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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)

ANNOUNCEMENT
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 declaration of the Dividends by the Company, the Conversion Price will be adjusted from HK\$8.16 per Share to HK\$7.71 per Share with effect from 7 February 2018, being the business day immediately after the record date i.e. 6 February 2018, in connection with such declaration.

Reference is made to the announcement (the “**Placing Announcement**”) of China Hongqiao Group Limited (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, and the poll results announcement of the Company for the adjourned annual general meeting of the Company dated 8 December 2017 (the “**Poll Results Announcement**”). Capitalised terms used herein have the same meaning as those defined in the Placing Announcement, unless otherwise defined herein.

ADJUSTMENT OF THE CONVERSION PRICE RELATING TO THE CONVERTIBLE BONDS

The terms and conditions of the Convertible Bonds (the “**CB Terms and Conditions**”) provided, among other things, that if the Company pays or makes any Capital Distribution (as defined in the CB Terms and Conditions) to the shareholders of the Company (the “**Shareholders**”), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such Capital Distribution by the following fraction:

$$\frac{A-B}{A}$$

Where:

A is the Current Market Price (as defined in the CB Terms and Conditions) of one Share on the date on which the Capital Distribution is publicly announced, i.e. 8 December 2017 on which the Shareholders approved the declaration of the Dividends (as defined below); and

B is the Fair Market Value (as defined in the CB Terms and Conditions) on the date of such announcement of the portion of the Capital Distribution attributable to one Share.

Such adjustment shall become effective on the date that such Capital Distribution is actually made or if a record date is fixed therefor, the business day immediately after such record date.

As announced in the Poll Results Announcement, the board of directors (the “**Board**”) of the Company will pay a final dividend of HK27.0 cents per Share for the year ended 31 December 2016 and a special dividend of HK20.0 cents per Share (collectively, the “**Dividends**”) to the Shareholders whose names appear on the register of members of the Company at the close of business on Tuesday, 6 February 2018. Pursuant to the CB Terms and Conditions, the Dividends fall within the definition of Capital Distribution. Accordingly, the Conversion Price per Share will be adjusted from HK\$8.16 to HK\$7.71 effective from 7 February 2018 (Hong Kong time), being the business day immediately after the record date i.e. 6 February 2018, in connection with the declaration of the Dividends (the “**Adjustment**”). Apart from the Adjustment, there is no change in the CB Terms and Conditions.

As at the date of this announcement, the total number of the issued shares of the Company is 8,778,432,349 Shares, and a total amount of US\$73,600,000 of the Convertible Bonds have been converted into 70,544,156 Conversion Shares. Following the Adjustment, the number of Conversion Shares issuable by the Company upon full conversion of the outstanding Convertible Bonds will increase by 13,944,335 Shares and the maximum number of Conversion Shares to be issued by the Company upon full conversion of the outstanding Convertible Bonds will become 250,113,903 Shares. Such Conversion Shares will be issued and allotted pursuant to the general mandate granted by the Shareholders to the Directors in the adjourned annual general meeting of the Company held on 8 December 2017.

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 Shiping
Chairman

Shandong Province, the People’s Republic of China
7 February 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 and Mr. Zhang Jinglei as non-executive Directors, and Mr. Chen Yinghai, Mr. Xing Jian, Mr. Han Benwen and Mr. Dong Xinyi as independent non-executive Directors.