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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**  
**SETTLEMENT OF 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 announcements dated 12 April 2011 and 12 September 2011 made by the Company. Unless otherwise defined, terms used in this announcement have the same meaning with the terms used in the Prospectus.

As disclosed in the paragraph headed “Legal Proceedings” under the section headed “Business” in the Prospectus, Aluminum & Power and Wuhan Boiler entered into five boiler supply agreements (together, the “**Supply Agreements**”) on 11 July 2003 (the “**July 2003 Supply Agreement**”), 16 February 2006 (the “**February 2006 Supply Agreement**”), 24 May 2006 (the “**May 2006 Supply Agreement**”), 6 February 2007 (the “**February 2007 Supply Agreement**”) and 26 June 2007 (the “**June 2007 Supply Agreement**”), respectively.

On 27 March 2012, Aluminum & Power and Gaoxin (as defendants) and Wuhan Boiler (as plaintiff) entered into a settlement agreement (the “**Settlement Agreement**”) in relation to the Supply Agreements. Pursuant to the Settlement Agreement, the parties to the Settlement Agreement agreed to the following, among others:

- (a) to terminate the May 2006 Supply Agreement, February 2007 Supply Agreement and June 2007 Supply Agreement;
- (b) the defendants will pay to Wuhan Boiler a sum of RMB 105,003,000, the outstanding consideration for the supply of boilers of which RMB52,501,500 shall be paid within 15 days after the effective date of the Settlement Agreement. The remaining RMB52,501,500 will be paid in equal monthly installments of RMB5,833,500 for each month beginning from April 2012;

- (c) As part of the settlement, and simultaneously with the signing of the Settlement Agreement, Chuangye Group and Binzhou Northsea New Materials Co., Limited (The “**Northsea New Materials**”), an independent third party, agreed to enter into a boiler supply agreement with Wuhan Boiler (the “**New Boiler Supply Agreement**”), pursuant to which Wuhan Boiler will supply four sets of boilers to Chuangye Group and Northsea New Materials. If Chuangye and Northsea New Materials fail to perform pursuant to the terms of the New Boiler Supply Agreement and resulting in its termination, the defendants will indemnify Wuhan Boiler for losses of RMB 40,000,000 in relation to the Supply Agreements. If the New Boiler Supply Agreement is terminated due to the failure of Wuhan Boiler to perform its obligations under it, then Wuhan Boiler will indemnify Aluminum & Power and Gaoxin for their losses of RMB 40,000,000 in relation to the Supply Agreements.
- (d) The defendants and the plaintiff agreed to enter into a new boiler supply agreement for the supply of four sets of boilers within six months after receiving the Settlement Agreement. Terms and conditions will be negotiated by parties therein.
- (e) The defendants and the plaintiff will bear their own litigation expenses and confirmed that there is no other dispute in relation to the Supply Agreements.

Directors of the Company believe that the amount undertook by Aluminum & Power for payments set out in paragraph (b) above should be RMB53,603,000. Chuangye Group has undertaken to indemnify such losses if Aluminum & Power incurs losses in the future as a result of paragraph (c) above.

By Order of the Board  
**China Hongqiao Group Limited**  
**Zhang Shiping**  
*Chairman*

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

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