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)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013

RESULTS HIGHLIGHTS

- Revenue increased by approximately 18.5% to approximately RMB29,404,462,000 as compared with the previous year
- Gross profit increased by approximately 1.7% to approximately RMB8,142,802,000 as compared with the previous year
- Net profit attributable to owners of the Company increased by approximately 2.6% to approximately RMB5,592,675,000 as compared with the previous year
- Basic earnings per share increased by approximately 2.2% as compared with the previous year and were approximately RMB0.95
- Proposed final dividend of HK$27.0 cents per share

The board of directors (the "Board") of China Hongqiao Group Limited (the "Company" or "China Hongqiao") is pleased to announce the annual results of the Company and its subsidiaries (collectively as the "Group") for the year ended 31 December 2013.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2013

	Notes	**2013**	2012
		RMB'000	*RMB'000*
Revenue	*3*	**29,404,462**	24,804,742
Cost of sales		**(21,261,660)**	(16,801,294)
Gross profit		**8,142,802**	8,003,448
Other income and gain and loss	*4*	**941,621**	422,439
Distribution and selling expenses		**(60,128)**	(58,667)
Administrative expenses		**(440,171)**	(306,068)
Finance costs	*5*	**(1,359,200)**	(642,731)
Other expenses		**(9,125)**	(20,121)
Changes in fair value of compound derivative		**163,596**	2,253
Profit before taxation	*6*	**7,379,395**	7,400,553
Income tax expense	*7*	**(1,792,946)**	(1,947,961)
Profit for the year		**5,586,449**	5,452,592
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations		**(22,689)**	–
Total comprehensive income for the year		**5,563,760**	5,452,592
Profit for the year attributable to:			
Owners of the Company		**5,592,675**	5,452,592
Non-controlling interests		**(6,226)**	–
		5,586,449	5,452,592
Total comprehensive income for the year attributable to:			
Owners of the Company		**5,579,062**	5,452,592
Non-controlling interests		**(15,302)**	–
		5,563,760	5,452,592
Earnings per share	*8*		
Basic (RMB)		**0.95**	0.93
Diluted (RMB)		**0.91**	0.92

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	Notes	**2013**	2012
		RMB'000	*RMB'000*
Non-current assets			
Property, plant and equipment		**39,996,661**	26,711,299
Prepaid lease payments-non-current portion		**1,138,979**	1,044,404
Deferred tax assets		**134,164**	57,495
Deposits paid for acquisition of property, plant and equipment		**2,040,102**	1,705,469
		43,309,906	29,518,667
Current assets			
Prepaid lease payments – current portion		**25,160**	22,394
Inventories		**10,136,223**	3,110,727
Trade receivables	*10*	**160,935**	43,672
Bills receivable		**2,048,498**	1,319,684
Prepayments and other receivables		**1,465,168**	314,542
Restricted bank deposits	*11*	**1,670,576**	872,088
Bank balances and cash	*11*	**6,362,070**	9,174,943
		21,868,630	14,858,050
Current liabilities			
Trade payables	*12*	**1,995,649**	1,097,744
Bills payable		**–**	200,000
Other payables	*13*	**5,344,024**	3,871,241
Income tax payable		**353,104**	244,895
Bank borrowings – due within one year		**9,565,774**	6,659,235
Other borrowings – due within one year		**95,000**	–
Short-term debentures		**4,000,000**	–
Held-for-trading financial liabilities		**5,278**	1,084
		21,358,829	12,074,199

	Notes	2013	2012
		RMB'000	*RMB'000*
Net Current Assets		**509,801**	2,783,851
Total Assets less Current Liabilities		**43,819,707**	32,302,518
Capital and Reserves			
Share capital	*15*	**386,206**	386,206
Share premium and reserves		**26,288,167**	21,927,049
Equity attributable to owners of the Company		**26,674,373**	22,313,255
Non-controlling interests		**208,172**	24,642
Total Equity		**26,882,545**	22,337,897
Non-current Liabilities			
Bank borrowings – due after one year		**9,655,059**	7,443,657
Other borrowings – due after one year		**235,000**	–
Medium-term debentures		**6,189,548**	1,486,640
Deferred tax liabilities		**40,000**	73,763
Convertible bonds – liability component		**750,001**	729,411
Convertible bonds – derivative component		**67,554**	231,150
		16,937,162	9,964,621
		43,819,707	32,302,518

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2013

	Attributable to owners of the Company								
	Share capital	**Share premium**	**Capital reserve**	**Translation reserve**	**Statutory surplus reserve**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total**
	RMB'000	*RMB'000*	*RMB'000* *(note 1)*	*RMB'000*	*RMB'000* *(note 2)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2012	386,206	4,832,946	793,349	–	1,849,484	10,535,049	18,397,034	–	18,397,034
Profit and total comprehensive income for the year	–	–	–	–	–	5,452,592	5,452,592	–	5,452,592
Dividend recognised as distribution *(Note 9)*	–	–	–	–	–	(1,536,371)	(1,536,371)	–	(1,536,371)
Acquisition of a subsidiary	–	–	–	–	–	–	–	24,642	24,642
Transfer to reserves	–	–	–	–	708,834	(708,834)	–	–	–
At 31 December 2012	386,206	4,832,946	793,349	–	2,558,318	13,742,436	22,313,255	24,642	22,337,897
Other comprehensive income for the year	–	–	–	(13,613)	–	–	(13,613)	(9,076)	(22,689)
Profit for the year	–	–	–	–	–	5,592,675	5,592,675	(6,226)	5,586,449
Total comprehensive income for the year	–	–	–	(13,613)	–	5,592,675	5,579,062	(15,302)	5,563,760
Dividend recognised as distribution *(Note 9)*	–	–	–	–	–	(1,217,944)	(1,217,944)	–	(1,217,944)
Transfer to reserves	–	–	–	–	545,908	(545,908)	–	–	–
Advance contribution from non-controlling shareholder	–	–	–	–	–	–	–	198,832	198,832
At 31 December 2013	386,206	4,832,946	793,349	(13,613)	3,104,226	17,571,259	26,674,373	208,172	26,882,545

Notes:

(1) Capital reserve represents (i) the effect of a group reorganisation completed in March 2010 and (ii) deemed capital contribution from its equity holders.

(2) In accordance with the Articles of Association of all subsidiaries established in the People's Republic of China ("PRC"), those subsidiaries are required to transfer 5% to 10% of the profit after taxation reported under the relevant accounting policies and financial regulations in the PRC (the "PRC GAAP") to the statutory surplus reserve until the reserve reaches 50% of the registered capital. Transfer to this reserve must be made before distributing dividends to equity owners. The statutory surplus reserve can be used to make up previous year's losses, expand the existing operations or convert into additional capital of the subsidiaries.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2013

	2013	2012
	RMB'000	*RMB'000*
OPERATING ACTIVITIES		
Profit before taxation	**7,379,395**	7,400,553
Adjustments for:		
Interest income	**(72,181)**	(28,555)
Finance costs	**1,359,200**	642,731
Gain on disposal of corporate wealth management products issued by bank	**(63,397)**	–
Depreciation of property, plant and equipment	**2,063,192**	1,340,046
Loss (gain) on disposal of property, plant and equipment	**(2,651)**	240
Loss from changes in fair value of held-for-trading financial liabilities	**4,194**	1,084
Gain on fair value changes of compound derivative	**(163,596)**	(2,253)
Release of prepaid lease payments	**22,625**	21,921
Operating cash flows before movements in working capital	**10,526,781**	9,375,767
Increase in inventories	**(7,025,496)**	(1,202,081)
Increase in receivables, deposits and prepayments	**(1,996,703)**	(240,824)
Increase in payables, deposits received and accrued charges	**542,863**	150,060
Cash generated from operations	**2,047,445**	8,082,922
Income tax paid	**(1,795,169)**	(1,862,151)
Net cash generated from operating activities	**252,276**	6,220,771
INVESTING ACTIVITIES		
Purchase of property, plant and equipment and deposits for acquisition of property, plant and equipment	**(13,997,262)**	(10,708,031)
Proceeds on disposal of property, plant and equipment	**15,043**	–
Addition to prepaid lease payments	**(119,966)**	(131,865)
Acquisition of a subsidiary	**–**	24,784
Interest received	**72,181**	28,555
Purchases of available-for-sale investments	**(1,700,000)**	–
Proceeds on disposal of available-for-sale investments	**1,763,397**	–
Placement of restricted bank deposits	**(2,145,361)**	(1,356,923)
Withdrawal of restricted bank deposits	**1,346,873**	499,303
Net cash used in investing activities	**(14,765,095)**	(11,644,177)

	2013	2012
	RMB'000	*RMB'000*
FINANCING ACTIVITIES		
Dividends paid	**(1,217,944)**	(1,536,371)
Proceeds from issue of convertible bonds	**–**	945,525
Payment of transaction costs on issue of convertible bonds	**–**	(27,765)
Proceeds from issue of medium-term debentures raised	**4,500,000**	1,500,000
Payment of transaction costs on issue of medium-term debentures	**(36,630)**	(13,658)
Proceeds from issue of short-term debentures raised	**4,000,000**	–
Payment of transaction costs on issue of short-term debentures	**(20,000)**	–
New bank borrowings raised	**19,345,104**	15,298,385
Repayment of bank borrowings	**(14,227,163)**	(8,387,696)
New other borrowings raised	**390,000**	1,341,882
Repayment to other borrowings	**(60,000)**	(1,341,882)
Interest paid	**(1,151,524)**	(664,866)
Advance contribution from non-controlling shareholders	**198,832**	–
Net cash generated from financing activities	**11,720,675**	7,113,554
Net (decrease) increase in cash and cash equivalents	**(2,792,144)**	1,690,148
Cash and cash equivalents at beginning of the year	**9,174,943**	7,484,795
Effect of foreign exchange rate changes	**(20,729)**	–
Cash and cash equivalents at end of the year, represented by bank balances and cash	**6,362,070**	9,174,943

1. GENERAL INFORMATION AND BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and its shares have been listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect from 24 March 2011. Its parent and ultimate holding company is China Hongqiao Holdings Limited ("Hongqiao Holdings"), a company incorporated in the British Virgin Islands ("BVI").

The consolidated financial statements are presented in Renminbi ("RMB") which is the same as the functional currency of the Company.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

In the current year, the Group has applied, for the first time, certain new or revised standards, amendments and interpretation ("new or revised IFRSs") issued by the International Accounting Standards Board ("IASB") that are mandatorily effectively for the current year.

Amendments to IFRSs	Annual Improvements to IFRSs 2009-2011 Cycle
Amendments to IFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to IFRS 10, IFRS11 and IFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurement
IAS 19 (as revised in 2011)	Employee Benefits
IAS 27 (as revised in 2011)	Separate Financial Statements
IAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
Amendments to IAS 1	Presentation of Items of Other Comprehensive Income
IFRIC-Int 20	Stripping Costs in the Production Phase of a Surface Mine

Except as described below, the application of the new and revised IFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

IFRS 13 Fair Value Measurement

The Group has applied IFRS 13 for the first time in the current year. IFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of IFRS 13 is broad: the fair value measurement requirements of IFRS 13 apply to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are within the scope of IAS 17 Leases, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

IFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under IFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. For a non-financial asset, its fair value measurement falls into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. Also, IFRS 13 includes extensive disclosure requirements.

IFRS 13 requires prospective application. In accordance with the transitional provisions of IFRS 13, the Group has not made any new disclosures required by IFRS 13 for the 2012 comparative period. Other than the additional disclosures, the application of IFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

Amendments to IAS 1 Presentation of Items of Other Comprehensive Income

The Group has applied the amendments to IAS 1 *Presentation of Items of Other Comprehensive Income*. Upon the adoption of the amendments to IAS 1, the Group's "consolidated statement of comprehensive income" is renamed as the "consolidated statement of profit or loss and other comprehensive income". The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. Furthermore, the amendments to IAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to IAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

New and revised IFRSs issued but not effective

The Group has not early applied the following new and revised standards, amendments and interpretation ("new and revised IFRSs") that have been issued but are not yet effective.

Amendments to IFRSs	Annual Improvements to IFRSs 2010-2012 Cycle[4]
Amendments to IFRSs	Annual Improvements to IFRSs 2011-2013 Cycle[2]
Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities[1]
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions[2]
Amendments to IFRS 9 and IFRS 7	Mandatory Effective Date of IFRS 9 and Transition Disclosures[3]
IFRS 9	Financial Instruments[3]
IFRS 14	Regulatory Deferral Accounts[5]
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to IAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
IFRIC 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014

2 Effective for annual periods beginning on or after 1 July 2014

3 Available for application-the mandatory effective date will be determined when the outstanding phases of IFRS 9 are finalised

4 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions

5 Effective for first annual IFRS financial statements beginning on or after 1 January 2016

The directors of the Company anticipate that the application of the new and revised IFRSs, other than those set out below, will have no material impact on the consolidated financial statement.

IFRS 9 Financial Instruments

IFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting.

Key requirements of IFRS 9 are described as follows:

- All recognised financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

The directors of the Company anticipate that the adoption of IFRS 9 in the future may not have significant impact on the amounts reported in respect of the Group's financial assets and financial liabilities based on analysis of the Group's financial instruments as at 31 December 2013.

IFRIC-21 Levies

IFRIC-21 Levies addresses the issue of when to recognise a liability to pay a levy. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

The directors of the Company anticipate that the application of IFRIC-21 will have no effect on the Group's consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in the manufacture and sales of aluminum products.

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the executive directors of the Company, the Group's chief operating decision maker, in order to allocate resources to segments and to assess their performance. The information reported to executive directors of the Company for the purpose of resource allocation and assessment of performance, includes revenue analysis by products and revenue from steam supply and does not contain profit information by product line or profit from steam supply. The executive directors reviewed the gross profit of the Group as a whole reported under relevant accounting regulations of the PRC which has no significant difference as compared with gross profit reported under IFRS. It was determined that the Group has only one single operating segment, being the manufacture and sales of aluminum products. As a result, no segment information is presented.

No segment assets, liabilities, other segment related information were presented as no such discrete financial information are provided to the chief operating decision maker.

The Group's revenue represents the amount received and receivable for sale of aluminum products and steam supply.

An analysis of the Group's revenue is as follows:

	2013	2012
	RMB'000	*RMB'000*
Revenue from sales of goods		
Aluminum products		
– molten aluminum alloy	**23,527,351**	17,161,788
– aluminum alloy ingots	**4,951,186**	6,768,728
– aluminum fabrication	**727,512**	228,534
– aluminum busbars	**21,572**	107,062
Steam supply income	**176,841**	538,630
	29,404,462	24,804,742

All external revenues of the Group are contributable to customers established in the PRC, the place of domicile of the Group's operating entities.

Revenue from customers contributing over 10% of the total revenues of the Group are as follows:

	2013	2012
	RMB'000	*RMB'000*
Customer A	**11,502,777**	8,324,216
Customer B	**3,428,511**	3,032,614

4. OTHER INCOME AND GAIN AND LOSS

	2013	2012
	RMB'000	*RMB'000*
Interest income	**72,181**	28,555
Net gain on sales of raw materials *(Note)*	**148,236**	85,756
Revenue from sales of slag of carbon anode blocks	**296,833**	278,010
Foreign exchange gains (losses), net	**311,078**	(419)
Gain (loss) on disposal of property, plant and equipment	**2,651**	(240)
Loss from changes in fair value of held-for-trading financial liabilities	**(4,194)**	(1,084)
Gain on disposal of corporate wealth management products issued by bank	**63,397**	–
Others	**51,439**	31,861
	941,621	422,439

Note:

The revenue and cost resulting in the net gain on sales of raw materials are as follows:

	2013	2012
	RMB'000	*RMB'000*
Revenue from sales of raw materials	**194,773**	126,613
Cost related to sales of raw materials	**(46,537)**	(40,857)
	148,236	85,756

5. FINANCE COSTS

	2013	2012
	RMB'000	*RMB'000*
Interest expenses on bank borrowings		
– wholly repayable within five years	**1,040,087**	566,400
Interest expenses on convertible bonds	**81,083**	69,180
Interest expenses on other borrowings	**17,577**	19,264
Interest expenses on short-term debentures	**129,562**	–
Interest expenses on medium-term debentures	**315,839**	6,042
Transaction cost relating to compound derivative		
– component of convertible bonds	**–**	6,854
Arrangement fee of syndicated loan	**–**	63,705
Less: amounts capitalised under construction in progress	**(224,948)**	(88,714)
	1,359,200	642,731

Borrowing costs capitalised during the year are calculated by applying a capitalisation rate of 5.17% (2012: 6.28%) per annum to expenditure on qualifying assets.

6. PROFIT BEFORE TAXATION

Profit before taxation has been arrived at after charging:

	2013	2012
	RMB'000	*RMB'000*
Staff cost:		
Directors' and chief executive's emoluments	**5,410**	5,379
Other staff costs:		
– Wages and salaries	**1,511,582**	1,010,620
– Retirement benefit schemes contributions	**48,700**	27,785
Total staff costs	**1,565,692**	1,043,784
Auditors' remuneration	**4,400**	3,900
Depreciation of property, plant and equipment	**2,063,192**	1,340,046
Cost of inventories recognised as an expense	**21,205,542**	16,744,399
Release of prepaid lease payments	**22,625**	21,921

7. INCOME TAX EXPENSE

	2013	2012
	RMB'000	*RMB'000*
The charge comprises:		
Current tax		
PRC enterprise income tax	**1,796,893**	1,957,044
Hong Kong Profits Tax	**106,485**	12,123
Deferred tax (credit)	**(110,432)**	(21,206)
	1,792,946	1,947,961

Under the Law of PRC on Enterprise Income Tax ("the EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

In addition, the EIT Law provides that qualified dividend income between two "PRC-resident enterprises" that have a direct investment relationship is exempted from income tax. Otherwise, such dividends will be subject to a 5% to 10% withholding tax under the tax treaty or the domestic law. An amount of RMB40,000,000 (2012: RMB73,763,000) is recognised in respect of the PRC subsidiaries' undistributed profits generated in the current year.

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the year.

The Company and its subsidiaries incorporated in BVI and Indonesia had no assessable profits since their incorporation.

The income tax expense for the year can be reconciled to the profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2013	2012
	RMB'000	*RMB'000*
Profit before taxation	**7,379,395**	7,400,553
Tax at the PRC enterprise income tax rate of 25% (2012: 25%)	**1,844,849**	1,850,139
Tax effect of expenses not deductible	**239**	230
Tax effect of income not taxable for tax purpose	**(40,899)**	(563)
Tax effect of tax losses not recognised	**4,929**	30,637
Utilisation of deductible temporary difference previously not recognised	**(888)**	–
Effect of different tax rates of subsidiaries	**(55,284)**	(6,245)
Tax effect of withholding tax on undistributed profits of PRC subsidiaries	**40,000**	73,763
Tax charge for the year	**1,792,946**	1,947,961

8. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

Earnings	**2013**	2012
	RMB'000	*RMB'000*
Earnings for the purpose of basic earnings per share profit for the year attributable to owners of the Company	**5,592,675**	5,452,592
Effect of effective interest on the liability component of convertible bonds	**81,083**	69,180
Effect of gain recognised on the compound derivative component of convertible bonds	**(163,596)**	(2,253)
Earnings for the purpose of diluted earnings per share	**5,510,162**	5,519,519

Weighted average number of shares	**2013**	2012
	'000 shares	*'000 shares*
Number of ordinary shares for the purpose of basic earnings per share	**5,885,000**	5,885,000
Effect of conversion of convertible bonds	**178,826**	122,829
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**6,063,826**	6,007,829

9. DIVIDENDS

Dividends declared for distribution during the year:

	2013	2012
	RMB'000	*RMB'000*
2012 final dividends – HK$26 cents per share	**1,217,944**	–
2011 final dividends – HK$32 cents per share	**–**	1,536,371
	1,217,944	1,536,371

Subsequent to the end of the reporting period a final dividend of HK$1,588,950,000 (equivalent to approximately RMB1,249,232,000) at HK$27 cents per share in respect of the year ended 31 December 2013, based on 5,885,000,000 shares as at 31 December 2013, has been proposed by the directors of the Company and is subject to the approval by the shareholders in the forthcoming annual general meeting.

During the current year, the final dividend of HK$1,530,100,000 (equivalent to approximately RMB1,217,944,000), at HK$26 cents per share in respect of the year ended 31 December 2012, based on 5,885,000,000 shares as at 31 December 2012 (2012: HK$1,883,200,000 (equivalent to approximately RMB1,536,371,000), at HK$32 cents per share in respect of the year ended 31 December 2011) was declared to the owners of the Company.

10. TRADE RECEIVABLES

The Group has a policy of allowing average credit period of 90 days to its trade customers with trading history, or otherwise sales on cash terms are required.

The following is an aged analysis of trade receivables net of allowance for doubtful debts presented based on the date of delivery of goods which approximated the respective dates on which revenue was recognised.

	2013	2012
	RMB'000	*RMB'000*
0-90 days	**160,935**	43,672

Before accepting any new customer, the Group will internally assess the credit quality of the potential customer and define appropriate credit limits.

Management closely monitors the credit quality of trade receivables and considers the trade receivables that are neither past due nor impaired to be of a good credit quality.

Impairment for trade receivables over 90 days are provided for based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience and objective evidences of impairment and expected recoverable amounts. No impairment has been recognised during both years.

In determining the recoverability of the trade receivables, the Group reassesses the credit quality of the trade receivables since the credit was granted and up to the reporting date. Based on the historical experience of the Group, the directors of the Company believe that no further allowance is required.

11. RESTRICTED BANK DEPOSITS AND BANK BALANCES

Restricted bank deposits represent the Group's bank deposits pledged to banks for issuance of letter of credit and bills payable.

The restricted bank deposits carry market interest rate of 0.35% to 3.3% per annum as at 31 December 2013 (2012: 0.35% to 3.5%).

Bank balances and cash at 31 December 2013 were mainly denominated in RMB which is not a freely convertible currency in the international market.

12. TRADE PAYABLES

Trade payables principally comprise amounts outstanding for purchases of goods. The average credit period is 180 days.

The aged analysis of trade payables presented based on the invoice date at the reporting date is as follows:

	2013	2012
	RMB'000	*RMB'000*
0-180 days	**1,956,151**	1,091,334
181-365 days	**33,049**	5,389
1-2 years	**5,721**	822
Over 2 years	**728**	199
	1,995,649	1,097,744

13. OTHER PAYABLES

An analysis of other payables of the Group is as follows:

	2013	2012
	RMB'000	*RMB'000*
Payables on property, plant and equipment	**3,527,147**	2,400,173
Retention payables	**1,244,331**	897,081
Other payables and accruals	**217,958**	46,200
Advance from customers	**270,795**	486,842
Accrued payroll and welfare	**52,283**	15,638
Other tax payables	**31,510**	25,307
	5,344,024	3,871,241

14. RELATED PARTY TRANSACTIONS

(a) Name and relationship with related parties

Name	**Relationship**
山東魏橋創業集團有限公司 (“Chuangye Group”) *(note i)*	note ii
濱州魏橋鋁業科技有限公司 (“Aluminum Technology”) *(note i)*	Controlled by Chuangye Group

Notes:

(i) The English names of the above companies are for reference only and have not been registered.

(ii) Mr. Zhang Shiping, the director and the controlling shareholder of the ultimate holding company of the Company, has a significant non-controlling beneficial interest in Chuangye Group.

(b) The Group has entered into the following significant transactions with its related party during the two years ended 31 December 2013:

	2013	2012
	RMB'000	*RMB'000*
Purchases of carbon anode blocks		
– Aluminum Technology	**305,489**	262,367
Sales of slag of carbon anode blocks		
– Aluminum Technology	**31,445**	24,875

(c) Compensation of key management personnel

	2013	2012
	RMB'000	*RMB'000*
Short term employee benefit	**5,652**	5,775
Retirement benefits scheme contributions	**37**	33
	5,689	5,808

(d) Guarantees and security

At the end of each reporting period, details of amounts of bank borrowings of the Group guaranteed by a related party were as follows:

	At 31 December 2013	At 31 December 2012
	RMB'000	*RMB'000*
Chuangye Group	**488,800**	–

(e) Balances with related parties

	At 31 December 2013	At 31 December 2012
	RMB'000	*RMB'000*
Trade payable		
Aluminum Technology	**6,871**	–

15. SHARE CAPITAL

The details of the Company's share capital are as follows:

	Number of shares	Shares capital
		US$
Authorised		
Ordinary shares of US$0.01 each		
At 31 December 2012 and 2013	**10,000,000,000**	100,000,000
Issued and fully paid		
Ordinary shares of US$0.01 each		
At 31 December 2012 and 2013	**5,885,000,000**	58,850,000

	2013	2012
	RMB'000	*RMB'000*
Shown on the consolidated statement of financial position	**386,206**	386,206

The shares issued ranking pari passu with other shares in issue in all respects.

16. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 14 March 2014.

CHAIRMAN'S STATEMENT

It is my pleasure to present, on behalf of the Board of China Hongqiao, the annual results of the Group for the year ended 31 December 2013 (the "Year" or the "Period under Review").

ACTIVELY AND ENERGETICALLY ENGAGED IN DEVELOPMENT

Despite the signs of recovery shown by the overall global economy in 2013, there were still uncertainties in the development of China's aluminum industry, presenting a number of challenges in China's aluminum industry.

A stable growth in demand of the aluminum product was evident in China, yet the overall aluminum market was still faced with the problem of oversupply caused by the release of new production capacity in Northwest China and because of various factors including overcapacity, China's aluminum product price was suppressed throughout the year. In addition, the Republic of Indonesia ("Indonesia") implemented a complete prohibition of exporting 65 kinds of raw ore materials, including bauxite, with effect from 12 January 2014. The recent export ban on bauxite in Indonesia which increase the transportation cost and the global bauxite price, may adversely affect China's aluminum product manufacturers. The Group will continue to proactively expand bauxite procurement channels to relieve the pressure on increasing production cost caused by the export restrictions on bauxite by Indonesia, and to ensure the stable production and operation of the Group.

The stable development of the Group was not significantly and adversely affected by the uncertainties in the overall economy environment. During the Year, the Group leveraged on its proactive development strategies to maintain the continuous expansion of production and operational scale. The Group also capitalized its competitive business model to vigorously enhance its industry position centered on the "Integration of Aluminum and Electricity", as well as the "Integration of Upstream and Downstream Business". The Group has not only realized another breakthrough in development, but also presented the vigorous and energetic enterprise spirit of the Group.

RESULTS AND PERFORMANCE

During the Year, despite the uncertainties in China's aluminium market, the Group insisted on its active business development strategy to further expand production capacity, which not only enabled the Group to achieve satisfactory results but also consolidated the Group's leading position in China's aluminum market. As of 31 December 2013, the Group's total designed annual production capacity of aluminum products was approximately 2,956,000 tons (31 December 2012: approximately 2,016,000 tons) representing a production capacity growth of approximately 46.6% as compared with the corresponding period of previous year, ranking as the third largest aluminum product manufacturer in China (enterprise ranking source: Antaike). Moreover, the Group also committed to enhance its cost advantage and core competiveness. On one hand, the Group continued to expand the scale of its co-generating captive power plants, with the aggregate installed capacity of 4,380MW as of 31 December 2013, which guaranteed the stable energy supply of the Group. On the other hand, with the Group's expanding procurement channels of raw materials and establishing closer cooperation with downstream customers, the unique industry cluster model has become another important pillar of the Group in maintaining its industry leading position in the future.

During the Period under Review, the Group's revenue amounted to approximately RMB29,404,462,000, representing a year-on-year increase of approximately 18.5%. The gross profit amounted to approximately RMB8,142,802,000, representing a year-on-year increase of approximately 1.7%. Net profit attributable to owners of the Company amounted to approximately RMB5,592,675,000, representing a year-on-year increase of approximately 2.6%. Basic earnings per share were approximately RMB0.95 (2012: approximately RMB0.93). The Board recommended the payment of a final dividend of HK$27.0 cents per share for the year of 2013 (2012: HK$26.0 cents per share).

LOOKING FORWARD TO THE DEVELOPMENT IN CHINA'S ALUMINUM MARKET

The Group saw positive signs in the future development of China's aluminum industry. The convene of the Third Plenary Session of the 18th Central Committee of the Communist Party of the PRC (the "Third Plenary Session of the 18th Central Committee") has brought new expectations to the sustainability of China's economic development going forward. With the gradual introduction of new urbanization construction related industrial policies going forward, it is anticipated that there will be a new wave of growth for the consumption of aluminum products in China and new development opportunities for China's aluminum manufacturers.

During the Year, the PRC government promulgated various industrial policies closely related to the aluminum industry. In October 2013, the State Council of the PRC issued the "Guidelines for Addressing Severe Overcapacity" to emphasize the importance of improving the differential electricity pricing policy, strictly prohibiting the implementation of preferential tariff and measures by the local government, and stated that important progress in addressing severe overcapacity should be achieved within five years. In December 2013, the National Development and Reform Commission and Ministry of Industry and Information Technology of the PRC promulgated the "Notice of Implementing Tiered Tariff Policies (the "Tiered Tariff Policies") for Electrolytic Aluminum Enterprises" in China, determining that with effect from January 2014, the Tiered Tariff Policies will be implemented for the electricity utilized by electrolytic aluminum enterprises in which the tariff will be calculated on an annual basis and determined based on the actual consumption level of electrolytic aluminum enterprises in the previous year and the tariff will be set at different levels. Such policy further displayed the determination of the PRC government to persistently promote the consolidation of China's aluminum industry.

With the gradual consolidation of the industry, backward production capacity of high cost and high energy consumption will be phased out and it is expected that China's aluminum industry will achieve a healthier and more sustainable development track. Therefore, the Group remains cautiously optimistic toward the future development of China's aluminum industry.

COMPREHENSIVE LAYOUT TO ACHIEVE NEW PHASE OF DEVELOPMENT

During the Period under Review, the Group continued to expand its own power plant, which increased the competitive advantage of the Group in respect of the "Integration of Aluminum and Electricity". As of 31 December of 2013, the total installed capacity of the Group's power generators amounted to 4,380MW with a electricity self-supply ratio of approximately 66.2% on average.

While achieving a higher level of the "Integration of Aluminum and Electricity", the Group also devoted to the acceleration of the "Integration of Upstream and Downstream Business" and development of the Group's unique industry cluster. On one hand, in order to fulfill the increasing demand of downstream customers for the Group's aluminum products, the Group constantly enhanced the production capability of aluminum products. On the other hand, the Group actively expanded the procurement channels of bauxite, which is the upstream production raw material of alumina, by importing the bauxite from various places of origin including Indonesia, the Republic of India and Commonwealth of Australia. Besides a relatively sufficient bauxite reserve, the Group intends to expand its procurement scope to Africa at a proper timing in the future to acquire local inexpensive good quality bauxite.

The Group's alumina self-supplied ratio has reached approximately 62.5% on average during the Year. With the gradual increase in the Group's alumina self-supplied ratio, the Group will be able to further stablize the supply of raw materials.

As for the extension into downstream of industry chain, on one hand, the Group continuously explored the high-end aluminum processing industry to diversify its product portfolio. Supported by the cluster strength in local aluminum industry, the Group actively collaborated with many large-scale enterprises by entering future long-term strategic cooperative agreement including well-known companies in the sector so as to establish a unique and mutual beneficial development model. Such model would enable the Group to seek buyers in advance. With the expansion of industry cluster, it would play an increasingly significant role in promoting the future business development of the Group.

Great progress has also been made to the Group's overseas business development. The Group has established a joint venture for alumina production in Indonesia and is expected to commence production in 2015, with a designed capacity of 1,000,000 tons.

The Group was recognized by a number of external parties in the past year by virtue of its consistent outstanding performance. The Group was named one of the Asia's Fab 50 by Forbes Asia magazine, recognizing it as one of the most outstanding enterprises in Asia. In addition, the Group was included in the Hang Seng Composite Index, Hang Seng Global Composite Index and Hang Seng Natural Resources Index, which clearly indicated that the business performance and financial condition of the Group were recognized in the capital market. The general office of Shandong Provincial Government published the No. 37 document "Instruction for the Transformation and Upgrade of Six Traditional Industries of Shandong Province" and No. 41 document "Opinions on Shandong Provincial People's Government as to Implement the Government Policy [2013] No. 41 Document for Overcapacity" on 19 November 2013 and 14 February 2014, respectively, stating that it will encourage the development of leading backbone enterprises and support Shandong Weiqiao Aluminum and Power Co., Ltd., a wholly-owned subsidiary of the Company, to become a large enterprise group with complete aluminum industry chain.

GETTING READY TO LEAD THE FUTURE

2013 serves as a bridge between the past and future of the Group. The Group has not only achieved stable growth in performance, but also laid a solid foundation for its future development.

In 2013, the Group's industry model on the "Integration of Aluminum and Electricity" and the "Integration of Upstream and Downstream Business" were further reinforced. In the future, the Group will gradually expand its production scale according to the market demand, continuously enhance the Group's cost advantage and economies of scale, and further consolidate the Group's leading position in the aluminum industry by expanding and extending upstream and downstream business and by optimization of product structure. Following the establishment of closer cooperation with more high-end downstream production enterprises, the Group will definitely benefit from an optimized industry cluster continuously.

Despite the uncertainties in the prospects of China's aluminum industry business, the Group is confident in its business outlook. The Group will take proactive measures against potential future challenges. Looking into the future, the Group will continue to facilitate the industry model on the "Integration of Aluminum and Electricity" and the "Integration of Upstream and Downstream Business", actively grasp market opportunities with provision and optimize internal development environment, so as to bring fruitful rewards and returns to the shareholders.

APPRECIATION

The stable development of the Group's business could not be achieved without the excellent and efficient leadership of the Group's management, the trust and support from all of the shareholders, investors and business partners and the tireless efforts and dedication of all employees. On behalf of the Board, I would like to take this opportunity to extend my sincere gratitude to all of them.

Zhang Shiping
Chairman of the Board

14 March 2014

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

During the Year, the global economy bid farewell to the consecutive downturns in the past few years and entered into a new phase of weak recovery and growth. In terms of the global aluminum industry, despite various foreign aluminum manufacturers had announced to cut production to alleviate the problem of overcapacity, the effect of which was not obvious. The global aluminum production capacity was actually in an expanding trend. While overcapacity was still faced by the aluminum industry, the aluminum price was constantly suppressed, maintaining a downward pattern in general. As of the beginning of January 2013, the three-month aluminum futures price quoted on the London Metal Exchange (the "LME") was approximately USD1,807 per ton, while the three-month aluminum futures price quoted on the Shanghai Futures Exchange (the "SHFE") was approximately RMB14,040 per ton (value-added tax inclusive). As of the end of December 2013, the three-month aluminum futures price quoted on the LME was approximately USD1,811 per ton, and the three-month aluminum futures price quoted on the SHFE was approximately RMB13,990 per ton (value-added tax inclusive). As of the end of February 2014, the three-month aluminum futures price quoted on the LME was approximately USD1,765 per ton, while the three-month aluminum futures price quoted on the SHFE was approximately RMB13,395 per ton (value-added tax inclusive).

In terms of China's domestic market, with the gradually commenced operation of the production capacity of aluminum products in Northwest China, the aluminum production volume in the domestic aluminum market recorded a month-by-month increase in the past year, leading to an oversupply in China's aluminium market and difficulties on production and operation for domestic aluminum manufacturers. However, it can be foreseen that for industry consolidation of China's aluminum industry will be promoted continuously and the backward production capacity of high cost and high energy consumption will be phased out by policies including the Tiered Tariff Policies. It is expected that China's aluminum industry will embark on a healthier and more sustainable development. In addition, after the convening of the Third Plenary Session of the 18th Central Committee, the construction of new urbanization and subsidised housing projects related new policies were highly expected by the market. And at the same time, the rapid development of downstream consumption areas such as automotive and transportation and the continued investment in industry such as infrastructure construction by the PRC government showed that there is still some room for the development of China's aluminum industry in the future.

According to Antaike, the global production volume of primary aluminum in 2013 was approximately 50,570,000 tons, representing an increase of approximately 6.3% as compared with that of 2012. The global consumption of primary aluminum in 2013 amounted to approximately 50,900,000 tons, representing an increase of approximately 7.8% when compared with that of 2012. For the domestic market, the production volume of primary aluminum in 2013 was approximately 24,900,000 tons, representing an increase of approximately 11.7% as compared with that of 2012. The consumption of primary aluminum in China in 2013 amounted to approximately 24,800,000 tons, representing an increase of approximately 13.0% as compared with that of 2012.

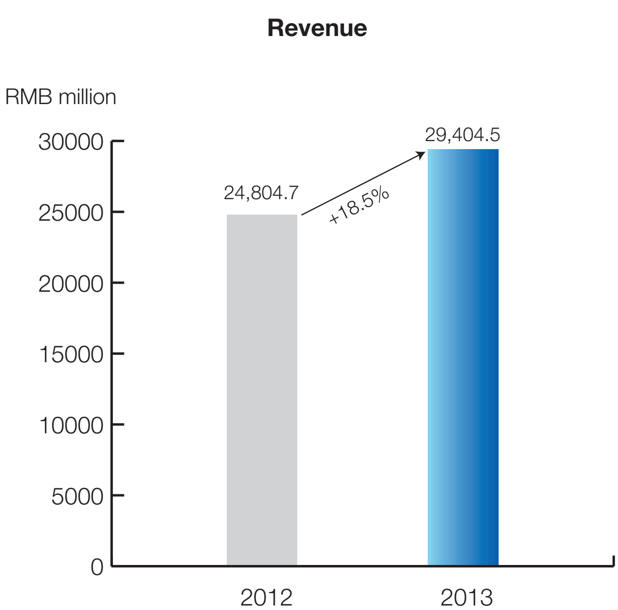
BUSINESS REVIEW

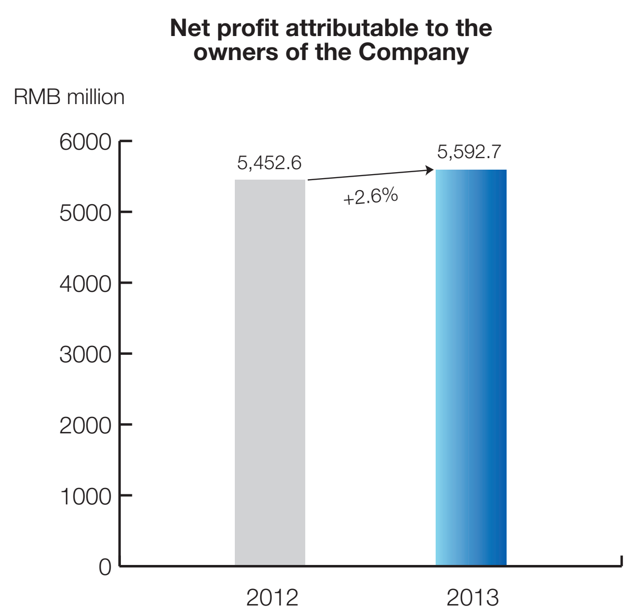
During the Year, the Group continued to maintain a stable expansion of production capacity of aluminum products and enhanced the unique industry cluster model of the Group by the extension of industry chain, expansion of self-operated power plant and strengthening the Group's unique industry cluster model so as to consolidate its leading position in the industry.

As of 31 December 2013, the Group's aggregate designed annual production capacity of aluminum products reached 2,956,000 tons (as of 31 December 2012: 2,016,000 tons), maintaining its position as the third largest aluminum product manufacturer in China (enterprise ranking source: Antaike).

Driven by the increasing downstream market demand, the Group's production volume of aluminum products in 2013 amounted to approximately 2,367,000 tons, representing a year-on-year increase of approximately 30.0%. Production volume of aluminum alloy processed products reached approximately 67,000 tons.

The Group's revenue and net profit attributable to the owners of the Company for the year ended 31 December 2013, with comparison figures for the year ended 31 December 2012, are as follows:





For the year ended 31 December 2013, the Group recorded revenue of approximately RMB29,404,462,000, representing a year-on-year growth of approximately 18.5%, mainly due to an increase in the Group's sales volumes of aluminum products and aluminum alloy processed products during the Year, production volume for 2013 reached approximately 2,385,550 tons, representing an increase of approximately 30.7% when compared to approximately 1,824,991 tons of the previous year. As affected by the change of the China's aluminum market price, the average selling price of our aluminum products decreased by approximately 7.9% from approximately RMB13,297 per ton (excluding value-added tax) in 2012 to approximately RMB12,252 per ton (excluding value-added tax) in 2013.

For the year ended 31 December 2013, net profit attributable to the owners of the Company amounted to approximately RMB5,592,675,000, representing a year-on-year increase of approximately 2.6%, mainly attributable to the increase in gross profit and other income resulting from the increase in the sales volume of the Group's aluminum products, of which the increase was narrowed by the growth of our expenses.

The table below is a comparison of the breakdown of revenue by products for the years ended 31 December 2013 and 31 December 2012:

Revenue breakdown by products

	For the year ended 31 December			
	2013		2012	
Products	**Revenue**	**Percentage of total revenue**	Revenue	Percentage of total revenue
	RMB'000	***%***	*RMB'000*	*%*
Molten aluminum alloy	**23,527,351**	**80.0**	17,161,788	69.2
Aluminum alloy ingots	**4,951,186**	**16.8**	6,768,728	27.3
Aluminum busbars	**21,572**	**0.1**	107,062	0.4
Aluminum alloy processed products	**727,512**	**2.5**	228,534	0.9
Steam	**176,841**	**0.6**	538,630	2.2
Total	**29,404,462**	**100.0**	24,804,742	100.0

As for revenue, the Group's revenue derived from aluminum products was approximately RMB29,227,621,000, accounting for approximately 99.4% of total revenue for the year ended 31 December 2013, among which the percentage share of aluminum alloy ingots in the revenue decreased while the percentage share of molten aluminum alloy in the revenue increased, which was mainly resulted from the sales volume increase which was driven by the demand increase from and within the aluminium industrial duster located in the Group's production base. Revenue derived from sales of steam was approximately RMB176,841,000, accounting for approximately 0.6% of our total revenue. The decrease in the revenue derived from sales of steam was mainly because of the Group using part of the steam during the process of the production of the major raw materials, thus the steam available for sale decreased accordingly.

FINANCIAL REVIEW

Revenue, gross profit and gross profit margin

The table below is an analysis of the Group's revenue, gross profit and gross profit margin derived from its major products for the years ended 31 December 2013 and 31 December 2012:

	For the year ended 31 December					
	2013			2012		
Products	**Revenue**	**Gross profit**	**Gross profit margin**	Revenue	Gross profit	Gross profit margin
	RMB'000	***RMB'000***	*%*	*RMB'000*	*RMB'000*	*%*
Aluminum products	**29,227,621**	**8,077,708**	**27.6**	24,266,112	7,849,194	32.3
Steam	**176,841**	**65,094**	**36.8**	538,630	154,254	28.6
Total:	**29,404,462**	**8,142,802**	**27.7**	24,804,742	8,003,448	32.3

For the year ended 31 December 2013, the overall gross profit margin of the Group's products was approximately 27.7% and was decreased by approximately 4.6 percentage points as compared to approximately 32.3% for the corresponding period of the previous year. This was mainly due to the decrease in unit sale price of aluminum products during the Year as compared to the corresponding period of the previous year, resulting in a narrowed profit margin.

Distribution and selling expenses

The Group's distribution and sales expenses is approximately RMB60,128,000, increased by approximately 2.5% for the year ended 31 December 2013 when compared to approximately RMB58,667,000 for the corresponding period of the previous year. This was mainly attributable to the increase in sales volume of the Group's aluminum products, resulting in a corresponding increase in transportation costs.

Administrative expenses

Administrative expenses of the Group for the year ended 31 December 2013 amounted to approximately RMB440,171,000, representing an increase of approximately 43.8% when compared to approximately RMB306,068,000 for the corresponding period of the previous year. Such an increase was mainly due to the fact that, on one hand, there was an increase in employee headcounts and their remuneration for the expansion of the Group's production scale; on the other hand, the Group's building of new plant resulted in the increase in local tax payables and the increased issuance of the letter of credit for imported bauxite and production equipment, which caused an increase in bank commission charges.

Other expenses

For the year ended 31 December 2013, other expenses of the Group amounted to approximately RMB9,125,000, which was mainly due to the fees paid to the professional institutions engaged by the Group.

Finance costs

For the year ended 31 December 2013, finance costs of the Group were approximately RMB1,359,200,000, representing an increase of approximately 111.5% when compared to approximately RMB642,731,000 for the corresponding period of the previous year. This was mainly due to a significant increase in the total debts during the Year when compared to the corresponding period of the previous year, resulting in an increase in interest expenses charged to the Group.

Liquidity and financial resources

As at 31 December 2013, cash and cash equivalents of the Group were approximately RMB6,362,070,000, representing a decrease of approximately 30.7% when compared to that of approximately RMB9,174,943,000 as of 31 December 2012, mainly due to more cash paid for the increased reserves of bauxite during the Year under Review to ensure the stable supply of raw materials of the Group.

For the year ended 31 December 2013, the Group had a net cash outflow from investing activities of approximately RMB14,765,095,000, a net cash inflow from financing activities of approximately RMB11,720,675,000 and a net cash inflow from operating activities of approximately RMB252,276,000.

For the year ended 31 December 2013, the capital expenditures of the Group amounted to approximately RMB15,360,946,000, mainly used for the expansion of its aluminum production capacity and the construction of advanced aluminum processing facilities, ancillary captive power facilities and alumina production plant in Indonesia.

As at 31 December 2013, the Group had a capital commitment of approximately RMB17,918,621,000, representing projects in respect of the capital expenditure for purchase of property, plant and equipment, which are primarily for the construction of the alumina production plant in Indonesia and the high-end aluminum processing facilities, as well as the production capacity expansion for aluminium products and the ancillary captive power facilities.

For the year ended 31 December 2013, the Group's average turnover days of trade receivables were approximately 1 day, maintained at the same level over the corresponding period of the previous year. It was mainly because the settlement method of the sales of the Group's aluminum alloy processed products is cash on delivery and the Group's customers granted certain credit period. Following the increase in sales volume of high-end aluminum processing products, the Group's trade receivables balance increased. However, the Group's trade receivables turnover period was still in a relatively low level.

For the year ended 31 December 2013, the Group's turnover days of inventory was approximately 114 days, representing an increase of approximately 59 days when compared to approximately 55 days for the corresponding period of the previous year, which was mainly due to, on one hand, the increase in the inventory of raw materials required for the Group's production, followed by the expansion of production scale of the Group and the increase in product categories due to the start-up operation of new production line for aluminum products and on the other hand, the Group increased its bauxite reserve to ensure the supply of raw materials.

Contingent liability

As of 31 December 2013, the Group has no contingent liability.

Income tax

The Group's income tax for 2013 amounted to approximately RMB1,792,946,000, decrease by approximately 8.0% when compared to approximately RMB1,947,961,000 for the corresponding period of the previous year, which was mainly attributable to the impact of the application of different tax rates by the Group's subsidiaries and an increased deferred tax credit of the Group.

Net profit attributable to owners of the Company and earnings per share

Net profit attributable to owners of the Company was approximately RMB5,592,675,000 for the year ended 31 December 2013, representing an increase of approximately 2.6% when compared with to approximately RMB5,452,592,000 for the corresponding period in the previous year.

Basic earnings per share of the Company in 2013 were approximately RMB0.95 (2012: approximately RMB0.93).

Capital structure

The Group has built an appropriate liquidity risk management framework to secure its short-term, medium-term and long-term funding and to satisfy its liquidity risk management requirements. Cash and cash equivalents of the Group amounted to approximately RMB6,362,070,000 (31 December 2012: approximately RMB9,174,943,000) as of 31 December 2013 and were mainly deposited with commercial banks. As at 31 December 2013, the total liabilities of the Group amounted to approximately RMB38,295,991,000 (31 December 2012: approximately RMB22,038,820,000). Gearing ratio (total liabilities to total assets) was approximately 58.8% (31 December 2012: approximately 49.7%).

The Group maintained a balanced portfolio of loans at fixed interest rates and variable interest rates to manage its interest expenses. As at 31 December 2013, approximately 26.6% of the Group's bank borrowings were subject to fixed interest rates while the remaining approximately 73.4% were subject to floating interest rates.

The Group used part of its restricted bank deposits, overseas subsidiaries' shares, trade receivables, notes receivables, the equipment and prepaid lease payments as collateral for its bank borrowings to partially finance its daily operations and project construction. As of 31 December 2013, the Group's secured bank borrowings amounted to approximately RMB4,384,686,000 (31 December 2012: approximately RMB2,914,424,000).

The Group aims to maintain a balance between the continuity and flexibility of funds by employing bank loans. As of 31 December 2013, approximately 49.8% of the Group's bank borrowings will become due within one year.

As at 31 December 2013, the Group's bank borrowings were mainly denominated in Renminbi, US Dollars and Hong Kong Dollars for calculation, among which, Renminbi loans, US Dollar loans and Hong Kong Dollar loans accounted for approximately 41.0%, approximately 54.7% and approximately 4.3%, respectively, of the total bank borrowings. Cash and cash equivalents were mainly held in Renminbi, US Dollars and HK Dollars, among which approximately 9.6% of the cash and cash equivalents was held in US Dollars and approximately 0.1% of the cash and cash equivalents was held in HK Dollars.

Employee and remuneration policy

As at 31 December 2013, the Group had a total of 38,320 employees, increased by 9,024 employees when compared to that of the corresponding period of the previous year. As a result of the expansion of its production capacity during the Period under Review, the Group recruited additional staff to meet the needs of the Group's production and enrich our reserve of human resources simultaneously. During the Year, total staff costs amounted to approximately RMB1,565,692,000, representing approximately 5.3% of our revenue. The remuneration packages of the Group's employees include salary and various types of allowances.

In addition, the Group has established a performance-based incentive mechanism, under which employees may be awarded additional bonus. The Group is providing training programmes for our employees to equip themselves with the requisite skills and knowledge.

Exposure to foreign exchange risk

The Group collected all of its revenue in Renminbi and funded most of its capital expenditures in Renminbi. Due to the importation of bauxite and production equipment, and as certain bank balances and borrowings are denominated in foreign currencies, we are exposed to certain risk of foreign exchange. As of 31 December 2013, our bank balances denominated in foreign currencies were approximately RMB620,236,000, and bank borrowings denominated in foreign currencies were approximately RMB11,346,333,000. For the year ended 31 December 2013, the Group recognized foreign exchange gain of approximately RMB311,078,000.

For the year ended 31 December 2013, the Group used financial instruments, being foreign currency forward contracts, for purposes of reducing exposure to fluctuation in foreign exchange rate. As at 31 December 2013, the derivative financial liability generated from the above foreign currency forward contracts was approximately RMB4,407,000.

Events after the period

Corporate Bonds

On 12 September 2013, the Company's subsidiary, Shandong Hongqiao New Material Co., Ltd. ("Shandong Hongqiao") obtained the "Approval for the Issue of 2013 Corporate Bonds by Shandong Hongqiao New Material Co., Ltd. (Fa Gai Cai Jin (2013) No. 1654)" from National Development and Reform Commission approving Shandong Hongqiao to issue the corporate bonds of no more than RMB2,300,000,000 in the PRC. On 28 February 2014, the issuance of the seven-year domestic corporate bonds (first tranche) was completed by Shandong Hongqiao, with a final offering size of RMB1,200,000,000. Please refer to the announcements of the Company dated 13 September 2013 and 28 February 2014 for details.

SUPPLEMENTARY INFORMATION

SUFFICIENCY OF PUBLIC FLOATING

Based on the information that is publicly available to the Company and as far as the Directors are aware, the Company has maintained the amount of public float as approved by the Stock Exchange and as permitted under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") as at the date of this announcement.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under articles of association of the Company (the "Articles of Association"), and there is no restriction against such rights which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

THE BOARD OF DIRECTORS

As at 31 December 2013, the Board of the Company comprised four executive Directors, two non-executive Directors, three independent non-executive Directors.

The Board members are as follows:

Executive Directors
Mr. ZHANG Shiping *(Chairman)*
Ms. ZHENG Shuliang *(Vice Chairman)*
Mr. ZHANG Bo *(Chief Executive Officer)*
Mr. QI Xingli *(Chief Financial Officer)*

Non-Executive Directors
Mr. YANG Congsen
Mr. ZHANG Jinglei

Independent Non-Executive Directors
Mr. XING Jian
Mr. CHEN Yinghai
Mr. HAN Benwen

Mr. ZHANG Shiping is the husband of Ms. ZHENG Shuliang and the father of Mr. ZHANG Bo, and is the father-in-law of Mr. YANG Congsen.

DIRECTORS' SERVICE CONTRACTS

Each of the Directors has entered into a service contract with the Company for an initial term of three years with effect from their respective date of appointment unless terminated by not less than one month's notice in writing served by either the Directors or the Company. The appointments are subject to the provisions of retirement and rotation of Directors under the Articles of Association. None of the Directors proposed for re-election at the forthcoming annual general meeting of the Company has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

No Directors had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, or any of its holding companies, subsidiaries or fellow subsidiaries was a party during the year ended 31 December 2013 and up to the date of this announcement.

EMOLUMENTS OF DIRECTORS

The Directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Board of the Company with reference to the Directors' duties, responsibilities and performance. None of the Directors waived any emoluments during the Year.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Year and up to the date of this announcement.

SUBSTANTIAL SHAREHOLDERS

DIRECTORS' AND CHIEF EXECUTIVE OF THE COMPANY'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2013, the Directors and chief executive had the following interests or short positions in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") (Chapter 571 of the Laws of Hong Kong)) which were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or to be entered in the register described in the provisions pursuant to Section 352 of the SFO; or to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in the Listing Rules, were as follows:

Long positions in the shares of the Company

Name of shareholder	Capacity/type of interest	Number of total shares held	Approximate percentage of shareholding in issued shares *(%)*
Mr. ZHANG Shiping (1)	Interest of a controlled corporation	5,000,000,000	84.96
Ms. ZHENG Shuliang (2)	Interest of Spouse	5,000,000,000	84.96

Notes:

(1) The interests of Mr. ZHANG Shiping in the Company were held through its wholly-owned subsidiary Hongqiao Holdings.

(2) Ms. ZHENG Shuliang, the spouse of Mr. ZHANG Shiping, is deemed to be interested in all the shares of the Company in which Mr. ZHANG Shiping is interested.

Save as disclosed above, as at 31 December 2013, none of the Directors or the chief executive of the Company or any of their spouse or children under the age of 18 had or were deemed or taken to have an interest or short position in the shares, underlying shares or debentures of the Company or any of its holding companies, subsidiaries or associated corporations (within the meaning of Part XV of the SFO) which was required to be notified to the Company and the Stock Exchange pursuant to Section 352 of the SFO, or notified to the Company and the Stock Exchange pursuant to the Model Code. At no time was the Company or any of its holding companies or subsidiaries a party to any arrangements to enable the Directors or the chief executive of the Company (including their spouse or children under the age of 18) to acquire any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTEREST AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

As at 31 December 2013, so far as it is known to the Directors and chief executive of the Company, the following persons (other than the Directors and chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO or, who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Name of shareholder	**Capacity/type of interest**	**Number of total shares held**	**Approximate percentage of shareholding in issued shares** *(%)*
Mr. ZHANG Shiping[(1)]	Interest of a controlled corporation	5,000,000,000	84.96
Ms. ZHENG Shuliang[(2)]	Interest of Spouse	5,000,000,000	84.96
Prosperity Eastern Limited[(3)]	Trustee	5,000,000,000	84.96
Hongqiao Holdings	Beneficial owner	5,000,000,000	84.96

Notes:

(1) Mr. ZHANG Shiping is the legal and beneficial owner of the entire issued share capital of Hongqiao Holdings and is deemed to be interested in the shares of the Company held by Hongqiao Holdings.

(2) Ms. ZHENG Shuliang, the spouse of Mr. ZHANG Shiping, is deemed to be interested in all the shares of the Company in which Mr. ZHANG Shiping is interested.

(3) Prosperity Eastern Limited as the trustee holds such interests in shares on behalf of Mr. ZHANG Shiping.

Save as disclosed above, as at 31 December 2013, no other person had any interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or, were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote under all circumstances at general meetings of any other member of the Group.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year ended 31 December 2013 and up to the date of this announcement, was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of the shares or debentures of the Company or any other associated corporations, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the share capital or debentures of the Company or any other associated corporations or had exercised any such right in the period.

FINAL DIVIDENDS

The Board has recommended the payment of a final dividend of HK$27.0 cents per share for the year ended 31 December 2013. The proposed final dividends, subject to the approval of the shareholders at the forthcoming annual general meeting, will be paid on 27 June 2014 to the shareholders whose names appear on the register of members of the Company on 6 June 2014.

CLOSURE OF REGISTER OF MEMBERS

The share register of the Company will be closed from Wednesday, 14 May 2014 to Friday, 16 May 2014 (both days inclusive), during which no transfer of shares will be effected. In order to be entitled to attend the forthcoming annual general meeting of the Company and vote at the meeting, all completed share transfer forms accompanying with the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, not later than 4:30 p.m. on Tuesday, 13 May 2014. The address of Computershare Hong Kong Investor Services Limited is Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

The share register of the Company will be closed from Wednesday, 4 June 2014 to Friday, 6 June 2014 (both days inclusive), during which no transfer of shares will be effected. In order to qualify for the final dividend, all completed share transfer forms accompanying with the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, not later than 4:30 p.m. on Tuesday, 3 June 2014. The address of Computershare Hong Kong Investor Services Limited is Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

AUDIT COMMITTEE

The Company has established an audit committee (the "Audit Committee") in compliance with the Code of Best Practices for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee is composed of three independent non-executive Directors. An Audit Committee meeting was held on 14 March 2014 to review the consolidated financial statements of the Group for the year ended 31 December 2013. The Audit Committee considered that the annual financial results of the Group for the year ended 31 December 2013 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

The shares of the Company has been listed on the Stock Exchange since 24 March 2011. Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2013 and up to the date of this announcement.

CONVERTIBLE BONDS

Pursuant to the announcement of the Company issued on 21 March 2012 in relation to the proposed issue of US$150,000,000 6.5% convertible bonds due 2017, all conditions precedent under the subscription agreement have been satisfied (or waived) and completion of the subscription agreement took place on 10 April 2012. For further details, please refer to the above mentioned announcement.

Approval has been granted for the listing of the convertible bonds on the Singapore Exchange Securities Trading Limited ("SGX-ST"). The convertible bonds have been listed and quoted on the SGX-ST with effect from 9:00 a.m. 11 April 2012. The approval in-principle granted for the listing of the convertible bonds on the SGX-ST is not to be taken as an indication of the merits of the convertible bonds. Approval for the listing of, and permission to deal in, the convertible shares has been granted by the Stock Exchange.

The proceeds from issuance of convertible bonds by the Group has been used up in 2012 and entirely used for the improvement of aluminum products capacity and the setting up of captive power facilities of the Group.

CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code for securities transactions on terms equivalent to the required standard of the Model Code as set out in Appendix 10 to the Listing Rules.

Having made specific enquiries with the Directors, the Company has confirmed that each of the Directors complied with the required standard set out in the Model Code regarding securities transactions by the Directors throughout the year ended 31 December 2013 and up to the date of this announcement.

COMPLIANCE WITH PROVISIONS OF CORPORATE GOVERNANCE CODE

The Company has applied the principles as set out in the Code on Corporate Governance Practices ("CG Code") contained in Appendix 14 of the Listing Rules.

For the year ended 31 December 2013, the Company was in compliance with the mandatory code provisions of the CG Code.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT ON WEBSITE OF THE STOCK EXCHANGE AND THE COMPANY

This results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.hongqiaochina.com. The annual report will be dispatched to shareholders on or before 1 April 2014 and will be available on the Company's website and the website of the Stock Exchange at the same time.

ACKNOWLEDGEMENT

I would like to take this opportunity to express my sincere gratitude to our Board members and management team, and to all the employees, business partners, customers and shareholders of the Group.

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

Shandong, the People's Republic of China

14 March 2014

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