



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

[Immediate Release]

China Hongqiao Announces 2014 Annual Results

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***Strengthened Leadership in the Aluminum Industry Cluster in Shandong Province
Continuously Expanded Production Scale
Ready to Embrace Opportunities in the Recovering Aluminum Industry***

Financial Highlights

For the year ended 31 December			
(RMB million)	2014	2013	Change (%)
Revenue	36,086	29,404	+22.7%
Gross profit	9,296	8,143	+14.2%
Gross profit margin	25.8%	27.7%	-1.9 percentage point
Net profit margin	14.7%	19.0%	-4.3 percentage point
Net profit attributable to owners of the Company	5,314	5,593	-5.0%
Basic earnings per share (RMB)	0.89	0.95	-6.3%

(HONG KONG, 30 March 2015) China Hongqiao Group Limited (“China Hongqiao” or the “Group”; Stock code: 1378), the leading aluminum product manufacturer in China, is pleased to announce its annual results for the year ended 31 December 2014.

In 2014, the Group continued to steadily expand production capacity and strengthened its edges, allowing it to achieve breakthroughs in various aspects. As at 31 December 2014, the Group’s revenue amounted to approximately RMB36.1 billion, representing a year-on-year increase of approximately 22.7%. Its gross profit amounted to approximately RMB9.3 billion, representing a year-on-year increase of approximately 14.2%. Net profit attributable to shareholders of the Company amounted to approximately RMB 5.3 billion, representing a year-on-year decrease of approximately 5.0%. Basic earnings per share were approximately RMB0.89 (2013: approximately RMB0.95). The Board recommended a final dividend payment of HK\$28.0 cents for the year 2014 (2013: HK\$27.0 cents).

Mr. Zhang Bo, Chief Executive Officer and Executive Director of China Hongqiao, said, “The global economy continued to recover in 2014 with consumption of aluminum products growing alongside at a relatively fast pace, while various foreign aluminum manufacturers continued to cut production, sending supply and demand closer to balance in the global aluminum market. Although global aluminum price dropped after peaking in the third quarter, it is expected that it would resume its steadily upward track thanks to the increasing demand for aluminum products and expeditious integration of the industry. Furthermore, the Chinese government has stepped up efforts in eliminating backward production capacity, the overall increase in the quantity of aluminum products produced had slowed down, giving China’s aluminum market a hope of easing the imbalance in supply and demand. In the past year, the Group continued to broaden its financing channels, optimize its financial structure and actively procure overseas supply channels for raw materials in order to ensure a long-term and stable supply of bauxite. Efforts were also made in scaling up the production cluster in Shandong and accelerating the promotion of “Integration of Aluminum, Electricity and Grid” and “Integration of Upstream and Downstream Business” which can help the Group enhance and upgrade its production chain.”

During the period, China Hongqiao kept pushing forward with its business development strategies, continuing to steadily expand production capacity and building up strengths. As at 31 December 2014, the Group’s aggregate designed annual production capacity of aluminum products reached approximately 4,026,000 tons by establishment and acquisition (as at 31 December 2013: approximately 2,956,000 tons), representing a year-on-year increase of approximately 36.2%, making it the second largest aluminum product manufacturer in China.

In the past year, China Hongqiao stepped up investment in energy efficiency R&D, achieving breakthrough in low energy consumption electrolysis technology. The world’s first 600 KA smelters commenced production smoothly last year, which the new electrolysis technology is expected to lower electricity consumption of production significantly to 12,500 KWH per ton of aluminum. Not only does it agree with China’s energy saving initiatives, it also helps the Group advance its clean production and recycling economy model.

China Hongqiao also successfully engaged in several financing activities last year. It issued senior notes of US\$400,000,000 and US\$300,000,000, respectively, and issued 275,880,000 new shares by means of top-up placing, which further optimized the Group’s financial structure.

Meanwhile, China Hongqiao also made significant progress in developing overseas business. The first phase of the Group’s alumina production joint venture set up in Indonesia with a designed annual production capacity of 1,000,000 tons of alumina will commence production in the end of 2015. In addition, it expanded the procurement channels of bauxite in places including the Commonwealth of Australia, Republic of India and Federation of Malaysia, ensuring it has

continuous bauxite supply at stable price in the next few years and the Group will forward with the bauxite mining project in Guinea, Africa. Subsequently, the advantage of steady supply of raw materials will be further consolidated.

As the overseas procurement channels becoming more stable, China Hongqiao has been gradually absorbing its original bauxite inventory. With the Group's elaborate arrangements overseas, a steady supply of raw materials reduced to a large extent the fluctuation in price and the latent risks caused by fluctuations in supply and demand of raw materials, thus laying a solid ground for the long-term healthy and steady growth of the Group.

Mr. Zhang concluded, "Looking ahead, the Group will lay claim to its edges, continue to strengthen the "Integration of Aluminum and Electricity" and "Integration of Upstream and Downstream Business" industrial models, expedite development of the industry clusters, enhance cost advantage and economies of scale, so as to cement its leadership in China's aluminum industry. At the same time, the Group will further invest in scientific research and technology developments, with the purpose of seeking progress and breakthroughs in developing clean productions and recycling economy, so as to advance in the direction of fully leading the aluminum industry in China. As an enterprise that possesses cost advantage and unique industry cluster development model, the Group will continue to benefit from the integration and upgrade of the aluminum industry process and the Board has full confidence in its future development. In a market that presents opportunities as well as challenges, the Group will persevere resorting to its core competitiveness, keep a close watch on policy directions, take advantage of market opportunities and take its business forward on steady strides with an aim to generate considerable returns and long-term value for shareholders."

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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

Chief Financial Officer Ms. Zhang Ruilian

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 mainly engages in the production and sale of molten aluminum alloy, aluminum alloy ingots, aluminum alloy casting-rolling products and aluminum busbars. In the first half of 2012, the Group’s own alumina production lines began operation. As at 31 December 2014, the Group’s aggregate designed annual production capacity was approximately 4,026,000 tons. With a formidable operation regime, support of advanced technology, a competitive cost structure, visionary strategy to expand its industrial chain and an experienced management team, the Group has strengthened its leading market position, maintaining business growth and its unique competitive edges.

China Hongqiao was 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>.

Media and Investor Contacts :

Weber Shandwick

Steve Lee/ Dorothy Xu

Tel: (852) 2533 9986/ 2533 9939 Fax: (852) 2868 0224

Email: slee@webershandwick.com / dxu@webershandwick.com