



China Hongqiao Group Limited
中國宏橋集團有限公司

[Immediate Release]

China Hongqiao Announces 2014 Interim Results

* * *

***Ranking as the Second Largest Aluminum Product Manufacturer in China
Further Enhancing Unique Cost Advantage
Preparing for the Gradual Recovery of Aluminum Industry***

Financial Highlights

For the 6 months ended 30 June			
(RMB million)	2014	2013	Change (%)
Revenue	17,368	13,502	+28.6%
Gross profit	3,810	3,974	-4.1%
Gross profit margin	21.9%	29.4%	-7.5 percentage points
Net profit margin	11.7%	20.7%	-9.1 percentage points
Net profit attributable to owners of the Company	2,037	2,810	-27.5%
Basic earnings per share (RMB)	0.35	0.48	-27.1%

(HONG KONG, 18 August 2014) China Hongqiao Group Limited (“China Hongqiao” or the “Group”; Stock code: 01378), the leading aluminum product manufacturer in China, is pleased to announce its interim results for the six months ended 30 June 2014.

In the first half of 2014, the Group continued to maintain a stable production capacity and consolidated its leading position in the industry. For the six months ended 30 June 2014, the Group’s revenue amounted to approximately RMB17.37 billion, representing a year-on-year increase of approximately 28.6%. The gross profit amounted to approximately RMB3.81 billion, representing a year-on-year decrease of approximately 4.1%. This was primarily due to the fact that the average unit sales price of aluminum products dropped as compared to the corresponding period of the previous year, even though the Group recorded an increase in production and sales volume of aluminum products during the period under review. Basic earnings per share were approximately RMB0.35 (corresponding period in 2013: approximately RMB0.48). The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2014.

Mr. Zhang Bo, Chief Executive Officer and Executive Director of China Hongqiao said, “During the first half of 2014, the Group stayed on the path of stable growth despite the overall business downturn of aluminum market. During the period under review, the Group leveraged its unique industry cluster development model to maintain a steady growth in production and operation. In particular, the Group achieved a breakthrough in securing overseas raw material supply, thereby ensuring adequate and stable supply for the long term with cost advantage. With more and more positive signals emerged from the market, the Group is fully prepared to grasp the opportunities from the strong recovery of aluminum market, thereby strengthening its leading position in Chinese aluminum industry.”

During the first half of 2014, even though the aluminum market was still troubled by surplus production, Chinese government has accelerated the speed in phasing out backward production capacity and situation of surplus production was preliminary relieved accordingly. Chinese government effectively implemented macro-economic control policies, coupled with the pressure of rising expenses in raw material, which have accelerated the consolidation of aluminum industry in China and benefited the on-going development of superior enterprises. Under the dual impact of policy control and market behavior, the price of aluminum product in China has gained a firm support for stable increase. The Group believes that there will be more and more development opportunities for the aluminum manufacturers in China brought by the improvement of aluminum market and the gradual standardization of the industry. The Group is optimistic about the future development of the aluminum industry.

As of 30 June 2014, the Group’s total designed annual production capacity of aluminum products was approximately 3,136,000 tons, representing an increase of approximate 27.7% as compared to the corresponding period of 2013 (2013 1H: approximately 2,456,000 tons), ranking as the second largest aluminum product manufacturer in China. During the period under review, given the expanding production capacity of aluminum products and the increasing demand from downstream markets, the Group’s total output of aluminum products amounted to approximately 1,539,000 tons, representing a year-on-year increase of approximately 43.1%.

In addition to speeding up the construction of the alumina project owned by the Group’s joint venture company in Indonesia, the Group also actively cooperated with numerous overseas bauxite production bases. The Group has successfully executed a memorandum of understanding with a target company, which is established under Bermuda laws, together with its existing shareholders and Winning Logistics (Africa) Company Limited, in relation to the acquisition of a mine with abundant high-quality bauxite resources in the Republic of Guinea, Africa. Besides, the Group actively expanded the procurement channels of stable long term supply of bauxite to the Republic of India and Commonwealth of Australia, thus minimizing the exposure to the risks caused by the fluctuation in supply.

At the same time, China Hongqiao further enhanced its unique cost advantage during the period under review. As of 30 June 2014, the Group had power plants with the aggregate installed capacity of 4,380MW, which increased the ratio of self-supplied electricity to approximately 70.7%, ensuring a stable power supply. On the other hand, with the completion of the 1,000,000 tons coal fly ash alumina production line, the Group's annual production capacity of alumina reached 4,000,000 tons as of 30 June 2014. As for the extension into downstream of industry chain, it is expected that the construction of the aluminum fabrication processing production line with a designed annual production capacity of approximately 760,000 tons will be completed and commence operation within 2014. The Group's business scale will continue to grow by leveraging on the unique industry cluster development model and the industrial models of "Integration of Aluminum, Electricity and Grid" and "Integration of Upstream and Downstream Business".

To optimize the financial structure, the Group successfully secured a 3-year syndicated refinancing loan of US\$580 million at 320 basis points over LIBOR during the period under review. In addition, the Group also successfully issued 7.625% p.a. senior notes due 2017 in the aggregate principal amount of US\$400 million. Being an active participant in capital market has further optimized the Group's debt structure and facilitated the Group's long-term healthy development. After the Group being included in the Hang Seng Composite Index and several other indexes last year, the Group was officially included in Hang Seng High Dividend Yield Index effective from 9 June 2014, which indicated that the Group continues to be well-recognised by the capital market.

To conclude, the rebound of aluminum price from the bottom is an obvious signal indicating that Chinese aluminum industry is experiencing an actual recovery. Looking forward, the Group will adhere to its long-term development plan to continue to enhance the industrial model of "Integration of Aluminum, Electricity and Grid" and "Integration of Upstream and Downstream Business" in the mean time of increasing production capacity of aluminum products. Besides, the Group will strive for breakthrough and progress in raw material supply, technological upgrade and energy-saving to secure our leading position in Chinese aluminum industry. As a visionary and quality enterprise, the Group expects to take advantage of the recovering market condition to grasp such important development opportunities and actively explore the market to realize a stable advancement in production and operation so as to bring better fruitful rewards and returns to the shareholders.

~End~



Photo Caption (from left to right):

Investor Relations General Manager Ms. Xiao Xiao

CEO & Executive Director Mr. Zhang Bo

CEO Secretary & Head of Corporate Finance Ms. Wong Yuting

Director Mr. Zhang Jinglei

About China Hongqiao Group Limited

China Hongqiao Group Limited (“China Hongqiao” or the “Group”; Stock code: 1378) is a leading aluminum product manufacturer in China. Located in Shandong Province of China, the Group is mainly engaged in the production and sales of molten aluminum alloy, aluminum alloy ingots, aluminum alloy casting-rolling products and aluminum busbars. In the first half of 2012, the Group successfully constructed its own alumina production lines. According to Antaike, China Hongqiao is the second largest aluminum product manufacturer. As of 30 June 2014, the Group’s aggregate designed annual production capacity was approximately 3,136,000 tons. With large scale operations, advanced technology, competitive cost structure, visionary strategy of industrial chain expansion and experienced management team, the Group has successfully strengthened its leading market position, sustaining its business growth and unique competitive edges.

China Hongqiao was successfully listed on the Main Board of the Stock Exchange of Hong Kong on 24 March 2011. For more details, please visit <http://www.hongqiaochina.com>.

China Hongqiao Announces 2014 Interim Results
18 August, 2014

Media and Investor Contacts :

Weber Shandwick

Jessica Or / JoJo Chen

Tel: (852) 2533 9993 / 2533 9938 Fax: (852) 2868 0224

Email: jor@webershandwick.com / jchen2@webershandwick.com