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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)

VOLUNTARY ANNOUNCEMENT
MEMORANDUM OF UNDERSTANDING
RELATING TO PROPOSED ACQUISITION

This announcement is made by China Hongqiao Group Limited (the “**Company**”) on a voluntary basis.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that on 29 May 2014, the Company entered into a memorandum of understanding (the “**MOU**”) with a company organized under the laws of Bermuda (the “**Target Company**”) and its existing shareholders (the “**Existing Shareholders**”), and Winning Logistics (Africa) Company Limited (“**Winning**”, together with the Company as “**Consortium**”). The Target Company is primarily engaged in bauxite mining business in the Republic of Guinea and it currently holds the right to develop and produce bauxite from a project for a term of 25 years (2010-2035), which is owned by its subsidiary in the Republic of Guinea and has a deposit of a total resource base of 2.2 billion tones of bauxite of which 624 million tones are classified as measured and indicated.

Pursuant to the MOU, the Target Company and the Existing Shareholders have expressed their intention to sell and the Consortium has expressed its intention to acquire the entire issued shares of Target Company (or if applicable, a holding company to be established, the “**Newco**”) by itself or its affiliates (the “**Proposed Acquisition**”) at a proposed consideration of US\$121 million. After the completion of the Proposed Acquisition, the Target Company (or if applicable, the Newco) will be held as to 90% and 10% by the Company (or its affiliates) and Winning (or its affiliates), respectively.

To the best of the Directors’ knowledge, information and belief, and having made all reasonable enquiries, the Target Company and its ultimate beneficial owners are third parties independent of, and not connected with, the Company and connected persons (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)) of the Company.

Pursuant to the MOU, the Target Company and the Existing Shareholders shall not, within a period of four months after the execution of the MOU (or any mutually agreed extension) (the “**Exclusivity Period**”), negotiate, discuss or enter into any agreement or arrangement with, or to initiate, solicit, encourage or knowingly facilitate or induce the submission of any inquiries, proposals or offers by other third party(ies), in relation to any transaction or proposal similar to the Proposed Acquisition, or any merger, consolidation, business combination, reorganization, share exchange, recapitalization or similar transactions or series of similar transactions involving the Target Company, the Newco, directly or indirectly. If no formal agreement in relation to the Proposed Acquisition is entered into by the parties within the Exclusivity Period, the MOU shall be terminated upon termination notice given by any party to the MOU after the expiry of the Exclusivity Period.

Pursuant to the MOU, the Consortium shall pay the Target Company the deposit in the amount of US\$4 million (the “**Exclusivity Fee**”), which shall be paid within 10 business days from the execution of the MOU. The Exclusivity Fee is non-refundable other than where the Target Company and/or the Existing Shareholders are in breach of their obligations mentioned in the above paragraph within the Exclusivity Period. The Exclusivity Fee shall only be used to finance the Target Company and its subsidiaries and will not be distributed to the Existing Shareholders.

The Company, the Target Company and its Existing Shareholders, and Winning understand and agree that, except for the clauses in relation to the consideration, Exclusivity Period, Exclusivity Fee, definitive agreement due diligence, confidentiality, termination, binding effect, equitable relief and the governing law, which shall be binding and enforceable upon execution of the MOU, the MOU is not legally binding upon nor enforceable against the Company, the Target Company and its Existing Shareholders, and Winning.

The Proposed Acquisition contemplated under the MOU is subject to the entering into of the definitive agreement by the parties and the relevant terms and conditions have not yet been finalized and therefore the Proposed Acquisition may or may not materialize. Further announcement(s) in relation to the Proposed Acquisition will be made by the Company in accordance with all applicable requirements of the Listing Rules as and when appropriate. Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Shandong, the People’s Republic of China

3 June 2014

As at the date of this announcement, the Board comprises nine directors, namely Mr. Zhang Shiping, Ms. Zheng Shuliang, Mr. Zhang Bo, Mr. Qi Xingli 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.