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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**  
**LATEST PROGRESS OF THE SHARE TRANSFER AGREEMENT**

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 (the “**Share Transfer Agreement**”) entered into between Shandong Hongqiao New Material Co., Ltd.\* (山東宏橋新型材料有限公司) (“**Shandong Hongqiao**”), a wholly-owned subsidiary of the Company, and Mr. Yu Rongqiang (于榮強先生) (“**Mr. Yu**”). Pursuant to the Share Transfer Agreement, Shandong Hongqiao agreed to acquire 261,096,605 shares of Loften Environmental Technology Co., Ltd (魯豐環保科技股份有限公司) (the “**Target Company**”), representing approximately 28.18% equity interest in the Target Company from Mr. Yu (the “**Acquisition**”). The Target Company is a joint stock company incorporated in the PRC with limited liability whose shares are listed on Shenzhen Stock Exchange (stock code: 002379). The Share Transfer Agreement will come into effective upon the satisfaction of all conditions precedent set out therein.

The directors of the Company have recently noticed that Shandong Province Boxing County Environmental Protection Bureau\* (山東省博興縣環境保護局) (“**Boxing County Environmental Protection Bureau**”) issued a prior notice letter of administrative punishment to the Target Company on 18 September 2016 in relation to its construction and operation of the intermediate frequency furnace construction project\* (中頻爐建設項目) without approval of environmental influence assessment documents by relevant environmental protection authority (the “**Illegal Event**”). Accordingly, Boxing County Environmental Protection Bureau proposed to order the Target Company to stop the operation of the intermediate frequency furnace construction project and impose the penalty in the amount of RMB150,000 on the Target Company. Having known the Illegal Event, for better protection of the Company’s interest, the directors of the Company decide to appoint professional institutions to conduct independent due diligence on the Illegal Event to evaluate the effect of the Illegal Event on the production and management of the Target Company and the performance of the Share Transfer Agreement. The directors of the Company will decide whether to continue to perform the Share Transfer Agreement based on the final due diligence opinion of the professional institutions.

The Acquisition is subject to the satisfaction of all conditions precedent and approval from relevant authorities. Therefore, the Acquisition may or may not materialize. The final due diligence opinion of the professional institutions mentioned above will affect whether the Company continues to perform the Share Transfer Agreement.

**Accordingly, 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  
27 September 2016

*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.*

*\* For identification purpose only*