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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)

**ISSUE OF US\$450,000,000 6.85% SENIOR UNSECURED
NOTES DUE 2019**

Reference is made to the announcement of the Company dated 13 April 2018.

The Board announces that on 17 April 2018 (after trading hours), the Company and the Subsidiary Guarantors entered into the Purchase Agreement with the Initial Purchasers, pursuant to which the Company has agreed to issue and Initial Purchasers (as defined below) have agreed to purchase and pay for the Notes in an aggregate principal amount of US\$450 million.

Approval in principle has been received from the SGX-ST for the listing and quotation of the Notes on the Official List of the SGX-ST. Admission of the Notes to the SGX-ST is not to be taken as an indication of the merits of the Company, subsidiaries or the Notes. No listing of the Notes has been sought in Hong Kong.

The estimated net proceeds of the Note Issue, after deduction of commission and expenses, will amount to approximately US\$445 million. The Company intends to apply the net proceeds from this offering for refinancing certain existing indebtedness with the remainder for general corporate purposes.

MiFID II professionals/ECPs-only/No PRIIPs KID — Manufacturer target market (MIFID II product governance) is eligible counterparties and professional clients only (all distribution channels). No PRIIPs key information document (KID) has been prepared as not available to retail in EEA.

Completion of the Purchase Agreement is subject to the satisfaction, or waiver, of the conditions precedent therein. In addition, the Purchase Agreement may be terminated under certain circumstances.

As the Purchase Agreement may or may not be consummated, shareholders of the Company and prospective investors are reminded to exercise caution when dealing in the securities of the Company.

Reference is made to the announcement of the Company dated 13 April 2018 in respect of the Notes Issue. The Board is pleased to announce that on 17 April 2018, the Company together with the Subsidiary Guarantors, entered into the Purchase Agreement with the Initial Purchasers in connection with the Notes Issue.

THE PURCHASE AGREEMENT

Date : 17 April 2018 (after trading hours)

Parties : (i) the Company as the issuer;

(ii) the Subsidiary Guarantors as guarantors; and

(iii) China CITIC Bank International, Standard Chartered Bank, Crédit Agricole CIB, ING, Société Générale Corporate & Investment Banking, Barclays and CMB International as the Initial Purchasers

Subject to and in accordance with the provisions of the Purchase Agreement, the Company has agreed to issue, and the Initial Purchasers have agreed to purchase and pay for the Notes in an aggregate principal amount of US\$450 million on the Closing Date. The Notes are to be issued at 100% of the aggregate principal amount.

China CITIC Bank International is the sole global coordinator, a joint bookrunner and a joint lead manager, and Standard Chartered Bank, Crédit Agricole CIB, ING, Société Générale Corporate & Investment Banking, Barclays and CMB International are the joint bookrunners and joint lead managers in respect of the offer and sale of the Notes.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Initial Purchasers are independent parties and are not connected persons (as defined in the Listing Rules) of the Company.

Subject to all the conditions of the Purchase Agreement being fulfilled or waived by the Initial Purchasers and there being no termination event, completion of the Note Issue is expected to take place on the Closing Date.

The Notes and the Subsidiary Guarantees have not been, and will not be, registered under the Securities Act. The Notes 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 Notes will be offered to the public in Hong Kong.

MiFID II professionals/ECPs-only/No PRIIPs KID — Manufacturer target market (MIFID II product governance) is eligible counterparties and professional clients only (all distribution channels). No PRIIPs key information document (KID) has been prepared as not available to retail in EEA.

PRINCIPAL TERMS OF THE NOTES

Notes Offered

Upon completion of the Purchase Agreement, the Company will issue the Notes in the aggregate principal amount of US\$450 million due 2019, unless previously redeemed or purchased and cancelled pursuant to the terms thereof.

Issue Price

The issue price of the Notes will be 100% of the principal amount of the Notes.

Interest

The Notes will bear interest from, and including 24 April 2018 at the rate of 6.85% per annum payable on 24 October 2018 and on 22 April 2019.

Guarantee of the Notes

Each of the Subsidiary Guarantors has jointly and severally, guarantee the due and punctual payment of the principal of, premium, if any, and interest on, and all other amounts payable under the Notes. A subsidiary guarantee may be released in certain circumstances.

The initial Subsidiary Guarantors are Hongqiao International Trading Limited, China Hongqiao Investment Limited and Hongqiao Investment (Hong Kong) Limited.

Each future Restricted Subsidiary, promptly upon becoming a Restricted Subsidiary, and each of its exempted subsidiaries, promptly after it ceases to be an exempted subsidiary, will execute and deliver to the Trustee a supplemental indenture to the Indenture pursuant to which such Restricted Subsidiary will guarantee the payment of the Notes.

Redemption

Final redemption

Unless previously redeemed or purchased and cancelled pursuant to the terms thereof, the Notes will be redeemed at their principal amount at maturity.

Redemption for taxation reasons

Subject to certain exceptions, the Notes may be redeemed, at the option of the Company or a Surviving Person with respect to the Company, as a whole but not in part, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interests, if any, to the date fixed by the Company or the Surviving Person, as the case may be, for redemption, if the Company or the Surviving Person or a Subsidiary Guarantor would become obligated to pay certain additional amounts as a result of certain changes in specified tax laws.

Optional Redemption

At any time prior to 22 April, 2019, the Company may at its option redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Notes redeemed plus the applicable premium as of, and accrued and unpaid interest, if any, to (but not including), the redemption date.

At any time and from time to time prior to 22 April, 2019, the Company may at its option redeem up to 35% of the aggregate principal amount of the Notes with the net cash proceeds of one or more sales of common stock of the Company in an equity offering at a redemption price of 106.85% of the principal amount of the Notes redeemed, plus accrued and unpaid interest, if any, to (but not including) the redemption date; provided that at least 65% of the aggregate principal amount of the Notes originally issued on the Original Issue Date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

The Company or any of its affiliates may from time to time purchase Notes in the open market or by tender or by any other means at any price, so long as such acquisition does not otherwise violate the terms of the Indenture; provided that all Notes redeemed or repurchased by the Company or any of its affiliates may not be reissued or resold.

Repurchase of Notes upon a change of control

Not later than 30 days following a change of control triggering event as set out in the Indenture, the Company will make an offer to purchase all outstanding Notes at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to (but not including) the offer to purchase payment date.

Events of Default

The events of default under the Indenture includes, among others:

- (a) default in the payment of principal of (or premium, if any, on) the Notes when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise;
- (b) default in the payment of interest or additional amounts on any Note when the same becomes due and payable, and such default continues for a period of 30 consecutive days;
- (c) default in the performance or breach of the provisions of the covenants described under the Indenture, or the failure by the Company to make or consummate an offer to purchase in the manner described in the Indenture;

- (d) default by the Company or any Restricted Subsidiary in the performance of or breaches any other covenant or agreement in the Indenture or under the Notes (other than a default specified in clause (a), (b) or (c) above) and such default or breach continues for a period of 30 consecutive days after written notice of such default or breach to the Company by the Trustee or the holders of 25% or more in aggregate principal amount of the Notes;
- (e) there occurs with respect to any indebtedness of the Company or any Restricted Subsidiary having an outstanding principal amount of US\$30 million (or dollar equivalent thereof) or more in the aggregate for all such indebtedness of all such persons, whether such indebtedness now exists or shall hereafter be created, (A) an event of default that has caused the holder thereof to declare such indebtedness to be due and payable prior to its stated maturity and/or (B) the failure to make a principal payment when due;
- (f) one or more final judgments or orders for the payment of money are rendered against the Company or any Restricted Subsidiary and are not paid or discharged, and there is a period of 60 consecutive days following entry of the final judgment or order that causes the aggregate amount for all such final judgments or orders outstanding and not paid or discharged against all such Persons to exceed US\$30.0 million (or the Dollar Equivalent thereof) (in excess of amounts that the Company's insurance carriers have agreed to pay under applicable policies) during which a stay of enforcement, by reason of a pending appeal or otherwise, is not in effect;
- (g) an involuntary case or other proceeding is commenced against the Company or any Restricted Subsidiary with respect to it or its debts under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect seeking the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any Restricted Subsidiary or for any substantial part of the property and assets of the Company or any Restricted Subsidiary and such involuntary case or other proceeding remains undismissed and unstayed for a period of 60 consecutive days; or an order for relief is entered against the Company or any Restricted Subsidiary under any applicable bankruptcy, insolvency or other similar law as now or hereafter in effect;

- (h) the Company or any Restricted Subsidiary (A) commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law, (B) consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any Restricted Subsidiary or for all or substantially all of the property and assets of the Company or any Restricted Subsidiary or (C) effects any general assignment for the benefit of creditors; or
- (i) any Subsidiary Guarantor denies or disaffirms its obligations under its subsidiary guarantee or, except as permitted by the Indenture, any subsidiary guarantee is determined to be unenforceable or invalid or shall for any reason cease to be in full force and effect.

Covenants

The Notes and the Indenture governing the Notes and the guarantees provided by the Subsidiary Guarantors will limit the Company's ability, and the ability of the Restricted Subsidiaries to, among other things:

- incur or guarantee additional indebtedness and issue disqualified or preferred stock;
- declare dividends on capital stock or purchase or redeem capital stock;
- make investments or other specified restricted payments;
- issue or sell capital stock of the Subsidiary Guarantors;
- guarantee indebtedness of the Company or the Subsidiary Guarantors;
- sell assets;
- create liens;
- enter into sale and leaseback transactions;

- enter into agreements that restrict the Restricted Subsidiaries' ability to pay dividends, transfer assets or make intercompany loans;
- enter into transactions with shareholders or affiliates; and
- effect a consolidation or merger.

Form of the Notes and Denomination

The Notes will be issued only in fully registered form, without coupons, in minimum denominations of US\$200,000 and integral multiples of US\$1,000 in excess thereof.

Ranking of the Notes

The Notes are general obligations of the Company senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the Notes. The Notes rank (a) *pari passu* in right of payment with the November 2014 Notes, the November 2017 CB and all other unsecured, unsubordinated indebtedness of the Company (subject to any priority rights of such unsubordinated indebtedness pursuant to applicable law); (b) guaranteed by the Subsidiary Guarantors on a senior basis, subject to certain limitations; (c) effectively subordinated to the secured obligations of the Company and the Subsidiary Guarantors secured by assets, to the extent of the value of the assets serving as security therefor; and (d) effectively subordinated to all existing and future obligations of all of the Restricted Subsidiaries that are not Subsidiary Guarantor.

LISTING

Approval in principle has been received from the SGX-ST for the listing and quotation of the Notes on the Official List of the SGX-ST. Admission of the Notes to the SGX-ST is not to be taken as an indication of the merits of the Company, subsidiaries or the Notes.

No listing of the Notes has been sought in Hong Kong.

REASONS FOR AND THE BENEFITS OF THE NOTE ISSUE

The Group is one of the largest aluminum manufacturers in China in terms of production capacity.

The Directors consider that the Note Issue represents a good opportunity to improve the cash flow of the Company and to obtain immediate funding which can be used for refinancing certain existing indebtedness with the remainder for general corporate purposes. The Directors are of the view that the terms and conditions of the Notes are fair and reasonable and are in the interest of the shareholders of the Company taken as a whole.

USE OF PROCEEDS

The estimated net proceeds of the Note Issue, after deducting the underwriting discounts and commission and other estimated expenses payable in connection with this offering, will amount to approximately US\$445 million. The Company intends to apply the net proceeds from this offering for refinancing certain existing indebtedness with the remainder for general corporate purposes.

Completion of the Purchase Agreement is subject to the satisfaction, or waiver, of the conditions precedent therein. In addition, the Purchase Agreement may be terminated under certain circumstances.

As the Purchase Agreement may or may not be consummated, shareholders of the Company and prospective investors are reminded to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise:

“Barclays”	Barclays Bank PLC, a joint bookrunner and a joint lead manager in respect of the Proposed Notes Issue
“Board”	the board of directors of the Company
“China CITIC Bank International”	China CITIC Bank International Limited, the sole global coordinator, a joint bookrunner and joint lead manager in respect of the Proposed Notes Issue
“Closing Date”	24 April 2018, or such other date, as the Company and the Initial Purchaser may agree on which the Notes will be issued
“CMB International”	CMB International Capital Limited, a joint bookrunner and a joint lead manager in respect of the Proposed Notes Issue
“Company”	China Hongqiao Group Limited (中國宏橋集團有限公司), a company incorporated in the Cayman Islands with limited liability the shares of which are listed on the Main Board of the Stock Exchange
“Crédit Agricole CIB”	Crédit Agricole Corporate and Investment Bank, a joint bookrunner and a joint lead manager in respect of the Proposed Notes Issue
“Director(s)”	the director(s) of the Company
“ECPs”	Eligible Counterparties
“EEA”	European Economic Area
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Indenture”	the indenture dated as of the Closing Date pursuant to which the Notes are to be issued
“ING”	ING Bank N.V., Singapore Branch, a joint bookrunner and joint lead manager in respect of the Proposed Notes Issue
“Initial Purchasers”	China CITIC Bank International, Standard Chartered Bank, Crédit Agricole CIB, ING, Société Générale Corporate & Investment Banking, Barclays and CMB International
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“MiFID II”	Markets in Financial Instruments Directive (II) (2014/65/EU)
“Notes”	the 6.85% senior notes due 2019 in the principal amount of US\$450 million to be issued by the Company
“Note Issue”	the issue of the Notes by the Company
“November 2014 Notes”	The 6.875% senior notes the Company issued on 3 November 2014, in the aggregate principal amount of US\$300 million, which will mature on 3 May 2018.
“November 2017 CB”	The US\$320,000,000 5.0% convertible bonds due 2022 issued by the Company on 28 November 2017.
“Original Issue Date”	the date on which the Notes are expected to be issued under the Indenture
“PRC”	the People’s Republic of China
“Purchase Agreement”	an agreement dated 17 April 2018 entered into between among others, the Company, the Subsidiary Guarantors, and the Initial Purchasers in relation to the Note Issue

“Restricted Subsidiaries”	any subsidiary of the Company other than unrestricted subsidiaries of the Company
“Securities Act”	the United States Securities Act of 1933, as amended
“SGX-ST”	Singapore Exchange Securities Trading Limited
“Société Générale Corporate & Investment Banking”	Société Générale, a joint bookrunner and joint lead manager in respect of the Proposed Notes Issue
“Standard Chartered Bank”	Standard Chartered Bank, a joint bookrunner and a joint lead manager in respect of the Proposed Notes Issue
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Subsidiary Guarantors”	certain subsidiaries of the Company that are incorporated outside of the PRC and will guarantee the Company’s obligations under the Notes
“Surviving Person”	the continuing person, or the person formed by the consolidation or merger with or into another person, or that acquired or leased all or substantially all of the Company and its Restricted Subsidiaries’ properties and assets (computed on a consolidated basis) (as an entirety or substantially an entirety in one transaction or a series of related transactions)
“Trustee”	The Bank of New York Mellon, London Branch, as trustee

“United States” or
“U.S.”

United States of America

“USD”

U.S. dollars, the lawful currency of the U.S.

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

Hong Kong, 17 April 2018

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 and Mr. Zhang Jinglei as non-executive directors, and Mr. Chen Yinghai, Mr. Xing Jian, Mr. Han Benwen and Mr. Dong Xinyi as independent non-executive directors.