
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Hongqiao Group Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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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)

CONTINUING CONNECTED TRANSACTIONS
ALUMINUM PRODUCTS SALES FRAMEWORK AGREEMENT
AND
NOTICE OF THE EGM

Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders



Founder Securities (Hong Kong) Capital Company Limited

A notice convening the EGM of the Company to be held at the Conference Hall on 8th Floor, Company Office Building, No. 12 Wei Fang Road, Economic Development District, Zouping County, Shandong Province, the People's Republic of China on Thursday, 13 September 2018 at 9:00 a.m. is set out on pages 26 to 27 of this circular. A form of proxy for use at the EGM is enclosed herewith. Such form of proxy is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.hongqiaochina.com), respectively.

Whether or not you are able to attend the EGM, please complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor Hopewell Centre 183 Queen's Road East Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time fixed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the EGM if they so wish.

27 August 2018

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	3
Letter from the Independent Board Committee	11
Letter from the Independent Financial Adviser	12
Appendix – General Information	21
Notice of the EGM	26

DEFINITIONS

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

“Aluminum Products Sales Framework Agreement”	the aluminum products sales framework agreement entered into between the Company and Caseman dated 24 July 2018 for a term ending on 31 December 2020, pursuant to which the Group agreed to sell aluminum products to Caseman
“Annual Caps”	the annual caps for the Continuing Connected Transactions contemplated under the Aluminum Products Sales Framework Agreement for the period from 24 July 2018 to 31 December 2018 and the two financial years ending 31 December 2019 and 31 December 2020
“Board”	the board of Directors
“Caseman”	凱斯曼秦皇島汽車零部件製造有限公司 (Caseman Qinhuangdao Auto Parts Manufacturing Co., Ltd.), a limited liability company established in the PRC on 1 November 2013
“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 Aluminum Products Sales Framework Agreement
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be convened and held on Thursday, 13 September 2018 for the Independent Shareholders to consider and, if thought fit, approve, among other things, the Aluminum Products Sales Framework Agreement and the Continuing Connected Transactions contemplated thereunder (including the Annual Caps)
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent board committee of the Company comprising all the independent non-executive Directors to advise the Independent Shareholder on the Continuing Connected Transactions (including the Annual Caps)

DEFINITIONS

“Independent Financial Adviser”	Founder Securities (Hong Kong) Capital Company Limited, the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on the Continuing Connected Transactions (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 Aluminum Products Sales Framework Agreement
“Latest Practicable Date”	22 August 2018, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“VAT”	value added tax for sales of aluminum products. The sales of aluminum products has been subject to a value added tax at the rate of 16% since 1 May 2018; and was subject to a value added tax at the rate of 17% before 1 May 2018

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Zhang Shiping (*Chairman*)

Ms. Zheng Shuliang (*Vice Chairman*)

Mr. Zhang Bo (*Chief Executive Officer,*
Authorised representative)

Ms. Zhang Ruilian (*Vice President, Chief Financial Officer*)

Registered Office:

P.O. Box 31119

Grand Pavilion

Hibiscus Way

802 West Bay Road

Grand Cayman KY1-1205

Cayman Islands

Non-executive Directors:

Mr. Yang Congsen

Mr. Zhang Jinglei

Principal Place of Business

in Hong Kong:

Rm 5108, The Center

99th Queen's Road Central

Hong Kong

Independent non-executive Directors:

Mr. Xing Jian

Mr. Han Benwen

Mr. Dong Xinyi

27 August 2018

To the Shareholders

Dear Sir/Madam,

CONTINUING CONNECTED TRANSACTIONS **ALUMINUM PRODUCTS SALES FRAMEWORK AGREEMENT** **AND** **NOTICE OF THE EGM**

A. INTRODUCTION

As disclosed in the announcement of the Company dated 24 July 2018, the Company and Caseman entered into the Aluminum Products Sales Framework Agreement on 24 July 2018, pursuant to which, the Group agreed to sell aluminum products to Caseman for a term for a term ending on 31 December 2020.

Reference is also made to the announcements of the Company since 25 June 2018 in relation to the repurchase of its Shares by the Company. After the completion of such share repurchase, the shareholding of 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), holding 877,184,826 Shares, exceeded 10% of the Company's total issued shares and

LETTER FROM THE BOARD

therefore became a substantial shareholder and a connected person of the Company under the Listing Rules after the above-mentioned share repurchase. Accordingly, the transactions under the Aluminum Products Sales Framework Agreement became a continuing connected transaction of the Company. Based on the requirement of Rule 14A.60 of the Listing Rules, a listed issuer shall, as soon as practicable after becoming aware of this fact, comply with the annual review and disclosure requirements including publishing an announcement and annual reporting if the listed issuer's group continues to conduct the transaction under the agreement. Based on such requirement, the Company is seeking its Shareholders' approval for the continuing connected transaction under the Aluminum Products Sales Framework Agreement.

The purpose of this circular is to provide you with information regarding (i) further details of the Aluminum Products Sales 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.

B. THE ALUMINUM PRODUCTS SALES FRAMEWORK AGREEMENT

1. Date

24 July 2018

2. Parties

- (1) The Company (including its subsidiaries in the PRC); and
- (2) Caseman

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, representing 10.04% 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.

Caseman 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.

LETTER FROM THE BOARD

4. Transaction Nature

The Company and Caseman entered into the Aluminum Products Sales Framework Agreement on 24 July 2018 for a term ending on 31 December 2020, pursuant to which the Group agreed to sell aluminum products to Caseman.

5. Pricing Basis and Payment Terms

The prices of aluminum products supplied by the Group to Caseman are determined by reference to the prices at which comparable types of aluminum products are supplied by the Group to independent third parties under normal commercial terms in the ordinary course of its business in the PRC, which are the average of the weekly average prices of the four aluminum quotations from Henan Province, Shandong Province, East China and the Company listed on the Antaike aluminum regional quotations on the website of Beijing Antaike Information Development Co., Ltd. (北京安泰科信息開發有限公司) (www.atk.com.cn). The Antaike aluminum regional quotation is based on the actual selling prices provided by market participants and prices for future aluminum products quoted on the Shanghai Future Exchange and therefore is a reliable source of aluminum price determination. The Company shall provide the evidence of such market prices to Caseman upon the request of Caseman. If the price is otherwise mandatorily regulated by the PRC government, the mandatory governmental price shall be adopted by the Aluminum Products Sales Framework Agreement.

The Directors confirmed that the pricing basis agreed between the Company and Caseman for the supply of aluminum products is fair and reasonable, negotiated on an arm's length basis and constitutes a normal commercial term.

The Company and Caseman agreed that advance payment should be made by Caseman to the Company before the delivery of aluminum products, according to the volume of aluminum products ordered by Caseman for that week and the prices of aluminum products for the last week. A penalty of 8% per year on the overdue payment will be charged by the Company for the late payment.

6. Termination and Renewal

Either party to the Aluminum Products Sales Framework Agreement may terminate it by providing at least thirty (30) days prior written notice to the counterparty. The Aluminum Products Sales Framework Agreement is renewable for another term of three 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 a thirty (30) days prior written notice to the counterparty accordingly.

LETTER FROM THE BOARD

7. Historical Transaction Values and Annual Caps

The historical transaction values and sales volumes of the aluminum products supplied by the Group to Caseman for the period from 25 July 2016 to 30 June 2018 are as follows:

	For the period from 25 July 2016 to 31 December 2016 (RMB) (excluding VAT)	For the financial year ended 31 December 2017 (RMB) (excluding VAT)	For the period from 1 January 2018 to 30 June 2018 (RMB) (excluding VAT)
Historical transaction values	1,452,484,000	4,189,456,000	2,258,765,000
Historical sales volumes (<i>ton</i>)	127,173	337,557	184,118

Set out below are the Annual Caps of the aluminum products to be supplied by the Group to Caseman under the Aluminum Products Sales Framework Agreement, which are estimated to be payable by Caseman to the Company for the period from 24 July 2018 to 31 December 2018 and the two financial years ending 31 December 2019 and 31 December 2020:

	For the period from 24 July 2018 to 31 December 2018 (RMB) (excluding VAT)	For the financial year ending 31 December 2019 (RMB) (excluding VAT)	For the financial year ending 31 December 2020 (RMB) (excluding VAT)
Annual Caps	2,934,557,000	5,551,092,000	5,551,092,000

The Annual Caps for the period ending 31 December 2018 and the two financial years ending 31 December 2019 and 31 December 2020, respectively, are determined with reference to the expected volumes of the aluminum products which are estimated by Caseman to purchase from the Group and the estimated average unit market prices (RMB16,500 (tax inclusive)) of the aluminum products. Caseman has confirmed that its future demands for aluminum products will maintain stable at approximately 391,000 tons per year for the three years ending 31 December 2020.

C. REASONS AND BENEFITS FOR THE CONTINUING CONNECTED TRANSACTIONS

Caseman has a substantial and stable demand for aluminum products. The Group's provision of aluminum products to Caseman at prices no more favourable than those available to independent third parties falls within the ordinary and usual course of the Group's business. The Directors believe that the establishment of the long-term cooperation

LETTER FROM THE BOARD

relationship with Caseman will stabilize the Company's operation, ensure a broaden stream of revenue source and a relatively stable profits rate and therefore is of commercial benefit to the Group as a whole.

The Directors consider that the Continuing Connected Transactions contemplated under the Aluminum Products Sales Framework Agreement are in the ordinary and usual course of business of the Company and that the terms and conditions of the Aluminum Products Sales 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 Company and the Shareholders as a whole.

D. 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, representing 10.04% 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. Caseman is also an indirect subsidiary of CITIC Group Corporation (中國中信集團有限公司). Therefore, Caseman is an associate of CITIC Group Corporation (中國中信集團有限公司), a substantial shareholder of the Company, and a connected person of the Company under the Listing Rules. Accordingly, the transactions under the Aluminum Products Sales Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As certain applicable percentage ratios (as defined under the Listing Rules) in respect of the Continuing Connected Transactions are more than 5%, the Continuing Connected Transactions constitute non-exempt continuing connected transactions under Chapter 14A of the Listing Rules and are subject to the reporting, annual review, announcement and independent shareholders' approval requirements set out in Chapter 14A of the Listing Rules.

E. INTERNAL CONTROL PROCEDURES

The Company has adopted the following internal control measures to ensure that the Continuing Connected Transactions are in accordance with the pricing policies and the terms of the Aluminum Products Sales Framework Agreement, and in compliance with the Listing Rules:

- (1) the finance department of the Company shall monitor all the pricing records as the reference prices of the Continuing Connected Transactions to ensure the sales prices of the aluminum products offered by the Group to Caseman are no more favourable than the prices at which such products are offered by the Group to independent third parties;

LETTER FROM THE BOARD

- (2) the finance department of the Company shall monitor and ensure that the Continuing Connected Transactions are conducted in accordance with the terms of the Aluminum Products Sales Framework Agreement and the Annual Caps are not exceeded;
- (3) the Board will continue to periodically review the Company's internal control systems and their effectiveness; and
- (4) 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.

F. EGM

The notice of the EGM is set out on pages 26 to 27 of this circular. At the EGM, the Company proposes to seek the approvals of the Independent Shareholders relating to the Aluminum Products Sales Framework Agreement and the Continuing Connected Transactions thereunder (including the Annual Caps).

As at the Latest Practicable Date, 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 entitling them to exercise control over the voting rights of such Shares, representing 10.04% 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, 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) 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 Aluminum Products Sales Framework Agreement or the Annual Caps at the EGM.

Pursuant to the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Accordingly, all the proposed resolutions will be put to vote by way of poll at the EGM. An announcement on the poll vote results will be made by the Company after the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

The Independent Board Committee will advise the Independent Shareholders in relation to their voting on the resolution relating to the Aluminum Products Sales Framework Agreement and the Continuing Connected Transactions contemplated thereunder (including the Annual Caps).

LETTER FROM THE BOARD

Founder Securities (Hong Kong) Capital Company Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Aluminum Products Sales Framework Agreement and the Continuing Connected Transactions contemplated thereunder (including the Annual Caps).

A form of proxy for use at the EGM is enclosed with this circular and such form of proxy is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.hongqiaochina.com) respectively. Whether or not you are able to attend the EGM, please complete and sign the form of proxy in accordance with the instructions printed thereon and return it, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority, to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor Hopewell Centre 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from attending and voting at the EGM if you so wish and in such event, the form of proxy shall be deemed to be revoked.

G. RECOMMENDATION

The Board is of the opinion that the terms of the Aluminum Products Sales Framework Agreement (including the Annual Caps) are fair and reasonable so far as the Company is concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends that the Independent Shareholders vote in favour of the resolution set out in the notice of the EGM for the approval of the Aluminum Products Sales Framework Agreement (including the Annual Caps). The Board is also of the view that Continuing Connected Transactions have been entered into in the ordinary and usual course of business of the Group, and that the terms, as well as the Annual Caps applicable thereto, are on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

No Director has a material interest in the Continuing Connected Transactions contemplated under the Aluminum Products Sales Framework Agreement and no Director is requested to abstain from voting in the board resolution in relation to the resolution set out in the notice of EGM.

H. INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all of the independent non-executive Directors, namely Mr. Xing Jian, Mr. Han Benwen and Mr. Dong Xinyi, has been formed to advise the Independent Shareholders in relation to their voting on the resolution in respect of the Aluminum Products Sales Framework Agreement and the Continuing Connected Transactions contemplated thereunder (including the Annual Caps).

LETTER FROM THE BOARD

I. CLOSURE OF REGISTER OF MEMBERS

The share register of the Company will be closed from Saturday, 8 September 2018 to Thursday, 13 September 2018 (both days inclusive), during which no transfer of shares will be effected. In order to be entitled to attend the EGM of the Company and vote at the meeting, all completed share transfer forms accompanying with the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, not later than 4:30 p.m. on Friday, 7 September 2018. The address of Computershare Hong Kong Investor Services Limited is Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

J. GENERAL INFORMATION

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

According to the business license of Caseman, Caseman is principally engaged in the manufacture and sale of automotive parts and technology development, transfer, consultant and services.

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.

K. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the Appendix to this circular.

Yours faithfully,
By Order of the Board
Zhang Shiping
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)

27 August 2018

To the Independent Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS
ALUMINUM PRODUCTS SALES FRAMEWORK AGREEMENT**

We have been appointed as members of the Independent Board Committee to consider the Aluminum Products Sales Framework Agreement and the Continuing Connected Transactions contemplated thereunder (including the Annual Caps), details of which are set out in the Letter from the Board contained in the circular to the shareholders of the Company dated 27 August 2018 (the “**Circular**”), of which this letter forms part, and to advise you as to the fairness and reasonableness of the same. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

Having considered the Aluminum Products Sales Framework Agreement (including the Annual Caps) and the advice and opinion of Founder Securities (Hong Kong) Capital Company Limited in relation thereto as set out on pages 12 to 20 of the Circular, we are of the opinion that (i) the Aluminum Products Sales Framework Agreement was entered into in the ordinary and usual course of business with normal commercial terms; and (ii) the Aluminum Products Sales Framework Agreement and the Continuing Connected Transactions contemplated thereunder (including the Annual Caps) are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. We therefore recommend that you vote in favour of the resolution to be proposed at the EGM to approve the Aluminum Products Sales Framework Agreement and the Continuing Connected Transactions contemplated thereunder (including the Annual Caps).

Yours faithfully,

Independent Board Committee

Xing Jian

*Independent non-executive
Director*

Han Benwen

*Independent non-executive
Director*

Dong Xinyi

*Independent non-executive
Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of the letter of advice from Founder Securities (Hong Kong) Capital Company Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, in relation to the continuing connected transactions regarding the sales and purchase of aluminum products (including the Annual Caps) under the Aluminum Products Sales Framework Agreement which has been prepared for the purpose of inclusion in this circular.



Room 1710-1719,
Jardine House,
1 Connaught Place,
Central,
Hong Kong

27 August 2018

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS ALUMINUM PRODUCTS SALES FRAMEWORK AGREEMENT

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in connection with (i) the sales of aluminum products by the Group to Caseman Qinhuangdao Auto Parts Manufacturing Co., Ltd. (“**Caseman**”) pursuant to the Aluminum Products Sales Framework Agreement (the “**Aluminum Sales**” or the “**Aluminum CCT**”). Details of the Aluminum Products Sales Framework Agreement and the transactions contemplated thereunder are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company dated 27 August 2018 (the “**Circular**”) of which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

As set out in the Letter from the Board, the Group is principally engaged in the manufacture and sale of aluminum products. We were advised by the Company that Caseman has been purchasing aluminum products from the Group since July 2016 when its associates, namely CTI Capital Management Limited and CNCB (Hong Kong) Investment Limited, have not yet subscribed the new shares and convertible bonds of the Company pursuant to a specific mandate on 28 November 2017 (the “**Subscriptions**”). Details of which are referred to the circular of the Company dated 2 November 2017 (the “**Subscription Circular**”) and the announcements of the Company dated 15 August 2017, 24 November 2017 and 28 November 2017 respectively.

As set out in the Letter from the Board, CTI Capital Management Limited and its related company, CNCB (Hong Kong) Investment Limited, holding 877,184,826 Shares, entitling them to exercise control over the voting rights of such Shares, representing approximately 10.04% of the total issued shares of the Company as at the Latest Practicable

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Date, are both indirect subsidiaries of CITIC Group Corporation and therefore CITIC Group Corporation is a substantial shareholder and a connected person of the Company. CITIC Group Corporation 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. Caseman is also an indirect subsidiary of CITIC Group Corporation. Therefore, Caseman is an associate of CITIC Group Corporation, a substantial shareholder of the Company, and a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Aluminum Products Sales Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As each of the proposed annual caps (the “**Annual Caps**”) in respect of the Aluminum Sales for the period from 24 July 2018 to 31 December 2018 and the two years ending 31 December 2020 exceeds HK\$10,000,000 and as certain relevant applicable percentage ratios (as defined under the Listing Rules) in respect of the Aluminum CCT are more than 5%, such transactions constitute non-exempt continuing connected transactions under Chapter 14A of the Listing Rules and are subject to the reporting, annual review, announcement and independent shareholders’ approval requirements set out in Chapter 14A of the Listing Rules.

The Independent Board Committee, comprising all of the independent non-executive Directors, namely Mr. Xing Jian, Mr. Han Benwen and Mr. Dong Xinyi, has been established to consider the terms of the Aluminum CCT (including the Annual Caps) and to make recommendation to the Independent Shareholders as regards voting. We, Founder Securities (Hong Kong) Capital Company Limited, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the Aluminum CCT (including the Annual Caps) is on normal commercial terms and in the ordinary and usual course of business of the Company; is fair and reasonable so far as the Independent Shareholders are concerned; and is in the interests of the Company and the Shareholders as a whole.

We are independent from and not connected with the Group and Caseman or, where applicable any of their respective substantial shareholders, directors or chief executive, or any of their respective associates pursuant to Rule 13.84 of the Listing Rules. During the last two years, we have not been engaged as any financial adviser to the Company. Accordingly we are qualified to give independent advice to the Independent Board Committee and the Independent Shareholders regarding the Aluminum CCT (including the Annual Caps).

BASIS AND ASSUMPTIONS OF OUR OPINION

In formulating our opinion, we have relied on the statements, information, opinions and representations expressed to us by the Directors and management of the Company. We have assumed that all such statements, information, opinions and representations expressed to us by the Directors and management of the Company, for which they are solely responsible, are true, accurate and complete in all material aspects at the time they were made and up to the date of the Circular. We have also assumed that all the opinions and representations have been reasonably made by the Directors and the management of the Company after due and careful enquiry. We have also sought and obtained confirmation from the Directors that no

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

material facts have been omitted from the information supplied and opinions expressed to us. We consider that the information we have received is sufficient for us to reach an informed view and have no reason to believe that any material information have been withheld, nor doubt the truth or accuracy of the information provided. We have not, however, conducted any independent investigation into the business and affairs of the Company or any of its subsidiaries, nor have we carried out any independent verification of the information supplied.

PRINCIPAL FACTORS AND REASONS CONCERNED

In considering whether the terms of the Aluminum CCT (including the Annual Caps) are fair and reasonable in so far as the Independent Shareholders are concerned, we have taken into account the principal factors and reasons set out below:

Background of and reasons for the Aluminum Sales

As set out in the Letter from the Board, the Group is principally engaged in the manufacture and sale of aluminum products. According to the annual report of the Company for the year ended 31 December 2017 (the “**Annual Report**”), the Group’s aggregate production volume of aluminum products in 2017 amounted to approximately 7,544,000 tons, representing an increase of approximately 24.9% as compared to that in 2016. As advised by the Company, major customers of the Group included downstream aluminum fabrication product manufacturers, who processed our aluminum alloy products into aluminum fabrication products, and traders, who in turn resold our aluminum products to downstream aluminum fabrication product manufacturers or other traders.

As set out in the Subscription Circular, CTI Capital Management Limited and CNCB (Hong Kong) Investment Limited are affiliated company of CITIC Group Corporation, which has developed into a large state-owned multinational conglomerate, ranking 156th on Fortune Global 500 in 2016 with a wide range of businesses covering finance, energy and resources, manufacturing, engineering contracting, real estate and others, and in addition, CITIC Group Corporation also carries out business in upstream and downstream of the aluminum industry. The introduction of CTI Capital Management Limited and CNCB (Hong Kong) Investment Limited as the Company’s investors will provide more opportunities for the Group and CITIC Group Corporation (including its affiliate companies) to launch business cooperation in the future. Such potential cooperation will not only consolidate the industrial advantages of the Group in the aluminum industry, but also provide the Group opportunities to broaden its business chain.

According to the Annual Report, the Company recorded a revenue of approximately RMB93.3 billion for the year ended 31 December 2017, representing an increase of approximately 52.0% as compared to that of approximately RMB61.4 billion for the year ended 31 December 2016. For the year ended 31 December 2017, the Company recorded a revenue from sales of molten aluminum alloy of approximately RMB76.0 billion, representing an increase of approximately 41.3% as compared to that of approximately RMB53.8 billion for the year ended 31 December 2016. Molten aluminum alloy continued to be the major products of the Group which represented over 80.0% of the total sales of the Company for the two years ended 31 December 2017.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Caseman is a company established in the PRC on 1 November 2013 with registered capital of RMB297.6 million. According to the Letter from the Board, Caseman is principally engaged in the manufacture and sale of automotive parts and technology development, transfer, consultant and services. As advised by the Company, Caseman is a production arm of CITIC Group Corporation in respect of certain automotive parts, such as car rims, car chassis, car frames and power system, and Caseman has been consolidating the demand of molten aluminum alloy for some production facilities nearby in order to (i) centralize and enhance its quality control over the raw materials; and (ii) secure a stable supply of molten aluminum alloy given the purchases are prescheduled and in large quantity.

Before Caseman becoming a connected person of the Company, it has been transacting with the Group in respect of aluminum products for production of car rims, car chassis, car frames and power system. During the past two years ended 31 December 2017, the transaction amounts were approximately RMB1.5 billion and RMB4.2 billion respectively. As advised by the Company, such business relationship has been strengthened due to a strategic cooperative relationship between the Company and CITIC Group Corporation as conducted by the aforesaid Subscriptions in November 2017. In the first six months of 2018, the transaction amount in respect of aluminum products has reached approximately RMB2.3 billion (unaudited). In view of (i) the pre-existing business relationship between the Group and CITIC Group Corporation would enable additional revenue from conducting the Aluminum Sales; and (ii) the close proximity of Caseman's designated production facilities to the Company makes it convenient and efficient for the supply of aluminum products, saving production costs and other relevant costs for both the Company and Caseman, the Company intends to continue the Aluminum Sales and entered into the Aluminum Products Sales Framework Agreement with Caseman to govern the sales and purchase of aluminum products for a period from 24 July 2018 to 31 December 2020.

Based on the above, we consider that there is commercial rationale for the Group to conduct the Aluminum Sales and the Aluminum Sales is in the ordinary and usual course of business of the Group.

Principal terms of the Aluminum Sales

The Aluminum Sales would be conducted under the Aluminum Products Sales Framework Agreement, for a period commencing from 24 July 2018 to 31 December 2020. As set out in the Letter from the Board, pursuant to the Aluminum Products Sales Framework Agreement, the prices of the Aluminum Sales would be determined after negotiated on an arm's length basis and by reference to the prices at which comparable types of aluminum products are supplied by the Group to independent third parties under normal commercial terms in the ordinary and usual course of its business in the PRC, which are the average of the weekly average prices of the four aluminum quotations from Henan Province, Shandong Province, East China and the Company listed on the Antaike aluminum regional quotations on the website of Beijing Antaike Information Development Co., Ltd¹. (北京安泰科信息開發有限公司) (“**Antaike**”) (www.atk.com.cn). The Antaike aluminum

¹ Antaike is an information provider for the mining and metals industries in the PRC which focuses on providing market research and consulting services to the mining industry. Based in Beijing, Antaike offers information and reports on the PRC metals and mining market through websites and a number of publications.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

regional quotation is based on the actual selling prices provided by market participants and prices for future aluminum products quoted on the Shanghai Future Exchange (SHFE)² and therefore is a reliable source of aluminum price determination. The Company shall provide the evidence of such market prices to Caseman upon the request of Caseman. If the price is otherwise mandatorily regulated by the PRC government, the mandatory governmental price shall be adopted by the Aluminum Products Sales Framework Agreement. The Company and Caseman agreed that advance payment should be made by Caseman to the Company before the delivery of aluminum products, according to the volume of aluminum products ordered by Caseman for that week and the prices of aluminum products for the last week. A penalty of 8% per year on the overdue payment will be charged by the Company for the late payment.

We have analysed the key terms of the Aluminum Products Sales Framework Agreement in the ensuing sections, in relation to the aspects of the Annual Caps and the measures to safeguard interests of Independent Shareholders, and formed our view in the paragraph headed “**RECOMMENDATION**”.

The Annual Caps

The Aluminum Sales is subject to the Annual Caps whereby the transaction value of the Aluminum Sales will not exceed (i) RMB2,934,557,000 for the period from 24 July 2018 to 31 December 2018; and (ii) RMB5,551,092,000 for each of the two years ending 31 December 2020.

We have discussed with the Company the basis and assumptions underlying the determination of the Annual Caps and assessed its fairness and reasonableness. As advised by the Company, the Annual Caps for the Aluminum Sales for the period from 24 July 2018 to 31 December 2018 and each of the two years ending 31 December 2020 (the “**CCT Period**”) are determined after taking into account (i) the expected volume of aluminum products to be purchased by Caseman from the Group; and (ii) the expected average unit market price of aluminum products. Set out below is a table showing the historical transaction amounts and the Annual Caps in respect of the Aluminum Sales.

Historical transaction values			Annual Caps		
For the period from 25 July 2016 to 31 December 2016	For the year ended 31 December 2017	For the six months ended 30 June 2018	For the period from 24 July 2018 to 31 December 2018	For the year ending 31 December 2019	For the year ending 31 December 2020
<i>(RMB' million)</i>	<i>(RMB' million)</i>	<i>(RMB' million)</i>	<i>(RMB' million)</i>	<i>(RMB' million)</i>	<i>(RMB' million)</i>
<i>(excluding VAT)</i>	<i>(excluding VAT)</i>	<i>(excluding VAT)</i>	<i>(excluding VAT)</i>	<i>(excluding VAT)</i>	<i>(excluding VAT)</i>
1,452.5	4,189.5	2,258.8	2,934.6	5,551.1	5,551.1

² According to the website of SHFE, SHFE is organized under relevant rules and regulations and a self-regulated entity which performs functions that are specified in its bylaws and state laws and regulations. SHFE is regulated by the China Securities Regulatory Commission. At present, futures contracts' underlying commodities, i.e., gold, silver, copper, aluminum, lead, steel rebar, steel wire rod, natural rubber, fuel oil and zinc, are listed for trading.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As regard the Annual Cap to be sought for the period from 24 July 2018 to 31 December 2018, we have obtained and reviewed the expected sales of aluminum products summing roughly up the Annual Cap. We understand from the Company that such estimates was prepared on the basis of multiplying the expected average unit market price of aluminum products with reference to the estimation set out in a research report on aluminum market prepared by Antaike (the “**Antaike Report**”) by the expected sales volume of aluminum products to be purchased by Caseman from the Group for the period from 24 July 2018 to 31 December 2018 having considered the demand of Caseman in such period. Whereas, each of the Annual Caps for the year ending 31 December 2019 and the year ending 31 December 2020 are determined based on (i) same unit price level as compared to the period from 24 July 2018 to 31 December 2018; and (ii) same transaction volume as compared to the full year 2018.

In order to assess the fairness and reasonableness of the Annual Caps, we have reviewed the average unit price (around RMB12,300 per ton excluding VAT) and transaction volume of the Aluminum Sales (around 184,000 tons) during the six months ended 30 June 2018 and obtained sample invoices of the Aluminum Sales. In addition, we have obtained and reviewed sample invoices in respect of sales of aluminum products by the Group to its independent third party customer during the six months ended 30 June 2018. We noted from these sample invoices that the unit price of aluminum products sold to Caseman is comparable to that the Group sold to independent third party customer.

We also understand from the Company that they expect the unit price of aluminum products to fluctuate between approximately RMB15,000 per ton (i.e. around RMB12,900 per ton excluding VAT) and RMB16,500 per ton (i.e. around RMB14,200 per ton excluding VAT) during the CCT Period having taking into account the Antaike Report, and the Company assumed an average unit prices of RMB14,200 per ton (excluding VAT) throughout the entire CCT Period when determining the Annual Caps.

As part of our due diligence, we have obtained and reviewed the Antaike Report and we noted that Antaike has taken into the macro economies of the PRC, the supply and demand of aluminum in global and PRC market, and the historical price trend of aluminum price when making anticipation to the future aluminum price during the CCT Period.

In addition, we have reviewed the average price of aluminum on London Metal Exchange (LME)³ and SHFE since 2016, being the year when the Group started to transact with Caseman, and noted that (i) LME average aluminum price increased by approximately 23.3% from 2016 to 2017 and further by 11.7% from 2017 to first half of 2018; and (ii) SHFE average aluminum price increased by approximately 21.2% from 2016 to 2017 and then remain stable in the first half of 2018. Given historical average prices of aluminum on LME and SHFE have been volatile with significant magnitude during the aforesaid periods, we consider the assumption adopted in expected aluminum price by the Company using the upper end of expected aluminum price range is acceptable.

³ According to the website of LME, LME is the world centre for the trading of industrial metals and a member of Hong Kong Exchanges and Clearing Limited group. According to the website of LME, the majority of all non-ferrous metal futures business is transacted on its platforms.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As regard the expected transaction volume under the Aluminum Sales, we noted from the Company that it would be approximately 207,000 tons for the period from 24 July 2018 to 31 December 2018 and together with approximately 184,000 tons transacted in the first six months in 2018 will result in a total of approximately 391,000 tons for the full year 2018. We understand from the Company that such transaction volume was advised by Caseman which has already taken into account its orders placed by major customers for the period from 24 July 2018 to 31 December 2018. We were advised by the Company that due to the close proximity of the production bases of the Group to the production facilities of Caseman's major customers, Caseman can save cost from second melting of the Group's aluminum products, i.e. molten aluminum alloy, and thus the Group has comparative advantage over other suppliers of similar aluminum products and Caseman generally prefers to source aluminum products from the Group. We were also advised by the Company that Caseman currently has no plan to increase its purchase volume and, according to the Letter from the Board, Caseman has confirmed that its future demands for aluminum products will maintain stable at approximately 391,000 tons per year for the three years ending 31 December 2020. Hence, the Company assumes a constant transaction volume of aluminum products, i.e. 391,000 tons during each of the two years ending 31 December 2020.

We have also enquired the Company as to its annual production capacity of aluminum products and the utilization of which and were advised that the Group had an average total production capacity of aluminum products of approximately 7.9 million tons per annum in 2017 and the utilization of which during 2017 and the first quarter of 2018 were approximately 94.9% and 93.1% respectively (i.e. including certain Aluminum Sales). Therefore, the Company considers that they should have sufficient capacity to meet the future demand of Caseman.

On the above basis, we are of the view that the bases on which the Annual Caps were determined are fair and reasonable and in the interests of the Shareholders and the Company as a whole and the Annual Caps are fair and reasonable, and we consider that the Aluminum CCT are to be carried out on normal commercial terms and in the ordinary and usual course of business.

Measures to safeguard interests of the Independent Shareholders

According to the Letter from the Board, the Company has adopted certain internal control measures to ensure that the Aluminum CCT are in accordance with the pricing policies and the terms of the Aluminum Products Sales Framework Agreement, and in compliance with the Listing Rules.

- (i) the finance department of the Company shall monitor all the pricing records as the reference prices of the Aluminum CCT to ensure the sales prices of the aluminum products offered by the Group to Caseman are no more favourable than the prices at which such products are offered by the Group to independent third parties;
- (ii) the finance department of the Company shall monitor and ensure that the Aluminum CCT are conducted in accordance with the terms of the Aluminum Products Sales Framework Agreement and the Annual Caps are not exceeded;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (iii) the Board will continue to periodically review the Company's internal control systems and their effectiveness; and
- (iv) the independent non-executive Directors shall, and the Company shall engage its external auditors to, conduct annual review of the Aluminum CCT and the Annual Caps in accordance with the requirements of the Listing Rules. As advised by the Company:
- (a) the independent non-executive Directors will confirm in the Company's annual report and accounts that the Aluminum CCT have been entered into:
- in the ordinary and usual course of business of the Group;
 - either on normal commercial terms or better; and
 - in accordance with the agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.
- (b) each year the auditors of the Company must provide a letter to the Board (with a copy provided to the Stock Exchange at least 10 business days prior to the bulk printing of the annual report of the Company) confirming that the Aluminum CCT:
- have received the approval of the Board;
 - have been entered into, in all material aspects, in accordance with the relevant agreement governing the continuing connected transactions; and
 - have not exceeded the Annual Caps.

Having considered, in particular, (i) the restriction of the value of the Aluminum CCT by way of the Annual Caps; and (ii) the ongoing review by the independent non-executive Directors and the auditors of the Company of the terms of the Aluminum CCT and the Annual Caps not being exceeded, we are of the view that there are appropriate measures in place to govern the conduct of the Aluminum CCT and safeguard the interests of the Independent Shareholders.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

Taking into consideration of the above principal factors and reasons, we are of the opinion that the Aluminum CCT is in the ordinary and usual course of business of the Company, on normal commercial terms, and the terms thereof (including the Annual Caps) are fair and reasonable so far as the Company and the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favor of the resolution proposed at the EGM thereby approving the Aluminum CCT.

Yours faithfully,

For and on behalf of

Founder Securities (Hong Kong) Capital Company Limited

Weili Long

Deputy General Manager

Note: Mr. Weili Long has been a responsible officer of Type 6 (advising on corporate finance) regulated activity since 2018. Mr. Weili Long has more than 10 years of experience in corporate finance and investment banking and has participated in and completed various advisory transactions (including connected transactions of listed companies in Hong Kong).

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests of the Directors or chief executive of the Company in the Shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be (a) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) entered in the register required to be kept by the Company pursuant to Section 352 of the SFO, or (c) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the “Model Code”) as set out in Appendix 10 to the Listing Rules, were as follows:

Long positions in the shares of the Company

Name of director	Type of interest	Number of total shares held	Approximate percentage of shareholding in issued shares (%)
Mr. ZHANG Shiping ⁽¹⁾	Interest of a controlled corporation	5,969,092,073	68.33
Ms. ZHENG Shuliang ⁽²⁾	Interest of spouse	5,969,092,073	68.33
Mr. ZHANG Bo ⁽³⁾	Beneficial owner	8,870,000	0.10

Notes:

- (1) The interests of Mr. Zhang Shiping in the Company were held through his wholly-owned investment company China Hongqiao Holdings Limited (“Hongqiao Holdings”).
- (2) Ms. Zheng Shuliang, the spouse of Mr. Zhang Shiping, is deemed to be interested in all the shares of the Company in which Mr. Zhang Shiping is interested.
- (3) Mr. Zhang Bo is the son of Mr. Zhang Shiping and Ms. Zheng Shuliang.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company nor their associates had any interest or short position in the Shares, underlying shares or debentures of the Company or any of its associated

corporations (within the meaning of Part XV of the SFO) which was required to be (a) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) entered in the register required to be kept by the Company pursuant to Section 352 of the SFO; or (c) notified to the Company and the Stock Exchange pursuant to the Model Code.

3. DIRECTORS' INTEREST IN CONTRACTS AND ASSETS

- (i) None of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which is significant in relation to the business of the Group, apart from their service contracts.
- (ii) As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since the date to which the latest published audited accounts of the Company were made up, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

4. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as known to any Directors or the chief executive of the Company, the following persons (other than a Director or chief executive of the Company) have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO:

Name of shareholder	Capacity/ type of interest	Number of total shares held	Approximate percentage of shareholding in issued shares (%)
Shiping Prosperity Private Trust Company ⁽¹⁾	Trustee	5,969,092,073 (L)	68.33
Hongqiao Holdings ⁽¹⁾	Beneficial owner	5,969,092,073 (L)	68.33
CTI Capital Management Limited ⁽²⁾	Beneficial owner	806,640,670 (L) 68,162,752 (S)	9.23 0.78
CNCB (Hong Kong) Investment Limited ⁽²⁾	Beneficial owner	70,544,156 (L)	0.81
CITIC Limited ⁽²⁾	Interest of a controlled corporation	877,184,826 (L) 68,162,752 (S)	10.04 0.78
CITIC Group Corporation ⁽²⁾	Interest of a controlled corporation	877,184,826 (L) 68,162,752 (S)	10.04 0.78
The Capital Group Companies, Inc. ⁽³⁾	Interest of a controlled corporation	546,182,000 (L)	6.25

Notes:

- (1) Shipping Prosperity Private Trust Company, as the trustee, holds such interests in shares on behalf of Mr. Zhang Shiping.
- (2) CITIC Group Corporation held 100% interest in CITIC Polaris Limited, which held 32.53% interest in CITIC Limited, and CITIC Group Corporation also held 100% interest in CITIC Glory Limited, which held 25.60% interest in CITIC Limited, thus CITIC Group Corporation indirectly held 58.13% interest in CITIC Limited. CITIC Limited held 100% interest in CITIC Corporation Limited. CITIC Corporation Limited held 80% interest in CITIC Trust Co., Ltd. and 100% interest in CITIC Industrial Investment Group Corp., Ltd, which held 20% interest in CITIC Trust Co., Ltd. Thus CITIC Corporation Limited directly and indirectly held 100% interest in CITIC Trust Co., Ltd. CITIC Trust Co., Ltd held 100% interest in CTI Capital Management Limited, and thus CITIC Group Corporation and CITIC Limited are deemed to be interested in the shares of the Company held by CTI Capital Management Limited under the SFO.

In addition, CITIC Limited held 65.37% interest in China CITIC Bank Corporation Limited. China CITIC Bank Corporation Limited held 99.05% interest in CNCB (Hong Kong) Investment Limited and 100% interest in CITIC International Financial Holdings Limited, which held 75% interest in CITIC International Financial Holdings Limited, which held 0.95% interest in CNCB (Hong Kong) Investment Limited, and thus China CITIC Bank Corporation Limited directly and indirectly held 99.7625% interest in CNCB (Hong Kong) Investment Limited. CITIC Group Corporation and CITIC Limited are deemed to be interested in the shares of the Company held by CNCB (Hong Kong) Investment Limited under the SFO.

- (3) According to the disclosure of interest set out on the website of the Stock Exchange, the interest of The Capital Group Companies, Inc. in the Company was held through his wholly-owned company Capital Research and Management Company.

Save as disclosed above, so far as known to the Directors and the chief executive of the Company, as at the Latest Practicable Date, there was no other person (not being a Director or chief executive of the Company) who had any interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO.

5. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has entered, or is proposing to enter, into any service contract with the Company or its subsidiaries which is not expiring or may not be terminated by the Company within a year without payment of any compensation, other than statutory compensation.

6. COMPETING INTEREST

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors and his/her respective associate(s) was interested in any business apart from the Group's business, which competes or is likely to compete, either directly or indirectly, with the Group's business.

7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial position or trading position of the Group since 31 December 2017, being the date to which the latest audited financial statements of the Group were made up.

8. LITIGATION

Neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

9. EXPERT AND CONSENT

The following is the qualifications of the expert who has given opinion or advice, which is contained in this circular:

Name	Qualifications
Founder Securities (Hong Kong) Capital Company Limited	a licensed corporation under the SFO to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activity

Founder Securities (Hong Kong) Capital Company Limited has given its consent and confirmed that it has not withdrawn its consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which it appears.

As at the Latest Practicable Date, (i) Founder Securities (Hong Kong) Capital Company Limited had no interest, either direct or indirect, in any assets which have been, since 31 December 2017, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group; and (ii) Founder Securities (Hong Kong) Capital Company Limited had no shareholding interests, either direct or indirect, in any member of the Group or any right, whether legally enforceable or not, to subscribe for or to nominate any persons to subscribe for securities in any members of the Group.

10. MISCELLANEOUS

- (i) The registered office of the Company is at P.O. Box 31119, Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands.
- (ii) The address of the head office of the Company is Huixian One Road, Zouping Economic Development District, Zouping County, Shandong Province, the PRC.
- (iii) The principal place of business of the Company in Hong Kong is Suite 5108, The Center, 99th Queen's Road Central, Central, Hong Kong.

- (iv) The Company's H share registrar and transfer office in Hong Kong is at Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.
- (v) The secretary of the Company is Ms. Zhang Yuexia, who was accepted by the Stock Exchange as an individual who meets the requirements of a secretary under Rule 8.17 of the Listing Rules.
- (vi) In the event of inconsistency, the English language text of this circular shall prevail over the Chinese language text.

11. DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection at the principal place of business of the Company in Hong Kong at Suite 5108, The Center, 99th Queen's Road Central, Central, Hong Kong during normal business hours on any weekday (except public holidays) for a period of 14 days from the date of the circular:

- (a) the articles of association of the Company;
- (b) the letter of recommendation from the Independent Board Committee, the text of which is set out on page 11 of this circular;
- (c) the letter of advice from the Independent Financial Adviser, the text of which is set out on pages 12 to 20 of the circular;
- (d) the written consent from the Independent Financial Adviser;
- (e) the Aluminum Products Sales Framework Agreement; and
- (f) this circular.

NOTICE OF THE EGM



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)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of China Hongqiao Group Limited (the “**Company**”) will be held at the Conference Hall on 8th Floor, Company Office Building, No. 12, Wei Fang Road, Economic Development District, Zouping County, Shandong Province, the People’s Republic of China on Thursday, 13 September 2018 at 9:00 a.m., to consider and, if thought fit, approve the following:

AS ORDINARY RESOLUTION

“THAT:

- (a) the aluminum products sales framework agreement (the “**Aluminum Products Sales Framework Agreement**”) entered into between the Company and Caseman Qinhuangdao Auto Parts Manufacturing Co., Ltd. (凱斯曼秦皇島汽車零部件製造有限公司) (“**Caseman**”) on 24 July 2018 be and is hereby approved and confirmed;
- (b) the estimated maximum values of the annual aggregate supply of aluminum products by the Group to Caseman (as set out in the announcement of the Company dated 24 July 2018) for the period from 24 July 2018 to 31 December 2018 and the two financial years ending 31 December 2019 and 31 December 2020 (the “**Annual Caps**”) be and are hereby approved and confirmed; and
- (c) any director of the Company be and is hereby authorised to do further acts and things, enter into all such transactions and arrangements, execute such other documents and/or deeds and/or take all such steps, which in their opinion may be necessary, desirable or expedient to implement the Aluminum Products Sales Framework Agreement and the transactions thereunder, and the Annual Caps.”

By order of the Board
Zhang Shiping
Chairman

Hong Kong, 27 August 2018

As at the date of this notice, the board of directors of the Company comprises nine directors, namely Mr. Zhang Shiping, Ms. Zheng Shuliang, Mr. Zhang Bo and Ms. Zhang Ruilian as executive directors, Mr. Yang Congsen and Mr. Zhang Jinglei as non-executive directors, and Mr. Xing Jian, Mr. Han Benwen and Mr. Dong Xinyi as independent non-executive directors.

NOTICE OF THE EGM

Notes:

- (a) Any shareholder of the Company (the “**Shareholder**”) entitled to attend and vote at the EGM is entitled to appoint a proxy to attend and vote on behalf of him/her. A proxy needs not be a Shareholder. A Shareholder who is the holder of two or more Shares may appoint more than one proxy to represent him/her to attend and vote on his/her behalf. If more than one proxy is so appointed, the appointment shall specify the number and class of Shares in respect of which each such proxy is so appointed.
- (b) In order to be valid, a form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority, must be deposited at the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor Hopewell Centre 183 Queen’s Road East Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Delivery of the form of proxy shall not preclude a Shareholder from attending and voting in person at the EGM and, in such event, the form of proxy shall be deemed to be revoked.
- (c) The share register of the Company will be closed from Saturday, 8 September 2018 to Thursday, 13 September 2018 (both days inclusive), during which no transfer of shares will be effected. In order to be entitled to attend the forthcoming EGM of the Company and vote at the meeting, all completed share transfer forms accompanying with the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, not later than 4:30 p.m. on Friday, 7 September 2018. The address of Computershare Hong Kong Investor Services Limited is Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong.
- (d) Where there are joint registered holders of any shares, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such shares as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present being the most, or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand in the register in respect of the relevant joint holding.
- (e) The EGM is expected to last half a day. Shareholders attending the EGM should be responsible for their own transportation and accommodation expenses.