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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)

INSIDE INFORMATION
NEW SHARE TRANSFER AGREEMENT IN RELATION TO
THE ACQUISITION OF SHARES OF THE TARGET COMPANY

This announcement is made by China Hongqiao Group Limited (the “**Company**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

Reference is made to the announcement made by the Company on 15 August 2016 (the “**Announcement**”), in relation to the share transfer agreement entered into between Shandong Hongqiao and Mr. Yu on 14 August 2016 (the “**Old Share Transfer Agreement**”). Capitalised terms used herein shall have the same meanings as those defined in the Announcement unless the context requires otherwise.

As Shenzhen Stock Exchange amended relevant applicable regulations, on 19 January 2017, Shandong Hongqiao entered into a new share transfer agreement (the “**New Share Transfer Agreement**”) with Mr. Yu in relation to the acquisition of 261,096,605 shares of the Target Company (the “**Target Shares**”), representing approximately 28.18% equity interest in the Target Company (the “**Acquisition**”). After the Acquisition, the Target Company will be held as to 28.18% by Shandong Hongqiao, and Shandong Hongqiao will become the single largest shareholder of the Target Company. The Old Share Transfer Agreement was terminated upon the execution of the New Share Transfer Agreement.

The principle terms of the New Share Transfer Agreement are set out below:

THE NEW SHARE TRANSFER AGREEMENT

Date

19 January 2017

Parties

- (a) Mr. Yu, as the seller; and
- (b) Shandong Hongqiao New Material Co., Ltd.* (山東宏橋新型材料有限公司), as the buyer.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Target Company and its ultimate beneficial owners are third parties independent of, and not connected with, the Company and connected persons (as defined under the Listing Rules) of the Company.

Consideration

The consideration of the New Share Transfer Agreement shall be RMB1,994,778,062.20, i.e. the number of Target Shares (being 261,096,605 shares) multiple 95% of the closing price of the Target Company in the secondary market on the last trading day before the date of the execution of the New Share Transfer Agreement (being RMB7.64 per share, which is 95% of the closing price of the Target Company in the secondary market on 18 January 2017 (RMB8.04 per share)).

Reference is made to the announcements made by the Company dated 17 May 2016 and 1 July 2016. The deposit paid by Shandong Hongqiao (being RMB900,000,000) under the memorandum of understanding dated 16 May 2016 and the supplemental memorandum of understanding dated 1 July 2016 entered into between Shandong Hongqiao and Mr. Yu shall be regarded as partial payment of the consideration of the New Share Transfer Agreement.

Pursuant to the New Share Transfer Agreement, the parties of the New Share Transfer Agreement shall complete the transfer of the Target Shares in Shenzhen Stock Exchange and China Securities Depository and Clearing Corporation Limited* (中國證券登記結算有限責任公司) within thirty (30) business days upon the execution of the New Share Transfer Agreement.

Pursuant to the New Share Transfer Agreement, the consideration shall be paid by Shandong Hongqiao on the same date of and before application of the transfer of the Target Shares in China Securities Depository and Clearing Corporation Limited.

GENERAL INFORMATION ON THE TARGET COMPANY

The Target Company, Loften Environmental Technology Co., Ltd (魯豐環保科技股份有限公司) is a joint stock company incorporated in the PRC with limited liability whose shares are listed on Shenzhen Stock Exchange (stock code: 002379), which is primarily engaged in aluminum plate and strip manufacture business in the PRC.

According to the 2016 interim report of the Target Company, the total number of issued shares of the Target Company was 926,400,000 shares as at 30 June 2016. According to the 2016 interim report of the Target Company, its total assets as at 30 June 2016 was approximately RMB2,171,990,000. For the six months ended 30 June 2016, the Target Company recorded a revenue of approximately RMB421,608,000 and a net profit attributable to shareholders of approximately RMB7,259,000. For further information of the Target Company, please refer to the website of Shenzhen Stock Exchange (www.szse.cn).

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in the manufacturing and sales of aluminum products. The Acquisition is expected to enhance the effort of the Group's industrial integration, improve the product mix and extend the industrial chain of the Group so as to further consolidate its leading position in the aluminum industry. The Group expects that the Acquisition will play a very important role in enhancing the Group's position in the area of aluminum deep processing through industrial integration and also bring positive impact to the Group's production and operation.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Shandong, the PRC
19 January 2017

As at the date of this announcement, the Board 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.