This announcement is for information purposes only and does not constitute an invitation or solicitation of an offer to acquire, purchase or subscribe for securities or an invitation to enter into an agreement to do any such things, nor is it calculated to invite any offer to acquire, purchase or subscribe for any securities.

This announcement does not constitute an offer to sell or the solicitation of an offer to buy any securities in the United States or any other jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. The securities referred to herein will not be registered under the Securities Act, and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Any public offering of securities to be made in the United States will be made by means of a prospectus. Such prospectus will contain detailed information about the Company making the offer and its management and financial statements. 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)

PROPOSED ISSUANCE OF SENIOR NOTES

The Company proposes to conduct an international offering of senior notes denominated and settled in US 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 as the sole global coordinator, and Deutsche Bank, ANZ, Crédit Agricole CIB, Morgan Stanley, Barclays and The Royal Bank of Scotland as the joint bookrunners and joint lead managers.

Upon finalization of the terms of the Notes, Deutsche Bank, ANZ, Crédit Agricole CIB, Morgan Stanley, Barclays, The Royal Bank of Scotland 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 primarily for refinancing certain existing indebtedness of the Company with the remainder for 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 US dollars. Unless otherwise indicated in this announcement, conversion of Renminbi into US dollars have been made at the rate of RMB6.0537 to US$1.00 (the noon buying rate in New York City on December 31, 2013 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 as the sole global coordinator, and Deutsche Bank, ANZ, Crédit Agricole CIB, Morgan Stanley, Barclays and The Royal Bank of Scotland as the joint bookrunners and joint lead managers. Upon finalization of the terms of the Notes, Deutsche Bank, ANZ, Crédit Agricole CIB, Morgan Stanley, Barclays, The Royal Bank of Scotland 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 primarily for refinancing certain existing indebtedness of the Company with the remainder for 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 our 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

Overview

Founded in 1994, the Company has developed into a leading large-scale aluminum product manufacturer. The Company was ranked No. 5 worldwide and No. 2 in China in terms of output of aluminum products in 2013 by CRU Group. As of December 31, 2013, the Company was ranked No. 3 in China and No. 1 among all non-state owned aluminum manufacturers in China in terms of production capacity by Antaike. The Company has vertically integrated operations that cover the entire aluminum industry value chain consisting of production facilities for alumina, molten aluminum alloy and aluminum alloy ingot, aluminum fabrication production facilities as well as self-supporting power generation facilities.

The Company believes that it enjoys sustainable profitability because of its vertically integrated business model, cost advantages and high operational efficiency and through centralized procurement of raw materials and local electricity supply. The Group is strategically headquartered in Zouping County, Shandong Province, and represented approximately 52.3% and 95.4% of total designed annual production capacity in Shandong Province and Zouping County, respectively, as of December 31, 2013, according to Antaike. The Group is located within an end-to-end industrial aluminum production cluster that includes raw material suppliers and local down-stream users, which the Company believes provides it with substantial cost and operational advantages and results in other synergies. The Group's main manufacturing bases and one of its main electricity and alumina suppliers, Gaoxin, are in close geographic proximity to each other (within 80 km of each other) and are connected by the Group's in-house power supply grid. The Group is connected to other major production bases of downstream aluminum fabrication products, such as Henan Province, Liaoning Province and Jiangsu Province, and major alumina production bases and coal resources in Shandong Province, Shanxi Province and Henan Province, through developed transportation networks.

The Group currently has four manufacturing bases in Zouping, Weiqiao, Binzhou and Huimin, respectively. The Group's weighted average production capacity of aluminum products was approximately 1.5 million tons, 1.7 million tons and 2.4 million tons for the years ended December 31, 2011, 2012 and 2013, respectively, with utilization rates of approximately 105.7%, 104.6% and 99.4%, respectively during the same period. As of December 31, 2013, the Group had a designed annual production capacity of approximately 3.0 million tons. The Group began operating a new production line in June 2014 in Zouping manufacturing base for the production of high precision aluminum plate and stripe products and other aluminum products. The Group expects its annual designed production capacity of aluminum products to reach 3.5 million tons by the end of 2014.

The Group's aluminum products consist of molten aluminum alloy, aluminum alloy ingots, aluminum alloy casting-rolling products and aluminum busbars.

The Group sells all of its aluminum products to domestic customers, who are located mainly in Shandong Province as well as in other regions of China. The customers of the Group include downstream manufacturers, who process the Company's aluminum products into aluminum fabrication products, and traders, who in turn resell the aluminum products of the Group to downstream aluminum fabrication product manufacturers or other traders.

The Company has achieved significant growth in its sales volume of aluminum products since its inception. The Group sold approximately 1.6 million tons, 1.8 milion tons and 2.4 million tons of aluminum products for the years ended December 31, 2011, 2012 and 2013, respectively, and generated revenue of approximately RMB22,928.4 million, RMB24,266.1 million and RMB29,227.6 million (US$4,828.1 million) for the respective years from sales of aluminum products. During the same years, the Group achieved net profit of approximately RMB5,875.4 million, RMB5,452.6 million and RMB5,563.8 million (US$919.1 million), respectively.

While the Group's revenue and net profit increased in 2013 as compared to 2012, the business of the Group is sensitive to fluctuations in the prices of aluminum products. Like most aluminum producers in China, the Group prices its aluminum products primarily by reference to spot market prices in China, which continued to fall in the first quarter of 2014. Although prices have then rebounded since April 2014, they remained at levels below those seen in 2013. Any continuing fall in such aluminum prices (as was the case in the first quarter of 2014) may have an adverse impact on the gross profit margin, and consequently the gross profit and net profit of aluminum manufacturers, including the Group.

The following table sets forth the sales volume, revenue, average selling price of, and percentage of revenue derived from, each type of products for the years indicated:

	Year ended December 31,											
	2011				2012				2013			
	Volume (tons)	Revenue (RMB in millions)	Average Selling price (RMB/ton)	Percentage of revenue	Volume (tons)	Revenue (RMB in millions)	Average selling price (RMB/ton)	Percentage of revenue	Volume (tons)	Revenue (RMB in millions)	Average selling price (RMB/ton)	Percentage of revenue
Aluminum products												
Molten aluminum alloy	1,173,652	16,972.4	14,461	71.8%	1,304,200	17,161.8	13,159	69.2%	1,929,908	23,527.3	12,191	80.0%
Aluminum alloy ingot	405,347	5,845.6	14,421	24.7%	497,877	6,768.7	13,595	27.3%	400,820	4,951.2	12,353	16.8%
Aluminum busbar	6,348	103.0	16,226	0.4%	7,097	107.1	15,091	0.4%	1,624	21.6	13,283	0.1%
Aluminum alloy casting-rolling products	463	7.4	15,983	0.1%	15,817	228.5	14,446	0.9%	53,198	727.5	13,675	2.5%
Subtotal	1,585,810	22,928.4	14,458	97.0%	1,824,991	24,266.1	13,297	97.8%	2,385,550	29,227.6	12,252	99.4%
Steam	5,255,568	697.6	133	3.0%	4,057,676	538.6	133	2.2%	1,332,202	176.9	133	0.6%
Total		23,626.0		100.0%		24,804.7		100.0%		29,404.5		100.0%

Molten aluminum alloy is the Company's major product, the sales of which accounted for approximately 74.0%, 70.7% and 80.5% of the revenue generated from aluminum products for the years ended December 31, 2011, 2012 and 2013, respectively. Compared with the production of aluminum alloy ingots, the production of molten aluminum alloy allows the Company to avoid incurring molding and other relevant costs. The Company is able to provide its customers with molten aluminum alloy due to the close proximity of its customers to the Company, which, it believes, provides the Group with significant cost and operational advantages and results in other synergies. As of December 31, 2013, all of the molten aluminum alloy customers were located within 30 kilometers from the Group. By purchasing molten aluminum alloy, the customers minimize transportation costs and save the cost of smelting or reheating aluminum alloy ingots for further processing, including the related equipment, labor and storage costs. According to Antaike, customers that purchase molten aluminum enjoy cost savings of around RMB500 per ton. As such, the customers and the Group both benefit from higher margins.

The Group benefits from arrangements in relation to the key inputs into the aluminum products. Primarily, these include (i) cost advantages from the production of a significant amount of the electricity that the Group uses for the production of the aluminum products at its thermal power stations, (ii) the Group's in-house power grid connecting the Group's four manufacturing bases, (iii) cost advantages from purchasing off-grid electricity directly supplied by Gaoxin, (iv) favourable pricing resulting from a large amount of alumina purchased in bulk nearby from the Group's principal supplier of alumina, Gaoxin and (v) cost advantages from the production of a portion of the alumina the Group uses in-house.

The unit cost of sales of primary aluminum products for the year ended December 31, 2013 was approximately RMB8,866 per ton while according to Antaike, the industry average was approximately RMB11,755 per ton. Two main costs items in the production of aluminum are alumina and electricity. As a percentage of cost of sales, alumina and electricity accounted for approximately 36.8% and 36.7%, respectively, in 2011, approximately 36.1% and 36.0%, respectively, in 2012, and approximately 38.0% and 35.6%, respectively, in 2013.

The average cost incurred by the Group for both in-house and external purchase of electricity was approximately RMB0.263 per KWh, RMB0.245 per KWh and RMB0.234 per KWh, respectively, for the years ended December 31, 2011, 2012 and 2013. According to Antaike, the benchmark price of Shandong Province (subject to certain adjustment) for electricity remained RMB0.361 per kWh during the same period.

In 2011, 2012 and 2013, the Group produced 44.0%, 58.6% and 66.2%, respectively, of the electricity used in the production of aluminum products at its own thermal power stations, amounting to 9,504 million KWh, 14,616 million KWh and 21,762 million KWh, respectively. The Group produced electricity at a cost below the purchase price of electricity that it purchased externally. The utilization of the power stations of the Group was approximately 85.3%, 81.7% and 75.0% for 2011, 2012 and 2013, respectively. As of December 31, 2013, the Group's electricity production capacity was 4,380 MW, which it expects to increase to approximately 5,040 MW by the end of 2014. In order to further enhance and improve its low-cost competitive advantages, the Group intends to progressively increase the proportion of electricity produced in-house .

The remainder of the required electricity was purchased from Gaoxin pursuant to a direct power supply agreement and delivered via the Group's self-owned power grid. The electricity supply agreement with Gaoxin sets out the base price, which is subject to adjustment reflecting fluctuation in price of coal. For 2011, 2012 and 2013, the

Group purchased 12,082 million KWh, 10,325 million KWh and 11,130 million KWh from Gaoxin. Due to the off-grid structure, bulk purchases and long-term cooperation, the Group has been able to purchase electricity from Gaoxin at a price below average on-grid electricity prices.

Alumina accounted for approximately 66.6%, 70.6% and 67.4% of the total purchase cost of raw materials of the Group for 2011, 2012 and 2013, respectively. The average cost incurred by the Group for both in-house production and external purchase of alumina was approximately RMB1,874 per ton, RMB1,745 per ton and RMB1,745 (US$288) per ton, respectively, for the years ended December 31, 2011, 2012 and 2013. According to Antaike, the average spot price of alumina (not including value added taxes) in China was approximately RMB2,308 per ton, RMB2,232 per ton and RMB2,135 (US$353) per ton during the same period.

The Group purchased approximately 3.04 million tons, 1.98 million tons and 1.73 million tons of alumina externally for 2011, 2012 and 2013, respectively.

In 2012, the Group constructed a facility to produce alumina in-house with an aggregate annual production capacity of approximately 3 million tons of alumina. Alumina thus produced accounted for approximately 42.8% and 62.5% of the alumina (in terms of volume) used in the Company's production of aluminum products for the years ended December 31, 2012 and 2013, respectively, and is expected to satisfy at least 60% of the total alumina needs for the year ended December 31, 2014. The Company believes that producing alumina in-house enables the Company to enjoy additional cost savings. Moreover, the Group entered into a joint venture agreement with Winning Investment, PT. Cita and PT. Danpac on December 27, 2012 to establish a joint venture company for an alumina production plant in Indonesia.

Furthermore, on May 29, 2014, the Company expressed its intention to acquire a company in the Republic of Guinea ("**Target Company**") which currently holds the right to develop and produce bauxite, which is the upstream production raw material of alumina, by entering into a memorandum of understanding with the Target Company and its existing shareholders, and Winning Logistics (Africa) Company Limited ("**Winning Logistics**") ("**MOU**"). Pursuant to the MOU, the Company and Winning Logistics will acquire the entire issued shares of the Target Company for a consideration of US$121 million. After the completion of the acquisition, the Target Company will be held as to 90% and 10% by the Company and Winning Logistics, respectively. For further details of this acquisition, please refer to the announcement of the Company dated June 3, 2014.

Description of other material indebtedness

To fund the existing business operations and to finance the working capital requirements, the Company has borrowed money or incurred indebtedness from various banks. As of December 31, 2013, (i) the total borrowings of the Group amounted to approximately RMB30,557.9 million (US$5,047.8 million), of which approximately RMB4,384.7 million (US$724.3 million) were secured borrowings; (ii) the PRC subsidiaries of the Group had indebtedness of approximately RMB22,219.2 million (US$3,674.0 million) and capital commitments of approximately RMB11,963.7 million (US$1,976.3 million) respectively; and (iii) the Group had offshore outstanding secured indebtedness in principal amounts totaling approximately US$692.0 million and HK$195.1 million.

Post December 31, 2013 Offshore Financing

The RBS 2014 Facility

On June 4, 2014, Shandong Hongqiao entered into a facility agreement (the "**RBS 2014 Facility**") with, among others, The Royal Bank of Scotland as facility agent, pursuant to which a syndicate of lenders agreed to advance to Shandong Hongqiao term loans of up to US$580 million for the purpose to refinance certain existing facilities and the general corporate requirements.

The RBS 2014 Facility is unsecured and will mature on June 4, 2017, with the principal amount payable in installments starting from December 4, 2015. The interest rate for all the term loans is the LIBOR plus 3.20% per annum.

The RBS 2014 Facility agreement contains certain financial covenants such as indebtedness ratios, interest coverage ratios and minimum equity requirements and certain customary events of default, including non-payment of amounts under the facility, breaches of the terms of the facility agreement, insolvency and non-payment of financial indebteness of any member of the Group.

The DBS 2014 Facility

On March 3, 2014, the Company's joint venture in Indonesia entered into a facility agreement with, among others, PT Bank DBS Indonesia as agent, pursuant to which a syndicate of lenders agreed to advance to the joint venture a term loan facility with an amount up to US$400 million (the "**DBS 2014 Facility**") for the purpose of funding construction and development of an alumina refinery and associated facilities and infrastructure, which is guaranteed by the Company. The DBS 2014 Facility will mature on January 3, 2015 and bears interest at a rate of LIBOR plus 3.25% to 3.55% per annum.

The DBS 2014 Facility agreement contains certain financial covenants such as indebtedness ratios, interest coverage ratios and minimum equity requirements and certain customary events of default, including non-payment of amounts under the facility, breaches of the terms of the facility agreement, insolvency and non- payment of financial indebtedness of any member of the Group.

Onshore Loans

Bilateral Loan Arrangements

The Company's PRC subsidiaries have entered into bilateral loan agreements with a number of PRC banks. The Company has five loans which are construction loans for the production facilities, the rest of the onshore loans are working capital loans. The maturity of the loans generally ranges from less than one year to five years. The bilateral loan agreements contain customary covenants and events of default.

The Company has both fixed rate and floating rate borrowings. Fixed rate borrowings are charged at the prevailing market rates ranging from 1.20% to 8.11% per annum as of December 31, 2013. Interests on the borrowings at floating rates are calculated based on the borrowing rates announced by the People's Bank of China.

Other Post December 31, 2013 Onshore Debt Financing

In March 2014, the Company registered with PRC regulators for the issuance of private offered notes in the principal amount of approximately RMB3.0 billion through Shandong Hongqiao. As of April 2014, Shandong Hongqiao has issued an amount of RMB1.0 billion notes.

In June 2014, Aluminum & Power, issued RMB1.0 billion aggregate principal amount of 5.98% short-term financing notes with a one-year term and RMB1.0 billion aggregate principal amount of 5.88% short-term financing notes with a one-year term, respectively.

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 established under the laws of the PRC on December 25, 2002 and an indirect wholly-owned subsidiary of the Company
"Antaike"	北京安泰科信息有限公司 (Beijing Antaike Information Development Co., Ltd.), an independent specialist market research company engaged by the Company
"ANZ"	Australia and New Zealand Banking Group Limited, a bookrunner and lead manager in respect of the Proposed Notes Issue
"Barclays"	Barclays Bank PLC, a bookrunner and lead manager in respect of the Proposed Notes Issue
"Board"	the board of directors of the Company
"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
"Crédit Agricole CIB"	Crédit Agricole Corporate and Investment Bank, a bookrunner and lead manager in respect of the Proposed Notes Issue
"CRU Group"	CRU Group, a market analysis and consulting company, founded in 1969, focusing on the global metals, mining and fertilizer industries

"Deutsche Bank"	Deutsche Bank AG, Singapore Branch, the sole global coordinator, and a bookrunner and lead manager in respect of the Proposed Notes Issue
"Gaoxin"	濱州高新鋁電股份有限公司 (Binzhou Gaoxin Aluminum & Power Joint Stock Co., Ltd.), formerly known as 鄒平高新熱電有限公司 (Zouping Gaoxin Power Co., Ltd.), a joint stock company established under the laws of the PRC on January 24, 2007
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"LIBOR"	London Interbank Offered Rate
"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 US 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, Crédit Agricole CIB, Morgan Stanley, Barclays and The Royal Bank of Scotland in relation to the Notes
"The Royal Bank of Scotland"	The Royal Bank of Scotland plc, a bookrunner and lead manager in respect of the Proposed Notes Issue
"Securities Act"	the United States Securities Act of 1933, as amended
"Shandong Hongqiao"	山東宏橋新型材料有限公司 (Shandong Hongqiao New Material Co., Ltd., previously known as Shandong Weiqiao Dyeing Company Limited (山東位橋染織有限公司)), a limited liability company established in the PRC on July 27, 1994 and an indirect wholly-owned subsidiary of our Company

"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"SGX-ST"	Singapore Exchange Securities Trading Limited

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

Hong Kong, June 16, 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.