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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
JOINT VENTURE COMPANY

The Board wishes to announce that on 27 December 2012, the Company entered into the Joint Venture Agreement with Winning Investment, PT. Cita and PT. Danpac in respect of the Joint Venture Company in Indonesia.

Pursuant to the Joint Venture Agreement, the Joint Venture Company shall be held as to 60% by the Company, 10% by Winning Investment, 25% by PT. Cita and 5% by PT. Danpac. Accordingly, the Joint Venture Company shall become a direct non-wholly-owned subsidiary of the Company and its results will be consolidated into the results of the Company.

THE JOINT VENTURE AGREEMENT

Date

27 December 2012

Parties

- (a) the Company
- (b) Winning Investment
- (c) PT. Cita
- (d) PT. Danpac

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, Winning Investment, PT. Cita, PT. Danpac and their ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

Capital Commitments

Pursuant to the Joint Venture Agreement, the issued capital of the Joint Venture Company shall be IDR 94,000,000,000 (equivalent to approximately HK\$75,000,000) divided into 94,000 Shares with a par value of IDR 1,000,000 (equivalent to approximately HK\$800) each. Pursuant to the Joint Venture Agreement, the Joint Venture Company shall be held as to 60% by the Company, 10% by Winning Investment, 25% by PT. Cita and 5% by PT. Danpac.

The total investment in the Joint Venture Company is expected to be approximately USD 1 billion (equivalent to approximately HK\$7,751,800,000) and the last installment of the capital contributions is expected to be made on or before 31 December 2015. Not later than 30 days following a request by the Joint Venture Company for the Company, Winning Investment, PT. Cita and PT. Danpac to subscribe for Shares, each of the Company, Winning Investment, PT. Cita and PT. Danpac shall subscribe unconditionally for the additional Shares respectively in cash at least at par value, payment of which shall be made in full upon allotment.

Each of the Company, Winning Investment, PT. Cita and PT. Danpac has agreed to comply with their respective commitments to make available and deposit such funds as their capital contributions to the Joint Venture Company as may from time to time be required in the course of increasing the equity capital of the Joint Venture Company which shall be made gradually in accordance with the schedule set out in the Joint Venture Agreement, as may be amended from time to time.

The terms of the Joint Venture Agreement are determined based on arm's length negotiations between the Company, Winning Investment, PT. Cita and PT. Danpac. The amount of capital contributions was determined after arm's length negotiations between the parties to the Joint Venture Agreement with reference to the initial capital requirement of the Joint Venture Company and the capital contribution intention of the parties. The Company would fund such capital contributions by its internal resources.

The Joint Venture Company shall become a direct non-wholly-owned subsidiary of the Company and its results will be consolidated into the results of the Company.

Conditions Precedent

Pursuant to the Joint Venture Agreement, among others, before each of the following conditions precedent has been fulfilled or waived by the parties in writing, no party shall assume the rights and obligations under the Joint Venture Agreement unless otherwise provided therein:

- (a) the parties having obtained the required approval from BKPM;
- (b) the parties having mutually agreed to and signed the revised articles of the Joint Venture Company;
- (c) the parties having obtained the approval by the Minister of Law and Human Rights for the amendments to the articles of the Joint Venture Company;

- (d) PT. Cita having complied with all its obligations under the prevailing capital market and stock exchange regulations applicable to it in connection with the increase of its shareholding participation in the Joint Venture Company;
- (e) PT. Danpac having complied with all its obligations under its articles of association the prevailing laws and regulations applicable to it in connection with its shareholding participation in the Joint Venture Company; and
- (f) PT. Cita and/or its subsidiaries and the Joint Venture Company having signed one or more of the supply agreement(s) pursuant to which PT. Cita and/or its subsidiaries shall supply bauxite to the Joint Venture Company for its alumina production.

Scope of Business of the Joint Venture Company

The business of the Joint Venture Company shall be establishing and operating an alumina production plant with a designed annual production capacity of at least 2 million tons in West Kalimantan, Indonesia and sales of its product Indonesia and abroad.

Term of the Joint Venture Agreement

The Joint Venture Agreement shall have an indefinite term which is subject to termination only in accordance with the provisions of the Joint Venture Agreement under which one party will cease to be a shareholder of the Joint Venture Company.

Transfer of Shares

Unless the other parties to the Joint Venture Agreement have given their prior consent in writing, no party to the Joint Venture Agreement shall:

- (a) grant, declare, create or dispose of any right (including options) or interest in any Shares;
- (b) create or permit to exist any pledge, lien, charge (whether fixed or floating) or other encumbrance, right of set off, or any security interest whatsoever, howsoever created or arising, including any analogous security interest under law over any shares; or
- (c) enter into any agreement in respect of the votes attached to the Shares.

Any Shares proposed to be sold by any party to the the Joint Venture Agreement shall first be offered to the other parties to the Joint Venture Agreement in the manner set forth in the Joint Venture Agreement and in the articles of the Joint Venture Company.

Composition of the Joint Venture Board

The Joint Venture Board shall comprise 7 members, one of whom is appointed as president director. The Company shall have the right to nominate 4 members of the Joint Venture Board, including the president director. Winning Investment and PT. Cita shall have the right to nominate 1 and 2 members of the Joint Venture Board, respectively.

REASONS FOR AND BENEFITS OF THE JOINT VENTURE AGREEMENT

The establishment and operation of the Joint Venture Company will help the Group to stabilize the supply of raw materials required for its aluminum production.

For the above reason, the Board considers that it is in the interests of the Group to invest in the Joint Venture Company on the terms of the Joint Venture Agreement.

The Directors, including the independent non-executive Directors, consider that the Joint Venture Agreement has been entered into on normal commercial terms and the terms of the Joint Venture Agreement are fair and reasonable and in the interests of the Shareholders as a whole.

INFORMATION ON WINNING INVESTMENT, PT. CITA AND PT. DANPAC

Winning Investment is a company duly organized and existing under the laws of Hong Kong. It is primarily engaged in, inter alia, investment holding.

PT. Cita is a company duly organized and existing under the laws of Indonesia. It is primarily engaged in, inter alia, the mining of bauxite in West Kalimantan, Indonesia.

PT. Danpac is a company duly organized and existing under the laws of Indonesia. It is primarily engaged in, inter alia, the mining of bauxite in West Kalimantan, Indonesia.

INFORMATION ON THE COMPANY

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 9 February 2010. The Group is a leading aluminum product manufacturer in the PRC. The Group principally focuses on the manufacturing and sales of aluminum products, such as molten aluminum alloy, aluminum alloy ingots and aluminum strips.

DEFINITIONS

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

“BKPM”	the Capital Investment Coordination Board of Indonesia
“Board”	the board of Directors of the Company
“Company”	China Hongqiao Group Limited (中國宏橋集團有限公司), a limited liability company incorporated in the Cayman Islands, the shares of which are listed on the Stock Exchange
“Director(s)”	the director(s) of the Company
“Exchange rate of HK\$ against RMB”	HK\$1 = RMB 0.8025
“Exchange rate of IDR against RMB”	IDR 1 = RMB 0.000644
“Exchange rate of USD against HK\$”	USD 1 = HK\$7.7518
“Group”	the Company and its subsidiaries
“Indonesia”	the Republic of Indonesia
“Joint Venture Agreement”	the restated joint venture agreement dated 27 December 2012 entered into between the Company, Winning Investment, PT. Cita and PT. Danpac in relation to the Joint Venture Company
“Joint Venture Board”	the board of directors of the Joint Venture Company
“Joint Venture Company”	a limited liability company incorporated in Indonesia for the implementation of the Joint Venture Agreement
“PRC”	the People’s Republic of China
“PT. Cita”	PT. Cita Mineral Investindo Tbk., a company duly organized and existing under the laws of Indonesia
“PT. Danpac”	PT. Danpac Resources Kalbar, a company duly organized and existing under the laws of Indonesia

“Shareholder(s)”	the shareholder(s) of the Company
“Shares”	ordinary shares with par value of IDR 1,000,000 (equivalent to approximately HK\$800) each in the capital of the Joint Venture Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Winning Investment”	Winning Investment (HK) Company Limited, a company duly organized and existing under the laws of Hong Kong
“%”	per cent.

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

Shandong, the PRC
28 December 2012

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.