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*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)**

## **PROPOSED ISSUANCE OF SENIOR NOTES**

The Company proposes to conduct an international offering of senior notes denominated and settled in U.S. dollars. The completion of the Proposed Notes Issue is subject to market conditions and investor interest. The pricing of the Notes, including the aggregate principal amount, the Offer Price and interest rate, will be determined through a book building exercise conducted by Deutsche Bank, ANZ, BofA Merrill Lynch, BOC International and Morgan Stanley as the joint bookrunners and joint lead managers.

Upon finalization of the terms of the Notes, Deutsche Bank, ANZ, BofA Merrill Lynch, BOC International, Morgan Stanley and the Company, among others, will enter into a Purchase Agreement and other ancillary documents in respect of the Notes, as applicable. The Company intends to apply the net proceeds from this offering for refinancing certain existing indebtedness with the remainder for working capital and general corporate purposes.

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.

**As no binding agreement in relation to the Proposed Notes Issue has been entered into as at the date of this announcement, the Proposed Notes Issue may or may not be completed. Investors and shareholders of the Company are urged to exercise caution when dealing in the securities of the Company.**

Further announcement in respect of the Proposed Notes Issue will be made by the Company should a Purchase Agreement be signed.

## **THE PROPOSED NOTES ISSUE**

### **Introduction**

The Company proposes to conduct an international offering of senior notes denominated and settled in U.S. dollars. Unless otherwise indicated in this announcement, conversion of Renminbi into U.S. dollars have been made at the rate of RMB6.2036 to U.S.\$1.00 (the noon buying rate in New York City on June 30, 2014 as set forth in the weekly H.10 statistical release of the Federal Reserve Board of the Federal Reserve Bank of New York). The completion of the Proposed Notes Issue is subject to market conditions and investor interest. The pricing of the Notes, including the aggregate principal amount, the Offer Price and interest rate, will be determined through a book building exercise conducted by Deutsche Bank, ANZ, BofA Merrill Lynch, BOC International and Morgan Stanley as the joint bookrunners and joint lead managers. Upon finalization of the terms of the Notes, Deutsche Bank, ANZ, BofA Merrill Lynch, BOC International, Morgan Stanley and the Company, among others, will enter into a Purchase Agreement and other ancillary documents in respect of the Notes, as applicable.

The Proposed Notes Issue 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.

## **Reasons for the Proposed Notes Issue**

The Company intends to apply the net proceeds from this offering for refinancing certain existing indebtedness with the remainder for working capital and general corporate purposes.

## **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.

## **GENERAL**

**As no binding agreement in relation to the Proposed Notes Issue has been entered into as at the date of this announcement, the Proposed Notes Issue may or may not be completed. Investors and shareholders of the Company are urged to exercise caution when dealing in the securities of the Company.**

A further announcement in respect of the Proposed Notes Issue will be made by the Company should a Purchase Agreement be signed.

## **UPDATED INFORMATION OF THE GROUP**

### **Appointment of Chief Financial Officer**

Ms. Zhang Ruilian has been appointed as the chief financial officer of the Company with effect from September 29, 2014. For details, please refer to the announcement of the Company dated September 29, 2014.

### **Payment of Dividend for 2013**

During the Company's annual general meeting on May 16, 2014, the Company's shareholders approved a payment of a final dividend of HK\$27.0 cents per share for 2013. The Company paid such dividend in an aggregate amount of HK\$1,589 million on June 27, 2014.

### **Description of Other Material Indebtedness**

To fund the existing business operations and to finance the working capital requirements, the Group has borrowed money or incurred indebtedness from various banks. As of June 30, 2014, the total borrowings of the Group amounted to approximately RMB33,549.2 million (U.S.\$5,408.0 million), of which approximately RMB1,207.7 million (U.S.\$194.7 million) were secured borrowings.

On June 26, 2014, the Company issued 7.625% senior notes due 2017 in the aggregate principal amount of U.S.\$400 million. For details, please refer to the announcements of the Company dated June 16, 2014, June 20, 2014 and June 30, 2014.

### ***Post June 30, 2014 Financing***

On September 3, 2014, the Group entered into a facility letter agreement with China Merchants Bank Co., Ltd., Hong Kong Branch (“**CMB**”) pursuant to which CMB agreed to advance to the Group term loans of up to U.S.\$150 million.

On August 18, 2014, Shandong Hongqiao entered into a facility agreement with, among others, DBS Bank Ltd (“**DBS**”) as facility agent, pursuant to which DBS, as the original lender, agreed to advance to Shandong Hongqiao term loans of up to U.S.\$60 million.

On September 1, 2014, Hongqiao Trading entered into a credit facility agreement with Ping An Bank Co., Ltd. (“**Pingan**”) pursuant to which Pingan agreed to advance to Hongqiao Trading term loans of up to HK\$600 million.

In September 2014, Shandong Hongqiao issued RMB1.0 billion aggregate principal amount of 6.2% and RMB1.0 billion aggregate principal amount of 5.96% short-term financing notes with a one-year term respectively.

### ***Repayment of the J.P. Morgan Facilities***

On or about July 15, 2014, the Group repaid in full the J.P. Morgan 2012 Facility and the J.P. Morgan 2013 Facility. The collaterals securing these facilities were released.

### **Private placement and subscription of shares**

On September 4, 2014, the Company and Hongqiao Holdings entered into a placing and subscription agreement with Merrill Lynch Far East Limited, as the sole placing agent, pursuant to which the sole placing agent agreed to place up to 275,880,000 existing ordinary shares of the Company owned by Hongqiao Holdings to independent placees and Hongqiao Holdings agreed to subscribe for and the Company agreed to allot and issue to Hongqiao Holdings, conditionally upon the

successful placing of the existing shares, up to 275,880,000 new ordinary shares of the Company. The placing and the subscription were completed on September 10, 2014 and September 17, 2014, respectively. For details, please refer to the announcements of the Company dated September 5, 2014 and September 18, 2014.

### ***Major PRC operating subsidiaries' third quarter results***

For the nine months ended September 30, 2014, the two major wholly-owned operating subsidiaries in the PRC, Shandong Hongqiao and Aluminum & Power, achieved healthy revenue increases and moderate net profit increases, compared to the same period in 2013, primarily due to reduced operating costs as a result of the increased self-reliance on alumina production and electricity generation within the Group.

### **DEFINITIONS**

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

“Aluminum & Power”	山東魏橋鋁電有限公司(Shandong Weiqiao Aluminum and Power Co., Ltd.), a limited liability company incorporated under the laws of the PRC on December 25, 2002 and an indirect wholly-owned subsidiary of the Company.
“ANZ”	Australia and New Zealand Banking Group Limited, a bookrunner and lead manager in respect of the Proposed Notes Issue
“Board”	the board of directors of the Company
“BOC International”	BOCI Asia Limited, a bookrunner and lead manager in respect of the Proposed Notes Issue
“BofA Merrill Lynch”	Merrill Lynch International, a bookrunner and lead manager in respect of the Proposed 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, a bookrunner and lead manager in respect of the Proposed Notes Issue
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hongqiao Holdings”	China Hongqiao Holdings Limited (中國宏橋控股有限公司), a company incorporated in the BVI with limited liability on February 5, 2010 and one of the controlling shareholders of the Company
“Hongqiao Trading”	Hongqiao International Trading Limited (宏橋國際貿易有限公司), a company incorporated in Hong Kong with limited liability on April 11, 2012 and an indirect wholly-owned subsidiary of the Company
“J. P. Morgan”	JPMorgan Chase Bank, N.A., acting through its Hong Kong Branch
“J.P. Morgan 2012 Facility”	The term loan facility under the facility agreement dated September 7, 2012 entered into by, among others, J.P. Morgan as facility agent and security agent, certain lenders, and Shandong Hongqiao, as borrower, pursuant to which a syndicate of lenders agreed to advance to Shandong Hongqiao term loans of up to U.S.\$460 million and HK\$320 million
“J.P. Morgan 2013 Facility”	The term loan facility under the facility agreement dated January 25, 2013 entered into by, among others, J.P. Morgan as facility agent and security agent, certain lenders, and Shandong Hongqiao, as borrower, and the Company, Hongqiao Hong Kong, China Hongqiao Investment Limited and Hongqiao Trading, as original guarantors, pursuant to which a syndicate of lenders agreed to advance to Shandong Hongqiao term loans of up to U.S.\$330 million
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Morgan Stanley”	Morgan Stanley & Co. International plc, a bookrunner and lead manager in respect of the Proposed Notes Issue
“Notes”	the senior notes denominated and settled in U.S. dollars to be issued by the Company
“Offer Price”	the final price at which the Notes will be sold
“Proposed Notes Issue”	an international offering of the Notes by the Company
“Purchase Agreement(s)”	an agreement proposed to be entered into between, among others, the Company, Deutsche Bank, ANZ, BofA Merrill Lynch, BOC International and Morgan Stanley in relation to the Notes
“Securities Act”	the United States Securities Act of 1933, as amended
“SGX-ST”	Singapore Exchange Securities Trading Limited
“Shandong Hongqiao”	山東宏橋新型材料有限公司 (Shandong Hongqiao New Material Co., Ltd.), a limited liability company established in the PRC on July 27, 1994 and an indirect wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary Guarantors”	all of the Company’s existing subsidiaries organized outside of the PRC other than certain offshore subsidiaries
“United States” or “U.S.”	the United States of America, including the District of Columbia, its territories and possessions

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.*