

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement is for information purposes only and is not an offer to sell or the solicitation of an offer to buy any securities and neither this announcement nor anything in it forms the basis for any contract or commitment whatsoever. Neither this announcement nor any copy of it may be taken into or distributed in the United States.

The information contained in this announcement is not for distribution, directly or indirectly, in or into the United States (including its territories and dependencies, any State of the United States and the District of Columbia). This announcement does not constitute or form a part of any offer or solicitation to purchase or subscribe for securities in the United States. The Convertible Bonds mentioned in this announcement have not been, and will not be, registered under the Securities Act. The Convertible Bonds may not be offered or sold in the United States except pursuant to registration or an exemption from the registration requirements of the Securities Act. The offering is not being made in the United States.



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)

**PROPOSED ISSUE OF
US\$150,000,000 6.5% CONVERTIBLE BONDS DUE 2017**

Sole Bookrunner



On 20 March 2012, the Company and the Sole Bookrunner entered into the Subscription Agreement, pursuant to which the Sole Bookrunner has agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for, Convertible Bonds with an initial aggregate principal amount of US\$150,000,000. In addition, the Company has granted the Sole Bookrunner an option to require the Company to issue additional Convertible Bonds in aggregate principal amount of up to US\$50,000,000. The option is exercisable, in whole or in part, on one or more occasions, solely at the discretion of the Sole Bookrunner on or before the 30th day following the Closing Date.

The initial Conversion Price (subject to adjustment) is HK\$7.27, representing (i) a premium of approximately 25% over the closing price of the Shares as quoted on the Stock Exchange on 19 March 2012, (ii) a premium of 29% to the five-day average closing price of the Shares over the five trading days up to and including 19 March 2012, and (iii) a premium of 33% to the ten-day average closing price of the Shares over the ten trading days up to and including 19 March 2012.

Assuming full conversion of the Convertible Bonds at the initial Conversion Price of HK\$7.27 and at the Fixed Exchange Rate per Share, the Convertible Bonds (including the Option Bonds) will be convertible into 213,543,300 Shares (subject to adjustment), representing approximately 3.6% of the issued share capital of the Company as at the date of this announcement and approximately 3.5% of the issued share capital of the Company as enlarged by the issue of such 213,543,300 Shares. The Conversion Shares will be allotted and issued by the Company pursuant to the general mandate granted to the Directors at the annual general meeting held on 20 May 2011.

The estimated net proceeds of the issue of the Convertible Bonds (without taking into account the Option Bonds), after deduction of commission and expenses, are approximately US\$147,700,000. The net proceeds are all intended to be used by the Company for expansion of the Group's production facilities and to supplement the liquidity of the Group in relation to the expansion.

Completion of the Subscription Agreement is subject to fulfilment, or waiver, of the conditions set out below. In addition, the Subscription Agreement may be terminated under certain circumstances. Please refer to the section headed "SUBSCRIPTION AGREEMENT" below for further information.

As the Subscription Agreement may or may not be completed, Shareholders and prospective investors are reminded to exercise caution when dealing in the Shares.

The Company intends to apply for the listing of the Convertible Bonds on SGX-ST. The Company will also apply to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 20 March 2012 pending the release of this announcement. The Company has applied for the resumption of trading in the Shares on the Stock Exchange with effect from 1:00 p.m. on 21 March 2012.

SUBSCRIPTION AGREEMENT

Date: 20 March 2012

Parties: The Company as issuer

Barclays Bank PLC as the Sole Bookrunner

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Sole Bookrunner and its ultimate beneficial owners is not a connected person of the Company and is a third party not connected with any of the connected persons (as defined in the Listing Rules) of the Company and is not acting in concert with any of the connected persons and each other.

Subject to fulfilment, or waiver, of the conditions precedent set out below, the Sole Bookrunner has agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for, Convertible Bonds with an initial aggregate principal amount of US\$150,000,000 (the "**Firm Bonds**"). In addition, the Company has granted the Sole Bookrunner an option to require the Company to issue additional Convertible Bonds in aggregate principal amount of up to US\$50,000,000 (the "**Option Bonds**"). The option is exercisable, in whole or in part, on one or more occasions, solely at the discretion of the Sole Bookrunner on or before the 30th day following the Closing Date.

Distribution

The Sole Bookrunner has informed the Company that it intends to offer and sell the Convertible Bonds to not less than six independent places. The Convertible Bonds will be offered and sold to persons whose ordinary business involves buying, selling or investing in securities outside the United States in reliance upon Regulation S of the Securities Act. None of the Convertible Bonds will be offered to the public in Hong Kong, nor will they be placed to any connected persons (as defined in the Listing Rules) of the Company. The Company will promptly notify the Stock Exchange if it becomes aware of any dealings in the Convertible Bonds by any connected person (as defined in the Listing Rules) of the Company.

The Sole Bookrunner may, to the extent permitted by applicable laws and directives, over-allot and effect transactions with a view to supporting the market price of the Convertible Bonds and/or the Shares at a level higher than that which might otherwise prevail, but in doing so, the Sole Bookrunner shall act as principal and not as agent of the Company and any loss resulting from over-allotment and stabilisation will be borne, and any profit arising therefrom shall be beneficially retained, by the Sole Bookrunner. The Sole Bookrunner acknowledges that the Company has not authorised the issue of the Convertible Bonds in aggregate principal amount exceeding US\$200,000,000 (being the maximum total amount of the Firm Bonds and the Option Bonds).

Undertakings

The Company has, among other things, undertaken with the Sole Bookrunner that neither it nor any person acting on its behalf will (a) issue, offer, sell, pledge, contract to sell or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any debt securities with covenants or any Shares or securities of the same class as the Convertible Bonds or the Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Convertible Bonds, the Shares or securities of the same class as the Convertible Bonds, the Shares or other instruments representing interests in the Convertible Bonds, the Shares or other securities of the same class as them, (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the Shares, (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (a), (b) or (c) is

to be settled by delivery of Shares or other securities, in cash or otherwise or (d) announce or otherwise make public an intention to do any of the foregoing, in any such case without the prior written consent of the Sole Bookrunner (which consent shall not be unreasonably withheld or delayed), between the date of the Subscription Agreement and the date which is 90 days after the Closing Date (both dates inclusive); except for (a) the Convertible Bonds and the new Shares issued on conversion of the Convertible Bonds; and (b) securities issued under the Share Option Scheme.

The Company has also procured each of the Controlling Shareholders to execute a lock-up agreement, pursuant to which each of the Controlling Shareholder has undertaken that between the date of the Subscription Agreement and the date which is 90 days after the Closing Date and (if any) Option Closing Date (both dates inclusive), it will not, and will procure that none of its nominees, companies controlled by it and trusts associated with it (whether individually or together and whether directly or indirectly) and affiliates will (i) offer, lend, pledge, issue, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares directly or indirectly held by such Controlling Shareholder as at the date of the lock-up agreement or any interests therein beneficially owned or held by such Controlling Shareholder or any securities convertible into or exercisable or exchangeable for or substantially similar to any such Shares or interests or (ii) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Shares, whether any such transaction described in (i) or (ii) above is to be settled by delivery of Shares or such other securities, in cash or otherwise or (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above, unless with the prior written consent of the Sole Bookrunner (which consent shall not be unreasonably withheld or delayed).

Conditions Precedent

Completion of the Subscription Agreement is conditional upon, among other things:

- (i) the Sole Bookrunner being satisfied with the results of its due diligence investigations with respect to the Company and its subsidiaries as necessary for the preparation of the Offering Circular in form and content satisfactory to the Sole Bookrunner;
- (ii) the execution and delivery (on or before the Closing Date) of the other Contracts, each in a form reasonably satisfactory to the Sole Bookrunner, by the respective parties;
- (iii) each of the Controlling Shareholders shall have (on the date of the Subscription Agreement) executed a lock-up undertaking in the form set out in Schedule 4 of the Subscription Agreement;
- (iv) upon the Publication Date and on the Closing Date (and Option Closing Date, as the case may be), there having been delivered to the Sole Bookrunner letters, in form and substance reasonably satisfactory to the Sole Bookrunner, dated the Publication Date in the case of the first letter and dated the Closing Date (and Option Closing Date, as the case may be) in the case of the subsequent letters, and addressed to the Sole Bookrunner from the auditors of the Company;

- (v) at the Closing Date:
 - (A) the representations and warranties of the Company in the Subscription Agreement being true, accurate and correct at, and as if made on such date;
 - (B) the Company having performed all of its obligations under the Subscription Agreement to be performed on or before such date; and
 - (C) there having been delivered to the Sole Bookrunner a certificate confirming the matters set out in (A) and (B) above and there has been no change which has a material adverse effect, dated as of such date, of a duly authorised officer of the Company to such effect;
- (vi) on or prior to the Closing Date there shall have been delivered to the Sole Bookrunner copies of all consents and approvals required in relation to the issue of the Convertible Bonds and the performance of its obligations under the Trust Deed, the Agency Agreement and the Convertible Bonds;
- (vii) on each of the date of the Subscription Agreement and the Closing Date, there having been delivered to the Sole Bookrunner a certificate confirming no breach of or no default in among other things, the terms of certain documents to which the Company is a party dated as of such date, of a director or duly authorised officer of the Company;
- (viii) the Stock Exchange having agreed, subject to any conditions (if any) reasonably satisfactory to the Sole Bookrunner, to list the new Shares upon conversion of the Convertible Bonds and the SGX-ST having agreed, subject to any conditions (if any) reasonably satisfactory to the Sole Bookrunner, to list the Convertible Bonds (or, in each case, the Sole Bookrunner being reasonably satisfied that such listing will be granted), and
- (xi) on or before the Closing Date, there having been delivered to the Sole Bookrunner opinions, in form and substance satisfactory to the Sole Bookrunner, dated the Closing Date of:
 - A. legal advisers to the Company as to Cayman Island law;
 - B. legal advisers to the Sole Bookrunner as to PRC law;
 - C. legal advisers to the Sole Bookrunner as to English law;

and such other resolutions, consents, authorities and documents relating to and necessary to the issue of the Convertible Bonds, as the Sole Bookrunner may reasonably require.

The Sole Bookrunner may, at its discretion and upon such terms as it thinks fit, waive compliance with the whole or any part of the above conditions precedent.

Termination

The Sole Bookrunner may, after prior consultation with the Company to the extent practicable, by notice to the Company given at any time prior to payment of the net subscription monies for the Firm Bonds or the Option Bonds to the Company, terminate the Subscription Agreement in any of the following circumstances:

- (i) if there shall have come to the notice of the Sole Bookrunner any breach of, or any event rendering untrue or incorrect in any respect, any of the warranties and representations contained in the Subscription Agreement or any failure to perform any of the Company's undertakings or agreements in the Subscription Agreement;
- (ii) if any of the conditions precedent has not been satisfied or waived by the Sole Bookrunner on or prior to the Closing Date;
- (iii) if in the opinion of the Sole Bookrunner, there shall have been, since the date of the Subscription Agreement, any change, or any development involving a prospective change, in national or international monetary, financial, political or economic conditions (including any disruption to trading generally, or trading in any securities of the Company on any stock exchange or in any over-the-counter market) or currency exchange rates or foreign exchange controls such as would in its view, be likely to prejudice materially the success of the offering and distribution of the Convertible Bonds or dealings in the Convertible Bonds in the secondary market;
- (iv) if, in the opinion of the Sole Bookrunner, there shall have occurred any of the following events:
 - (i) a suspension or a material limitation in trading in securities generally on the New York Stock Exchange, the London Stock Exchange plc, the SGX-ST and/or the Stock Exchange;
 - (ii) a suspension or in trading in the Company's securities on the Stock Exchange;
 - (iii) a general moratorium on commercial banking activities in the United States, Singapore, Hong Kong, the PRC and/or the United Kingdom declared by the relevant authorities or a material disruption in commercial banking or securities settlement or clearance services in the United States, Hong Kong, Singapore, the PRC or the United Kingdom; or
 - (iv) a change or development involving a prospective change in taxation affecting the Company, the Convertible Bonds and the Shares to be issued upon conversion of the Convertible Bonds or the transfer thereof; or
- (v) if, in the opinion of the Sole Bookrunner, there shall have occurred any event or series of events (including the occurrence of any local, national or international outbreak or escalation of disaster, hostility, insurrection, armed conflict, act of terrorism, act of God or epidemic) as would in their view be likely to prejudice materially the success of the offering and distribution of the Convertible Bonds or dealings in the Convertible Bonds in the secondary market.

Completion of the Subscription Agreement is subject to fulfillment, or waiver, of the conditions set out above. In addition, the Subscription Agreement may be terminated under the circumstances set out above. As the Subscription Agreement may or may not be completed, Shareholders and prospective investors are reminded to exercise caution when dealing in the Shares.

INITIAL CONVERSION PRICE AND CONVERSION SHARES

The initial Conversion Price (subject to adjustment), being HK\$7.27 (assuming conversion at the Fixed Exchange Rate) per Share, represents;

- (i) a premium of approximately 25% over the closing price of the Shares as quoted on the Stock Exchange on 19 March 2012;
- (ii) a premium of 29% to the five-day average closing price of the Shares over the five trading days up to and including 19 March 2012; and
- (iii) a premium of 33% to the ten-day average closing price of the Shares over the ten trading days up to and including 19 March 2012.

The initial Conversion Price was determined after arms' length negotiations between the parties with reference to the prevailing market price of the Shares. The net price of each Conversion Share to the Company, based on the estimated net proceeds of approximately US\$147,700,000 and 160,157,475 Conversion Shares (based on the initial conversion ratio of 213,543.3 Shares per Convertible Bond and not taking into account of any Option Bonds), is expected to be approximately US\$0.92.

Assuming full conversion of the Convertible Bonds (including the Option Bonds) at the initial Conversion Price of HK\$7.27, the Convertible Bonds will be convertible into 213,543,300 Shares (subject to adjustment), representing approximately 3.6% of the issued share capital of the Company as at the date of this announcement and approximately 3.5% of the issued share capital of the Company as enlarged by the issue of such 213,543,300 Shares. The Conversion Shares will be allotted and issued by the Company pursuant to the general mandate granted to the Directors at the annual general meeting held on 20 May 2011.

PRINCIPAL TERMS AND CONDITIONS OF THE CONVERTIBLE BONDS

The principal terms of the Convertible Bonds, which will be constituted by the Trust Deed to be entered into between the Company and the Trustee, are summarised as follows:

Issuer

The Company will be the issuer of the Convertible Bonds.

Principal Amount

The aggregate principal amount of the Convertible Bonds (without taking into account the Option Bonds) will be US\$150,000,000.

Issue Price

100% of the principal amount of the Convertible Bonds.

Interest

The Convertible Bonds bear interest from (and including) 10 April 2012 at the rate of 6.5% per annum calculated by reference to the principal amount thereof and payable in US dollars semi-annually in arrear in equal instalments in April and October in each year, commencing on 10 October 2012.

Conversion Right

Holders of the Convertible Bonds have the right to convert their Convertible Bonds into Shares at any time during the Conversion Period at the then prevailing Conversion Price.

Conversion Price

The Convertible Bonds will be convertible into Shares at an initial Conversion Price of HK\$7.27 per Share. The Conversion Price will be subject to adjustment for, among other things, consolidation, subdivision or reclassification of Shares, capitalisation of profits or reserves, capital distributions, rights issues of shares or options over shares, rights issues of other securities, other dilutive events and Change of Control of the Company.

Conversion Period

The Convertible Bonds may be converted into Shares at any time during the Conversion Period (on or after 21 May 2012 up to the close of business on the tenth day prior to the Maturity Date, or if such Convertible Bond has been called for redemption before the Maturity Date, then up to the close of business on a date no later than ten days prior to the date fixed for redemption, or if notice requiring redemption has been given by the holder of such Convertible Bond, then up to the close of business on the day prior the giving of such notice).

Ranking of Conversion Shares

The Conversion Shares will rank *pari passu* in all respects with the Shares then in issue on the relevant date of registration of holders of such Shares on the register of members of the Company.

Transfer

Other than during closed periods and subject to the terms of the Agency Agreement in respect of the Convertible Bonds, the Convertible Bonds are transferable without restrictions.

Maturity

Unless previously redeemed, converted, purchased and cancelled, the Company will redeem each Convertible Bond on the Maturity Date at 100% of its principal amount together with accrued and unpaid interest.

Redemption for Taxation Reasons

At any time the Company may, having given not less than 30 nor more than 60 days' notice to the holders of Convertible Bonds (which notice shall be irrevocable), redeem the Convertible Bonds, in whole, but not in part, at a redemption price equal to their principal amount, together with accrued but unpaid interest to the date of redemption, if the Company satisfies the Trustee immediately prior to the giving of such notice that (i) the Company has or will become obliged to pay any additional amounts in respect of any payment by the Company under or in respect of the Convertible Bonds, as a result of any change in, or amendment to, the laws or regulations of the Cayman Islands, Singapore or Hong Kong or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 20 March 2012, and (ii) such obligation cannot be avoided by the Company taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Company would be obliged to pay such additional amounts were a payment in respect of the Convertible Bonds then due.

Redemption at the Option of the Company

At any time after 10 April 2015 and prior to the Maturity Date, on giving not less than 30 nor more than 90 days' notice to the Trustee and the holders of the Convertible Bonds, the Company may redeem all, but not some only, of the Convertible Bonds for the time being outstanding at a redemption price equal to their principal amount together with accrued but unpaid interest to the date fixed for redemption, if the closing price of the Shares, translated into US\$ at the prevailing exchange rate applicable to the relevant Stock Exchange Business Day, for 20 out of 30 consecutive trading days prior to the date upon which notice of such redemption is published was at least 130% of principal amount of the Convertible Bonds divided by the Conversion Ratio.

At any time on giving not less than 30 nor more than 60 days' notice to the holders of the Convertible Bonds and the Trustee (which notice will be irrevocable), the Company may redeem all, but not some only, of the Convertible Bonds for the time being outstanding at a redemption price equal to the principal amount together with accrued but unpaid interest to the date fixed for redemption, if, prior to the date the relevant notice, at least 90% in principal amount of the Convertible Bonds originally issued (including any Option Bonds) has already been converted, redeemed or purchased and cancelled.

Redemption for Delisting or Change of Control

When (a) the Shares cease to be listed or admitted to trading on the Stock Exchange (or if applicable, an Alternative Stock Exchange), (b) there is a suspension in trading of the Shares on the Stock Exchange (or if applicable, an Alternative Stock Exchange) and such suspension continues for a period of 60 consecutive Stock Exchange Business Days, or (c) there is a Change of Control with respect to the Company, the holder of each Convertible Bond will have the right, at such holder's option, to require, by giving notice to the Paying Agent (which notice shall be irrevocable), the Company to redeem all but not some only of that holder's Convertible Bonds at a redemption price equal to their principal amount together with accrued but unpaid interest to the date fixed for redemption.

Redemption at the Option of the Holders of the Convertible Bonds

The Company will, at the option of the holder of any Convertible Bonds by giving notice to the Paying Agent of not more than 60 days and not less than 30 days prior to 10 April 2015, redeem all or some only of such holder's Convertible Bonds on 10 April 2015 at the principal amount, together with interest accrued to the date fixed for redemption.

Form of the Convertible Bonds and Denomination

The Convertible Bonds will be in registered form and in denomination of US\$200,000 each.

Ranking of the Convertible Bonds

The Convertible Bonds, when issued, will constitute direct, unsubordinated, unconditional and (subject to the terms and conditions of the Convertible Bonds) unsecured obligations of the Company and shall at all times rank pari passu and without any preference or priority among themselves.

Negative Pledge

The Company has, among other things, also undertaken that, so long as any Convertible Bonds remain outstanding (as defined in the Trust Deed), the Company will not, and will ensure that none of its subsidiaries will, create or have outstanding, any encumbrance (being mortgage, charge, pledge, lien or other encumbrance or security interest), upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any relevant indebtedness (being any future or present indebtedness in the form of or represented by debentures, loan stock, bonds, notes, bearer participation certificates, depositary receipts, certificates of deposit or other similar securities or instruments or by bills of exchange drawn or accepted for the purpose of raising money which are or are issued with the intention on the part of the issuer thereof that they should be quoted, listed, ordinarily dealt in or traded on any stock exchange or over the counter or on any other securities market, whether or not initially distributed by way of private placement having an initial maturity of one year or more but shall not include any future or present indebtedness under any secured loan facility (which term shall for these purposes mean any agreement for or in respect of indebtedness for borrowed money entered into with one or more banks and/or financial institutions whereunder rights and (if any) obligations may or may not be assigned and/or transferred)), or any guarantee or indemnity in respect of any relevant indebtedness, without at the same time or prior thereto according to the Convertible Bonds the same security as is created or subsisting to secure any such relevant indebtedness, guarantee or indemnity or such other security as either (i) the Trustee shall in its absolute discretion deem not materially less beneficial to the interests of the holder of the Convertible Bonds or (ii) shall be approved by an extraordinary resolution (as defined in the Trust Deed) of the holder of the Convertible Bonds.

LISTING

The Company intends to apply for the listing of the Convertible Bonds on the SGX-ST. The Company will also apply to the Stock Exchange for the listing of, and permission, to deal in the Conversion Shares.

REASONS FOR AND BENEFITS OF THE ISSUE OF THE CONVERTIBLE BONDS

The Directors consider that issue of the Convertible Bonds represents an opportunity to broaden the capital base of the Company and to gain immediate access to funding on attractive terms. Taking into account the terms of the Convertible Bonds and the initial Conversion Price (which represents a 25% premium to the closing price of the Shares as quoted on the Stock Exchange on 19 March 2012), the Directors (including the independent non-executive Directors) are of the view that the terms and conditions of the Convertible Bonds are fair and reasonable and are in the interest of the Shareholders taken as a whole.

USE OF PROCEEDS

The estimated net proceeds of the issue of the Convertible Bonds (without taking into account the Option Bonds), after deduction of commission and expenses, are approximately US\$147,700,000. The net proceeds are all intended to be used by the Company for the expansion of the Group's production facilities and to supplement the liquidity of the Group in relation to the expansion.

FUND-RAISING ACTIVITIES IN THE PAST 12 MONTHS

At the annual general meeting of the Company held on 20 May 2011, a general mandate was granted to the Directors to allot, issue and deal with the Shares not exceeding 20% of the issued share capital of the Company at the date of the passing of the resolution. As at the date of this announcement, no Shares have been allotted and issued by the Directors pursuant to such general mandate.

Apart from the issue of the Convertible Bonds, the Company has not raised any fund by issuing of equity securities during the 12 months immediately preceding the date of this announcement.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The table below summarises the shareholding structure of the Company (i) as at the date of this announcement; and (ii) assuming full conversion of the Convertible Bonds (including the Option Bonds) at the initial Conversion Price:

Name of Shareholder	As at the date of this announcement		Immediately after the full conversion of the Convertible Bonds (including the Option Bonds) at the initial Conversion Price	
	<i>No. of Shares</i>	<i>% of the issued share capital of the Company</i>	<i>No. of Shares</i>	<i>% of the enlarged share capital of the Company</i>
China Hongqiao Holdings Limited ⁽¹⁾	5,000,000,000	84.96	5,000,000,000	82.0
Holder of Convertible Bonds	–	–	213,543,300	3.5
Public	885,000,000	15.04	885,000,000	14.5
TOTAL	<u>5,885,000,000</u>	<u>100.00</u>	<u>6,098,543,300</u>	<u>100.00</u>

Notes:

- (1) Mr. Zhang Shiping, an executive Director and Chairman of the Company, is the ultimate beneficial owner of the entire issued share capital of China Hongqiao Holdings Limited through a trustee, Prosperity Eastern Limited;

INFORMATION ABOUT THE COMPANY

The Group is the fourth-largest aluminum product manufacturer in China in terms of designed annual aluminum production capacity as of 31 December 2011, according to Antaike. The aluminum products of the Group include molten aluminum alloy, aluminum alloy ingots, aluminum alloy casting-rolling products and aluminum busbars. As at 31 December 2011, the Group's manufacturing facilities had a designed annual production capacity of 1,776,000 tons of aluminum products.

Completion of the Subscription Agreement is subject to fulfilment, or waiver, of the conditions set out above. In addition, the Subscription Agreement may be terminated under certain circumstances. Please refer to the section headed "SUBSCRIPTION AGREEMENT" above for further information.

As the Subscription Agreement may or may not be completed, Shareholders and prospective investors are reminded to exercise caution when dealing in the Shares.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 20 March 2012 pending the release of this announcement. The Company has applied for the resumption of trading in the Shares on the Stock Exchange with effect from 1:00 p.m. on 21 March 2012.

DEFINITIONS

- “Agency Agreement” a paying and conversion agency agreement to be entered into between the Company and The Bank of New York Mellon, as paying and conversion agent in connection with the offering of the Convertible Bonds
- “Alternative Stock Exchange” at any time, in the case of the Shares, if they are not at that time listed and traded on the Hong Kong Stock Exchange, the principal stock exchange or securities market on which the Shares are then listed or quoted or dealt in
- “Antaike” 北京安泰科信息開發有限公司(Beijing Antaike Information Development Co., Ltd.), an independent specialist market research company engaged by the Company
- “Change of Control” one or more of the following events:
- (i) any person or persons acting together acquires control of the Company if such person or persons does not or do not have, and would not be deemed to have, control of the Company on the Issue Date;
 - (ii) the Company consolidates with or merges into or sells or transfers all or substantially all of the assets of the Company to any other person, unless the consolidation, merger, sale or transfer will not result in the other person or persons acquiring control over the Company or the successor entity; or
 - (iii) one or more persons acquires the legal or beneficial ownership of all or substantially all of the issued share capital of the Company
- “Closing Date” 10 April 2012, or such later date as the Company and the Sole Bookrunner may agree in writing which the Convertible Bonds will be issued in an initial aggregate principal amount of US\$150,000,000

“Company”	China Hongqiao Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange
“Contracts”	the Subscription Agreement, the Trust Deed and the Agency Agreement
“Controlling Shareholders”	China Hongqiao Holdings Limited and Mr. Zhang Shiping
“Conversion Period”	on or after 21 May 2012 up to the close of business on the tenth day prior to the Maturity Date, or if such Convertible Bonds has been called for redemption before the Maturity Date, then up to the close of business on a date no later than the seventh business day prior to the date fixed for redemption, or if notice requiring redemption has been given by the holder of such Convertible Bond, then up to the close of business on the day prior the giving of such notice
“Conversion Price”	the price per Share at which the Convertible Bonds may be converted into Shares
“Conversion Ratio”	the principal amount of each Convertible Bond translated into Hong Kong dollars at the Fixed Exchange Rate divided by the applicable Conversion Price
“Conversion Shares”	Shares which may fall to be issued by the Company on conversion of the Convertible Bonds
“Convertible Bonds”	US dollar denominated 6.5% convertible bonds (including the Option Bonds) due 2017 in an aggregate principal amount of US\$200,000,000
“Directors”	directors of the Company
“Fixed Exchange Rate”	the exchange rate between US\$ and HK\$ of US\$1.00 = HK\$7.7623 which is used to determine the Conversion Price in US\$
“HK\$”	Hong Kong dollars, the lawful currency for the time being of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Maturity Date”	10 April 2017

“Offering Circular”	the offering circular to be issued in connection with the offering of the Convertible Bonds
“Option Closing Date”	the date that the Sole Bookrunner may exercise its option to request the Company to issue the Convertible Bonds in an additional aggregate principal amount of US\$50,000,000 according to the terms of the Subscription Agreement
“Paying Agent”	the Trustee as the principal paying agent under the Agency Agreement and any paying agent appointed under it
“Publication Date”	the date of the Offering Circular
“PRC”	People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macao Special Administrative Region of the People’s Republic of China and Taiwan
“Securities Act”	United States Securities Act of 1933, as amended
“SGX-ST”	Singapore Exchange Securities Trading Limited
“Shareholders”	holders of Shares
“Shares”	ordinary shares of US\$0.01 each in the share capital of the Company
“Sole Bookrunner”	Barclays Bank PLC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Stock Exchange Business Day”	any day (other than a Saturday or a Sunday) on which the Hong Kong Stock Exchange or the Alternative Stock Exchange, as the case may be, is open for the business of dealing in securities
“Subscription Agreement”	the conditional subscription agreement entered into between the Company and the Sole Bookrunner on 20 March 2012, pursuant to which the Sole Bookrunner has agreed to act as agent for the Company to procure, on a best efforts basis, subscribers to subscribe and pay for the Convertible Bonds
“Trust Deed”	a trust deed to be entered into between the Company and the Trustee in connection with the offering of the Convertible Bonds
“Trustee”	The Bank of New York Mellon, as the trustee under the Trust Deed

“US\$” US dollars, the lawful currency for the time being of the United States

“United States” the United States of America

By Order of the Board
CHINA HONGQIAO GROUP LIMITED
Zhang Shiping
Chairman and Executive Director

Shandong, the People’s Republic of China
21 March 2012

As at the date of this announcement, the board of Directors of the Company are Mr. Zhang Shiping, Ms. Zheng Shuliang, Mr. Zhang Bo, Mr. Qi Xingli as executive Directors, Mr. Yang Congsen and Mr. Zhang Jinglei as non-executive Directors, and Mr. Chen Yinghai, Mr. Xing Jian and Mr. Han Benwen as independent non-executive Directors.