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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)

PROPOSED ISSUE OF US\$300,000,000 5.25% CONVERTIBLE BONDS DUE 2026

Joint Bookrunners and Joint Lead Managers



The Board is pleased to announce that, on 7 January 2021 (after trading hours), the Company and the Subsidiary Guarantors entered into the CB Subscription Agreement with the Joint Lead Managers, pursuant to which the Company has agreed to issue and the Joint Lead Managers have agreed, severally and not jointly, on a best efforts basis, to subscribe and pay for, or to procure subscriptions and payment for the Convertible Bonds. The Convertible Bonds will be issued with an initial principal amount of US\$300,000,000.

The initial Conversion Price (subject to adjustment) is HK\$8.91, representing (i) a premium of approximately 14.97% to the closing price of HK\$7.75 per Share as quoted on the Stock Exchange on 7 January 2021, being the date of the CB Subscription Agreement; (ii) a premium of approximately 19.76% to the average closing price of approximately HK\$7.44 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days immediately prior to the date of the CB Subscription Agreement; and (iii) a premium of approximately 23.07% to the average closing price of approximately HK\$7.24 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days immediately prior to the date of the CB Subscription Agreement.

Assuming full conversion of the Convertible Bonds at the initial Conversion Price of HK\$8.91 and at the Fixed Exchange Rate per Share, the Convertible Bonds will be convertible into approximately 261,043,771 Conversion Shares (subject to adjustment), representing (i) approximately 2.94% of the issued share capital of the Company as at the date of this announcement, (ii) approximately 2.86% of the issued share capital of the Company as enlarged by the issue of such 261,043,771 Conversion Shares (assuming that there is no other change to the issued share capital of the Company).

The estimated gross proceeds of the CB Issue will be approximately US\$300,000,000 and the net proceeds of the CB Issue, after the deduction of the related expenses, are estimated to be approximately US\$294,000,000. The Company intends to use the net proceeds from the CB Issue for refinancing certain existing indebtedness, capital expenditure and general corporate purposes.

Shareholders and potential investors should note that the completion of the CB Issue is subject to fulfillment of the conditions of the CB Subscription Agreement. Therefore, the CB Issue may or may not proceed, and the Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

INTRODUCTION

On 7 January 2021 (after trading hours), the Company and the Subsidiary Guarantors entered into the CB Subscription Agreement with the Joint Lead Managers, pursuant to which the Company has agreed to issue and the Joint Lead Managers have agreed, severally and not jointly, on a best efforts basis, to subscribe and pay for, or to procure subscriptions and payment for the Convertible Bonds with an initial principal amount of US\$300,000,000.

THE CB SUBSCRIPTION AGREEMENT

The principal terms of the CB Subscription Agreement are set out below:

Date:	7 January 2021 (after trading hours)
Issuer:	the Company
Guarantors:	the Subsidiary Guarantors
Joint Lead Managers:	CNCB (Hong Kong) Capital Limited, UBS AG Hong Kong Branch, China International Capital Corporation Hong Kong Securities Limited, CMB International Capital Limited, Crédit Agricole Corporate and Investment Bank and ING Bank N.V.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of the Joint Lead Managers and their respective ultimate beneficial owners is a third party independent of the Company and its connected persons.

Subscription

Subject to fulfilment, or waiver, of the conditions precedent set out below, the Joint Lead Managers have agreed, severally and not jointly, on a best efforts basis, to subscribe and pay for, or to procure subscriptions and payment for the Convertible Bonds with an initial principal amount of US\$300,000,000.

The Joint Lead Managers have informed the Company that they intend to offer and sell the Convertible Bonds to not less than six independent placees, and each of the placees and their respective ultimate beneficial owners will be third parties independent of the Company and its connected persons.

The Convertible Bonds and the Subsidiary Guarantees have not been, and will not be, registered under the Securities Act. The Convertible Bonds will only be offered outside the United States in offshore transactions in compliance with Regulation S under the Securities Act, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. None of the Convertible Bonds will be offered to the public in Hong Kong.

Company's Lock-up Undertaking

The Company has, among other things, undertaken with the Joint Lead Managers that none of the Company, any of the Subsidiary Guarantors, or any person acting on their behalf will: (a) issue, offer, sell, pledge, contract to sell or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any debt securities with covenants or any Shares or securities of the same class as the Securities or the Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Securities, the Shares or securities of the same class as the Securities, the Shares or other instruments representing interests in the Securities, the Shares or other securities of the same class as them, (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the Shares, (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (a), (b) or (c) is to be settled by delivery of Shares or other securities, in cash or otherwise or (d) announce or otherwise make public an intention to do any of the foregoing, in any such case without the prior written consent of the Joint Lead Managers (whose consent shall not be unreasonably withheld or delayed), between the date of the CB Subscription Agreement and the date which is 90 days after the Closing Date (both dates inclusive); except for the Securities and the Conversion Shares and any Shares issued on conversion of the November 2017 CB.

Shareholder's Lock-up Undertaking

The Company shall procure the Controlling Shareholder to execute a lock-up undertaking, pursuant to which the Controlling Shareholder shall undertake to the Joint Lead Managers that between the date of the CB Subscription Agreement and the date which is 90 days after the Closing Date, it will not, and will procure that none of its nominees, companies controlled by it and trusts associated with it (whether individually or together and whether directly or indirectly) and affiliates will (i) offer, lend, pledge, issue, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares directly or indirectly held by the Controlling Shareholder as at the date of the lock-up undertaking or any interests therein beneficially owned or held by the Controlling Shareholder or any securities convertible into or exercisable or exchangeable for or substantially similar to any such Shares or interests; or (ii) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Shares, whether any such transaction described in (i) or (ii) above is to be settled by delivery of the Shares directly or indirectly held by the Controlling Shareholder as at the date of the lock-up undertaking or such other securities, in cash or otherwise; or (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above, unless with the prior written consent of the Joint Lead Managers (whose consent shall not be unreasonably withheld or delayed).

Conditions Precedent

The completion of CB Issue is conditional upon, among others, fulfilment of the following conditions:

(1) Listing

The Stock Exchange having agreed, subject to any conditions (if any) reasonably satisfactory to the Joint Lead Managers, to list the Conversion Shares and the Company shall have received approval in-principle for the listing and quotation of the Securities on the SGX-ST;

(2) No Material Adverse Change and no rating decline

No event or condition of a type described in the CB Subscription Agreement shall have occurred or shall exist, which event or condition is not described in the Offering Circular (excluding any amendment or supplement thereto), the effect of which in the judgment of the Joint Lead Managers makes it impracticable or inadvisable to proceed with the offering, sale or delivery of the Securities on the terms and in the manner contemplated by the CB Subscription Agreement, the term sheet set out in the CB Subscription Agreement and the Offering Circular and there shall not have occurred any downgrading, nor shall any notice have been given of any intended or potential downgrading or of any review for a possible change that does not indicate the direction of the possible change, in the rating accorded the Company or any of its subsidiaries or any of their securities or indebtedness by any “nationally recognized statistical rating organization” registered under Section 15E of the United States Securities Exchange Act of 1934, as amended;

(3) Comfort Letters

On the date of the Offering Circular and on the Closing Date, comfort letters shall have been furnished to the Joint Lead Managers, at the request of the Company, dated the respective dates of delivery thereof and addressed to the Joint Lead Managers, in form and substance reasonably satisfactory to the Joint Lead Managers, containing statements and information of the type customarily included in accountants’ “comfort letters” to initial purchasers or underwriters with respect to the financial statements and certain financial information contained or incorporated by reference in the Offering Circular; provided that the letter delivered on the Closing Date shall use a “cut-off” date no more than three business days prior to the Closing Date;

(4) Opinions of Counsel

The Joint Lead Managers shall have received on the Closing Date, certain legal opinions on the laws of various jurisdictions (including but not limited to Cayman Islands law, British Virgin Islands law, Hong Kong law, PRC law, US law and English law), in each case dated the Closing Date and substantially in the form satisfactory to the Joint Lead Managers;

(5) Trust Deed, Agency Agreement and Securities

The Trust Deed and the Agency Agreement (each in a form satisfactory to the Joint Lead Managers) shall have been duly executed and delivered by a duly authorised officer of the Company, the Subsidiary Guarantors, the Trustee and the agents named therein (as the case may be), and the Securities shall have been duly executed and delivered by a duly authorised officer of the Company and the Subsidiary Guarantors and duly authenticated in the manner provided for in the Trust Deed; and

(6) Lock-Up Letter

The Joint Lead Managers have received executed the shareholder lock-up undertaking from Hongqiao Holdings in the form set out in the CB Subscription Agreement on the date of the CB Subscription Agreement.

The Joint Lead Managers may, at their discretion and upon such terms as they think fit, waive compliance with the whole or any part of the above conditions precedent.

Termination

Notwithstanding anything contained in the CB Subscription Agreement, the Joint Lead Managers may, after prior consultation with the Company and the Subsidiary Guarantors to the extent practicable, by notice to the Company given at any time prior to payment of the net subscription monies for the Securities to the Company, terminate the CB Subscription Agreement in any of the following circumstances:

- (i) if there shall have come to the notice of the Joint Lead Managers any breach of, or any event rendering untrue or incorrect in any respect, any of the warranties and representations contained in the CB Subscription Agreement or any failure to perform any of the Company and the Subsidiary Guarantors' undertakings or agreements in the CB Subscription Agreement;
- (ii) if any of the conditions precedent set out above has not been satisfied or waived by the Joint Lead Managers on or prior to the Closing Date;
- (iii) if in the opinion of the Joint Lead Managers, there shall have been, since the date of the CB Subscription Agreement, any change, or any development involving a prospective change, in national or international monetary, financial, political or economic conditions (including any disruption to trading generally, or trading in any securities of the Company on any stock exchange or in any over-the-counter market) or currency exchange rates or foreign exchange controls such as would in its view, be likely to prejudice materially the success of the offering and distribution of the Securities or dealings in the Securities in the secondary market;

- (iv) if, in the opinion of the Joint Lead Managers, there shall have occurred any of the following events: (a) a suspension or a material limitation in trading in securities generally on the New York Stock Exchange, the London Stock Exchange plc, the Singapore Exchange Securities Trading Limited and/or the Stock Exchange; (b) a suspension in trading for more than ten (10) consecutive days (or, provided that (1) the reasons for such suspension shall have been disclosed in full to the Joint Lead Managers upon such suspension and (2) such suspension and its reasons are not adverse to any member of the Group, twenty (20) consecutive days or such longer period as the Joint Lead Managers may agree in writing) in the Shares on the Stock Exchange; (c) a general moratorium on commercial banking activities in the United States, Singapore, Hong Kong, the PRC and/or the United Kingdom declared by the relevant authorities or a material disruption in commercial banking or securities settlement or clearance services in the United States, Hong Kong, Singapore, the PRC or the United Kingdom; or (d) a change or development involving a prospective change in taxation affecting the Company, the Subsidiary Guarantors, the Securities and the Conversion Shares; and
- (v) if, in the opinion of the Joint Lead Managers, there shall have occurred any event or series of events (including the occurrence of any local, national or international outbreak or escalation of disaster, hostility, insurrection, armed conflict, act of terrorism, act of God or epidemic) as would in their view be likely to prejudice materially the success of the offering and distribution of the Securities or dealings in the Securities in the secondary market.

INITIAL CONVERSION PRICE AND CONVERSION SHARES

The initial Conversion Price (subject to adjustment), being HK\$8.91 (assuming conversion at the Fixed Exchange Rate) per Conversion Share, represents;

- (i) a premium of approximately 14.97% to the closing price of HK\$7.75 per Share as quoted on the Stock Exchange on 7 January 2021, being the date of the CB Subscription Agreement;
- (ii) a premium of approximately 19.76% to the average closing price of approximately HK\$7.44 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days immediately prior to the date of the CB Subscription Agreement; and

- (iii) a premium of approximately 23.07% to the average closing price of approximately HK\$7.24 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days immediately prior to the date of the CB Subscription Agreement.

The initial Conversion Price was determined after arms' length negotiations between the parties with reference to the prevailing market price of the Shares. The net price of each Conversion Share to the Company, based on the estimated net proceeds of approximately US\$294,000,000 and 261,043,771 Conversion Shares (based on the initial Conversion Ratio of 174,029 Shares per Convertible Bond), is expected to be approximately US\$1.13. The Conversion Shares have an aggregate nominal value of US\$2,610,437.71 and a market value of HK\$2,023,089,225.25, based on the closing price of HK\$7.75 per Share on the date of the CB Subscription Agreement.

Assuming full conversion of the Convertible Bonds at the initial Conversion Price of HK\$8.91 and at the Fixed Exchange Rate per Share, the Convertible Bonds will be convertible into approximately 261,043,771 Conversion Shares (subject to adjustment), representing (i) approximately 2.94% of the issued share capital of the Company as at the date of this announcement, (ii) approximately 2.86% of the issued share capital of the Company as enlarged by the issue of such 261,043,771 Conversion Shares (assuming that there is no other change to the issued share capital of the Company). The Conversion Shares will be allotted and issued by the Company pursuant to the General Mandate granted to the Directors at the annual general meeting of the Company held on 22 May 2020.

PRINCIPAL TERMS AND CONDITIONS OF THE SECURITIES

The principal terms of the Securities, which will be constituted by the Trust Deed to be entered into between the Company and the Trustee, are summarised as follows:

Issuer:	the Company
Principal Amount:	US\$300,000,000
Issue Price:	100% of the principal amount of the Convertible Bonds

Interest

The Convertible Bonds bear interest from (and including) the Issue Date at the rate of 5.25% per annum calculated by reference to the principal amount thereof and payable in US dollars semi-annually.

Guarantee

The Subsidiary Guarantors have, jointly and severally, unconditionally and irrevocably guaranteed on a senior basis the due payment of all sums expressed to be payable by the Company under the Convertible Bonds and the Trust Deed. The obligations of each Subsidiary Guarantor under its Subsidiary Guarantee shall, save for such exceptions as may be provided by applicable law and subject to the terms and conditions of the Securities, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

Conversion Right

Holders of the Convertible Bonds have the right to convert their Convertible Bonds into Conversion Shares at any time during the Conversion Period at the then prevailing Conversion Price.

Conversion Price

The Convertible Bonds will be convertible into Conversion Shares at an initial Conversion Price of HK\$8.91 per Conversion Share. The Conversion Price will be subject to adjustment for, among other things, consolidation, subdivision or reclassification of Shares, capitalisation of profits or reserves, capital distributions, rights issues of Shares or options over Shares, rights issues of other securities, other dilutive events and the change of control of the Company (as defined in the CB Subscription Agreement).

Conversion Period

The Convertible Bonds may be converted into Conversion Shares at any time during the Conversion Period (on or after 7 March 2021 up to the close of business on the tenth day prior to the stated maturity (as defined in the CB Subscription Agreement) of the Convertible Bonds (both days inclusive), or if such Convertible Bond shall have been called for redemption before the stated maturity (as defined in the CB Subscription Agreement) of the Convertible Bonds, then up to the close of business on a date no later than ten (10) days (both days inclusive) prior to the date fixed for redemption thereof.

Ranking of Conversion Shares

The Conversion Shares will rank *pari passu* in all respects with the Shares then in issue on the relevant date of registration of the holder(s) of such Conversion Shares on the register of members of the Company.

Transfer

Other than during closed periods and subject to the terms of the Agency Agreement, the Convertible Bonds are transferable without restrictions.

Maturity

Unless previously redeemed, converted or purchased and cancelled, the Company will redeem each Convertible Bond at 100% of the principal amount together with unpaid accrued interest thereon on 25 January 2026.

Redemption

(A) Redemption for taxation reasons

The Company may redeem all but not some only of the Convertible Bonds, at its option, at any time, on giving not less than thirty (30) days' nor more than sixty (60) days' notice to the holders of the Convertible Bonds (which notice shall be irrevocable), at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest (including any additional amounts as defined in the CB Subscription Agreement), if any, to but excluding the date fixed by the Company for redemption if, as a result of:

- (a) any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of a relevant taxing jurisdiction affecting taxation; or
- (b) any change in the existing official position, or the stating of an official position, regarding the application or interpretation of such laws, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction),

which change or amendment becomes effective or, in the case of a change in or stating of official position, is announced (i) with respect to the Company or any initial Subsidiary Guarantor, on or after the Issue Date or (ii) with respect to any future Subsidiary Guarantor whose jurisdiction of organization or tax residence is not already a taxing jurisdiction, on or after the date such future Subsidiary Guarantor becomes a Subsidiary Guarantor with respect to any payment due or to become due under the Convertible Bonds, the Subsidiary Guarantees or the Trust Deed, the Company or such Subsidiary Guarantor is, or on the next interest payment date would be, required to pay additional amounts, and such requirement cannot be avoided by the taking of reasonable measures by the Company or such Subsidiary Guarantor; provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Company or such Subsidiary Guarantor, would be obligated to pay such additional amounts if a payment in respect of the Convertible Bonds were then due.

(B) Redemption for delisting or Change of Control

When (a) the Shares cease to be listed or admitted to trading or are suspended for period equal to or exceeding 30 consecutive trading days on the Stock Exchange (or if applicable, an alternative stock exchange), or (b) there is a change of control of the Company (as defined in the CB Subscription Agreement), the holder of each Convertible Bond will have the right, at such holder's option, to require, by giving notice to the paying agent (which notice shall be irrevocable and may not be withdrawn without the Company's consent), the Company to redeem all, or some only, of such holder's Convertible Bonds at a price equal to their principal amount, together with interest accrued and unpaid up to but excluding the date fixed for redemption.

(C) Redemption at the option of the holders of the Convertible Bonds

The Company will, at the option of the holder of any Convertible Bond who gives notice to the paying agent of not more than 60 days and not less than 30 days prior to 25 January 2023, redeem all or some only of such holder's Convertible Bonds on 25 January 2023 at a price equal to 100% of the principal amount thereof, together with accrued and unpaid interest up to but excluding 25 January 2023.

(D) Redemption at the option of the Company

On giving not less than 30 nor more than 60 days' notice to the holders of the Convertible Bonds and the Trustee (which notice will be irrevocable), the Company may at any time redeem all, but not some only, of the Convertible Bonds for the time being outstanding at the principal amount together with interest accrued but unpaid up to but excluding the date fixed for redemption; provided that prior to the date of such notice at least 90% in principal amount of the Convertible Bonds originally issued (including any further bonds issued pursuant to the terms and conditions of the Securities and consolidated and forming a single series with the Convertible Bonds) has already been converted, redeemed or purchased and cancelled.

Form of the Convertible Bonds and Denomination

The Convertible Bonds will be in registered form and in denomination of US\$200,000 each or integral multiples of US\$200,000 in excess thereof without coupons attached.

Ranking of the Convertible Bonds

The Convertible Bonds, when issued, will constitute direct, unsubordinated, unconditional and (subject to the terms and conditions of the Securities) unsecured obligations of the Company and shall at all times rank pari passu and without any preference or priority among themselves.

Negative Pledge

The Company has, among other things, also undertaken that, so long as any Convertible Bonds remain outstanding (as defined in the Trust Deed), the Company will not, and will ensure that none of its subsidiaries will, create or have outstanding, any encumbrance (being a mortgage, charge, pledge, lien or other encumbrance or security interest securing any obligation of any person), upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any relevant indebtedness (as defined in the CB Subscription Agreement) or any guarantee or indemnity in respect of any relevant indebtedness (as defined in the CB Subscription Agreement), without at the same time or prior thereto according to the Convertible Bonds the same security as is created or subsisting to secure any such relevant indebtedness (as defined in the CB Subscription Agreement), guarantee or indemnity or such other security shall be approved by an extraordinary resolution (as defined in the Trust Deed) of the holders of the Convertible Bonds.

Listing

The Company will apply to the SGX-ST for the listing of the Convertible Bonds. An application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY FOLLOWING THE COMPLETION OF THE CB ISSUE

Assuming there being no other change in the shareholding structure of the Company, the following table sets out the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after the full conversion of the Convertible Bonds at the initial Conversion Price:

Shareholders	As at the date of this announcement		Immediately after the completion of the CB Issue, assuming no conversion of the Convertible Bonds		Immediately after the completion of the full conversion of the Convertible Bonds at the initial Conversion Price	
	No. of Shares	% of the issued share capital of the Company	No. of Shares	% of the issued share capital of the Company	No. of Shares	% of the issued share capital of the Company
Shiping Prosperity Private Trust Company ⁽¹⁾	6,076,513,573	68.44	6,076,513,573	68.44	6,076,513,573	66.49
Hongqiao Holdings ⁽¹⁾	6,076,513,573	68.44	6,076,513,573	68.44	6,076,513,573	66.49
Mr. Zhang Bo	8,870,000	0.10	8,870,000	0.10	8,870,000	0.10
CTI Capital Management Limited	806,640,670	9.09	806,640,670	9.09	806,640,670	8.83
CNCB (Hong Kong) Investment Limited	70,544,156	0.79	70,544,156	0.79	70,544,156	0.77
CITIC Limited	877,184,826	9.88	877,184,826	9.88	877,184,826	9.60
CITIC Group Corporation	877,184,826	9.88	877,184,826	9.88	877,184,826	9.60
Holder(s) of the Conversion Shares	–	–	–	–	261,043,771	2.86
Other public Shareholders	1,915,783,950	21.58	1,915,783,950	21.58	1,915,783,950	20.96
Total	8,878,352,349	100.00	8,878,352,349	100.00	9,139,396,120	100.00

Notes:

(1) Shiping Prosperity Private Trust Company held 100% interest in Hongqiao Holdings as trustee.

REASONS FOR AND BENEFITS OF THE CB ISSUE AND USE OF PROCEEDS

The estimated gross proceeds of the CB Issue will be approximately US\$300,000,000 and the net proceeds of the CB Issue, after the deduction of the related expenses, are estimated to be approximately US\$294,000,000.

The Company intends to use the net proceeds from the CB Issue for refinancing certain existing indebtedness, capital expenditure and general corporate purposes.

The Directors consider that the CB Issue will enlarge the shareholder and capital base of the Company and also increase the overall liquidity of the Shares and strengthen the financial position of the Group. In addition, the Directors consider that the CB Issue will provide a good opportunity for the Group for its strategic development in the future while replenishing the capital base of the Group. In addition, the CB Issue will be also mutually beneficial for each party to integrate its respective strengths and resources so as to create greater commercial value and achieve synergetic effect. Therefore, the Board is of the view that the CB Issue is in the interests of the Company and Shareholders as a whole.

The Directors consider that the terms and conditions of the CB Subscription Agreement which was negotiated on an arm's length basis and agreed on normal commercial terms between the parties involved, are fair and reasonable, and the CB Issue is in the interests of the Company and its Shareholders as a whole.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

On 25 November 2020, the Company and Hongqiao Holdings entered into a placing and subscription agreement (the “**Placing and Subscription Agreement**”) with CMB International Capital Limited and UBS AG Hong Kong Branch, as the placing agents, pursuant to which the placing agents agreed to place up to 307,500,000 existing Shares owned by Hongqiao Holdings to independent placees and Hongqiao Holdings agreed to subscribe for and the Company agreed to allot and issue to Hongqiao Holdings, conditionally upon the successful placing of the existing Shares, up to 307,500,000 new Shares. The placing and the subscription were completed on 27 November 2020 and 2 December 2020, respectively. An aggregate of 307,500,000 Shares were placed at a price of HK\$6.30 per Share and an aggregate of 307,500,000 new Shares were subscribed for at the same price of HK\$6.30 per Share. The net proceeds from the subscription amounted to approximately HK\$1.9 billion, which were intended to be used for the development of the production lines for secondary aluminum and lightweight materials and the replenishment of the Group’s general working capital. Please refer to the announcements of the Company dated 25 November 2020 and 2 December 2020 for further details.

The Company has obtained the prior written consents from each of CMB International Capital Limited and UBS AG Hong Kong Branch in connection with the issuance of the Convertible Bonds under the CB Subscription Agreement.

Save as disclosed above, the Company has not conducted any other equity fund raising activity in the past twelve-month period immediately preceding this announcement..

GENERAL MANDATE

The Conversion Shares that may fall to be issued upon exercise of the conversion right attaching to the Convertible Bonds will be issued under the General Mandate. As at the date of this announcement, 307,500,000 Shares have been issued under the General Mandate pursuant to the Placing and Subscription Agreement and the maximum number of Shares allowed to be allotted and issued under the General Mandate was 1,406,670,400. The General Mandate is therefore sufficient for the allotment and issue of the Conversion Shares. As such, the issue of the Convertible Bonds and the Conversion Shares thereunder are not subject to Shareholders’ approval at a general meeting.

APPLICATION FOR LISTING

The Company will apply to the SGX-ST for the listing and quotation of the Convertible Bonds on the SGX-ST. An application will also be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares which may fall to be issued upon exercise of the conversion right attaching to the Convertible Bonds.

GENERAL INFORMATION

The Company is incorporated in the Cayman Islands with limited liability and its Shares are listed on the Main Board of the Stock Exchange. The Group is principally engaged in the manufacture and sales of aluminum products.

Shareholders and potential investors should note that the completion of the CB Issue is subject to fulfillment of the conditions of the CB Subscription Agreement, including the Listing Committee having granted the listing of, and permission to deal in, the Conversion Shares. Therefore, the CB Issue may or may not proceed, and the Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

“Agency Agreement”	a paying, conversion and transfer agency agreement to be dated on or about the Closing Date between the Company, the Subsidiary Guarantors, the Trustee and the agents named therein
“Board”	the board of Directors
“Closing Date”	on or about 25 January 2021, on which the Company will issue the Convertible Bonds and the Subsidiary Guarantors will guarantee all payments in respect of the Convertible Bonds, or such later date, not being later than 8 February 2021, as the Company and the Joint Lead Managers may agree to the Joint Lead Managers or as they may direct
“CB Issue”	the issue of Convertible Bonds under the terms and conditions of the CB Subscription Agreement

“CB Subscription Agreement”	the subscription agreement dated 7 January 2021 entered into between, among others, the Company, the Subsidiary Guarantors and the Joint Lead Managers in relation to the CB Issue
“Company”	China Hongqiao Group Limited, a company incorporated on 9 February 2010 as an exempt company with limited liability under the laws of Cayman Island and the shares of which are listed on the Stock Exchange (stock code: 1378)
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Contracts”	the CB Subscription Agreement, the Trust Deed and the Agency Agreement
“Controlling Shareholder” or “Hongqiao Holdings”	China Hongqiao Holdings Limited, a company incorporated in the BVI with limited liability on 5 February 2010 and the controlling shareholder of the Company
“Conversion Period”	on or after 7 March 2021 up to the close of business on the tenth day prior to the Stated maturity of the Convertible Bonds (both days inclusive), or if such Convertible Bond shall have been called for redemption before the Stated maturity of the Convertible Bonds, then up to the close of business on a date no later than ten (10) days (both days inclusive) prior to the date fixed for redemption thereof
“Conversion Price”	the price of HK\$8.91 per Conversion Share (subject to adjustment) at which the Convertible Bonds may be converted into Conversion Shares

“Conversion Ratio”	the principal amount of each Convertible Bond translated into Hong Kong dollars at the Fixed Exchange Rate divided by the applicable Conversion Price
“Conversion Share(s)”	the new Shares which may fall to be allotted and issued by the Company on conversion of the Convertible Bonds
“Convertible Bond(s)” or “CB(s)”	US dollar denominated 5.25% convertible bonds to be issued by the Company due 2026 in a principal amount of US\$300,000,000
“Director(s)”	director(s) of the Company
“Fixed Exchange Rate”	the exchange rate between US\$ and HK\$ of US\$1.00 = HK\$7.7530 which is used to determine the Conversion Price
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 22 May 2020, which authorised the Directors to allot, issue or deal with Shares not exceeding 20% of the total nominal amount of the Company’s issued share capital as at the that date (i.e. an aggregate nominal amount of Shares not exceeding US\$17,141,704 (equivalent to 1,714,170,400 Shares)
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Issue Date”	the same date as the Closing Date and the date on which the Convertible Bonds are originally issued under the Trust Deed
“Joint Bookrunners” and “Joint Lead Managers”	CNCB (Hong Kong) Capital Limited, UBS AG Hong Kong Branch, China International Capital Corporation Hong Kong Securities Limited, CMB International Capital Limited, Crédit Agricole Corporate and Investment Bank and ING Bank N.V.

“Listing Committee”	the listing committee of the Stock Exchange with responsibility for considering applications for listing and the granting of listing on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“November 2017 CB”	the US\$320,000,000 5.0% convertible bonds due 2022 issued by the Company on 28 November 2017
“Offering Circular”	the offering circular to be issued in connection with the offering of the Convertible Bonds
“PRC”	the People’s Republic of China (excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
“Securities”	the Convertible Bonds and the Subsidiary Guarantees
“Securities Act”	the United States Securities Act of 1933, as amended
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“SGX-ST”	Singapore Exchange Securities Trading Limited
“Share(s)”	the ordinary share(s) of US\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subsidiary Guarantee(s)”	the guarantee(s) for the Company’s obligations under the Convertible Bonds to be provided by the Subsidiary Guarantor(s)
“Subsidiary Guarantor(s)”	certain subsidiaries of the Company which guarantees the payment of the Convertible Bonds pursuant to the term and conditions of the Convertible Bonds and the Trust Deed
“Trust Deed”	a trust deed to be entered into between the Company, the Subsidiary Guarantors and the Trustee in connection with the offering of the Convertible Bonds
“Trustee”	The Bank of New York Mellon, London Branch
“United States”	the United States of America
“US\$”	US dollars, the lawful currency of the United States
“%”	per cent.

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

Shandong, the PRC
8 January 2021

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.