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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)

COMPLETION OF THE PLACING AND THE SUBSCRIPTION AND ADJUSTMENT OF CONVERSION PRICE OF US\$320,000,000 5.0% CONVERTIBLE BONDS DUE 2022

Sole Global Coordinator



Placing Agents



COMPLETION OF PLACING AND THE SUBSCRIPTION

The Board is pleased to announce that all the conditions as set out in the Placing and Subscription Agreement have been fulfilled and the Placing and the Subscription were completed on 27 November 2020 and 2 December 2020, respectively.

ADJUSTMENT OF CONVERSION PRICE OF US\$320,000,000 5.0% CONVERTIBLE BONDS DUE 2022

In accordance with the CB Terms and Conditions, as a result of the completion of the Placing and the Subscription, the Conversion Price will be adjusted from HK\$6.31 per Share to HK\$6.29 per Share with effect from 2 December 2020 (Hong Kong time), being the date of issue of the Subscription Shares.

COMPLETION OF PLACING AND THE SUBSCRIPTION

Reference is made to the announcement of China Hongqiao Group Limited (the “**Company**”) dated 25 November 2020 (the “**Announcement**”) in relation to the Placing and the Subscription. Capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement unless otherwise stated.

The Board is pleased to announce that all the conditions as set out in Placing and Subscription Agreement have been fulfilled and the Placing and the Subscription were completed on 27 November 2020 and 2 December 2020, respectively.

An aggregate of 307,500,000 Placing Shares have been successfully placed at the Placing Price of HK\$6.30 per Placing Share to six or more placees, who and whose beneficial owners are independent and not connected with Hongqiao Holdings or any person acting in concert with it (as defined in the Takeovers Code), and are also independent of the Company and its connected persons (as defined in the Listing Rules). None of the Placees becomes a substantial shareholder (as defined in the Listing Rules) immediately after completion of the Placing and the Subscription.

An aggregate of 307,500,000 Subscription Shares, representing (i) approximately 3.59% of the issued share capital of the Company of 8,570,852,349 Shares as at the date of the Announcement; and (ii) approximately 3.46% of the issued share capital of the Company of 8,878,352,349 Shares as enlarged by the issue of the Subscription Shares immediately as at the date of this announcement, have been allotted and issued to Hongqiao Holdings at the Subscription Price of HK\$6.30 per Subscription Share. The net proceeds from the Subscription, after deducting relevant expenses, are approximately HK\$1.9 billion, approximately 50% of which are intended to be used by the Group for development of production lines for secondary aluminum and light weight materials and approximately 50% of which are intended to be used by the Group for replenishment of the Group’s general working capital.

CHANGE OF SHAREHOLDING STRUCTURE

The table below sets out the shareholding structures of the Company (i) immediately before completion of the Placing; (ii) immediately after completion of the Placing but before the Subscription; and (iii) as at the date of this announcement:

Shareholders	Immediately before the completion of the Placing		Immediately after the completion of the Placing but before the top-up Subscription		After completion of the Placing and the top-up Subscription	
	<i>No. of Shares</i>	<i>% of the issued share capital of the Company</i>	<i>No. of Shares</i>	<i>% of the issued share capital of the Company</i>	<i>No. of Shares</i>	<i>% of the issued share capital of the Company</i>
Shiping Prosperity Private Trust Company ⁽¹⁾	6,076,513,573	70.90	5,769,013,573	67.31	6,076,513,573	68.44
Hongqiao Holdings ⁽¹⁾	6,076,513,573	70.90	5,769,013,573	67.31	6,076,513,573	68.44
Mr. Zhang Bo	8,870,000	0.10	8,870,000	0.10	8,870,000	0.10
CTI Capital Management Limited ⁽²⁾	806,640,670	9.41	806,640,670	9.41	806,640,670	9.09
CNCB (Hong Kong) Investment Limited ⁽²⁾	70,544,156	0.82	70,544,156	0.82	70,544,156	0.79
CITIC Limited ⁽²⁾	877,184,826	10.23	877,184,826	10.23	877,184,826	9.88
CITIC Group Corporation ⁽²⁾	877,184,826	10.23	877,184,826	10.23	877,184,826	9.88
Shares held by Public Shareholders						
Placing Shares	–	–	307,500,000	3.59	307,500,000	3.46
Other Shares	1,608,283,950	18.77	1,608,283,950	18.77	1,608,283,950	18.12
Total	8,570,852,349	100.00	8,570,852,349	100.00	8,878,352,349	100.00

Notes:

- (1) Shiping Prosperity Private Trust Company holds 100% interest in Hongqiao Holdings as trustee.
- (2) After completion of the Placing and the Subscription, the equity interests held by CITIC Group Corporation in the Company reduced from 10.23% to 9.88% and thus CITIC Group Corporation ceased to be a substantial shareholder and a connected person of the Company as at the date of this announcement.

ADJUSTMENT OF CONVERSION PRICE OF US\$320,000,000 5.0% CONVERTIBLE BONDS DUE 2022

Reference is made to the announcement (the “**Placing Announcement**”) of the Company dated 15 August 2017 in relation to, among other things, the issue of the US\$320,000,000 5.0% convertible bonds due 2022 (the “**Convertible Bonds**”) by the Company, the announcement of the Company for adjustment of conversion price of the Convertible Bonds dated 16 November 2020 and the Announcement. Capitalised terms used in this announcement shall have the same meaning as those defined in the Placing Announcement unless otherwise stated.

The terms and conditions of the Convertible Bonds (the “**CB Terms and Conditions**”) provided, among other things, that if and whenever the Company shall issue (otherwise than as mentioned in Condition 6(C)(4) of the CB Terms and Conditions) any Shares (other than the Shares issued on the exercise of the Conversion Rights or on the exercise of any other rights of conversion into, or exchange or subscription for the Shares) or issue or grant (otherwise than as mentioned in Condition 6(C)(4) of the CB Terms and Conditions) options, warrants or other rights to subscribe for, purchase or otherwise acquire any Shares, in each case at a price per Share which is less than 95 per cent. of the Current Market Price on the date of announcement of the terms of such issue, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A+B}{C}$$

Where:

- A is the number of the Shares in issue immediately before the issue of such additional Shares or the grant of such options, warrants or other rights to subscribe for, purchase or otherwise acquire any Shares;
- B is the number of the Shares which the aggregate consideration (if any) receivable for the issue of such additional Shares would purchase at such Current Market Price (as defined in the CB Terms and Conditions); and
- C is the number of the Shares in issue immediately after the issue of such additional Shares.

As announced in the Announcement, the Subscription Price of HK\$6.30 per Subscription Share represents a discount of approximately 7.22% to the average closing price of the Shares of approximately HK\$6.79 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day. Pursuant to the CB Terms and Conditions, the Subscription Price is less than 95 per cent. of the Current Market Price on the date of the Announcement. Accordingly, the Conversion Price per Share will be adjusted from HK\$6.31 to HK\$6.29 effective from 2 December 2020 (Hong Kong time), being the date of issue of the Subscription Shares (the “**Adjustment**”). Apart from the Adjustment, there is no other change in the CB Terms and Conditions.

As at the date of this announcement, the total number of the issued Shares is 8,878,352,349 Shares. Following the Adjustment, the number of the Conversion Shares issuable by the Company upon full conversion of the outstanding Convertible Bonds will increase by 971,101 Shares and the maximum number of the Conversion Shares to be issued by the Company upon full conversion of the outstanding Convertible Bonds will be 306,382,143 Shares. Such Conversion Shares will be issued and allotted pursuant to the General Mandate granted by the Shareholders to the Directors at the annual general meeting of the Company held on 22 May 2020.

Holders of the Convertible Bonds who are in any doubt as to the action to be taken should consult their stockbroker, bank manager, solicitor, professional accountant or other professional adviser.

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

Shandong Province, the PRC

2 December 2020

As at the date of this announcement, the Board comprises nine Directors, namely Mr. Zhang Bo, Ms. Zheng Shuliang 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.