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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)**

### **ANNOUNCEMENT PRICE-SENSITIVE INFORMATION LITIGATION WITH WUHAN BOILER**

This announcement is made by China Hongqiao Group Limited (the “**Company**”) pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Reference is made to the prospectus of the Company dated 14 March 2011 (the “**Prospectus**”) and the announcement dated 12 April 2011 made by the Company (the “**Announcement**”). Unless otherwise defined, terms used in this announcement have the same meaning when used in the Prospectus and the Announcement.

As disclosed in the paragraph headed “Legal Proceedings” under the section headed “Business” in the Prospectus, On February 6, 2007, Aluminum & Power and Wuhan Boiler entered into a boiler supply agreement (the “**2007 Boiler Supply Agreement**”), pursuant to which Wuhan Boiler agreed to provide Aluminum & Power with four sets of boilers for RMB516 million. As at 8 March 2011, Wuhan Boiler had delivered only one set of boiler pursuant to the 2007 Boiler Supply Agreement. On June 28, 2010, Aluminum & Power initiated legal proceedings against Wuhan Boiler at Binzhou Intermediate People’s Court, seeking for, among others, the termination of the 2007 Boiler Supply Agreement on the basis of Wuhan Boiler’s breach of the 2007 Boiler Supply Agreement, the refund of the deposits of approximately RMB49.9 million and the relevant litigation expenses.

On 18 August 2011, Wuhan Boiler initiated legal proceedings against Aluminum & Power at Shandong Higher People’s Court relating to the 2007 Boiler Supply Agreement, seeking for the termination of the 2007 Boiler Supply Agreement, forfeiture of the deposit made by Aluminum & Power to Wuhan Boiler in the amount of RMB38.7 million, the alleged unpaid price of goods of approximately RMB49.96 million, the economic damages of approximately RMB61.3 million allegedly to be suffered by Wuhan Boiler as a result of the alleged breach of the 2007 Boiler Supply Agreement by Aluminum & Power, and the relevant litigation expenses. The relevant documents in relation to the aforesaid legal proceedings initiated by Wuhan Boiler were served to the Company on 9 September 2011. As the date of this announcement, Shandong Higher People’s Court has not heard the case.

Our Controlling Shareholders have agreed to indemnify any losses incurred by Aluminum & Power and our Group if the final judgment of the aforesaid legal proceedings is against Aluminum & Power.

**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  
12 September 2011

*Notes: As at the date of this announcement, the board of Directors of the Company comprises 9 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.*