLOWING THE COMPLETION OF THE SHARE PLACING AND CB PLACING

Assuming there being no other change in the shareholding structure of the Company, the following table sets out the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after the completion of the Share Placing and CB Placing, assuming no conversion of the Convertible Bonds; and (iii) immediately after the completion of Share Placing and the full conversion of the Convertible Bonds at the initial Conversion Price:

| Shareholders | As at the date of this announcement | | Immediately after the completion of the Share Placing and the CB Placing, assuming no conversion of the Convertible Bonds | | Immediately after the completion of the Share Placing and the full conversion of the Convertible Bonds at the initial Conversion Price | |
|------------------------------------|-------------------------------------|--|---|--|--|--|
| | No. of Shares | % of the issued share capital of the Company | No. of Shares | % of the issued share capital of the Company | No. of Shares | % of the issued share capital of the Company |
| Hongqiao Holdings ⁽¹⁾ | 5,889,024,573 | 81.12 | 5,889,024,573 | 73.01 | 5,889,024,573 | 70.33 |
| The Share Subscriber | – | – | 806,640,670 | 10.00 | 806,640,670 | 9.63 |
| Holder(s) of the Conversion Shares | – | – | – | – | 306,713,725 | 3.66 |
| Other public Shareholders | 1,370,741,450 | 18.88 | 1,370,741,450 | 16.99 | 1,370,741,450 | 16.37 |
| Total | 7,259,766,023 | 100.00 | 8,066,406,693 | 100.00 | 8,373,120,418 | 100.00 |

Note⁽¹⁾: the entire issued share capital of Hongqiao Holdings is beneficially owned by Mr. Zhang Shiping and Mr. Zhang Shiping is deemed to be interested in the Shares held by Hongqiao Holdings. Ms. Zheng Shuliang, the spouse of Mr. Zhang Shiping, is deemed to be interested in all the Shares in which Mr. Zhang Shiping is interested.

VII. REASONS FOR AND BENEFITS OF THE SHARE PLACING AND THE CB PLACING AND USE OF PROCEEDS

The estimated gross proceeds of the Share Placing will be approximately HK\$5,485,156,556 and the net proceeds of the Share Placing, after the deduction of the related expenses, are estimated to be approximately HK\$5,481,000,000.

The estimated gross proceeds of the CB Placing will be approximately US\$320,000,000 and the net proceeds of the CB Placing, after the deduction of the related expenses, are estimated to be approximately US\$316,800,000.

The Company intends to use the net proceeds from the issue of the Placing Shares and the Convertible Bonds for the repayment of bank borrowings and replenishment of the Group's working capital.

The Directors consider that the Share Placing and the CB Placing will enlarge the shareholder and capital base of the Company and also increase the overall liquidity of the Shares and strengthen the financial

position of the Group. In addition, the Directors consider that the Share Placing and CB Placing will provide a good opportunity for the Group for its strategic development in the future while replenishing the capital base of the Group. As each of the Share Subscriber under the Share Placing and the Purchaser and the Lead Manager under the CB Placing is an affiliated company of CITIC Group Corporation (中國中信集團有限公司), the Directors believe that, the Share Placing and the CB Placing will be conducive for the comprehensive strategic cooperative partnership between the Company and CITIC Group Corporation, and will promote a deeper and wider cooperation between the Group and CITIC Group Corporation and its related enterprises. In addition, the Share Placing and CB Placing will be also mutually beneficial for each party to integrate its respective strengths and resources so as to create greater commercial value and achieve synergetic effect. Therefore, the Board is of the view that the Share Placing and the CB Placing are in the interests of the Company and Shareholders as a whole. For further details regarding the Group's cooperation with CITIC Group Corporation, please refer to the announcements of the Company dated 20 March 2017, 28 June 2017 and 7 July 2017, respectively.

The Directors consider that the terms and conditions of the Share Placing Agreement and the CB Placing Agreement which were each negotiated on an arm's length basis and agreed on normal commercial terms between the parties involved, are fair and reasonable, and the Share Placing and the CB Placing are in the interests of the Company and its Shareholders as a whole.

VIII. FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any fund-raising activity in the 12 months immediately preceding the date of this announcement.

IX. SPECIFIC MANDATES FOR THE ISSUE OF THE PLACING SHARES AND THE CONVERTIBLE BONDS

The Placing Shares and the Convertible Bonds will be allotted and issued pursuant to the Share Specific Mandate and the CB Specific Mandate, respectively to be sought from the Shareholders entitled to vote at the forthcoming EGM.

The Directors confirm that, to the best of their knowledge, information and belief after having made all reasonable enquiries, no Shareholder has a material interest in the Share Placing and the CB Placing.

X. GENERAL

The Company is incorporated in the Cayman Islands with limited liability and its Shares are listed on the Main Board of the Stock Exchange. The Group is principally engaged in the manufacture and sales of aluminum products.

The EGM will be convened and held by the Company to consider and, if thought fit, approve among others, (i) the Share Placing Agreement and the transactions contemplated thereunder (including the grant of the Share Specific Mandate), and (ii) the CB Placing Agreement and the transactions contemplated thereunder (including the grant of the CB Specific Mandate).

The Directors confirm that, to the best of their knowledge, information and belief after having made all reasonable enquiries, no Shareholder has a material interest in the Share Placing and the CB Placing. Accordingly, none of the Shareholders will be required to abstain from voting at the EGM in respect of the relevant resolution(s) relating to (i) the Share Placing Agreement and the transactions contemplated thereunder (including the Share Specific Mandate); and (ii) the CB Placing Agreement and the transactions contemplated thereunder (including the CB Specific Mandate).

A circular containing, among other things, further details regarding (i) the Share Placing Agreement, the transactions contemplated thereunder and the Share Specific Mandate, (ii) the CB Placing Agreement, the transactions contemplated thereunder and the CB Specific Mandate and (iii) a notice of EGM is expected to be despatched by the Company to the Shareholders as soon as practicable.

Shareholders and potential investors should note that the completion of the Share Placing and the CB Placing are subject to fulfillment of the respective conditions of the Share Placing Agreement and the CB Placing Agreement, including the Listing Committee having granted the listing of, and permission to deal in, the Placing Shares and the Conversion Shares. As the trading in the Shares on the Stock Exchange has been suspended since 22 March 2017, the Company understands that the Listing Committee would only consider whether to grant the listing of, and permission to deal in, the Placing Shares and the Conversion Shares after the Company has fulfilled all the Resumption Conditions. Therefore, the Share Placing and the CB Placing may or may not proceed, and the Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

XI. DEFINITIONS

| | |
|-----------------------|---|
| “associate(s)” | has the meaning as ascribed thereto in the Listing Rules |
| “Board” | the board of Directors |
| “Business Day(s)” | a day on which banks are generally open for business in Hong Kong (excluding Saturdays, Sundays and public holidays) |
| “CB Closing Date” | a date to be notified by the Company to the Purchaser and the Lead Manager, on which date the Convertible Bonds will be issued in a principal amount of US\$320,000,000 and subscribed by the Purchaser |
| “CB Issue Date” | the same date as the CB Closing Date and the date of issue of Convertible Bonds |
| “CB Placing” | the placing of Convertible Bonds under the terms and conditions of the CB Placing Agreement |
| “CB Specific Mandate” | the specific mandate in relation to the CB Placing under the CB Placing Agreement to be granted by the Shareholders to the Directors at the forthcoming EGM |

| | |
|---------------------------|--|
| “Change of Control” | <p>one or more of the following events:</p> <ul style="list-style-type: none"> (i) any person or persons acting together acquires control of the Company if such person or persons does not or do not have, and would not be deemed to have, control of the Company on the CB Issue Date; (ii) the Company consolidates with or merges into or sells or transfers all or substantially all of the assets of the Company to any other person, unless the consolidation, merger, sale or transfer will not result in the other person or persons acquiring control over the Company or the successor entity; or (iii) one or more persons acquires the legal or beneficial ownership of all or substantially all of the issued share capital of the Company |
| “Company” | China Hongqiao Group Limited, a company incorporated on 9 February 2010 as an exempt company with limited liability under the laws of Cayman Island and the shares of which are listed on the Stock Exchange (stock code: 1378) |
| “connected person(s)” | has the meaning ascribed thereto in the Listing Rules |
| “Controlling Shareholder” | Hongqiao Holdings |
| “Conversion Period” | on or after the 41st day after the CB Issue Date up to the close of business on the tenth day prior to the maturity date (both days inclusive), or if such Convertible Bonds has been called for redemption before the maturity date, then up to the close of business on a date no later than ten days prior to the date fixed for redemption, or if notice requiring redemption has been given by the holder of such Convertible Bond, then up to the close of business on the day prior the giving of such notice |
| “Conversion Price” | the price of HK\$8.16 per Share (subject to adjustment) at which the Convertible Bonds may be converted into Shares |
| “Conversion Ratio” | the principal amount of each Convertible Bond translated into Hong Kong dollars at the Fixed Exchange Rate divided by the applicable Conversion Price |
| “Conversion Shares” | the new Shares which may fall to be allotted and issued by the Company on conversion of the Convertible Bonds |

| | |
|----------------------------------|---|
| “Convertible Bond(s)” or “CB(s)” | US dollar denominated 5.0% convertible bonds to be issued by the Company due 2022 in a principal amount of US\$320,000,000 |
| “Director(s)” | director(s) of the Company |
| “EGM” | the extraordinary general meeting to be held as soon as practicable to approve, among other things, (i) the Share Placing Agreement and the transactions contemplated thereunder (including the granting of the Share Specific Mandate); and (ii) the CB Placing Agreement and the transactions contemplated thereunder (including the granting of the CB Specific Mandate) |
| “Fixed Exchange Rate” | the exchange rate between US\$ and HK\$ of US\$1.00 = HK\$7.8212 which is used to determine the Conversion Price |
| “Group” | the Company and its subsidiaries |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | Hong Kong Special Administrative Region of the PRC |
| “Hongqiao Holdings” | China Hongqiao Holdings Limited (中國宏橋控股有限公司), a company incorporated in the BVI with limited liability on 5 February 2010 and the Controlling Shareholder |
| “Independent Third Party(ies)” | person(s) who is/are third party(ies) independent of the Company and its connected persons |
| “Last Trading Day” | 21 March 2017, being the last trading day before the suspension of trading in the Shares |
| “Lead Manager” | CNCB (Hong Kong) Capital Limited (信銀(香港)資本有限公司), a company incorporated in Hong Kong, and licensed with the SFC to carry out type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO |
| “Listing Committee” | the listing committee of the Stock Exchange with responsibility for considering applications for listing and the granting of listing on the Main Board of the Stock Exchange |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |

| | |
|---------------------------|--|
| “Long Stop Date” | 31 December 2017 (or such later date as the Company and the Share Subscriber may agree) |
| “NDRC” | National Development and Reform Commission of the PRC (國家發展改革委員會) |
| “Placing Price” | HK\$6.80 per Placing Share |
| “Placing Share(s)” | 806,640,670 new Shares to be issued and allotted by the Company to the Share Subscriber, representing approximately 11.11% of the entire issued share capital of the Company as at the date of this announcement, and 10.00% of the enlarged issued share capital of the Company immediately after the completion of the Share Placing |
| “PRC” | the People’s Republic of China (excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan) |
| “Purchaser” | CNCB (Hong Kong) Investment Limited (信銀(香港)投資有限公司), a company incorporated in Hong Kong with limited liability |
| “Relevant Indebtedness” | any future or present indebtedness in the form of or represented by debentures, loan stock, bonds, notes, bearer participation certificates, depositary receipts, certificates of deposit or other similar securities or instruments or by bills of exchange drawn or accepted for the purpose of raising money which are or are issued with the intention on the part of the Company thereof that they should be quoted, listed, ordinarily dealt in or traded on any stock exchange or over the counter or on any other securities market (whether or not initially distributed by way of private placement) but shall not include any future or present indebtedness (a) under any secured loan facility (which term shall for these purposes mean any agreement for or in respect of indebtedness for borrowed money entered into with one or more banks and/or financial institutions whereunder rights and (if any) obligations may or may not be assigned and/or transferred) or (b) having an initial maturity of one year or less |
| “Resumption Announcement” | the announcement to be released by the Company regarding the fulfilment of the Resumption Conditions and the resumption of the trading in the Shares on the Stock Exchange |
| “Resumption Conditions” | the conditions for resumption of trading in the Shares imposed by the Stock Exchange to the Company on 13 June 2017 as disclosed in the announcement of the Company dated 14 June 2017 |

| | |
|---------------------------------|---|
| “SFC” | the Securities and Futures Commission of Hong Kong |
| “SFO” | the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong |
| “Share(s)” | the ordinary share(s) of US\$0.01 each in the share capital of the Company |
| “Shareholder(s)” | holder(s) of the Shares |
| “Share Placing” | the placing of Placing Shares in accordance with the terms and conditions of the Share Placing Agreement |
| “Share Placing Agreement” | the placing agreement entered into between the Company and the Share Subscriber dated 15 August 2017 (after trading hours) pursuant to which the Company has agreed to allot and issue and the Share Subscriber has agreed to subscribe for the Placing Shares in accordance with the terms and conditions set out therein |
| “Share Placing Completion Date” | means the later of (i) second Business Day following the day on which all the conditions as set out in the Share Placing Agreement are satisfied in full or (ii) the sixth Business Day upon the issuance of the notification of closing, being the date on which the completion occurs in accordance with the terms and conditions of the Share Placing Agreement, or at such other time and date as may be agreed by the Share Subscriber and the Company |
| “Share Specific Mandate” | the specific mandate in relation to Share Placing under the Share Placing Agreement to be granted by the Shareholders to the Directors at the forthcoming EGM |
| “Share Subscriber” | CTI Capital Management Limited (中信信惠國際資本有限公司), a company incorporated in Hong Kong with limited liability |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Trust Deed” | a trust deed to be entered into between the Company and the Trustee in connection with the offering of the Convertible Bonds |
| “Trustee” | The Bank of New York Mellon, London Branch |
| “United States” | the United States of America |
| “US\$” | US dollars, the lawful currency of the United States |

“%”

per cent.

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

Shandong, the PRC
15 August 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.

* *For identification purpose only*