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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\$150,000,000
6.5% CONVERTIBLE BONDS DUE 2017

In accordance with the CB Terms and Conditions, as a result of the declaration of the Final Dividend by the Company, the Conversion Price will be adjusted from HK\$5.98 per Share to HK\$5.56 per Share with effect from 8 June 2015, being the business day immediately after the record date in connection with such declaration.

Reference is made to the announcement (the “**CB Announcement**”) of China Hongqiao Group Limited (the “**Company**”) dated 21 March 2012 in relation to the issue by the Company of the US\$150,000,000 6.5% convertible bonds due 2017 (the “**Convertible Bonds**”), the announcements made by the Company on 23 May 2012, 24 May 2013 and 6 June 2014, respectively, in relation to adjustment of conversion price of the Convertible Bonds for year 2011, 2012 and 2013, and the results announcement of the Company for the year ended 31 December 2014 dated 27 March 2015 (the “**Results Announcement**”). Capitalised terms used herein have the same meaning as those defined in the CB 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; 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 Results Announcement, the board of directors (the “**Board**”) of the Company recommended the declaration of a final dividend of HK\$28.0 cents per Share for the year ended 31 December 2014 (the “**Final Dividend**”). Pursuant to the CB Terms and Conditions, the Final Dividend fall within the definition of Capital Distribution. Accordingly, the Conversion Price per Share will be adjusted from HK\$5.98 to HK\$5.56 (including the adjustment carried forward from previous placing of Shares by the Company in September 2014) effective from 8 June 2015 (Hong Kong time), being the business day immediately after the record date in connection with the declaration of the Final Dividend (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 6,229,416,685 Shares, and a total amount of US\$52,800,000 of the Convertible Bonds have been converted into 68,536,685 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 9,530,814 Shares and the maximum number of Conversion Shares to be issued by the Company upon full conversion of the outstanding Convertible Bonds will become 135,700,640. Such Conversion Shares will be issued and allotted pursuant to the general mandate granted by the Shareholders to the Directors in the annual general meeting of the Company held on 19 May 2015.

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, the People’s Republic of China
8 June 2015

As at the date of this announcement, the board of Directors of the Company comprises eight Directors, namely Mr. Zhang Shiping, Ms. Zheng Shuliang and Mr. Zhang Bo as executive Directors, Mr. Yang Congsen and Mr. Zhang Jinglei as non-executive Directors, and Mr. Chen Yinghai, Mr. Xing Jian and Mr. Han Benwen as independent non-executive Directors.