

Announcement on the implementation of Profit Distribution and Transfer of Public Reserve into Share Capital

Wenzhou Hongfeng Electrical Alloy Co. Ltd (hereinafter, the Company) and its directors guarantee the information disclosed is true, accurate and complete and free from false representations, misleading statements and material omissions.

1. Important Notes

- 1.1 The Plan for the profit distribution and transfer of public reserve into share capital (hereinafter, the Plan) has been approved at the Annual General Meeting (hereinafter, the AGM) held on 9 May 2013. The announcement of the resolutions of the AGM (announcement no.:2013-032) has been disclosed on the appointed disclosure website of Chinex at <http://www.cninfo.com.cn/>.
- 1.2 The implementation of the Plan is within two months after the AGM approves it.

2. Details of the Plan

Based on the total capital share as of 31 December 2012 amounting to 70,831,000 shares, the Company shall distribute cash dividends at the rate of RMB 1.00 for every 10 shares (pretax). After the tax is deducted, A-share QFII, RQFII, and individuals and securities investment funds holding restricted shares issued prior to the share reform and IPO will receive a dividend of RMB 0.9 Yuan for every 10 shares. Individuals and securities holding other restricted shares and non-restricted shares will need to pay tax calculated depending on the holding periods. For them, a dividend of RMB 0.95 Yuan for every 10 shares will be paid at first, and the tax will be paid differently after the record date in accordance with the actual holding period^a. The Company will not withhold the income tax for the non-resident enterprises other than QFII and RQFII. Tax payers should pay the tax at places where the income is generated. Except for the cash dividend, the Company will transfer 3 shares for every 10 shares

[^aNote: The holding period is calculated on the basis of the first in, first out principle and based on each investor's securities account. A tax of RMB 0.15 Yuan for every 10 shares should be paid for the shares held less than one month (inclusive). A tax of RMB 0.05 Yuan for every 10 shares should be paid for the shares held between one month and one year (inclusive). No tax will be paid for the shares held over one year.]

3. Date of Record and Ex-dividend

3.1 Date of Record: 20 May 2013

3.2 Date of Ex-dividend: 21 May 2013

3.3 Date of listing of the newly added non-restricted shares: 21 May 2013

4. Equity Distribution Targets

Targets for the equity distribution: All shareholders who are registered at the Shenzhen branch of China Securities Depository and Clearing Corporation Limited (hereinafter, China Clearing Shenzhen Branch) by the close of the afternoon trading at Shenzhen Stock Exchange on 20 May 2013.

5. Equity Distribution Method

5.1 Shares transferred at this time will be directly recorded in shareholders' accounts.

5.2 Cash dividend will be paid into shareholders' capital accounts through the securities company (or other institutions) by China Clearing Shenzhen Branch directly on 21 May 2013.

5.3 The following shareholders' cash dividend will be distributed by the Company:

	Account No.	Name of the Shareholder
1	01*****796	Chen Xiao
2	01*****052	Lin Ping
3	01*****085	Yu Jinjie

6. Statement on Changes of the Structure of Shareholders

After transferring public reserve into share capital, the total share capital will increase from 70,831,000 shares to 92,080,300 shares, with the change in the structure of share capital listed as follows:

Unit: Share

	Before the Change		Increase/Decrease(+, -)					After the Change	
	Amount	Proportion (%)	Issuance of new shares	Bonus Shares	Capitalization of Public Reserve	Others	Subtotal	Amount	Proportion (%)
I.Restricted Shares	52,531,000	74.16	-	-	15,759,300	-	15,759,300	68,290,300	74.16
i.Shares held by domestic non-state-owned legal persons	3,121,000	4.41	-	-	936,300	-	936,300	4,057,300	4.41
ii.Shares held by domestic natural persons	49,410,000	69.76	-	-	14,823,000	-	14,823,000	64,233,000	69.76
II.Non-restricted Shares	18,300,000	25.84	-	-	5,490,000	-	5,490,000	23,790,000	25.84
i.RMB-denominated ordinary share (A-share)	18,300,000	25.84	-	-	5,490,000	-	5,490,000	23,790,000	25.84
III.Total Number of Shares	70,831,000	100	-	-	21,249,300	-	21,249,300	92,080,300	100

7. Adjustment of Relevant Parameters

After implementation of transferring share capital to capital public reserves, earnings per share of the Company in 2012 will be RMB 0.46 Yuan according to diluted new shares totaling 92,080,300.

8. Consultation

Department: Securities Department

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9. Documents available for Inspection

- (1) Resolutions of the 2012 Annual General Meeting
- (2) Documents from the China Securities Depository and Clearing Corporation Limited Shenzhen Branch confirming the schedule of implementing the Plan
- (3) Other documents required by SZSE

Board of Directors

Wenzhou Hongfeng Electrical Alloy Co. Ltd

14 May 2013