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China Hongqiao Group Limited

中國宏橋集團有限公司

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

(Stock Code: 1378)

**DISCLOSEABLE AND CONTINUING CONNECTED TRANSACTIONS
INVESTMENT AND WEALTH MANAGEMENT
COOPERATION FRAMEWORK AGREEMENT**

ENTERING INTO CONTINUING CONNECTED TRANSACTIONS

The Board announces that the Company and CITIC Trust entered into the Investment and Wealth Management Cooperation Framework Agreement on 3 December 2018 for a term commencing on 3 December 2018 and ending on 31 December 2020, pursuant to which Party B will provide Investment Products, including but not limited to trust products, monetary funds and asset management plans, and Entrusted Investment Services to Party A and Party A and Party B may initiate Other Investment Cooperation.

LISTING RULES IMPLICATION

CTI Capital Management Limited (中信信惠國際資本有限公司) and its related company, CNCB (Hong Kong) Investment Limited (信銀(香港)投資有限公司), currently holding 877,184,826 shares of the Company, representing 10.11% of the total issued shares of the Company, are both indirect subsidiaries of CITIC Group Corporation (中國中信集團有限公司) and therefore CITIC Group Corporation (中國中信集團有限公司) is a substantial shareholder and a connected person of the Company. CITIC Trust is also an indirect subsidiary of CITIC Group Corporation (中國中信集團有限公司). Therefore, CITIC Trust is an associate of CITIC Group Corporation (中國中信集團有限公司) and a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Investment and Wealth Management Cooperation Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Continuing Connected Transactions exceeds 5% but is less than 25%, the Continuing Connected Transactions constitute (a) discloseable transactions of the Company subject to the notification, reporting and announcement requirements under Chapter 14 of the Listing Rules; and (b) non-exempt continuing connected transactions of the Company subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

EGM

An EGM will be convened to consider and, if thought fit, approve, among other things, the Investment and Wealth Management Cooperation Framework Agreement and the Continuing Connected Transactions contemplated thereunder (including the Annual Caps).

A circular containing, among others, (i) further details of the Investment and Wealth Management Cooperation Framework Agreement and the Continuing Connected Transactions contemplated thereunder (including the Annual Caps); (ii) the letter from the Independent Board Committee to the Independent Shareholders; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) the notice of the EGM will be despatched to the Shareholders on or before 24 December 2018.

A. THE INVESTMENT AND WEALTH MANAGEMENT COOPERATION FRAMEWORK AGREEMENT

1. Date

3 December 2018

2. Parties

- (1) The Company, including its subsidiaries (“**Party A**”); and
- (2) CITIC Trust, including its subsidiaries (“**Party B**”)

3. Connected person

CTI Capital Management Limited (中信信惠國際資本有限公司) and its related company, CNCB (Hong Kong) Investment Limited (信銀(香港)投資有限公司), currently holding 877,184,826 shares of the Company, representing 10.11% of the total issued shares of the Company, are both indirect subsidiaries of CITIC Group Corporation (中國中信集團有限公司) and therefore CITIC Group Corporation (中國中信集團有限公司) is a substantial shareholder and a connected person of the Company under the Listing Rules.

CITIC Trust is also an indirect subsidiary of CITIC Group Corporation (中國中信集團有限公司) and therefore is an associate of CITIC Group Corporation (中國中信集團有限公司) and a connected person of the Company under the Listing Rules.

4. Transaction nature

The Company and CITIC Trust entered into the Investment and Wealth Management Cooperation Framework Agreement on 3 December 2018 for a term commencing on

3 December 2018 and ending on 31 December 2020, pursuant to which Party B will provide Investment Products, including but not limited to trust products, monetary funds and asset management plans, and Entrusted Investment Services to Party A and Party A and Party B may initiate Other Investment Cooperation.

5. Subject matters

(1) Investment Products

Party B may from time to time recommend its Investment Products, including but not limited to trust products, monetary funds and asset management plans, to Party A and Party A will give priority to Party B's Investment Products if Party B and other independent financial institutions in the PRC offer equivalent terms and conditions for providing similar investment products. Party A will purchase the Investment Products with its legally owned funds pursuant to the specific purchase agreements to be entered into between Party A and Party B.

(2) Entrusted Investment Services

Party A will entrust its legally owned funds to Party B and Party B will provide Entrusted Investment Services to Party A pursuant to the specific entrusted investment agreements to be entered into between Party A and Party B.

(3) Other Investment Cooperation

Party A and Party B may initiate Other Investment Cooperation through negotiation in compliance with relevant laws and regulations.

6. Pricing basis

The pricing of the Investment Products and Entrusted Investment Services shall be jointly determined by Party A and Party B through negotiation with reference to the prevailing market terms of similar investment products or entrusted investment services offered by other independent financial institutions in the PRC at the time of entering into the specific agreements under the Investment and Wealth Management Cooperation Framework Agreement. Party B has agreed that, in principle, the terms and conditions of the Investment Products and Entrusted Investment Services offered by Party B to Party A shall be no less favourable than the terms and conditions offered by Party B to other independent third parties for providing similar investment products or entrusted investment services.

The Directors confirmed that the pricing basis agreed between the Company and CITIC Trust for providing the Investment Products and Entrusted Investment Services is negotiated on an arm's length basis and is fair and reasonable, and constitutes a normal commercial term.

7. Termination and renewal

Either party to the Investment and Wealth Management Cooperation Framework Agreement may terminate it by providing at least thirty (30) days prior written notice to the counterparty. The Investment and Wealth Management Cooperation Framework Agreement is renewable for another term of three (3) years (subject to the compliance of the applicable requirements under the Listing Rules by the Company) unless either party decides not to renew it and gives at least thirty (30) days prior written notice to the counterparty accordingly. For the avoidance of doubt, the Investment and Wealth Management Cooperation Framework Agreement shall not be renewed without approval from the Board and/or the Independent Shareholders.

8. Historical transaction values and Annual Caps

The Company confirms that there were no historical transaction values available since the Company did not have any historical investment transactions with CITIC Trust in the past.

Pursuant to the Investment and Wealth Management Cooperation Framework Agreement, the maximum daily investment balance (including expected accrued investment returns) of Party A with Party B under the Investment Products, Entrusted Investment Services and Other Investment Cooperation within the term of the Investment and Wealth Management Cooperation Framework Agreement should not exceed RMB8,000,000,000 (equivalent to approximately HK\$9,020,996,369).

	For the period from 3 December 2018 to 31 December 2018 (RMB)	For the financial year ending 31 December 2019 (RMB)	For the financial year ending 31 December 2020 (RMB)
Annual Caps	8,000,000,000	8,000,000,000	8,000,000,000

The Annual Caps for the period commencing on 3 December 2018 and ending on 31 December 2020 are determined with reference to the balance of cash and cash equivalents of the Group of approximately RMB36,547,754,000 (equivalent to approximately HK\$41,212,144,516) as of 30 June 2018. Considering the Group's financial resources, monetary funds and operation needs, the Company intends to invest part of the cash and cash equivalent of the Group at Party B. On the other hand, with a view to enhance risk management and liquidity management, the Company will not invest all of the cash and cash equivalent of the Group at Party B. Taking the above factors into account, the Company determined that the maximum daily investment balance (including expected accrued investment returns) should not exceed RMB8,000,000,000 (equivalent to approximately HK\$9,020,996,369).

B. REASONS AND BENEFITS FOR THE CONTINUING CONNECTED TRANSACTIONS

The reasonable use of temporary idle funds of the Group under the Investment and Wealth Management Cooperation Framework Agreement will bring higher returns to the Company compared with fixed term deposits in commercial banks in the PRC. Having considered that CITIC Trust is one of the most reputable trust companies in the PRC with abundant investment management experiences and the investment risk of the Investment Products and Entrusted Investment Services provided by Party B are quite low, the Directors are of the view that such investment would not impact the daily capital turnover or business operation of the Company and entering into the Investment and Wealth Management Cooperation Framework Agreement is consistent with the Company's policy to enhance funds utilization efficiency and ensure capital safety.

The Directors consider that the Continuing Connected Transactions contemplated under the Investment and Wealth Management Cooperation Framework Agreement are in the ordinary and usual course of business of the Company and that the terms and conditions of the Investment and Wealth Management Cooperation Framework Agreement have been negotiated on an arm's length basis, and are normal commercial terms and fair and reasonable and in the interests of the Group and the Shareholders as a whole.

C. LISTING RULES IMPLICATIONS

CTI Capital Management Limited (中信信惠國際資本有限公司) and its related company, CNCB (Hong Kong) Investment Limited (信銀(香港)投資有限公司), currently holding 877,184,826 shares of the Company, representing 10.11% of the total issued shares of the Company, are both indirect subsidiaries of CITIC Group Corporation (中國中信集團有限公司) and therefore CITIC Group Corporation (中國中信集團有限公司) is a substantial shareholder and a connected person of the Company. CITIC Trust is also an indirect subsidiary of CITIC Group Corporation (中國中信集團有限公司). Therefore, CITIC Trust is an associate of CITIC Group Corporation (中國中信集團有限公司) and a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Investment and Wealth Management Cooperation Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Continuing Connected Transactions exceeds 5% but is less than 25%, the Continuing Connected Transactions constitute (a) discloseable transactions of the Company subject to the notification, reporting and announcement requirements under Chapter 14 of the Listing Rules; and (b) non-exempt continuing connected transactions of the Company subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Chen Yisong (Mr. Zhang Hao as his alternate) is interested in the Investment and Wealth Management Cooperation Framework Agreement and the Continuing Connected Transactions contemplated thereunder as he is the chairman of the board of CITIC Trust, and therefore had abstained from voting on the relevant resolutions at the Board meeting approving the same.

D. INTERNAL CONTROL PROCEDURES

The Company has adopted the following internal control measures to ensure that the Continuing Connected Transactions are in accordance with the terms of the Investment and Wealth Management Cooperation Framework Agreement and in compliance with the Listing Rules:

- (1) the finance department of the Company will compare the terms and conditions of the Investment Products or Entrusted Investment Services offered by Party B with the terms and conditions offered by other independent financial institutions in the PRC for providing similar investment products or entrusted investment services on a quarterly basis to ensure that the terms and conditions of the Investment Products or Entrusted Investment Services offered by Party B are no less favourable than the terms and conditions offered by other independent financial institutions in the PRC for providing similar investment products or entrusted investment services and will also compare the terms and conditions of the Investment Products or Entrusted Investment Services offered by Party B to Party A with the terms and conditions offered by Party B to other independent third parties for providing similar investment products or entrusted investment services on a quarterly basis to ensure that the terms and conditions of the Investment Products or Entrusted Investment Services offered by Party B to Party A are no less favourable than the terms and conditions offered by Party B to other independent third parties for providing similar investment products or entrusted investment services;
- (2) the finance department of the Company will record the investment balance (including expected accrued investment returns) of Party A with Party B under the Investment Products, Entrusted Investment Services and Other Investment Cooperation on a daily basis to ensure that the maximum daily investment balance (including expected accrued investment returns) doesn't exceed RMB8,000,000,000 (equivalent to approximately HK\$9,020,996,369);
- (3) the finance department of the Company shall monitor and ensure that the Continuing Connected Transactions are conducted in accordance with the terms of the Investment and Wealth Management Cooperation Framework Agreement;
- (4) the Board will continue to periodically review the Company's internal control systems and their effectiveness; and
- (5) the independent non-executive Directors shall, and the Company shall engage its external auditors to, conduct annual review of the Continuing Connected Transactions and the Annual Caps in accordance with the requirements of the Listing Rules.

E. EGM

The Company will convene the EGM as soon as possible for the purpose of seeking the approval by the Independent Shareholders of (i) the Investment and Wealth Management Cooperation Framework Agreement and the Continuing Connected Transactions thereunder and (ii) the Annual Caps for the period commencing on 3 December 2018 and ending on 31 December 2020.

As at the date of this announcement, CTI Capital Management Limited (中信信惠國際資本有限公司) and its related company, CNCB (Hong Kong) Investment Limited (信銀(香港)投資有限公司), hold 877,184,826 shares of the Company, representing 10.11% of the total issued shares of the Company. To the best of the knowledge and belief of the Directors, neither of CTI Capital Management Limited (中信信惠國際資本有限公司) and CNCB (Hong Kong) Investment Limited (信銀(香港)投資有限公司) has any associate (other than amongst themselves) who is a Shareholder. According to the Listing Rules, as CTI Capital Management Limited (中信信惠國際資本有限公司) and CNCB (Hong Kong) Investment Limited (信銀(香港)投資有限公司), which control over the voting right in respect of their shares in the Company, are associates of CITIC Trust and thus have a material interest in the Continuing Connected Transactions, they will abstain from voting at the EGM.

Save as disclosed above, to the best knowledge, information and belief of the Directors, having made all reasonable enquires, no Shareholder has a material interest in the Continuing Connected Transactions, and no Shareholder is required to abstain from voting to approve the Investment and Wealth Management Cooperation Framework Agreement or the Annual Caps at the EGM.

The votes to be taken at the EGM in relation to the above proposed resolution(s) will be taken by poll.

The Independent Board Committee will be established to advise the Independent Shareholders in relation to their voting on the resolutions relating to the Investment and Wealth Management Cooperation Framework Agreement and the Continuing Connected Transactions contemplated thereunder (including the Annual Caps).

Lego Corporate Finance Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Investment and Wealth Management Cooperation Framework Agreement and the Continuing Connected Transactions contemplated thereunder (including the Annual Caps).

A circular containing, among others, (i) further details of the Investment and Wealth Management Cooperation Framework Agreement and the Continuing Connected Transactions contemplated thereunder (including the Annual Caps); (ii) the letter from the Independent Board Committee to the Independent Shareholders; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) the notice of the EGM will be despatched to the Shareholders on or before 24 December 2018.

F. GENERAL

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

CITIC Trust is principally engaged in the management of fund trust, chattel trust, real estate trust, securities trust, other property trusts and investment funds.

CITIC Group Corporation (中國中信集團有限公司) is a wholly state-owned company, principally engaged in financial services, internet information services and the investment and development of resources and energy, manufacturing, engineering contracting and real estate.

G. DEFINITIONS

In this announcement, the following expressions shall have the respective meanings set opposite thereto:

“Annual Caps”	the annual caps for the Continuing Connected Transactions contemplated under the Investment and Wealth Management Cooperation Framework Agreement for the period commencing on 3 December 2018 and ending on 31 December 2020
“Board”	the board of Directors
“CITIC Trust”	CITIC Trust Co., Ltd. (中信信托有限責任公司), a limited liability company established in the PRC on 1 March 1988
“Company”	China Hongqiao Group Limited (中國宏橋集團有限公司)
“Continuing Connected Transactions”	the continuing connected transactions contemplated under the Investment and Wealth Management Cooperation Framework Agreement
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company proposed to be convened and held as soon as possible for the Independent Shareholders to consider and, if thought fit, approve, among other things, the Investment and Wealth Management Cooperation Framework Agreement and the Continuing Connected Transactions contemplated thereunder (including the Annual Caps)
“Entrusted Investment Services”	the entrusted investment services to be provided by Party B to Party A under the Investment and Wealth Management Cooperation Framework Agreement

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Board Committee”	an independent board committee of the Company comprising all the independent non-executive Directors to advise the Independent Shareholders on the Investment and Wealth Management Cooperation Framework Agreement and the Continuing Connected Transactions contemplated thereunder (including the Annual Caps)
“Independent Financial Adviser”	Lego Corporate Finance Limited, the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on the Investment and Wealth Management Cooperation Framework Agreement and the Continuing Connected Transactions contemplated thereunder (including the Annual Caps)
“Independent Shareholders”	the Shareholders other than CTI Capital Management Limited (中信信惠國際資本有限公司) and its related company, CNCB (Hong Kong) Investment Limited (信銀(香港)投資有限公司) for the purpose of the Investment and Wealth Management Cooperation Framework Agreement and the Continuing Connected Transactions contemplated thereunder (including the Annual Caps)
“Investment and Wealth Management Cooperation Framework Agreement”	the investment and wealth management cooperation framework agreement entered into between the Company and CITIC Trust on 3 December 2018 for a term commencing on 3 December 2018 and ending on 31 December 2020, pursuant to which Party B will provide Investment Products, including but not limited to trust products, monetary funds and asset management plans, and Entrusted Investment Services to Party A and Party A and Party B may initiate Other Investment Cooperation
“Investment Products”	the investment products to be provided by Party B to Party A under the Investment and Wealth Management Cooperation Framework Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Other Investment Cooperation”	other investment cooperation that Party A and Party B may initiate through negotiation in compliance with relevant laws and regulations under the Investment and Wealth Management Cooperation Framework Agreement

“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	registered holder(s) of the shares of the Company
“%”	per cent

For the purposes of illustration only, any amount denominated in RMB in this announcement was translated into HK\$ at the rate of RMB0.88682 = HK\$1. Such translations should not be construed as a presentation that the amounts in question have been, could have been or could be, converted at any particular rate at all.

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

Shandong, the PRC
3 December 2018

As at the date of this announcement, the Board comprises ten directors, namely Mr. Zhang Shiping, Ms. Zheng Shuliang, Mr. Zhang Bo and Ms. Zhang Ruilian as executive directors, Mr. Yang Congsen, Mr. Zhang Jinglei and Mr. Chen Yisong (Mr. Zhang Hao as his alternate) as non-executive directors, and Mr. Xing Jian, Mr. Han Benwen and Mr. Dong Xinyi as independent non-executive directors.