



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

(Stock Code : 1378)

**China Hongqiao Announces 2020 Interim Results**

**Net Profit Attributable To Owners Significantly Increased Against Market Trend  
First Time to Declare Interim Dividend Since Listing**

**RESULTS HIGHLIGHTS**

- Revenue decreased by approximately 3.6% to approximately RMB39,938,675,000 as compared with the corresponding period of last year
- Gross profit decreased by approximately 15.4% to approximately RMB6,468,399,000 as compared with the corresponding period of last year
- Net profit attributable to owners of the Company increased by approximately 14.3% to approximately RMB2,831,849,000 as compared with the corresponding period of last year
- Basic earnings per share increased by approximately 15.0% to approximately RMB0.330 as compared with the corresponding period of last year
- The Board declares an interim dividend for 2020 of HK15.0 cents per share (six months ended 30 June 2019: nil)

(21<sup>st</sup> August 2020—Shandong) The board (“Board”) of directors (the “Directors”) of China Hongqiao Group Limited (the “Company” or “China Hongqiao”; Stock Code: 1378.HK) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively as the “Group”) for the year ended 30 June 2020 (the “Period” or the “Period Under Review”).

In the first half of 2020, the adverse impact of COVID-19 pandemic led to a weak growth momentum to the world economy. Nevertheless, China Hongqiao faced these challenges by leveraging on the advantages of its core competitiveness, its business model and proactive business development strategies, enabling it to sustain its productions and operations while further strengthening its leadership in aluminum market.

During the Period Under Review, the Group’s revenue was approximately RMB39,938,675,000, representing a year-on-year decrease of approximately 3.6%. The decrease of revenue was mainly due to the decrease in the selling price of aluminum alloy products during the Period as compared with the same period of last year, and the Group’s implementation of the Capacity Re-location Program. The net profit attributable to owners of the Company amounted to approximately RMB2,831,849,000, representing a year-on-year increase of approximately 14.3%, mainly due to

the decrease in impairment losses and the reduction in financial expenses of the Group during the Period, resulting in an increase in the net profit. Basic earnings per share amounted to approximately RMB0.330 (same period in 2019: approximately RMB0.287). On 21 August 2020, the Board resolved to declare an interim dividend of HK15.0 cents per share for the six months ended 30 June 2020 to the shareholders whose names appear on the register of members of the Company on 13 November 2020 (for the corresponding period of 2019: nil).

During the Period, the Group's total output of aluminum alloy products amounted to approximately 2.741 million tons, representing a year-on-year decrease of approximately 4.1%, mainly because the Group relocated some production equipment to the Yunnan green aluminum innovation industrial park according to the capacity re-location program (the "Capacity Re-location Program"), resulting in a decrease in capacity utilization. The production volume of aluminum fabrication products reached approximately 301,000 tons, which was fairly stable as compared with the corresponding period of last year.

	For the six months ended 30 June			
	2020		2019	
	Revenue	Proportion of sales revenue to total revenue	Revenue	Proportion of sales revenue to total revenue
Products	RMB'000	%	RMB'000	%
Aluminum alloy products	29,042,311	72.7	30,428,125	73.4
Alumina	6,391,488	16.0	6,157,040	14.9
Aluminum fabrication products	4,134,386	10.4	4,466,496	10.8
Steam	370,490	0.9	378,399	0.9
<b>Total</b>	<b>39,938,675</b>	<b>100.0</b>	<b>41,430,060</b>	<b>100.0</b>

The Group's revenue derived from aluminum alloy products for the six months ended 30 June 2020 was approximately RMB29,042,311,000, accounting for approximately 72.7% of the total revenue and representing a decrease of approximately 4.6% from approximately RMB30,428,125,000 for the same period of last year, mainly due to the price of the Group's aluminum alloy products of approximately RMB11,538/ton (VAT exclusive) during the Period, representing a decrease of approximately 4.0% from approximately RMB12,016/ton (VAT exclusive) for the same period of last year; the revenue of alumina products reached approximately RMB6,391,488,000, accounting for approximately 16.0% of the total revenue and representing an increase of approximately 3.8% as compared with approximately RMB6,157,040,000 for the same period of last year. The increase in the revenue of alumina products was mainly because the Group seized the opportunities to develop the domestic product market under the premise of satisfying self-consumption alumina, resulting in an increase in the revenue of alumina products. The revenue derived from aluminum fabrication products amounted to approximately RMB4,134,386,000, accounting for approximately 10.4% of the total revenue and which was fairly flat as compared with the same period last year.

During the Period, in terms of domestic business, the Group accelerated the construction of Yunnan green aluminum innovation industrial park project to further optimize the Group's energy structure and reduce production costs. In addition, the Group focused on the material strategy of "Three New (new infrastructure, new material and new applications) and One High (high value-added)", and accelerated the construction of aluminium lightweight material bases. In terms of overseas business, the Group steadily promoted the phase 2 of 1-million-ton alumina project in Indonesia and diligently operated the bauxite business in Guinea, Africa. The Group achieved economics of scale with the integration of upstream and downstream fullchain operation pattern. While continuously managing its existing assets properly, the Group will actively extend to downstream of the aluminum industry chain, focus on the development of lightweight materials and circular economy of secondary aluminum, and increase investment in scientific research, in order to promote the high-quality development of the aluminum processing industry.

For the remainder of 2020, there are challenges and opportunities ahead for the aluminum industry. The Group stays confident in the future development of China's aluminum industry as the Group firmly believes that the foundation of healthy development of aluminum industry in China is solid and the domestic demand is strong. The Group will continue to fulfil its roles as a leader and incubator, fully utilise its industrial advantages and continue to increase investment in energy conservation and environmental protection by increasingly utilise clean energy sources such as hydropower and photovoltaic power, in order to facilitate the high-quality, efficient and sustainable development of the aluminum industry. At the same time, the Group will expedite the pace of innovation-driven development and smart manufacturing, and continue to optimise its financial structure in order to bring greater return to its shareholders under premise of ensuring sustainable development.

- END -

### **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. 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 is dedicated to accelerating the industrial cluster development, enhancing the cost advantages and the economies of scale, and maintain its leading position in the global aluminum industry through the industrial model of "Integration of Aluminum and Electricity", "Integration of Upstream and Downstream Businesses" and "Global Integration".

Media Enquiries:

**China Times Corporate Advisory Limited**

Destiny Cheng/ May Cheng

Contact number: (852) 2960 9696/ 2960 9695

Email: pr@ctimes.hk