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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**  
**ADJUSTMENT OF CONVERSION PRICE OF US\$150,000,000**  
**6.5% CONVERTIBLE BONDS DUE 2017**

In accordance with the CB Terms and Conditions, as a result of the declaration of the Final Dividend by the Company, the Conversion Price will be adjusted from HK\$7.27 per Share to HK\$6.81 per Share with effect from 24 May 2012, being the business day immediately after the record date in connection with such declaration.

Reference is made to the announcement (the “**CB Announcement**”) of China Hongqiao Group Limited (the “**Company**”) dated 21 March 2012 in relation to the issue by the Company of the US\$150,000,000 6.5% convertible bonds due 2017 (the “**Convertible Bonds**”) and the results announcement of the Company for the year ended 31 December 2011 dated 9 March 2012 (the “**Results Announcement**”). Capitalised terms used herein have the same meaning as those defined in the CB Announcement, unless otherwise defined herein.

**ADJUSTMENT OF THE CONVERSION PRICE RELATING TO THE CONVERTIBLE BONDS**

The terms and conditions of the Convertible Bonds (the “**CB Terms and Conditions**”) provided, among other things, that if the Company pays or makes any Capital Distribution (as defined in the CB Terms and Conditions) to the shareholders of the Company (the “**Shareholders**”), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such Capital Distribution by the following fraction:

$$\frac{A-B}{A}$$

Where:

A is the Current Market Price (as defined in the CB Terms and Conditions) of one Share on the date on which the Capital Distribution is publicly announced; and

B is the Fair Market Value (as defined in the CB Terms and Conditions) on the date of such announcement of the portion of the Capital Distribution attributable to one Share.

Such adjustment shall become effective on the date that such Capital Distribution is actually made or if a record date is fixed therefor, the business day immediately after such record date.

As announced in the Results Announcement, the board of directors (the “**Board**”) of the Company recommended the declaration of a final dividend of HK\$32.0 cents per Share for the year ended 31 December 2011 (the “**Final Dividend**”). Pursuant to the CB Terms and Conditions, the Final Dividend fall within the definition of Capital Distribution. Accordingly, the Conversion Price per Share will be adjusted from HK\$7.27 to HK\$6.81 effective from 24 May 2012 (Hong Kong time), being the business day immediately after the record date in connection with the declaration of the Final Dividend (the “**Adjustment**”). Apart from the Adjustment, there is no change in the CB Terms and Conditions.

As at the date of this announcement, the total number of the issued Shares of the Company is 5,885,000,000 Shares, and none of the Convertible Bonds has been converted into Conversion Shares. Following the Adjustment, the number of Conversion Shares issuable by the Company upon full conversion of the Convertible Bonds will increase by 10,818,300 Shares and the maximum number of Conversion Shares to be issued by the Company upon full conversion of the Convertible Bonds will become 170,975,700. Such Conversion Shares will be issued and allotted pursuant to the general mandate granted by the Shareholders to the Directors in the annual general meeting of the Company held on 3 May 2012.

Holders of the Convertible Bonds who are in any doubt as to the action to be taken should consult their stockbroker, bank manager, solicitor, professional accountant or other professional adviser.

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

Shandong, the People’s Republic of China  
23 May 2012

*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.*