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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
BAUXITE SUPPLY FRAMEWORK AGREEMENT,
OFFICE UNIT LEASE AGREEMENT,
CREW BOAT LEASE AGREEMENT,
VESSEL LEASE AGREEMENT
AND
CRANE BARGE LEASE AGREEMENT

ENTERING INTO THE BAUXITE SUPPLY FRAMEWORK AGREEMENT

The Board announces that, on 22 May 2019, Well Harvest Winning and Cita Mineral Investindo entered into the Bauxite Supply Framework Agreement for a term commencing on 22 May 2019 and ending on 31 December 2021, pursuant to which Cita Mineral Investindo agreed to supply bauxite to Well Harvest Winning for production use.

ENTERING INTO THE 4TH ADDENDUM OF OFFICE UNIT LEASE AGREEMENT

Well Harvest Winning and Harita Jayaraya entered into the Office Unit Lease Agreement on 29 June 2012 for a term commencing on 1 July 2012 and ending on 31 December 2014, pursuant to which Harita Jayaraya agreed to lease the Office Unit to Well Harvest Winning for operation use, and it was later amended by the 1st, 2nd and 3rd Addendum of Office Unit Lease Agreement. The Board announces that, on 1 February 2019, Well Harvest Winning and Harita Jayaraya entered into the 4th Addendum of Office Unit Lease Agreement to extend the term of the Office Unit Lease Agreement for a term commencing on 1 January 2019 and ending on 31 December 2020.

ENTERING INTO THE CREW BOAT LEASE AGREEMENT

The Board announces that, on 22 May 2019, Well Harvest Winning and Mitra Kemakmuran Line entered into the Crew Boat Lease Agreement for a term commencing on 22 May 2019 and ending on 31 December 2021, pursuant to which Mitra Kemakmuran Line agreed to lease the Crew Boat to Well Harvest Winning for shipping staff.

ENTERING INTO THE ADDENDUM OF VESSEL LEASE AGREEMENT

Well Harvest Winning and Antar Sarana Rekasa entered into the Vessel Lease Agreement on 16 January 2017 for a term commencing on 1 January 2017 and ending on 31 December 2019, pursuant to which Antar Sarana Rekasa agreed to lease the Vessels to Well Harvest Winning for transporting chemicals. The Board announces that, on 22 May 2019, Well Harvest Winning and Antar Sarana Rekasa entered into the Addendum of Vessel Lease Agreement to extend the term of the Vessel Lease Agreement for a term commencing on 1 January 2020 and ending on 31 December 2021.

ENTERING INTO THE CRANE BARGE LEASE AGREEMENT

The Board announces that, on 22 May 2019, Well Harvest Winning and Lima Srikandi Jaya entered into the Crane Barge Lease Agreement for a term commencing on 22 May 2019 and ending on 31 December 2021, pursuant to which Lima Srikandi Jaya agreed to lease the Crane Barge to Well Harvest Winning for loading goods.

LISTING RULES IMPLICATION

Well Harvest Winning is a non-wholly owned subsidiary of the Company and it is held as to 30% by Cita Mineral Investindo, which is in turn held as to 90.96% by Harita Jayaraya. Mitra Kemakmuran Line and Lima Srikandi Jaya are subsidiaries of Harita Jayaraya. Antar Sarana Rekasa is owned as to 34% by Lima Srikandi Jaya. As the relevant percentage ratios (as defined under Rule 14A.09 of the Listing Rules) in respect of Well Harvest Winning were less than 10% for each of the three financial years ended 31 December 2017, Well Harvest Winning had been an insignificant subsidiary of the Company under Rule 14A.09 of the Listing Rules and therefore each of Cita Mineral Investindo, Harita Jayaraya, Mitra Kemakmuran Line, Antar Sarana Rekasa and Lima Srikandi Jaya was exempt under Rule 14A.09 of the Listing Rules and had not been a connected person of the Company under the Listing Rules.

According to the audited accounts of the Group for the year ended 31 December 2018 as set out in the 2018 annual results announcement of the Company dated 22 March 2019 and the 2018 annual report of the Company published on 18 April 2019, the relevant percentage ratios (as defined under Rule 14A.09 of the Listing Rules) in respect of Well Harvest Winning exceeded 10% for the year ended 31 December 2018. Therefore, Well Harvest Winning ceased to be an insignificant subsidiary of the Company under Rule 14A.09 of the Listing Rules and each of Cita Mineral Investindo, Harita Jayaraya, Mitra Kemakmuran Line, Antar Sarana Rekasa and Lima Srikandi Jaya could not meet the conditions for the exemption under Rule 14A.09 of the Listing Rules and became a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Bauxite Supply Framework Agreement, the Office Unit Lease Agreement, the Crew Boat Lease Agreement, the Vessel Lease Agreement and the Crane Barge Lease Agreement became continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Based on the requirement of Rule 14A.60 of the Listing Rules, the Company must, as soon as practicable after becoming aware of such fact, comply with the annual review and disclosure requirements including publishing an announcement and annual reporting for the transactions the Group continues to conduct and when such agreements are renewed or their terms are varied, comply with all connected transaction requirements.

The Continuing Connected Transactions contemplated under the Bauxite Supply Framework Agreement, the Office Unit Lease Agreement, the Crew Boat Lease Agreement, the Vessel Lease Agreement and the Crane Barge Lease Agreement are aggregated pursuant to Rule 14A.81 of the Listing Rules. As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Continuing Connected Transactions, on aggregate basis, is more than 0.1% but less than 5%, the Continuing Connected Transactions are subject to the announcement, reporting and annual review requirements but exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

A. THE BAUXITE SUPPLY FRAMEWORK AGREEMENT

The material terms of the Bauxite Supply Framework Agreement are set out as follows:

1. Date

22 May 2019

2. Parties

(i) Well Harvest Winning; and

(ii) Cita Mineral Investindo

3. Connected person

Well Harvest Winning is a non-wholly owned subsidiary of the Company and it is held as to 30% by Cita Mineral Investindo. As the relevant percentage ratios (as defined under Rule 14A.09 of the Listing Rules) in respect of Well Harvest Winning exceeded 10% for the year ended 31 December 2018, Well Harvest Winning ceased to be an insignificant subsidiary of the Company under Rule 14A.09 of the Listing Rules and therefore Cita Mineral Investindo could not meet the conditions for the exemption under Rule 14A.09 of the Listing Rules and became a connected person of the Company under the Listing Rules.

4. Transaction nature

Well Harvest Winning and Cita Mineral Investindo entered into the Bauxite Supply Framework Agreement on 22 May 2019 for a term commencing on 22 May 2019 and ending on 31 December 2021, pursuant to which Cita Mineral Investindo agreed to supply bauxite to Well Harvest Winning for production use.

5. Pricing basis and payment terms

The price of bauxite supplied by Cita Mineral Investindo to Well Harvest Winning shall be determined in each specific purchase contract with reference to the prices charged by Cita Mineral Investindo to other independent third parties for supply of the same or comparable types of bauxite on normal commercial terms in its ordinary and usual course of business. Cita Mineral Investindo shall provide the information of such market prices to Well Harvest Winning upon the request of Well Harvest Winning.

All required expenses including equipment and manpower to load the bauxite onto the barge and transport the bauxite to the unloading dock of Well Harvest Winning shall be borne by Cita Mineral Investindo. All required expenses including equipment and manpower to unload the bauxite from Cita Mineral Investindo's barge at the unloading dock into the warehouse of Well Harvest Winning shall be borne by Well Harvest Winning.

The Directors confirmed that the pricing basis agreed between Cita Mineral Investindo and Well Harvest Winning for supply of bauxite is fair and reasonable and negotiated on an arm's length basis and constitutes a normal commercial term.

Cita Mineral Investindo shall issue the invoice upon completion of each bauxite delivery per barge with evidence. Well Harvest Winning shall make the payment in cash to the bank account designated by Cita Mineral Investindo within thirty (30) business days after receipt of the invoice.

6. Termination and renewal

Either party to the Bauxite Supply Framework Agreement may terminate it by providing at least thirty (30) days prior written notice to the counterparty. The Bauxite Supply Framework Agreement is renewable for another term of three (3) years (subject to the compliance of the relevant requirements under the Listing Rules by the Company) unless either party decides not to renew it and gives at least thirty (30) days prior written notice to the counterparty accordingly.

7. Historical transaction values and the annual caps

Well Harvest Winning has been purchasing bauxite from Cita Mineral Investindo and its related parties since November 2015. The historical transaction values for the bauxite supplied by Cita Mineral Investindo and its related parties to Well Harvest Winning for the three financial years ended 31 December 2018 and the period from 1 January 2019 to 21 May 2019 are as follows:

	For the financial year ended 31 December 2016	For the financial year ended 31 December 2017	For the financial year ended 31 December 2018	For the period from 1 January 2019 to 21 May 2019
Historical transaction values ^(Note)	USD36,663,718 (equivalent to approximately HK\$287,792,000)	USD35,175,195 (equivalent to approximately HK\$276,108,000)	USD24,558,829 (equivalent to approximately HK\$192,775,000)	USD8,200,143 (equivalent to approximately HK\$64,367,000)

Note: As the relevant percentage ratios (as defined under Rule 14A.09 of the Listing Rules) in respect of Well Harvest Winning were less than 10% for each of the three financial years ended 31 December 2017, Well Harvest Winning had been an insignificant subsidiary of the Company under Rule 14A.09 of the Listing Rules, and therefore Cita Mineral Investindo was exempt under Rule 14A.09 of the Listing Rules and had not been a connected person of the Company under the Listing Rules and the historical transactions for supply of bauxite between Well Harvest Winning and Cita Mineral Investindo and its related parties did not constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Set out below are the annual caps which are estimated to be payable by Well Harvest Winning to Cita Mineral Investindo under the Bauxite Supply Framework Agreement for the period from 22 May 2019 to 31 December 2021:

	For the period from 22 May 2019 to 31 December 2019	For the financial year ending 31 December 2020	For the financial year ending 31 December 2021
Annual caps ^(Note 1)	USD26,766,000 ^(Note 2) (equivalent to approximately HK\$210,100,000)	USD43,707,000 ^(Note 2) (equivalent to approximately HK\$343,078,000)	USD68,749,000 ^(Note 2) (equivalent to approximately HK\$539,645,000)

Note 1: The annual caps for the period from 22 May 2019 to 31 December 2021 are determined with reference to the estimated maximum volumes of bauxite to be purchased by Well Harvest Winning from Cita Mineral Investindo and the estimated price of bauxite under the Bauxite Supply Framework Agreement.

The estimated maximum purchase volume of bauxite for the period from 22 May 2019 to 31 December 2019 is determined with reference to the estimated use of bauxite of the existing alumina production line of Well Harvest Winning with an annual production capacity of 1 million tons for the period from 22 May 2019 to 31 December 2019.

Each of the annual caps for the financial years ending 31 December 2020 and 2021 represents a growth rate of approximately 25% and 100% from that for the financial year ending 31 December 2019, respectively, which is determined taking into account the estimated use of bauxite of the alumina production line with an annual production capacity of 1 million tons which is planned to be constructed by Well Harvest Winning in the future.

It is expected that the price of bauxite under the Bauxite Supply Framework Agreement will remain basically stable for the next three years.

Note 2: The annual caps shall be subject to final calculation in the payment currency.

B. THE OFFICE UNIT LEASE AGREEMENT

The material terms of the Office Unit Lease Agreement which was amended by the 1st, 2nd, 3rd and 4th Addendum of Office Unit Lease Agreement are set out as follows:

1. Date of the 4th Addendum of Office Unit Lease Agreement

1 February 2019

2. Parties

- (i) Harita Jayaraya, as the leaser; and
- (ii) Well Harvest Winning, as the lessee.

3. Connected person

Well Harvest Winning is a non-wholly owned subsidiary of the Company and it is held as to 30% by Cita Mineral Investindo, which is in turn held as to 90.96% by Harita Jayaraya. As the relevant percentage ratios (as defined under Rule 14A.09 of the Listing Rules) in respect of Well Harvest Winning exceeded 10% for the year ended 31 December 2018, Well Harvest Winning ceased to be an insignificant subsidiary of the Company under Rule 14A.09 of the Listing Rules and therefore Harita Jayaraya could not meet the conditions for the exemption under Rule 14A.09 of the Listing Rules and became a connected person of the Company under the Listing Rules.

4. Transaction nature

Well Harvest Winning and Harita Jayaraya entered into the Office Unit Lease Agreement on 29 June 2012 for a term commencing on 1 July 2012 and ending on 31 December 2014, pursuant to which Harita Jayaraya agreed to lease the Office Unit to Well Harvest Winning for operation use, and it was later amended by the 1st, 2nd and 3rd Addendum of Office Unit Lease Agreement. On 1 February 2019, Well Harvest Winning and Harita Jayaraya entered into the 4th Addendum of Office Unit Lease Agreement to extend the term of the Office Unit Lease Agreement for a term commencing on 1 January 2019 and ending on 31 December 2020.

5. Subject matter

The subject matter of the Office Unit Lease Agreement is the Office Unit owned by Harita Jayaraya with a total area of 919 m².

6. Pricing basis and payment terms

The monthly rental for the Office Unit payable by Well Harvest Winning to Harita Jayaraya under the Office Unit Lease Agreement shall be IDR230,000/m² (i.e. IDR211,370,000 (equivalent to approximately HK\$116,000) in total) (excluding VAT), which is determined based on arm's length negotiations between the two parties with reference to the prevailing market rental for similar properties located at similar locations in South Jakarta, Indonesia.

The Directors confirmed that the monthly rental for the Office Unit agreed between Harita Jayaraya and Well Harvest Winning is fair and reasonable and negotiated on an arm's length basis and constitutes a normal commercial term.

Well Harvest Winning shall pay the rental in advance of the lease term each month and Harita Jayaraya shall make and provide receipts as proof of payment.

7. Termination and renewal

After the term of the Office Unit Lease Agreement expires, the Office Unit Lease Agreement can be extended for a period of time and with the condition that it must be agreed by both parties, where Well Harvest Winning shall notify its will in writing to Harita Jayaraya at least one (1) month before the abovementioned term expires.

8. Historical transaction values and the annual caps

Well Harvest Winning has been leasing the Office Unit from Harita Jayaraya since July 2012. The historical transaction values for lease of the Office Unit under the Office Unit Lease Agreement for the three financial years ended 31 December 2018 are as follows:

	For the financial year ended 31 December 2016 (excluding VAT)	For the financial year ended 31 December 2017 (excluding VAT)	For the financial year ended 31 December 2018 (excluding VAT)
Historical transaction values <i>(Note)</i>	USD143,673 (equivalent to approximately HK\$1,128,000)	USD154,023 (equivalent to approximately HK\$1,209,000)	USD169,133 (equivalent to approximately HK\$1,328,000)

Note: As the relevant percentage ratios (as defined under Rule 14A.09 of the Listing Rules) in respect of Well Harvest Winning were less than 10% for each of the three financial years ended 31 December 2017, Well Harvest Winning had been an insignificant subsidiary of the Company under Rule 14A.09 of the Listing Rules, and therefore Harita Jayaraya was exempt under Rule 14A.09 of the Listing Rules and had not been a connected person of the Company under the Listing Rules and the historical transactions under the Office Unit Lease Agreement did not constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Set out below are the annual caps of the rental estimated to be payable by Well Harvest Winning to Harita Jayaraya under the Office Unit Lease Agreement for the two financial years ending 31 December 2020.

	For the financial year ending 31 December 2019 (excluding VAT)	For the financial year ending 31 December 2020 (excluding VAT)
Annual caps <i>(Note 1)</i>	USD204,000 <i>(Note 2)</i> (equivalent to approximately HK\$1,601,000)	USD204,000 <i>(Note 2)</i> (equivalent to approximately HK\$1,601,000)

Note 1: The annual caps for the two financial years ending 31 December 2020 are determined with reference to the monthly rental for the Office Unit, i.e. IDR211,370,000 (equivalent to approximately HK\$116,000) in total (excluding VAT), and other fees payable under the Office Unit Lease Agreement. The increase in the annual caps for the two financial years ending 31 December 2020 as compared to the historical transaction values for the lease of the Office Unit under the Office Unit Lease Agreement is due to the increase in the monthly rental for the Office Unit, which is a result of increase in the prevailing market rental for similar properties located at similar locations in South Jakarta, Indonesia.

Note 2: The annual caps shall be subject to final calculation in the payment currency.

C. THE CREW BOAT LEASE AGREEMENT

The material terms of the Crew Boat Lease Agreement are set out as follows:

1. Date

22 May 2019

2. Parties

(i) Mitra Kemakmuran Line, as the leaser; and

(ii) Well Harvest Winning, as the lessee.

3. Connected person

Well Harvest Winning is a non-wholly owned subsidiary of the Company and it is held as to 30% by Cita Mineral Investindo, which is in turn held as to 90.96% by Harita Jayaraya. Mitra Kemakmuran Line is a subsidiary of Harita Jayaraya. As the relevant percentage ratios (as defined under Rule 14A.09 of the Listing Rules) in respect of Well Harvest Winning exceeded 10% for the year ended 31 December 2018, Well Harvest Winning ceased to be an insignificant subsidiary of the Company under Rule 14A.09 of the Listing Rules and therefore Mitra Kemakmuran Line could not meet the conditions for the exemption under Rule 14A.09 of the Listing Rules and became a connected person of the Company under the Listing Rules.

4. Transaction nature

Well Harvest Winning and Mitra Kemakmuran Line entered into the Crew Boat Lease Agreement on 22 May 2019 for a term commencing on 22 May 2019 and ending on 31 December 2021, pursuant to which Mitra Kemakmuran Line agreed to lease the Crew Boat to Well Harvest Winning for shipping staff.

5. Subject matter

The subject matter of the Crew Boat Lease Agreement is the Crew Boat which is equipped with valid vessel documents that are in good condition, indicating that the Crew Boat is nautically and technically worthy for voyage.

6. Pricing basis and payment terms

The monthly rental for the Crew Boat payable by Well Harvest Winning to Mitra Kemakmuran Line under the Crew Boat Lease Agreement shall be IDR30,000,000 (equivalent to approximately HK\$16,000) (excluding VAT) for the period from 22 May 2019 to 31 December 2019, IDR40,000,000 (equivalent to approximately HK\$22,000) (excluding VAT) for the year ending 31 December 2020 and IDR50,000,000 (equivalent to approximately HK\$27,000) (excluding VAT) for the year ending 31 December 2021, which is determined based on arm's length negotiations between the two parties with reference to the prevailing market rental for similar crew boats in Kendawangan, West Kalimantan Province, Indonesia. The VAT shall be borne by Well Harvest Winning and the income tax shall be borne by Mitra Kemakmuran Line.

The Directors confirmed that the monthly rental for the Crew Boat agreed between Mitra Kemakmuran Line and Well Harvest Winning is fair and reasonable and negotiated on an arm's length basis and constitutes a normal commercial term.

Well Harvest Winning shall pay the rental to Mitra Kemakmuran Line within fourteen (14) days after receipt of the invoice issued by Mitra Kemakmuran Line each month. If there is a delay in the payment of the rental, Mitra Kemakmuran Line will give a written warning to Well Harvest Winning to request immediate payment. If Well Harvest Winning does not make payment, Mitra Kemakmuran Line shall be entitled to temporarily cease the operation of the Crew Boat until the rental is duly paid, and such temporary suspension shall be included as part of the term of the Crew Boat Lease Agreement.

7. Termination and renewal

The two parties shall negotiate an extension of the Crew Boat Lease Agreement in writing thirty (30) days prior to the expiry of the term of the Crew Boat Lease Agreement. In the absence of a written agreement from Well Harvest Winning within such period, Well Harvest Winning automatically allows Mitra Kemakmuran Line to invite other charterers to survey the Crew Boat for the purpose of on-hire to other parties upon the expiry of the Crew Boat Lease Agreement.

8. Historical transaction values and the annual caps

Well Harvest Winning has been leasing crew boats from Mitra Kemakmuran Line since August 2016. The historical transaction values for lease of crew boats for the three financial years ended 31 December 2018 and the period from 1 January 2019 to 21 May 2019 are as follows:

	For the financial year ended 31 December 2016 (excluding VAT)	For the financial year ended 31 December 2017 (excluding VAT)	For the financial year ended 31 December 2018 (excluding VAT)	For the period from 1 January 2019 to 21 May 2019 (excluding VAT)
Historical transaction values ^(Note)	USD23,264 (equivalent to approximately HK\$183,000)	USD14,719 (equivalent to approximately HK\$116,000)	USD43,307 (equivalent to approximately HK\$340,000)	USD9,650 (equivalent to approximately HK\$76,000)

Note: As the relevant percentage ratios (as defined under Rule 14A.09 of the Listing Rules) in respect of Well Harvest Winning were less than 10% for each of the three financial years ended 31 December 2017, Well Harvest Winning had been an insignificant subsidiary of the Company under Rule 14A.09 of the Listing Rules, and therefore Mitra Kemakmuran Line was exempt under Rule 14A.09 of the Listing Rules and had not been a connected person of the Company under the Listing Rules and the historical transactions for lease of crew boats between Well Harvest Winning and Mitra Kemakmuran Line did not constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Set out below are the annual caps of the rental estimated to be payable by Well Harvest Winning to Mitra Kemakmuran Line under the Crew Boat Lease Agreement for the period from 22 May 2019 to 31 December 2021.

	For the period from 22 May 2019 to 31 December 2019 (excluding VAT)	For the financial year ending 31 December 2020 (excluding VAT)	For the financial year ending 31 December 2021 (excluding VAT)
Annual caps <i>(Note 1)</i>	USD17,000 <i>(Note 2)</i> (equivalent to approximately HK\$133,000)	USD34,000 <i>(Note 2)</i> (equivalent to approximately HK\$267,000)	USD42,000 <i>(Note 2)</i> (equivalent to approximately HK\$330,000)

Note 1: The annual caps for the period from 22 May 2019 to 31 December 2021 are determined with reference to the monthly rental for the Crew Boat under the Crew Boat Lease Agreement, i.e. IDR30,000,000 (equivalent to approximately HK\$16,000) (excluding VAT) for the period from 22 May 2019 to 31 December 2019, IDR40,000,000 (equivalent to approximately HK\$22,000) (excluding VAT) for the year ending 31 December 2020 and IDR50,000,000 (equivalent to approximately HK\$27,000) (excluding VAT) for the year ending 31 December 2021.

Note 2: The annual caps shall be subject to final calculation in the payment currency.

D. THE VESSEL LEASE AGREEMENT

The material terms of the Vessel Lease Agreement which is amended by the Addendum of Vessel Lease Agreement are set out as follows:

1. Date of the Addendum of Vessel Lease Agreement

22 May 2019

2. Parties

(i) Antar Sarana Rekasa, as the leaser; and

(ii) Well Harvest Winning, as the lessee.

3. Connected person

Well Harvest Winning is a non-wholly owned subsidiary of the Company and it is held as to 30% by Cita Mineral Investindo, which is in turn held as to 90.96% by Harita Jayaraya. Antar Sarana Rekasa is owned as to 34% by Lima Srikandi Jaya which is a subsidiary of Harita Jayaraya. As the relevant percentage ratios (as defined under Rule 14A.09 of the Listing Rules) in respect of Well Harvest Winning exceeded 10% for the year ended 31 December 2018, Well

Harvest Winning ceased to be an insignificant subsidiary of the Company under Rule 14A.09 of the Listing Rules and therefore Antar Sarana Rekasa could not meet the conditions for the exemption under Rule 14A.09 of the Listing Rules and became a connected person of the Company under the Listing Rules.

4. Transaction nature

Well Harvest Winning and Antar Sarana Rekasa entered into the Vessel Lease Agreement on 16 January 2017 for a term commencing on 1 January 2017 and ending on 31 December 2019, pursuant to which Antar Sarana Rekasa agreed to lease the Vessels to Well Harvest Winning for transporting chemicals. On 22 May 2019, Well Harvest Winning and Antar Sarana Rekasa entered into the Addendum of Vessel Lease Agreement to extend the term of the Vessel Lease Agreement for a term commencing on 1 January 2020 and ending on 31 December 2021.

5. Subject matter

The subject matter of the Vessel Lease Agreement are the two Vessels which are equipped with valid vessel documents that are in good condition, indicating that the Vessels are nautically and technically worthy for voyage.

6. Pricing basis and payment terms

The monthly rental for each of the two Vessels payable by Well Harvest Winning to Antar Sarana Rekasa under the Vessel Lease Agreement shall be IDR750,000,000 (i.e. IDR1,500,000,000 (equivalent to approximately HK\$820,000) in total) (excluding VAT), which is determined based on arm's length negotiations between the two parties with reference to the prevailing market rental for similar vessels in Kendawangan, West Kalimantan Province, Indonesia. The VAT shall be borne by Well Harvest Winning, and the income tax shall be borne by Antar Sarana Rekasa.

The Directors confirmed that the monthly rental for the two Vessels agreed between Antar Sarana Rekasa and Well Harvest Winning is fair and reasonable and negotiated on an arm's length basis and constitutes a normal commercial term.

Well Harvest Winning shall pay the rental for the two Vessels to Antar Sarana Rekasa at the beginning of each month of use starting from the date of on-hire minutes. If there is a delay in the payment of the rental, Antar Sarana Rekasa will give a written warning to Well Harvest Winning to request immediate payment. If Well Harvest Winning does not respond to the written warning within seven (7) business days upon receipt of such warning, at the cost of Antar Sarana Rekasa, Antar Sarana Rekasa shall be entitled to retain the Vessels (temporary off hire) until the rental is duly paid.

7. Termination and renewal

The two parties shall negotiate an extension of the Vessel Lease Agreement in writing thirty (30) days prior to the expiry of the term of the Vessel Lease Agreement. In the absence of a written agreement from Well Harvest Winning within such period, Well Harvest Winning automatically allows Antar Sarana Rekasa to invite other charterers to survey the Vessels for the purpose of on-hire to other parties upon the expiry of the Vessel Lease Agreement.

8. Historical transaction values and the annual caps

Well Harvest Winning has been leasing the Vessels from Antar Sarana Rekasa since January 2017. The historical transaction values for the lease of the Vessels under the Vessel Lease Agreement for the two financial years ended 31 December 2018 and the period from 1 January 2019 to 21 May 2019 are as follows:

	For the financial year ended 31 December 2017 (excluding VAT)	For the financial year ended 31 December 2018 (excluding VAT)	For the period from 1 January 2019 to 21 May 2019 (excluding VAT)
Historical transaction values <i>(Note)</i>	USD1,328,609 (equivalent to approximately HK\$10,429,000)	USD1,243,008 (equivalent to approximately HK\$9,757,000)	USD425,257 (equivalent to approximately HK\$3,338,000)

Note: As the relevant percentage ratios (as defined under Rule 14A.09 of the Listing Rules) in respect of Well Harvest Winning were less than 10% for each of the three financial years ended 31 December 2017, Well Harvest Winning had been an insignificant subsidiary of the Company under Rule 14A.09 of the Listing Rules, and therefore Antar Sarana Rekasa was exempt under Rule 14A.09 of the Listing Rules and had not been a connected person of the Company under the Listing Rules and the historical transactions under the Vessel Lease Agreement did not constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Set out below are the annual caps of the rental estimated to be payable by Well Harvest Winning to Antar Sarana Rekasa under the Vessel Lease Agreement for the period from 22 May 2019 to 31 December 2021:

	For the period from 22 May 2019 to 31 December 2019 (excluding VAT)	For the financial year ending 31 December 2020 (excluding VAT)	For the financial year ending 31 December 2021 (excluding VAT)
Annual caps <i>(Note 1)</i>	USD836,000 <i>(Note 2)</i> (equivalent to approximately HK\$6,562,000)	USD1,254,000 <i>(Note 2)</i> (equivalent to approximately HK\$9,843,000)	USD1,254,000 <i>(Note 2)</i> (equivalent to approximately HK\$9,843,000)

Note 1: The annual caps for the period from 22 May 2019 to 31 December 2021 are determined with reference to the monthly rental for the Vessels under the Vessel Lease Agreement, i.e. IDR1,500,000,000 (equivalent to approximately HK\$820,000) in total (excluding VAT).

Note 2: The annual caps shall be subject to final calculation in the payment currency.

E. THE CRANE BARGE LEASE AGREEMENT

The material terms of the Crane Barge Lease Agreement are set out as follows:

1. Date

22 May 2019

2. Parties

- (i) Lima Srikandi Jaya, as the leaser; and
- (ii) Well Harvest Winning, as the lessee.

3. Connected person

Well Harvest Winning is a non-wholly owned subsidiary of the Company and it is held as to 30% by Cita Mineral Investindo, which is in turn held as to 90.96% by Harita Jayaraya. Lima Srikandi Jaya is a subsidiary of Harita Jayaraya. As the relevant percentage ratios (as defined under Rule 14A.09 of the Listing Rules) in respect of Well Harvest Winning exceeded 10% for the year ended 31 December 2018, Well Harvest Winning ceased to be an insignificant subsidiary of the Company under Rule 14A.09 of the Listing Rules and therefore Lima Srikandi Jaya could not meet the conditions for the exemption under Rule 14A.09 of the Listing Rules and became a connected person of the Company under the Listing Rules.

4. Transaction nature

Well Harvest Winning and Lima Srikandi Jaya entered into the Crane Barge Lease Agreement on 22 May 2019 for a term commencing on 22 May 2019 and ending on 31 December 2021, pursuant to which Lima Srikandi Jaya agreed to lease the Crane Barge to Well Harvest Winning for loading goods.

5. Subject matter

The subject matter of the Crane Barge Lease Agreement is the Crane Barge which is equipped with valid vessel documents that are in good condition, indicating that the Crane Barge is nautically and technically worthy for voyage.

6. Pricing basis and payment terms

The daily rental for the Crane Barge payable by Well Harvest Winning to Lima Srikandi Jaya under the Crane Barge Lease Agreement shall be IDR60,000,000 (equivalent to approximately HK\$33,000) (excluding VAT), which is determined based on arm's length negotiations between the two parties with reference to the prevailing market rental for similar crane barges in Kendawangan, West Kalimantan Province, Indonesia. The VAT shall be borne by Well Harvest Winning, and the income tax shall be borne by Lima Srikandi Jaya.

The Directors confirmed that the daily rental for the Crane Barge agreed between Lima Srikandi Jaya and Well Harvest Winning is fair and reasonable and negotiated on an arm's length basis and constitutes a normal commercial term.

Well Harvest Winning shall pay the rental for each use to Lima Srikandi Jaya within fourteen (14) days upon the off-hire date and issuance of invoice. If there is a delay in the payment of the rental, Lima Srikandi Jaya will give a written warning to Well Harvest Winning to request immediate payment. If Well Harvest Winning does not make the payment, Lima Srikandi Jaya shall be entitled to cease the lease of the Crane Barge until the rental is duly paid.

7. Termination and renewal

The two parties shall negotiate an extension of the Crane Barge Lease Agreement in writing thirty (30) days prior to the expiry of the term of the Crane Barge Lease Agreement. In the absence of a written agreement from Well Harvest Winning within such period, Well Harvest Winning automatically allows Lima Srikandi Jaya to invite other charterers to survey the Crane Barge for the purpose of on-hire to other parties upon the expiry of the Crane Barge Lease Agreement.

8. Historical transaction values and the annual caps

Well Harvest Winning leased a crane barge from Lima Srikandi Jaya for one day on 25 March 2019. The historical transaction value for lease of the crane barge was USD4,243 (equivalent to approximately HK\$33,300).

Set out below are the annual caps of the rental estimated to be payable by Well Harvest Winning to Lima Srikandi Jaya under the Crane Barge Lease Agreement for the period from 22 May 2019 to 31 December 2021.

	For the period from 22 May 2019 to 31 December 2019 (excluding VAT)	For the financial year ending 31 December 2020 (excluding VAT)	For the financial year ending 31 December 2021 (excluding VAT)
Annual caps <i>(Note 1)</i>	USD9,000 <i>(Note 2)</i> (equivalent to approximately HK\$71,000)	USD13,000 <i>(Note 2)</i> (equivalent to approximately HK\$102,000)	USD13,000 <i>(Note 2)</i> (equivalent to approximately HK\$102,000)

Note 1: The annual caps for the period from 22 May 2019 to 31 December 2021 are determined with reference to the estimated lease days and the daily rental for the Crane Barge under the Crane Barge Lease Agreement, i.e. IDR60,000,000 (equivalent to approximately HK\$33,000) (excluding VAT).

Note 2: The annual caps shall be subject to final calculation in the payment currency.

F. REASONS FOR AND BENEFITS OF ENTERING INTO THE CONTINUING CONNECTED TRANSACTIONS

In order to enhance the Group's operating efficiency and meet the demand of bauxite of Well Harvest Winning, Well Harvest Winning and Cita Mineral Investindo entered into the Bauxite Supply Framework Agreement after considering, among others, the following reasons:

- (i) the close location of Cita Mineral Investindo to the production base of Well Harvest Winning makes it convenient and efficient for bauxite supply; and
- (ii) Cita Mineral Investindo is able to provide stable bauxite supply with flexible scheduling for the production needs of Well Harvest Winning, which is favorable to the stable operation of the Group's business.

To satisfy the business needs of Well Harvest Winning, Well Harvest Winning and Harita Jayaraya entered into the Office Unit Lease Agreement, through which, Well Harvest Winning can use the Office Unit as its office to carry out business operation in South Jakarta, Indonesia at a rental no less favorable to the Group than the rentals offered by other independent third parties in South Jakarta, Indonesia.

As Well Harvest Winning is not licensed in Indonesia to carry out shipping and related business, Well Harvest Winning entered into the Crew Boat Lease Agreement, the Vessel Lease Agreement and the Crane Barge Lease Agreement with Mitra Kemakmuran Line, Antar Sarana Rekasa and Lima Srikandi Jaya, which are licensed in Indonesia to carry out shipping and related business, respectively, through which, Well Harvest Winning can use the Crew Boat, the Vessels and the Crane Barge for shipping staff, transporting chemicals and loading goods, respectively, at rentals no less favorable to the Group than the rentals offered by other independent third parties in Kendawangan, West Kalimantan Province, Indonesia.

G. IMPLICATIONS UNDER THE LISTING RULES

Well Harvest Winning is a non-wholly owned subsidiary of the Company and it is held as to 30% by Cita Mineral Investindo, which is in turn held as to 90.96% by Harita Jayaraya. Mitra Kemakmuran Line and Lima Srikandi Jaya are subsidiaries of Harita Jayaraya. Antar Sarana Rekasa is owned as to 34% by Lima Srikandi Jaya. As the relevant percentage ratios (as defined under Rule 14A.09 of the Listing Rules) in respect of Well Harvest Winning were less than 10% for each of the three financial years ended 31 December 2017, Well Harvest Winning had been an insignificant subsidiary of the Company under Rule 14A.09 of the Listing Rules and therefore each of Cita Mineral Investindo, Harita Jayaraya, Mitra Kemakmuran Line, Antar Sarana Rekasa and Lima Srikandi Jaya was exempt under Rule 14A.09 of the Listing Rules and had not been a connected person of the Company under the Listing Rules.

According to the audited accounts of the Group for the year ended 31 December 2018 as set out in the 2018 annual results announcement of the Company dated 22 March 2019 and the 2018 annual report of the Company published on 18 April 2019, the relevant percentage ratios (as defined under Rule 14A.09 of the Listing Rules) in respect of Well Harvest Winning exceeded 10% for the year ended 31 December 2018. Therefore, Well Harvest Winning ceased to be an insignificant subsidiary of the Company under Rule 14A.09 of the Listing Rules and each of Cita Mineral Investindo, Harita Jayaraya, Mitra Kemakmuran Line, Antar Sarana Rekasa and Lima Srikandi Jaya could not meet the conditions for the exemption under Rule 14A.09 of the Listing Rules and became a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Bauxite Supply Framework Agreement, the Office Unit Lease Agreement, the Crew Boat Lease Agreement, the Vessel Lease Agreement and the Crane Barge Lease Agreement became continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Based on the requirement of Rule 14A.60 of the Listing Rules, the Company must, as soon as practicable after becoming aware of such fact, comply with the annual review and disclosure requirements including publishing an announcement and annual reporting for the transactions the Group continues to conduct and when such agreements are renewed or their terms are varied, comply with all connected transaction requirements.

The Continuing Connected Transactions contemplated under the Bauxite Supply Framework Agreement, the Office Unit Lease Agreement, the Crew Boat Lease Agreement, the Vessel Lease Agreement and the Crane Barge Lease Agreement are aggregated pursuant to Rule 14A.81 of the Listing Rules. As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Continuing Connected Transactions, on aggregate basis, is more than 0.1% but less

than 5%, the Continuing Connected Transactions are subject to the announcement, reporting and annual review requirements but exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

None of the Directors was required to abstain from voting on the relevant resolutions of the Board approving the Continuing Connected Transactions as none of them has any material interest in the Continuing Connected Transactions.

The Directors (including the independent non-executive Directors) consider that the Continuing Connected Transactions are in the ordinary and usual course of business of the Group and the terms of Bauxite Supply Framework Agreement, the Office Unit Lease Agreement, the Crew Boat Lease Agreement, the Vessel Lease Agreement and the Crane Barge Lease Agreement (including the annual caps for the Continuing Connected Transactions) have been negotiated on an arm's length basis, and are on normal commercial terms and are fair and reasonable and in the interest of the Group and the Shareholders as a whole.

H. INTERNAL CONTROL PROCEDURES

The Company has adopted the following internal control measures to ensure that the Continuing Connected Transactions are in accordance with the pricing policies and the terms of the Bauxite Supply Framework Agreement, the Office Unit Lease Agreement, the Crew Boat Lease Agreement, the Vessel Lease Agreement and the Crane Barge Lease Agreement, and in compliance with the Listing Rules:

- (i) the finance department of the Company shall obtain and monitor all the quotations and/or pricing records as reference prices of the Continuing Connected Transactions to ensure that the price of bauxite offered by Cita Mineral Investindo to the Group are not higher than the prices offered by other independent third parties in Indonesia to the Group for supplying the same or comparable types of bauxite, and to ensure that the rentals of the Office Unit, the Crew Boat, the Vessels and the Crane Barge, offered by Harita Jayaraya, Mitra Kemakmuran Line, Antar Sarana Rekasa and Lima Srikandi Jaya, respectively, to the Group are not higher than the rentals of similar properties, crew boats, vessels and crane barges offered by other independent third parties in Indonesia to the Group, respectively;
- (ii) the finance department of the Company shall monitor and ensure that the Continuing Connected Transactions are conducted in accordance with the terms of the Bauxite Supply Framework Agreement, the Office Unit Lease Agreement, the Crew Boat Lease Agreement, the Vessel Lease Agreement and the Crane Barge Lease Agreement and the annual caps for the Continuing Connected Transactions are not exceeded;
- (iii) the Board will continue to periodically review the Company's internal control systems and their effectiveness; and

(iv) the independent non-executive Directors shall, and the Company shall engage its external auditors to, conduct annual review of the Continuing Connected Transactions and the annual caps for the Continuing Connected Transactions in accordance with the requirements of the Listing Rules.

I. GENERAL INFORMATION

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

Well Harvest Winning is principally engaged in the production and sales of alumina.

Cita Mineral Investindo is principally engaged in bauxite mining business.

Harita Jayaraya is principally engaged in general business.

Mitra Kemakmuran Line is principally engaged in shipping business.

Antar Sarana Rekasa is principally engaged in shipping business.

Lima Srikandi Jaya is principally engaged in shipping business.

J. DEFINITIONS

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

“4th Addendum of Office Unit Lease Agreement”	the 4th addendum of Office Unit Lease Agreement entered into between Well Harvest Winning and Harita Jayaraya on 1 February 2019 to extend the term of the Office Unit Lease Agreement for a term commencing on 1 January 2019 and ending on 31 December 2020
“Addendum of Vessel Lease Agreement”	the addendum of Vessel Lease Agreement entered into between Well Harvest Winning and Antar Sarana Rekasa on 22 May 2019 to extend the term of the Vessel Lease Agreement for a term commencing on 1 January 2020 and ending on 31 December 2021
“Antar Sarana Rekasa”	PT. Antar Sarana Rekasa, a limited liability company established and existing under the laws of Indonesia

“Bauxite Supply Framework Agreement”	the Bauxite Supply Framework Agreement entered into between Well Harvest Winning and Cita Mineral Investindo on 22 May 2019 for a term commencing on 22 May 2019 and ending on 31 December 2021, pursuant to which Cita Mineral Investindo agreed to supply bauxite to Well Harvest Winning for production use
“Board”	the board of Directors
“Cita Mineral Investindo”	PT. Cita Mineral Investindo, Tbk., a limited liability company established and existing under the laws of Indonesia
“Company”	China Hongqiao Group Limited (中國宏橋集團有限公司)
“Continuing Connected Transactions”	the continuing connected transactions contemplated under the Bauxite Supply Framework Agreement, the Office Unit Lease Agreement, the Crew Boat Lease Agreement, the Vessel Lease Agreement and the Crane Barge Lease Agreement
“Crane Barge”	the subject matter under the Crane Barge Lease Agreement
“Crane Barge Lease Agreement”	the crane barge lease agreement entered into between Well Harvest Winning and Lima Srikandi Jaya on 22 May 2019 for a term commencing on 22 May 2019 and ending on 31 December 2021, pursuant to which Lima Srikandi Jaya agreed to lease the Crane Barge to Well Harvest Winning for loading goods
“Crew Boat”	The subject matter under the Crew Boat Lease Agreement
“Crew Boat Lease Agreement”	the crew boat lease agreement entered into between Well Harvest Winning and Mitra Kemakmuran Line on 22 May 2019 for a term commencing on 22 May 2019 and ending on 31 December 2021, pursuant to which Mitra Kemakmuran Line agreed to lease the Crew Boat to Well Harvest Winning for shipping staff
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Harita Jayaraya”	PT. Harita Jayaraya, a limited liability company established and existing under the laws of Indonesia
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong Special Administrative Region of the PRC

“IDR”	Indonesian Rupiah, the lawful currency of Indonesia
“Indonesia”	the Republic of Indonesia
“Lima Srikandi Jaya”	PT. Lima Srikandi Jaya, a limited liability company established and existing under the laws of Indonesia
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mitra Kemakmuran Line”	PT. Mitra Kemakmuran Line, a limited liability company established and existing under the laws of Indonesia
“Office Unit”	the subject matter under the Office Unit Lease Agreement
“Office Unit Lease Agreement”	the office unit lease agreement entered into between Well Harvest Winning and Harita Jayaraya on 29 June 2012 for a term commencing on 1 July 2012 and ending on 31 December 2014, pursuant to which Harita Jayaraya agreed to lease the Office Unit to Well Harvest Winning for operation use, which was amended by the 1st, 2nd, 3rd and 4th Addendum of Office Unit Lease Agreement
“PRC”	the People’s Republic of China
“Shareholder(s)”	registered holder(s) of the shares of the Company
“USD”	United States dollar(s), the lawful currency of the United States
“Vessel(s)”	the subject matter under the Vessel Lease Agreement
“Vessel Lease Agreement”	the vessel lease agreement entered into between Well Harvest Winning and Antar Sarana Rekasa on 16 January 2017 for a term commencing on 1 January 2017 and ending on 31 December 2019, pursuant to which Antar Sarana Rekasa agreed to lease the Vessels to Well Harvest Winning for transporting chemicals, which is amended by the Addendum of Vessel Lease Agreement
“VAT”	value added tax at the rate of 10%
“Well Harvest Winning”	PT. Well Harvest Winning Alumina Refinery, a limited liability company established and existing under the laws of Indonesia and a non-wholly owned subsidiary of the Company
“%”	per cent

For the purposes of illustration only, any amount denominated in USD in this announcement was translated into HK\$ at the rate of USD1= HK\$7.8495 and any amount denominated in IDR in this announcement was translated into USD at the rate of USD1= IDR14,362. Such translations should not be construed as a presentation that the amounts in question have been, could have been or could be, converted at any particular rate at all.

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

Shandong, the PRC
22 May 2019

As at the date of this announcement, the Board comprises ten Directors, namely Mr. Zhang Shiping, Ms. Zheng Shuliang, Mr. Zhang Bo 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.