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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)

CONTINUING CONNECTED TRANSACTIONS
SUPPLY OF STEAM

The Board announces that Binzhou Municipal Binbei, the Company's indirectly wholly-owned subsidiary, and Binzhou Industrial Park entered into the Steam Supply Agreement on 3 July 2015 for a term ending on 31 December 2017, pursuant to which Binzhou Municipal Binbei agreed to supply steam to Binzhou Industrial Park for its production use.

Binzhou Municipal Binbei is an indirectly wholly-owned subsidiary of the Company. Binzhou Industrial Park is owned as to 62.93% by Weiqiao Chuangye Group, which is in turn held as to 31.59% by Mr. Zhang Shiping, an executive Director and controlling shareholder of the Company. Therefore, Binzhou Industrial Park is deemed as a connected person under Rule 14A.12(c) of the Listing Rules. Accordingly, the transactions between Binzhou Municipal Binbei and Binzhou Industrial Park constitute continuing connected transactions of the Company under Rule 14A.23 of the Listing Rules.

As certain applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) computed pursuant to Rule 14.04(9) of Listing Rules for the Continuing Connected Transactions are on an annual basis more than 0.1% but less than 5%, the Continuing Connected Transactions are subject to the reporting, annual review and announcement requirements, but are exempt from the independent shareholders' approval requirement set out under Chapter 14A of the Listing Rules.

The Board consider that the terms of the Steam Supply Agreement and the Continuing Connected Transactions thereunder are fair and reasonable, are on normal commercial terms and in ordinary and usual course of business of the Group and are in the interests of the Group and the Shareholders as a whole.

A. CONTINUING CONNECTED TRANSACTIONS

1. Date

3 July 2015

2. Parties

- (1) Binzhou Municipal Binbei; and
- (2) Binzhou Industrial Park

3. Connected Person

Binzhou Industrial Park

4. Transaction Nature

Binzhou Municipal Binbei, the Company's indirectly wholly-owned subsidiary, and Binzhou Industrial Park entered into the Steam Supply Agreement on 3 July 2015 for the latter's production use for a term ending on 31 December 2017, pursuant to which Binzhou Municipal Binbei agreed to supply steam to Binzhou Industrial Park.

5. Pricing Basis and Payment Terms

The pricing for steam will be RMB170 per ton (including the value-added tax of 13%). The price for steam supplied by Binzhou Municipal Binbei to Binzhou Industrial Park was determined with reference to the price at which comparable types of relevant products are supplied by Binzhou Municipal Binbei to other independent third parties on normal commercial terms in its ordinary and usual course of business in Binzhou, Shandong Province, the PRC.

The Directors confirmed that the pricing basis agreed between Binzhou Municipal Binbei and Binzhou Industrial Park for the supply of steam is fair and reasonable, negotiated on an arm's length basis and constitutes a normal commercial term.

Both of Binzhou Municipal Binbei and Binzhou Industrial Park agreed that the payment of steam supplied by Binzhou Municipal Binbei shall be made on a monthly basis. Binzhou Municipal Binbei shall, on the last business day of each calendar month, prepare an account book for the amounts payable and such amount shall be settled in full by Binzhou Industrial Park within the first 20 business days of the following month.

6. Maximum Annual Transaction Amounts

The Directors expect that the maximum aggregate consideration payable by Binzhou Industrial Park to Binzhou Municipal Binbei in relation to the purchase of steam under the Steam Supply Agreement for the period from 3 July 2015 to 31 December 2015 and for the two financial years ending 31 December 2016 and 2017 will be as follows:

For the period from 3 July 2015 to 31 December 2015 (RMB million) (excluding the value- added tax of 13%)	For the financial year ending 31 December 2016 (RMB million) (excluding the value- added tax of 13%)	For the financial year ending 31 December 2017 (RMB million) (excluding the value- added tax of 13%)
44.13	44.13	44.13

The transaction values of steam purchased by Binzhou Industrial Park from Binzhou Municipal Binbei for the period ending 31 December 2015 and for the two financial years ending 31 December 2016 and 2017, respectively, are determined with reference to the estimated use of steam at the maximum rate of the capacity utilization of the textile production equipment of the Binzhou Production Base of the Binzhou Industrial Park, namely 85%.

7. Reasons for and Benefits of the Continuing Connected Transactions

Entering into the Steam Supply Agreement will allow Binzhou Municipal Binbei to generate additional revenue from the sales of steam and better utilize the steam produced during the power generation process.

The Directors (including the independent non-executive Directors) consider that the transactions contemplated under the Steam Supply Agreement are in the ordinary and usual course of business of the Company and the terms of the Steam Supply Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

B. LISTING RULES IMPLICATIONS

Binzhou Municipal Binbei is an indirectly wholly-owned subsidiary of the Company. Binzhou Industrial Park is owned as to 62.93% by Weiqiao Chuangye Group, which is in turn held as to 31.59% by Mr. Zhang Shiping, an executive Director and controlling shareholder of the Company. Therefore, Binzhou Industrial Park is deemed as a connected person under Rule 14A.12(c) of the Listing Rules. Accordingly, the transactions between Binzhou Municipal Binbei and Binzhou Industrial Park constitute continuing connected transactions of the Company under Rule 14A.23 of the Listing Rules.

As certain applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) computed pursuant to Rule 14.04(9) of Listing Rules for the Continuing Connected Transactions are on an annual basis more than 0.1% but less than 5%, the Continuing Connected Transactions are subject to the reporting, annual review and announcement requirements, but are exempt from the independent shareholders' approval requirement set out under Chapter 14A of the Listing Rules.

Each of Mr. Zhang Shiping, Ms. Zheng Shuliang, Mr. Zhang Bo and Mr. Yang Congsen is interested in the Continuing Connected Transaction and had abstained from voting on the relevant resolution of the Board approving the same.

The Board consider that the terms of the Steam Supply Agreement and the Continuing Connected Transactions thereunder are fair and reasonable, are on normal commercial terms and in ordinary and usual course of business of the Group and are in the interests of the Group and the Shareholders as a whole.

C. GENERAL INFORMATION

The Group is principally engaged in the manufacture and sale of aluminium products.

Binzhou Municipal Binbei is an indirectly wholly-owned subsidiary of the Company and is principally engaged in the manufacture and sale of aluminium products.

Binzhou Industrail Park is principally engaged in the manufacture, processing and sale of cotton spinning, weaving knitwear and cloth.

D. DEFINITIONS

In this announcement, the following expressions shall have the following respective meanings:

“Binzhou Industrial Park”	Binzhou Weiqiao Technology Industrial Park Limited* (濱州魏橋科技工業園有限公司), a limited liability company established in the PRC on 26 November 2001
“Binzhou Municipal Binbei ”	Binzhou Municipal Binbei New Material Co., Limited* (濱州市濱北新材料有限公司), a limited liability company established in the PRC on 2 November 2011, being indirectly wholly-owned by the Company
Binzhou Production Base	two production areas of Binzhou Industrial Park located in Binzhou Municipal, Shandong Province, the PRC
“Board”	the board of Directors (including the independent non-executive Directors)

“Company”	China Hongqiao Group Limited (中國宏橋集團有限公司)
“Continuing Connected Transactions”	the continuing connected transactions under the Steam Supply Agreement
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	registered holder(s) of the shares of the Company
“Steam Supply Agreement”	the agreement dated 3 July 2015 and entered into between Binzhou Municipal Binbei and Binzhou Industrial Park for a term that will end on 31 December 2017
“Weiqiao Chuangye Group”	Shandong Weiqiao Chuangye Group Company Limited* (山東魏橋創業集團有限公司), a limited liability company established under the laws of the PRC on 14 April 1998 which is held as to 31.59% by Mr. Zhang Shiping, an executive Director and controlling shareholder of the Company

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

Shandong, the PRC
3 July 2015

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