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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\$6.51 per Share to HK\$6.31 per Share with effect from 16 November 2020, being the business day immediately after the record date, i.e. 13 November 2020, 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, the announcement of the Company for adjustment of conversion price of the Convertible Bonds dated 15 June 2020, and the interim results announcement of the Company for the six months ended 30 June 2020 dated 21 August 2020 (the “**Interim 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. 21 August 2020 on which the board of directors (the “**Board**”) of the Company 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 Interim Results Announcement, the Board will pay an interim dividend of HK15.0 cents per Share for the six months ended 30 June 2020 (the “**Dividends**”) to the Shareholders whose names appear on the register of members of the Company at the close of business on Friday, 13 November 2020. 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\$6.51 to HK\$6.31 effective from 16 November 2020 (Hong Kong time), being the business day immediately after the record date, i.e. 13 November 2020, 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 8,570,852,349 Shares. Following the Adjustment, the number of Conversion Shares issuable by the Company upon full conversion of the outstanding Convertible Bonds will increase by 9,382,827 Shares and the maximum number of Conversion Shares to be issued by the Company upon full conversion of the outstanding Convertible Bonds will become 305,411,042 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 People’s Republic of China
16 November 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.