

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. It is not an offer to sell or the solicitation of an offer to acquire, purchase, subscribe or dispose of any securities and neither this announcement nor anything herein forms the basis for any contract or commitment whatsoever.

Distribution of this announcement into jurisdictions other than Hong Kong may be restricted by law. Persons into whose possession this announcement comes should inform themselves of and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This announcement is not for release, publication or distribution, directly or indirectly, in or into the United States.

The securities referred to herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act") or the laws of any state in the United States, and may not be offered or sold within the United States, absent registration or an exemption from the registration requirements of the U.S. Securities Act and applicable state laws. There is no intention to register any portion of the rights issue or any securities described herein in the United States or to conduct a public offering of securities in the United States.



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 RIGHTS ISSUE OF
891,550,213 RIGHTS SHARES
AT THE
SUBSCRIPTION PRICE
OF HK\$4.31 PER RIGHTS SHARE ON THE BASIS OF
7 RIGHTS SHARES
FOR EVERY 50 SHARES HELD ON THE RECORD DATE
PAYABLE IN FULL ON ACCEPTANCE
AND
(2) CLOSURE OF REGISTER OF MEMBERS**

**Sole Global Coordinator, Sole Bookrunner and
Financial Adviser to the Company**



PROPOSED RIGHTS ISSUE

The Company proposes to raise approximately HK\$3,842,581,000, before expenses, by way of the Rights Issue of 891,550,213 Rights Shares on the basis of 7 Rights Shares for every 50 Shares held by each Qualifying Shareholder on the Record Date at the Subscription Price of HK\$4.31 per Rights Share payable in full on acceptance.

Pursuant to the terms of the Rights Issue, the Company will provisionally allot 7 Rights Shares in nil-paid form for every 50 existing Shares held by each Qualifying Shareholder on the Record Date. Fractional entitlements will not be allotted but will be aggregated and sold for the benefit of the Company. The Rights Issue is only available to Qualifying Shareholders and will not be available to the Non-Qualifying Shareholders.

The estimated gross proceeds of the Rights Issue will be approximately HK\$3,842,581,000.

The net proceeds of the Rights Issue are estimated to be approximately HK\$ 3,829,102,000 after the deduction of all estimated expenses. The net proceeds of the Rights Issue are intended to be used for general corporate purposes, including working capital and repayment of loans.

Pursuant to the conditions set out in the Underwriting Agreement, the Underwriters have conditionally agreed to fully underwrite the Underwritten Shares on a several basis (and not on a joint or joint and several basis). As at the Latest Practicable Date, Hongqiao Holdings (being one of the Underwriters) is interested in 5,000,000,000 Shares, representing approximately 78.51% of the total number of the Company's Shares in issue. Hongqiao Holdings is a connected person of the Company within the meaning of Rule 14A.07 of the Listing Rules. The transaction of Hongqiao Holdings acting as an underwriter for an issue of securities by the Company is exempt from the requirements of reporting, announcement and independent shareholders' approval pursuant to Rule 14A.92(2)(b) of the Listing Rules. It is not in the ordinary course of business of Hongqiao Holdings to underwrite shares.

WARNING OF THE RISKS OF DEALING IN SHARES AND NIL-PAID RIGHTS SHARES

The Underwriting Agreement contains provisions granting the Underwriters a right to terminate its obligations on the occurrence of certain events including force majeure so there are consequential risks in dealing in such rights. Please refer to the section headed “Termination of Underwriting Agreement” in this announcement for further details. The Rights Issue is conditional upon, among other things, the Underwriting Agreement becoming unconditional and not being terminated in accordance with its terms. If the Underwriting Agreement does not become unconditional or is terminated, the Rights Issue will not proceed.

The Shares are expected to be dealt in on an ex-rights basis from 14 January 2016. Dealings in the Rights Shares in the nil-paid form are expected to take place from 26 January 2016 to 2 February 2016 (both days inclusive).

Any Shareholders or other persons contemplating selling or purchasing Shares and/or Rights Shares in their nil-paid form are advised to exercise caution when dealing in the Shares and/or Rights Shares. Any person who is in any doubt about his/her/its position is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriters’ right of termination of the Underwriting Agreement ceases) and any person dealing in the nil-paid Rights Shares during the period from 26 January 2016 to 2 February 2016 (both days inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

TRADING ARRANGEMENT

The last day for dealings in the Shares on a cum-rights basis is 13 January 2016. The Shares will be dealt with on an ex-rights basis from 14 January 2016. To qualify for the Rights Issue, a Qualifying Shareholder’s name must appear on the Register of Members on the Record Date, which is currently expected to be 18 January 2016. In order to be registered as a member on the Record Date, any transfer of Shares (together with the relevant share certificate(s)) must be lodged with the Company’s Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong for registration by 4:30 p.m. on 15 January 2016 (the Register of Members will be closed from 18 January 2016 to 21 January 2016, both days inclusive).

GENERAL

As the proposed Rights Issue will not increase the number of issued shares or the market capitalisation of the Company by more than 50% or otherwise fall under any scenarios contemplated under Rule 7.19(6) of the Listing Rules, the Rights Issue is not subject to the approval of the Shareholders in a general meeting.

The Prospectus or, where applicable, the Prospectus Documents, containing further information on the Rights Issue is expected to be despatched by the Company to Qualifying Shareholders on or about the Prospectus Posting Date.

PROPOSED RIGHTS ISSUE

Rights Issue statistics

Basis of Rights Issue:	7 Rights Shares for every 50 existing Shares held on the Record Date
Subscription Price:	HK\$4.31 per Rights Share
Number of existing Shares in issue:	6,368,215,810 Shares as at the Latest Practicable Date
Number of Rights Shares to be issued under the Rights Issue:	891,550,213 Rights Shares
Amount to be raised:	approximately HK\$3,842,581,000, before expenses
Underwriters:	CMBI and Hongqiao Holdings
Sole Global Coordinator, Sole Bookrunner and Financial Adviser to the Company:	CMBI
Enlarged number of shares in issue upon completion of the Rights Issue	7,259,766,023 shares

In order to be registered as a member of the Company on the Record Date, purchasers of the Shares or investors in the Shares must lodge any transfers of Shares (together with the relevant share certificate(s)) with the Company's Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration no later than 4:30 p.m. on the Latest Time for Transfer.

Qualifying Shareholders who take up their pro rata entitlement in full will not suffer any dilution to their interests in the Company. If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.

The PRC Southbound Trading Investors may participate in the Rights Issue through ChinaClear. ChinaClear will provide nominee services for the PRC Southbound Trading Investors to (i) sell their nil-paid Rights Shares on the Stock Exchange; and/or (ii) subscribe for their pro rata entitlement in respect of Shares held on the Record Date at the Subscription Price under the Rights Issue in accordance with the relevant laws and regulations. However, ChinaClear will not support applications by such PRC Southbound Trading Investors for excess Rights Shares under the Rights Issue through Southbound Trading Link.

Overseas Shareholders

If there are Overseas Shareholders on the Record Date, the Overseas Shareholders may not be eligible to take part in the Rights Issue as explained below.

The Directors will make enquiries, to be based on legal advice provided by legal advisers if the Directors consider necessary, as to whether the issue of Rights Shares to Overseas Shareholders may contravene the applicable securities legislation(s) of the relevant overseas jurisdictions or the requirements of any relevant regulatory body or stock exchange pursuant to Rule 13.36(2)(a) of the Listing Rules. If, after making such enquiries, the Directors are of the opinion that it would be necessary or expedient, on account either of the legal restrictions under the Laws of the relevant place or any requirement of the relevant regulatory body or stock exchange in that place, not to offer Rights Shares to such Overseas Shareholders, no provisional allotment of nil-paid Rights Shares or allotment of fully-paid Rights Shares will be made to such Overseas Shareholders. Accordingly, the Rights Issue will not be extended to the Non-Qualifying Shareholders and no Rights Shares will be provisionally allotted to them.

The Company will send the Prospectus to the Non-Qualifying Shareholders for their information only but will not send PALs or EAFs to them. The Prospectus Documents are not intended to be registered or filed under the applicable securities legislation(s)

of any jurisdiction other than (i) Hong Kong; and (ii) the PRC, in accordance with the notice issued by the China Securities and Regulatory Commission of *the Provisions on the Recordation of the Placement of Shares to Existing Domestic Shareholders by Hong Kong-Listed Companies under the Southbound Trading Link* (Announcement 2014 No.48).

The basis of exclusion of the Non-Qualifying Shareholders, if any, from the Rights Issue will be disclosed in the Prospectus.

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence on the Stock Exchange and in any event before the last day for dealings in nil-paid Rights Shares, if a premium (net of expenses) can be obtained. The proceeds of each sale, less expenses and stamp duty, of more than HK\$100 will be paid to the relevant Non-Qualifying Shareholder(s) (pro rata to their entitlements on the Record Date) in Hong Kong dollars in form of cheque by ordinary post at their own risk. The Company will retain individual amounts of HK\$100 or less for the benefit of the Company. Any unsold entitlement of Non-Qualifying Shareholders, together with any Rights Shares provisionally allotted but not accepted, will be made available to meet excess application on EAFs by the Qualifying Shareholders (other than the PRC Southbound Trading Investors).

Overseas Shareholders and beneficial owners of Shares who are residing outside Hong Kong should note that they may or may not be entitled to participate in the Rights Issue subject to the results of enquiries made by the Company. The Company reserves the right to treat as invalid any acceptance of or applications for the Rights Shares where it believes that such acceptance or application would violate the applicable securities or other Laws or regulations of any territory or jurisdiction. Accordingly, such Overseas Shareholders and beneficial owners of Shares who are residing outside Hong Kong should exercise caution when dealing in the Shares.

Closure of Register of Members

The Register of Members will be closed from 18 January 2016 to 21 January 2016 (both days inclusive) for determining the entitlements to the Rights Issue. No transfer of Shares will be registered during this period.

Odd Lot Arrangement

In order to facilitate the trading of odd lots of the Shares arising from the Rights Issue, a designated broker will be appointed to match the purchase and sale of odd lots of the Shares at the relevant market price per Share for the period from Friday, 19 February 2016 to Wednesday, 9 March 2016 (both dates inclusive). Holders of odd lots of Shares should note that successful matching of the sale and purchase of odd lots of Shares is not guaranteed. Any Shareholder who is in any doubt about the odd lot arrangement is recommended to consult his/her/its own professional advisers. Details of the odd lot arrangement will be provided in the Prospectus.

TERMS OF THE RIGHTS ISSUE

Subscription Price

The Subscription Price for the Rights Shares is HK\$4.31 per Rights Share, payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of Rights Shares or, where applicable, upon application for excess Rights Shares under the Rights Issue or when a transferee of nil-paid Rights Shares applies for the relevant Rights Shares.

The Subscription Price represents:

- (i) same as the closing price of HK\$4.31 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 2.78% to the average of the closing prices per Share as quoted on the Stock Exchange for the five previous consecutive trading days up to and including the Last Trading Day of approximately HK\$4.43;
- (iii) a discount of approximately 1.49% to the average of the closing prices per Share as quoted on the Stock Exchange for the ten previous consecutive trading days up to and including the Last Trading Day of approximately HK\$4.38; and
- (iv) same as the theoretical ex-rights price of approximately HK\$4.31 per Share based on the closing price of HK\$4.31 per Share as quoted on the Stock Exchange on the Last Trading Day.

Each Rights Share has a par value of US\$0.01.

The Subscription Price was determined by the Board with reference to the closing price of the Shares as quoted on the Stock Exchange on the Latest Practicable Date and the financial conditions of the Company. Each Qualifying Shareholder is entitled to subscribe for the Rights Shares at the same price in proportion to his/her/its shareholding in the Company held on the Record Date.

After taking into consideration the reasons for the Rights Issue and the use of proceeds, the Directors consider the terms of the Rights Issue, including the Subscription Price (and the discount or premium to the relative values as indicated above), to be fair and reasonable and to be in the interests of the Company and the Shareholders as a whole.

Basis of provisional allotment

The basis of the provisional allotment shall be 7 Rights Shares for every 50 existing Shares held on the Record Date, being 891,550,213 Rights Shares in aggregate, at a price of HK\$4.31 per Rights Share by Qualifying Shareholders. Acceptance for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing the PAL and lodging the same with a remittance for the Rights Shares being applied for.

Fractions of Rights Shares

The entitlement of Qualifying Shareholders will be rounded down to the nearest whole number. The Company will not provisionally allot and will not accept applications for any fractions of Rights Shares. All fractions of Rights Shares will be aggregated and all nil-paid Rights Shares arising from such aggregation will be sold in the market if a premium (net of expenses) can be obtained, and the Company will retain the proceeds for its own benefit. Any unsold fractions of Rights Shares will be available to meet excess application by the Qualifying Shareholders (other than the PRC Southbound Trading Investors).

Share certificates and refund cheques for Rights Issue

Subject to the fulfilment of the conditions of the Rights Issue, share certificates for all fully-paid Rights Shares are expected to be posted on or before 18 February 2016 to those who have accepted and (where applicable) applied for, and paid for, the Rights Shares by ordinary post at their own risk.

Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted on or before 18 February 2016 by ordinary post to the applicants at their own risk.

Status of Rights Shares

The Rights Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects with the existing Shares in issue. Holders of the fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of issue and allotment of the Rights Shares in their fully-paid form.

Application for excess Rights Shares

Qualifying Shareholders (other than the PRC Southbound Trading Investors) may apply, by way of excess application, for any unsold entitlements of the Non-Qualifying Shareholders (if any), any unsold Rights Shares created by adding together fractions of the Rights Shares, and any Rights Shares provisionally allotted but not accepted by Qualifying Shareholders or otherwise subscribed for by transferees of nil-paid Rights Shares.

Applications for excess Rights Shares may be made only by Qualifying Shareholders (other than the PRC Southbound Trading Investors) and only by completing an EAF and lodging the same with a separate remittance for the excess Rights Shares being applied for at Company's Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong by a time which is currently expected to be 4:00 p.m. 5 February 2016 or such later time as may be agreed between the Company and the Underwriters.

The Directors will allocate the excess Rights Shares (if any) at their discretion on a fair and equitable basis, according to the principle that any excess Rights Shares will be allocated to Qualifying Shareholders (other than the PRC Southbound Trading Investors) who apply for them on a pro rata basis by reference to the number of excess Rights Shares applied for but no reference will be made to Rights Shares comprised in acceptances by PAL or the existing number of Shares held by Qualifying Shareholders. If the aggregate number of Rights Shares not taken up by the Qualifying Shareholders under PALs is greater than the aggregate number of excess Rights Shares applied for through EAFs, the Directors will allocate to each Qualifying Shareholder (other than the PRC Southbound Trading Investors) who applies for excess Rights Shares in full application. No preference will be given to topping up odd lots to whole board lots.

Shareholders whose Shares are held by a nominee (or which are held in) should note that the Board will regard a nominee (including HKSCC Nominees Limited) whose name appears on the Register of Members as a single Shareholder ("**Registered Nominee**") under the aforesaid arrangement in relation to the allocation of excess Rights Shares. Accordingly, the aforesaid arrangement will not be extended to the beneficial owners individually. Beneficial owners who hold Shares through a Registered Nominee are advised to consider whether they would like to arrange for the registration of their Shares in their own names prior to 4:30 p.m. on the Latest Time for Transfer.

Shareholders whose Shares are held by a Registered Nominee and who would like to have their names registered on the Register of Members, must lodge all necessary documents with the Registrar, by 4:30 p.m. on the Latest Time for Transfer. The Register of Members will be closed from 18 January 2016 to 21 January 2016 (both days inclusive).

If a Qualifying Shareholder (other than the PRC Southbound Trading Investors) wishes to apply for excess Rights Shares in addition to his/hers/its provisional allotment, he/she/it must complete and sign a EAF and lodge it, together with a separate remittance for the amount payable on application in respect of the excess Rights Shares applied for, at Company's Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong by a time which is currently expected to be 4:00 p.m. on 5 February 2016, or such later time and/or date as may be agreed between the Company and the Underwriters.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares (subject to allotment) in both nil-paid and fully-paid forms. No part of the securities of the Company is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought on any other stock exchange. The nil-paid Rights Shares shall have the same board lot size as the existing Shares (i.e. 500 Shares in one board lot).

Stamp duty and other applicable fees and charges

Dealings in the Rights Shares (in both nil-paid and fully-paid forms) will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy and other applicable fees and charges in Hong Kong.

RIGHTS SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the listing of, and the permission to deal in, the Rights Shares in both nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in with effect from the commencement date of dealings in the Rights Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in on the second settlement day thereafter.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their stockbroker or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

UNDERWRITING ARRANGEMENTS FOR RIGHTS ISSUE

Principal terms of Underwriting Agreement

Pursuant to the conditions set out in the Underwriting Agreement, the Underwriters have conditionally agreed to fully underwrite the Underwritten Shares on a several basis (and not joint or joint and several basis).

Date:	8 January 2016
Parties:	(i) the Company and (ii) the Underwriters
Number of Rights Shares underwritten :	Underwritten Shares Hongqiao Holdings has agreed to underwrite at least 99% of the Remaining Shares, with the balance to be underwritten by CMBI
Underwriters' commission:	The underwriters will not charge any underwriting commission of the Underwritten Shares for which the Underwriters have agreed to subscribe or procure Subscription

As at the Latest Practicable Date, Hongqiao Holdings is interested in 5,000,000,000 Shares, representing approximately 78.51% of the total number of the Company's Shares in issue. Hongqiao Holdings is a connected person of the Company within the meaning of Rule 14A.07 of the Listing Rules. The transaction of Hongqiao Holdings acting as an underwriter for an issue of securities by the Company is exempt from the requirements of reporting, announcement and independent shareholders' approval pursuant to Rule 14A.92(2)(b) of the Listing Rules. It is not in the ordinary course of business of Hongqiao Holdings to underwrite shares. In addition, Hongqiao Holdings is beneficially owned by Mr. Zhang Shiping. As Mr. Zhang Shiping has a material interest in the Underwriting Agreement by virtue of his interest in Hongqiao Holdings, he and his spouse, Ms. Zheng Shuliang, who is also an executive Director, have abstained from voting on the board resolution approving the Underwriting Agreement.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, CMBI and its ultimate holding company are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

The Directors consider that the Underwriting Agreement is (i) entered into on normal commercial terms; and (ii) fair and reasonable so far as the Shareholders are concerned.

Given that Hongqiao Holdings (being one of the Underwriters) is a connected person of the Company under the Listing Rules, the Shares held by it and certain Directors of the Company will not be regarded as part of the public float for the purposes of the Company's compliance with the minimum public float requirement under Rule 8.08 of the Listing Rules.

Conditions of Rights Issue and Underwriting Agreement

The Rights Issue is conditional upon the Underwriting Agreement becoming unconditional and not being terminated. The obligations of the Underwriters to underwrite the Rights Issue are conditional upon fulfilment of the following conditions:

- (a) the release of the Announcement in Hong Kong within one Business Day from the date of the Underwriting Agreement;
- (b) the delivery to the Stock Exchange for authorisation and registration with the Registrar of Companies respectively two copies of each of the Prospectus, Provisional Allotment Letter and Excess Application Form duly certified by one Director (or by their agents duly authorised in writing) as having been approved by a resolution of the Board or the duly authorised committee of the Board (and with all other documents required to be attached thereto under the Companies (Winding Up and Miscellaneous Provisions) Ordinance) and the Registrar of Companies registering the Prospectus not later than the Prospectus Posting Date and otherwise in compliance with the Listing Rules, the Companies Ordinance and the Companies (Winding Up and Miscellaneous Provisions) Ordinance ;
- (c) the registration and filing of the Prospectus Documents with the Registrar of Companies;
- (d) the posting of the relevant Prospectus Documents to the Qualifying Shareholders and (subject to the restrictions, if any, under the relevant overseas laws and regulations) the posting of the Prospectus stamped "For Information Only" to the Non-Qualifying Shareholders, if applicable, and in each case, on the Prospectus Posting Date, provided, however, that the Prospectus shall not be despatched to Non-Qualifying Shareholders who have registered addresses, or whom the Company knows to be residents, in the United States;

- (e) the Underwriters receiving from the Company all conditions precedent documents as set out in the Underwriting Agreement in accordance with the times specified therein;
- (f) the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, the Rights Shares, in nil-paid and fully-paid forms, before 8:00 a.m. on Tuesday, 26 January 2016 and Friday, 19 February 2016, being the expected date of commencement of dealings in the nil-paid Rights Shares and fully-paid Rights Shares respectively (or such other date as may be agreed between the Company and the Underwriters), and such approval and permission not being revoked prior to the Latest Time for Termination;
- (g) each condition to enable the nil-paid Rights and the fully paid Rights Shares to be admitted as eligible securities for deposit, clearance and settlement in CCASS having been satisfied not later than the Business Day prior to the first day of dealings in nil-paid Rights or the fully paid Rights Shares (as the case may be) as set out in the Prospectus and no notification having been received by the Company from HKSCC by such date that such admission or facility for holding and settlement has been or is to be refused;
- (h) fulfilment by Hongqiao Holdings with all of its obligations under the deed of irrevocable undertaking given by Hongqiao Holdings;
- (i) the Shares remaining listed on the Stock Exchange at all times up to and including the Latest Time for Termination and the current listing of the Shares not having been withdrawn or the trading of the Shares not having been suspended for a consecutive period of more than ten trading days (other than any suspension pending clearance of the Announcement) and no indication being received before the Latest Time for Termination from the Stock Exchange to the effect that such approval for listing may be withdrawn or objected to (or conditions will or may be attached thereto) including but not limited to as a result of the Rights Issue or in connection with the terms of the Underwriting Agreement or for any other reason; and
- (j) obligations of the Underwriters under the Underwriting Agreement not being terminated by the Underwriters in accordance with termination clause of the Underwriting Agreement.

If any of the above conditions is not fulfilled and/or waived in whole or in part by the Underwriters at or before the Latest Time for Termination (or such later time and/or date as the Company and the Underwriters may agree), the Underwriting Agreement, save in respect of the surviving clauses, shall terminate and the obligations of the parties shall immediately cease and be null and void and none of the parties shall, save in respect of the surviving clauses and any right or liability accrued before such termination, have any right against or liability towards any of the other parties arising out of or in connection with the Underwriting Agreement.

Termination of Underwriting Agreement

The Underwriting Agreement contains provisions granting the Underwriters, by notice to the Company and Hongqiao Holdings, the right to terminate the Underwriting Agreement on the occurrence of following events:

If, at any time prior to the Latest Time for Termination:

(a) there shall develop, occur, exist or come into effect:

- (i) any new Laws or any change in existing Laws or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or the PRC; or
- (ii) any local, national or international event or change (whether or not foregoing part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement) of a political, military, financial, economic, fiscal, industrial, legal, regulatory, currency or market conditions or other nature (whether or not ejusdem generis with any of the foregoing) or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets; or
- (iii) any change, or any development involving a prospective change, or any event or circumstance likely to result in a change, in or affecting the assets, liabilities, business, general affairs, management, shareholders' equity, profits, losses, results of operations, financial position or condition, or performance of the Company and the other members of the Group, taken as a whole; or

- (iv) any event or circumstance in the nature of force majeure (including, without limitation, any act of government, economic sanctions, strike or lock-out (whether or not covered by insurance), riot, fire, explosion, flooding, earthquake, civil commotion, act or declaration of war, outbreak or escalation of hostilities (whether or not war is or has been declared), act of terrorism (whether or not responsibility has been claimed), act of God, pandemic, epidemic, outbreak of infectious disease, declaration of a state of emergency or calamity or crisis; or
- (v) a general moratorium on commercial banking activities declared by relevant authorities in Hong Kong, the PRC, the United States or the European Union (as a whole) or a material disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in Hong Kong, the PRC, the United States or the European Union (as a whole); or
- (vi) any change, or any development involving a prospective change, or any event or circumstance likely to result in a change, in or affecting any Taxation, exchange controls or currency exchange rates in Hong Kong, the PRC, the United States or the European Union (as a whole); or
- (vii) any suspension of dealings in the Shares for a period of more than ten consecutive Business Days (other than as a result of announcing the Rights Issue) during the period from the date of the Underwriting Agreement to the Latest Time for Termination; or
- (viii) an authority or a political body or organisation in any relevant jurisdiction commencing any investigation in respect of any serious or indictable offence against any Director of the Company, rendering such Director disqualified to perform his or her duties as a Director of the Company;

which, in the sole and absolute opinion of the Underwriters:

- (1) has or will have or is likely to have a material adverse effect on the business or financial or trading position of the Group or the Rights Issue; or
- (2) has or will have or is likely to have a material adverse effect on the success of the Rights Issue or the level of Rights Shares taken up; or
- (3) makes it inadvisable or inexpedient for the Company to proceed with the Rights Issue; or

- (b) there comes to the notice of the Underwriters:
- (i) any matter or event showing any of the warranties was, when given, untrue or misleading or as having been breached in any material respect; or
 - (ii) any material breach by the Company of the Underwriting Agreement, or any material breach by Hongqiao Holdings of the deed of irrevocable undertaking given by Hongqiao Holdings or their respective obligations contained therein; or
 - (iii) there is any event or matter or any other reason which would or may result in Hongqiao Holdings not having sufficient financial resources to discharge all of its obligations under the Underwriting Agreement and the deed of irrevocable undertaking given by Hongqiao Holdings; or
 - (iv) there is any event or change or any other reason which would or may result in that a supplemental prospectus is or will be or is required to be issued, whether required by the Stock Exchange or not,

then and in any such case the Underwriters may (except in respect of (b)(iii) above only, CMBI may act solely), upon giving notice to the Company and Hongqiao Holdings (where applicable), terminate the Underwriting Agreement with immediate effect.

In the event any of the Underwriters exercise its right to terminate the Underwriting Agreement prior to the Latest Time for Termination, the obligations of all parties thereunder shall terminate forthwith (save in respect of certain rights or obligations under the Underwriting Agreement) and no party will have any claim against any other for costs, damages, compensation or otherwise provided that such termination shall be without prejudice to the rights of the Company and the Underwriters in respect of any breach of the Underwriting Agreement occurring prior to such termination.

If any of the Underwriters exercise such rights, the Underwriting Agreement will not become unconditional and the Rights Issue will not proceed. Further announcement will be made by the Company if the Underwriting Agreement is terminated by the any of the Underwriters.

Lock-up undertakings

The Company has undertaken to the Underwriters that, without the prior written consent of the Underwriters, the Company shall not, except for certain circumstances, at any time during the period commencing on the date of the Underwriting Agreement and ending on, and including, the date which is 45 days after the first day of trading of the Rights Shares in fully-paid form on the Stock Exchange:

- (i) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, hedge, lend, grant or sell any option, warrant, contract or right to allot, issue, sell, subscribe for, or otherwise create an encumbrance over, or contract or agree to create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or any other securities of the Company, or any interest in any of the foregoing, or deposit Shares with a depository in connection with the issue of depository receipts; or
- (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or any other securities of the Company, or any interest in any of the foregoing; or
- (iii) enter into any transaction with the same economic effect as any transaction specified in (i) or (ii) above; or
- (iv) offer to or agree to or announce any intention to effect any transaction specified in (i), (ii) or (iii) above.

Irrevocable undertakings by Hongqiao Holdings

Hongqiao Holdings has irrevocably undertaken to the Company and CMBI, among others, that (i) it will accept all the Rights Shares to be provisionally allotted to it or its nominee; (ii) it shall not, and shall procure that companies controlled by it (whether directly or indirectly) not to, dispose of or transfer the Rights Shares to be provisionally allotted to it or its nominee; (iii) shall not dispose of or transfer its beneficial interests in any of the Shares owned by it or otherwise deal in or acquire any interests in the Shares or interests therein before the Record Date; and (iv) shall not apply for additional Rights Shares.

Save for the undertaking from Hongqiao Holdings, the Company has not obtained undertakings from any other Shareholders that they will subscribe for any or all of the Rights Shares to be provisionally allotted to them.

WARNING OF THE RISKS OF DEALING IN SHARES AND NIL-PAID RIGHTS SHARES

The Shares are expected to be dealt in on an ex-rights basis from 13 January 2016. Dealings in the Rights Shares in nil-paid form are expected to take place from 26 January 2016 to 2 February 2016 (both days inclusive). The Rights Issue is conditional upon the Underwriting Agreement becoming unconditional. If the conditions of the Rights Issue are not fulfilled or waived, or if any of the Underwriters terminate the Underwriting Agreement, the Rights Issue will not proceed, in which case a further announcement will be made by the Company or the relevant time.

Any Shareholders or other persons contemplating selling or purchasing Shares and/or Rights Shares in their nil-paid form are advised to exercise caution when dealing in the Shares and/or Rights Shares. Any person who is in any doubt about his/her/its position is recommended to consult his/her/its own professional adviser. Any Shareholder or other person dealing in Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriters' right of termination of the Underwriting Agreement ceases) and any person dealing in the nil-paid Rights Shares during the period from 27 January 2016 to 3 February 2016 (both days inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

EXPECTED TIMETABLE OF THE RIGHTS ISSUE

The expected timetable for the proposed Rights Issue is set out below:

Last day of dealings in Shares on a cum-rights basis	13 January 2016
First day of dealings in Shares on an ex-rights basis	14 January 2016
Latest time for lodging transfers of Shares and related documents in order to qualify for the Rights Issue	4:30 p.m., 15 January 2016
Register of Members closes	18 January 2016 to 21 January 2016 (both days inclusive)
Record Date	18 January 2016
Register of Members re-open	22 January 2016

Despatch of the Prospectus Documents	22 January 2016
First day of dealings in nil-paid Rights Shares	9:00 a.m., 26 January 2016
Latest time for splitting of nil-paid Rights Shares	4:00 p.m., 28 January 2016
Last day of dealings in nil-paid Rights Shares.....	4:00 p.m., 2 February 2016
Latest time for payment for and acceptance of Rights Shares and the application and payment for the excess Rights Shares.....	4:00 p.m., 5 February 2016
Rights Issue expected to become unconditional after.....	4:00 p.m., 12 February 2016
Announcement of results of acceptance and excess application of the Rights Issue.....	17 February 2016
Despatch of refund cheques for wholly and partially unsuccessful excess applications on or before	18 February 2016
Share certificates for Rights Shares to be posted on or before ..	18 February 2016
First day of dealings in fully-paid Rights Shares	9:00 a.m., 19 February 2016
Designated broker starts to stand in the market to provide matching services for odd lots of Shares	19 February 2016
The last day for the designated broker to provide matching services for odd lots of Shares	9 March 2016

Note: All times and dates in this announcement refer to Hong Kong local times and dates. Dates or deadlines specified in this announcement are indicative only and may be varied by agreement between the Company and the Underwriters. Any consequential changes to the expected timetable will be published or notified to Shareholders and the Stock Exchange as appropriate.

Effect of bad weather on latest time for acceptance of and payment for Rights Shares

The latest time for acceptance of and payment for the Rights Shares will not take place as shown if there is a tropical cyclone warning signal no. 8 or above, or a “black” rainstorm warning:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on 5 February 2016. Instead the latest time for acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day; or

- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on 5 February 2016. Instead the latest time of acceptance of and payment for the Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m..

If the latest time for acceptance of and payment for the Rights Shares does not take place on 5 February 2016, the dates mentioned in the section headed “Expected timetable of the Rights Issue” above may be affected. The Company will notify its Shareholders by way of announcements on any change to the expected timetable as soon as practicable.

REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS OF THE RIGHTS ISSUE

The Board considers that it is an opportune moment for the Company to strengthen its financial position through the Rights Issue after having considered various fund raising methods. The Board considers that it is prudent to support the continuing development of the Group’s business activities by way of the Rights Issue which will not only strengthen the Group’s working capital base and repay the loans, but also provide all Qualifying Shareholders the opportunity to participate in the future business development of the Group through the Rights Issue at the Subscription Price same as the closing price of HK\$4.31 per Share as quoted on the Stock Exchange on the Last Trading Day. In addition, Hongqiao Holdings’ acting as an underwriter to this Rights Issue fully signifies its strong support to the Company as the major shareholder and its full confidence in the development prospect of the Company.

The estimated gross proceeds of the Rights Issue will be approximately HK\$3,842,581,000.

The net proceeds of the Rights Issue are estimated to be approximately HK\$3,829,102,000 after the deduction of all estimated expenses. 80% of the net proceeds are intended to be used as working capital of the Group, primarily for procurement of raw materials. 20% of the net proceeds are intended to be used to repay certain loans of the Group.

The estimated expenses of the Rights Issue (including the underwriting commission, financial advisory fees, printing, registration, translation, legal and accounting charges and other related expenses) amount to approximately HK\$13,479,000 and will be borne by the Company. The net subscription price per Rights Share upon full acceptance of the relevant provisional allotment of Rights Shares is expected to be approximately HK\$4.29.

EFFECT OF RIGHTS ISSUE ON SHAREHOLDINGS IN THE COMPANY

Set out below is the shareholding structure of the Company as at the Latest Practicable Date and immediately after completion of the Rights Issue assuming that there is no change in the shareholding structure of the Company from the Latest Practicable Date to immediately before completion of the Rights Issue:

	Immediately after completion of Rights Issue					
	Immediately before completion of Rights Issue		(assuming all Rights Shares are subscribed by the Qualifying Shareholders)		(assuming none of the Rights Shares are subscribed by the Qualifying Shareholders (except for Hongqiao Holdings))	
	<i>No. of Shares</i>	<i>Approximate (%)</i>	<i>No. of Shares</i>	<i>Approximate (%)</i>	<i>No. of Shares</i>	<i>Approximate (%)</i>
Hongqiao Holdings	5,000,000,000	78.51	5,700,000,000	78.51	5,889,634,711	81.13
CMBI	—	—	—	—	1,915,502	0.03
Public Shareholders	<u>1,368,215,810</u>	<u>21.49</u>	<u>1,559,766,023</u>	<u>21.49</u>	<u>1,368,215,810</u>	<u>18.85</u>
Total:	<u>6,368,215,810</u>	<u>100</u>	<u>7,259,766,023</u>	<u>100</u>	<u>7,259,766,023</u>	<u>100</u>

Notes:

- (1) As at the Latest Practicable Date, the Company has 6,368,215,810 Shares in issue.
- (2) The figures assume that all Shareholders are Qualifying Shareholders.
- (3) The figures assume that CMBI underwrites 1% of the Remaining Shares.

EQUITY FUND RAISING BY THE COMPANY IN THE PAST TWELVE MONTHS

The Company has not raised any funds on any issue of equity securities in the 12 months preceding the date of this announcement.

INFORMATION OF THE GROUP

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

GENERAL

On the basis that the Rights Issue is being offered to Shareholders (excluding, for these purposes, Non-Qualifying Shareholders) pro rata to their existing shareholdings (apart from fractional entitlements to Rights Shares), in accordance with Listing Rule 13.36(2), there is no requirement for the Directors to issue the Rights Shares pursuant to the 2015 General Mandate.

As the proposed Rights Issue will not increase the number of issued Shares or the market capitalisation of the Company by more than 50%, or otherwise fall under any scenarios contemplated under Rule 7.19(6) of the Listing Rules, the Rights Issue is not subject to the approval of the Shareholders in a general meeting.

The Prospectus or, where applicable, the Prospectus Documents, containing further information on the Rights Issue is expected to be despatched by the Company to Qualifying Shareholders on or about the Prospectus Posting Date.

DEFINITIONS

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

“2015 General Mandate”	the mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 19 May 2015
“Board”	the board of directors of the Company
“Business Day”	any day (other than a Saturday and public holiday or a day on which a tropical cyclone warning signal no.8 or above or a “black” rainstorm warning signal is hoisted in Hong Kong) on which banks are generally open for normal business in Hong Kong
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC Limited
“ChinaClear”	China Securities Depository and Clearing Corporation Limited

“CMBI”	CMB International Capital Limited
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended from time to time
“Company”	China Hongqiao Group Limited, a company incorporated on 9 February 2010 as an exempted company with limited liability under the Laws of the Cayman Islands, the shares of which are listed on the Stock Exchange (Stock Code: 1378)
“connected person”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“EAF(s)”	the excess application form(s) to be issued to Qualifying Shareholders (other than the PRC Southbound Trading Investors) in respect of applications for excess Rights Shares in connection with the Rights Issue
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“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 one of the controlling shareholders of the Company
“Last Trading Day”	8 January 2016, being the last full trading date for the Shares before the release of this announcement
“Latest Practicable Date”	8 January 2016

“Latest Time for Termination”	means 4:00 p.m. on, Tuesday, 12 February 2016 or such later time as may be agreed between the Company and the Underwriters after the latest time for acceptance, being the latest time by which any of the Underwriters may terminate the Underwriting Agreement
“Latest Time for Transfer”	4:30 p.m. on 15 January 2016, being the latest time for lodging transfer of Shares prior to the closure of Register of Members
“Laws”	any national, central, federal, provincial, state, regional, municipal, local or foreign laws, statutes, ordinances, legal codes, regulations or rules, including without limitation, common law or case law and any rules, regulations, guidelines, circulars (in each case, to the extent mandatory or, if not complied with, the basis for legal, administrative or regulatory consequences), judgments or rulings
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange from time to time
“Non-Qualifying Shareholder(s)”	Overseas Shareholder(s) in respect of whom the Directors, after making relevant enquiries, consider it necessary or expedient to exclude from the Rights Issue on account either of the legal restrictions under the Laws of the relevant place in which the Overseas Shareholder is located or the requirements of any relevant regulatory body or stock exchange in that place
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear on the Register of Members on the Record Date and whose address(es) as shown on such register is/are in a place(s) outside Hong Kong or beneficial owners (other than the Southbound Trading Investors) who are otherwise known by the Company to be residents of any jurisdiction(s) outside of Hong Kong
“PAL(s)”	the provisional allotment letter(s) to be issued to the Qualifying Shareholders in respect of their assured entitlements in connection with the Rights Issue

“PRC”	The People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan
“PRC Southbound Trading Investors”	the PRC investors who hold the shares of Hong Kong listed companies through ChinaClear as nominee under the Southbound Trading Link
“Prospectus”	the prospectus to be issued in connection with the Rights Issue
“Prospectus Documents”	The Prospectus, the PAL(s) and any other documents issued by or with the authority of the Company in connection with the Rights Issue
“Prospectus Posting Date”	22 January 2016, or such other date as the Underwriters may agree in writing with the Company for the despatch of the Prospectus Documents
“Qualifying Shareholder(s)”	Shareholder(s), other than the Non-Qualifying Shareholder(s), whose name(s) appear on the Register of Members on the Record Date
“Record Date”	15 January 2016, or such other date as the Underwriters may agree in writing with the Company as the date by reference to which entitlements under the Rights Issue will be determined
“Register of Members”	the register of members of the Company
“Registrar”	Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong, being the Company’s share registrar and transfer office in Hong Kong
“Remaining Shares”	the number of Underwritten Shares which have not been taken up by the Qualifying Shareholders
“Rights Issue”	the proposed issue by the Company of the Rights Shares at the Subscription Price on the basis of 7 Rights Shares for every 50 existing Shares held on the Record Date, payable in full on acceptance

“Rights Share(s)”	891,550,213 new Shares to be allotted and issued under the Rights Issue
“SFC”	The Securities and Futures Commission
“Share(s)”	existing 6,368,215,810 share(s) of the Company with a par value of US\$0.01
“Shareholder(s)”	holder(s) of the Shares
“Sole Global Coordinator, Sole Bookrunner and Financial Adviser to the Company”	CMBI
“Southbound Trading Link”	a securities trading and clearing link under which PRC domestic investors may trade in the Stock Exchange via ChinaClear
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$4.31 per Rights Share pursuant to the Rights Issue
“subsidiary(ies)”	has the meaning ascribed to it under the Companies Ordinance
“Taxation”	all forms of taxation whenever created, imposed or arising and whether of Hong Kong or of any part of the world and, without prejudice to the generality of the foregoing, includes all forms of taxation on or relating to profits, salaries, interest and other forms of income, taxation on capital gains, sales and value added taxation, estate duty, death duty, capital duty, stamp duty, payroll taxation, rates and other taxes or charges relating to property, customs and other import and excise duties, and generally all taxation, duty, impost, levy, rate, charge or any amount payable to revenue, customs or fiscal authorities whether of Hong Kong or of any part of the world
“Underwriters”	CMBI and Hongqiao Holdings

“Underwriting Agreement”	the underwriting agreement dated 8 January 2016 entered into between the Company, CMBI and Hongqiao Holdings in relation to the underwriting and certain other arrangements in respect of the Rights Issue
“Underwritten Shares”	all of the Rights Shares, other than the Rights Shares that are provisionally allotted to Hongqiao Holdings as a shareholder of the Company
“US\$”	United States dollars, the lawful currency of United States of America
“%”	per cent.

- * The number of Rights Shares attributable to a particular Shareholder set out in this announcement is for illustration purpose only and the actual number may change due to the fact that the Shares may be held by different nominees and as a result of rounding resulting from fractional entitlements.

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

Shandong, the People’s Republic of China
8 January 2016

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