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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)

CHANGE OF AUDITORS

This announcement is made by the board of directors (the “**Board**”) of China Hongqiao Group Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.51(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Reference is made to the announcement of the Company dated 31 March 2017 in relation to, among others, clarification by the Company of the Negative Reports against the Company and the Auditor’s Letters (the “**31 March Announcement**”). Unless the context indicates otherwise, capitalised terms used but not otherwise defined herein shall have the same meanings as that ascribed to them in the 31 March Announcement.

As set out in the 31 March Announcement, the Group’s auditor, Ernst & Young (“**EY**”), has recommended the Company to carry out the Independent Investigation with respect to the Audit Findings and the allegations made in the Negative Reports (the “**Allegations**”). Nonetheless, after being presented with the results of an initial internal investigation by the Company with respect to the Audit Findings identified by EY, the Audit Committee is of the view that the Audit Findings did not provide sufficient basis for the Company to conduct the Independent Investigation. For the reasons set out in the 31 March Announcement and at the recommendation of the Audit Committee, the Board decided to engage the Baker Tilly Hong Kong Risk Assurance Limited to perform the Agreed-upon Procedures in relation to the Audit Findings and the Allegations.

While the Board has communicated its rationale for the carrying out of the Agreed-upon Procedures to EY, the Company and EY still could not reach a consensus on the matter in relation to the Independent Investigation. On 27 April 2017, the Company received a resignation letter from EY setting out the above, pursuant to which EY has resigned as the auditor of the Group with effect from 27 April 2017.

Save for (i) the Audit Findings; (ii) the Allegations; and (iii) the disagreement between EY and the Company on the Independent Investigation, EY has confirmed that there are no other matters that need to be brought to the attention of the Shareholders. The Company also confirmed that, save for the foregoing, there is no disagreement between the Company and EY, and the Company is not aware of any other matters in respect of the resignation of EY that need to be brought to the attention of the Shareholders.

As at the date of this announcement, the Agreed-upon Procedures are proactively carried out by Baker Tilly Hong Kong Risk Assurance Limited. The Board has also decided to appoint Baker Tilly Hong Kong Limited (“**Baker Tilly**”) as the Company auditor to fill the vacancy following the resignation of EY and to hold office until the conclusion of the next general meeting of the Company. The Company understands Baker Tilly will conduct relevant client acceptance procedures. The Company will strive to publish its 2016 Annual Results and despatch its 2016 Annual Report as soon as reasonably practicable. The Company will update Shareholders and potential investors of the Company with any material development of relevant matters in due course.

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

Shandong, the PRC
28 April 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.