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## **China Hongqiao Group Limited**

### **中國宏橋集團有限公司**

*(Incorporated under the laws of Cayman Islands with limited liability)*

**(Stock Code: 1378)**

#### **TERMINATION OF MAJOR TRANSACTION**

##### **(1) SUBSCRIPTION OF SHARES OF LOFTEN; AND**

##### **(2) ACQUISITION OF THE ENTIRE EQUITY INTEREST IN INNOVATIVE METAL**

Reference is made to the announcement of China Hongqiao Group Limited (the “**Company**”) dated 5 December 2016 (the “**Announcement**”) in relation to (i) subscription of no more than 1,605,136,436 non-public A shares of Loften; and (ii) acquisition of the entire equity interest in Innovative Metal, and the announcements of the Company dated 23 December 2016, 27 February 2017 and 31 March 2017. Capitalised terms used herein shall have the same meaning as ascribed to them in the Announcement unless the context otherwise requires.

#### **TERMINATION AGREEMENT**

The Board announces that on 17 April 2017, Shandong Hongtuo, a wholly-owned subsidiary of the Company, and Loften entered into a termination agreement (the “**Termination Agreement**”) in order to terminate the Acquisitions. Pursuant to the Termination Agreement, Shandong Hongtuo and Loften agreed that the rights and unfulfilled obligations under the Share Subscription Agreement shall cease and Shandong Hongtuo and Loften confirmed that no other dispute exists under the Share Subscription Agreement and no party shall have any claim against the other party according to the Share Subscription Agreement.

On 17 April 2017, Loften, Binzhou Hengwang and four independent individuals entered into a termination agreement in order to terminate the Acquisitions. Pursuant to such termination agreement, all parties agreed that the rights and unfulfilled obligations under the Equity Transfer Agreement shall cease and all parties confirmed that no other dispute exists under the Equity Transfer Agreement and no party shall have any claim against the other party according to the Equity Transfer Agreement.

## **REASONS FOR ENTERING INTO THE TERMINATION AGREEMENT**

Given that the transaction plan of the Acquisitions does not comply with Implementing Rules for Private Placement of Shares by Listed Companies (《上市公司非公開發行股票實施細則》) and Issuance Regulatory Q&A – Regulatory Requirement in relation to Guidance and Standards of Financing of Listed Companies (《發行監管問答—關於引導規範上市公司融資行為的監管要求》) issued by CSRC in February 2017, after considering the condition of domestic capital market, the new changes of regulatory policies and based on the communication with relevant domestic regulatory authorities, Shandong Hongtuo and Loften entered into the Termination Agreement to terminate the Acquisitions.

The Board is of the view that the Termination Agreement is fair and reasonable and in the interests of the Company and the Shareholders as a whole, and will not have any material adverse effect on the business operation and financial position of the Group.

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.**

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

Shandong, the PRC

17 April 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.*