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Unless otherwise defined herein, terms used in this announcement shall have the same meanings as those defined in the prospectus dated January 27, 2011 (the “Prospectus”) issued by China Hongqiao Group Limited (the “Company”).



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: 1378)

CLARIFICATION ANNOUNCEMENT

Summary

This announcement is intended to clarify certain statements allegedly made by Mr. Zhang Bo, the chief executive officer and executive director of the Company, as set out in certain newspaper articles on January 27, 2011 following the Company’s Press Conference held on January 26, 2011. Some statements have been misquoted from the speech of Mr. Zhang Bo at the Press Conference and shall not be relied on by the investors in making their decisions whether to invest in the Shares in the Company’s Global Offering.

The Board of Directors wishes to affirm the statements made in the Prospectus and further confirms that after having taken into account of Rule 11.13 of the Listing Rules, there has been no significant change affecting any matter contained in the Prospectus and that no significant new matter has arisen, the inclusion of which in the Prospectus would have been required had it arisen prior to the issue of the Prospectus.

This announcement is intended to clarify certain statements allegedly made by Mr. Zhang Bo, the chief executive officer and executive director of the Company, as set out in various newspaper articles on January 27, 2011 following the Company’s press conference held on January 26, 2011 (the “**Press Conference**”).

The Company wishes to clarify the following statements (the “**Statements**”):

- *(Hong Kong Economic Journal dated January 27, 2011)* “Mr. Zhang Bo, the chief executive officer and executive director of Hongqiao, said yesterday that he was confident that the Company could maintain a gross profit margin level close to 40% in the future”; and
- *(Sun dated 27 January 2011)* “Mr. Zhang Bo explained that due to the long-term supply of electricity by Gaoxin Aluminum & Power at a price lower than the prevailing market price and the continuous oversupply of alumina in the domestic Chinese market, Hongqiao’s production cost has reached the lowest level in the industry and he believed there is little room for further cost reduction”.

The Company confirmed that the Statements have been misquoted from the speech of Mr. Zhang Bo at the Press Conference.

By way of clarification, the Company confirmed the following:

- the gross profit margin of the Company during each of the three years ended December 31, 2009 and the nine months ended September 30, 2010 were 30.84%, 6.08%, 10.37%, and 38.33%, respectively. However, as disclosed on page 40 to page 41 of the Prospectus, we cannot assure you that we will be able to maintain such gross profit margin and net profit margin in the future;
- the Company has no information to conclude whether the Company’s production cost is the lowest in the industry; and
- the price of the electricity supplied by Gaoxin Aluminum & Power to the Company is not lower than the prevailing market price. As disclosed on page 12 in the Prospectus, the electricity supply agreement between Gaoxin Aluminum & Power and the Company is on normal commercial terms.

The Board of Directors wishes to affirm the statements made in the Prospectus and further confirm that there has been no significant change affecting any matter contained in the Prospectus and that no significant new matter has arisen, the inclusion of which in the Prospectus would have been required had it arisen prior to the issue of the Prospectus.

The Board also confirms that all material information relevant to the Listing and the Group has been disclosed in the Prospectus in accordance with the requirements of the Listing Rules. The Board considers that the information above does not constitute material information that would require an amendment to the Prospectus or the issuance of a supplemental Prospectus with regard to the Statements.

Potential investors should read the entire Prospectus carefully and the Directors of the Company strongly caution investors not to place any reliance on any other information (including the information contained in the Statements or other media), which may not be consistent with the information contained in the Prospectus, or may not be accurate and complete.

Potential investors should make any investment decision with respect to the Global Offering (as defined in the Prospectus) only after careful review and evaluation of all the information contained in the Prospectus. The Company and its Directors individually and collectively accept full responsibility for the accuracy and completeness of the information contained in the Prospectus and this announcement.

This announcement is issued at the request of the Stock Exchange taking into account Rule 11.13 of the Listing Rules.

On behalf of the Board of
China Hongqiao Group Limited
Zhang Shiping
Chairman

Hong Kong, January 28, 2011

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