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The Company does not intend to make any public offering of securities in the United States. None of the Notes will be offered to the public in Hong Kong and none of the Notes will be placed to any connected persons of the Company.

This announcement is not for distribution, directly or indirectly, in or into the United States.



China Hongqiao Group Limited

中國宏橋集團有限公司

(Incorporated under the laws of the Cayman Islands with limited liability)

(Stock Code: 01378)

ISSUANCE OF US\$300,000,000 6.875% SENIOR NOTES DUE 2018

Reference is made to the announcement of the Company dated October 27, 2014 in respect of the Notes Issue.

On October 27, 2014, the Company and the Subsidiary Guarantors entered into the Purchase Agreement with Deutsche Bank, ANZ, BofA Merrill Lynch, BOC International and Morgan Stanley in connection with the issue of 6.875% senior notes due 2018 in the aggregate principal amount of US\$300,000,000.

The estimated net proceeds of the Notes Issue, after deduction of the underwriting discounts and commission and other estimated expenses, will amount to approximately US\$294.6 million. The Company expects that the net proceeds from the Notes Issue will be used for refinancing certain existing indebtedness, with the remainder for working capital and general corporate purposes.

Approval in-principle has been obtained for listing of the Notes on 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, its subsidiaries or the Notes.

Reference is made to the announcement of the Company dated October 27, 2014 in respect of the Notes Issue. The Board is pleased to announce that on October 27, 2014, the Company and the Subsidiary Guarantors entered into the Purchase Agreement with Deutsche Bank, ANZ, BofA Merrill Lynch, BOC International and Morgan Stanley, in connection with the Notes Issue in the aggregate principal amount of US\$300,000,000.

THE PURCHASE AGREEMENT

Date: October 27, 2014

Parties to the Purchase Agreement

- a) the Company as the issuer;
- b) the Subsidiary Guarantors;
- c) Deutsche Bank;
- d) ANZ;
- e) BofA Merrill Lynch;
- f) BOC International; and
- g) Morgan Stanley.

Deutsche Bank is the sole global coordinator in respect of the Notes Issue, and Deutsche Bank, ANZ, BofA Merrill Lynch, BOC International and Morgan Stanley are the joint bookrunners and joint lead managers in respect of the Notes Issue. They are also the initial purchasers of the Notes.

The Notes have not been and will not be registered under the Securities Act, and may not be offered, sold or delivered within the United States. The Notes will only be offered outside the United States, in compliance with Regulation S under the Securities Act. None of the Notes will be offered to the public in Hong Kong and none of the Notes will be placed to any connected persons of the Company.

Principal terms of the Notes

Notes Offered

Subject to certain conditions to completion, the Company will issue the Notes in the aggregate principal amount of US\$300,000,000 which will mature on May 3, 2018, unless earlier redeemed pursuant to the terms thereof.

Offer Price

The Offer Price of the Notes will be 100.00% of the principal amount of the Notes.

Interest

The Notes will bear interest from and including November 3, 2014 at the rate of 6.875% per annum, payable semi-annually in arrears on May 3 and November 3 of each year, commencing May 3, 2015.

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;
- at least *pari passu* in right of payment with the June 2014 Notes and all other unsecured, unsubordinated indebtedness of the Company (subject to any priority rights of such unsubordinated indebtedness pursuant to applicable law);
- guaranteed by the Subsidiary Guarantors on a senior basis, subject to several limitations;

- 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
- effectively subordinated to all existing and future obligations of the subsidiaries of the Company which do not guarantee the Notes.

Events of default

The events of default under the Notes include, among other things:

- (1) 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;
- (2) default in the payment of interest or certain payment in respect of withholding or deduction, (if any) on any Note when the same becomes due and payable, and such default continues for a period of 30 consecutive days;
- (3) default in the performance or breach of certain provisions of the covenants under the Indenture;
- (4) the Company or certain of its subsidiaries defaults in the performance of or breaches any other covenant or agreement in the Indenture or under the Notes (other than a default specified in (1), (2) or (3) 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;
- (5) there occurs with respect to any indebtedness of the Company or certain of its subsidiaries having an outstanding principal amount of US\$20.0 million (or the 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 any 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;
- (6) one or more final judgments or orders for the payment of money are rendered against the Company or certain of its subsidiaries 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\$20.0 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;

- (7) an involuntary case or other proceeding is commenced against the Company or certain of its subsidiaries 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 certain of its subsidiaries or for any substantial part of the property and assets of the Company or certain of its subsidiaries 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 certain of its subsidiaries under any applicable bankruptcy, insolvency or other similar law as now or hereafter in effect;
- (8) the Company or certain of its subsidiaries (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 certain of its subsidiaries, or for all or substantially all of the property and assets of the Company or certain of its subsidiaries, or (c) effects any general assignment for the benefit of creditors; or
- (9) any Subsidiary Guarantor denies or disaffirms its obligations under its guarantees securing the obligations of the Notes or, except as permitted by the Indenture, any such guarantee is determined to be unenforceable or invalid or shall for any reason cease to be in full force and effect.

Covenants

The Notes, the Indenture and the guarantees provided by the Subsidiary Guarantors will limit the Company's ability and the ability of certain of its subsidiaries to, among other things:

- (a) incur or guarantee additional indebtedness and issue disqualified or preferred stock;
- (b) declare dividends on its capital stock or purchase or redeem capital stock;

- (c) make investments or other specified restricted payments;
- (d) issue or sell capital stock of certain of the subsidiaries of the Company;
- (e) guarantee indebtedness of the Company or the Subsidiary Guarantors;
- (f) sell assets;
- (g) create liens;
- (h) enter into sale and leaseback transactions;
- (i) enter into agreements that restrict the ability of certain subsidiaries of the Company to pay dividends, transfer assets or make intercompany loans;
- (j) enter into transactions with shareholders or affiliates; and
- (k) effect a consolidation or merger.

Redemption

The Notes may be redeemed in the following circumstances:

At any time prior to May 3, 2018, 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 plus premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date. The Company will give not less than 30 days' nor more than 60 days' notice of any redemption.

At any time and from time to time prior to May 3, 2018, the Company may redeem up to 35% of the aggregate principal amount of the Notes with the net cash proceeds of one or more sales of certain kinds of its capital stock in an equity offering at a redemption price of 106.875% of the principal amount of the Notes, 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.

Not later than 30 days following a change of control event as provided 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 of the Notes, plus accrued and unpaid interest, if any, to (but not including) the date of repurchase.

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

Use of Proceeds

The Company expects that the net proceeds of USD294.6 million from the Notes Issue will be used primarily for refinancing certain existing indebtedness, with the remainder for working capital and general corporate purposes.

Listing and rating

Approval in-principle has been obtained for the listing of the Notes on 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 or the Notes. No listing of the Notes has been sought in Hong Kong.

The Notes have been provisionally rated “BB” by Standard and Poor’s Rating Services and “BB” by Fitch’s Investors Services.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“ANZ”	Australia and New Zealand Banking Group Limited, a joint bookrunner and joint lead manager in respect of the Notes Issue
“Board”	the board of directors of the Company
“BOC International”	BOCI Asia Limited, a joint bookrunner and joint lead manager in respect of the Notes Issue
“BofA Merrill Lynch”	Merrill Lynch International, a joint bookrunner and joint lead manager in respect of the Notes Issue
“China” or “PRC”	the People’s Republic of China excluding except where the context otherwise requires, for the purpose of this announcement, Hong Kong, Macau Special Administrative Region of China and Taiwan

“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
“connected person”	has the meaning ascribed to it under the Listing Rules
“Deutsche Bank”	Deutsche Bank AG, Singapore Branch, the sole global coordinator and a joint bookrunner and joint lead manager in respect of the Notes Issue
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Indenture”	the written agreement between the Company, the Subsidiary Guarantors and the trustee that specifies the terms of the Notes including the interest rate of the Notes and the maturity date
“June 2014 Notes”	the 7.625% senior notes due 2017 in the aggregate principal amount of US\$400 million issued by the Company on June 26, 2014, the details of which are set out in the announcements of the Company dated June 16, 2014, June 20, 2014 and June 30, 2014
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Morgan Stanley”	Morgan Stanley & Co. International plc, a joint bookrunner and joint lead manager in respect of the Notes Issue
“Notes”	the 6.875% senior notes due 2018 to be issued by the Company
“Notes Issue”	the issue of the Notes by the Company
“Offer Price”	the price at which the Notes will be sold
“Purchase Agreement”	the agreement dated October 27, 2014 entered into among the Company, the Subsidiary Guarantors, Deutsche Bank, ANZ, BofA Merrill Lynch, BOC International and Morgan Stanley in relation to the issuance and sales of the Notes

“Securities Act”	the United States Securities Act of 1933, as amended
“SGX-ST”	Singapore Exchange Securities Trading Limited
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary Guarantor”	certain subsidiaries of the Company that are incorporated outside of the PRC and will guarantee the Company’s obligations under the Notes
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

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

Hong Kong, October 27, 2014

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.