



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

[Immediate Release]

## China Hongqiao Announces 2012 Annual Results

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***Achieving a Higher Level of Aluminum and Electricity Integration  
Ensuring the Sufficient Supply of Raw Materials***

### **Financial Highlights**

<b>For the year ended 31 December</b>			
<i>(RMB million)</i>	<b>2012</b>	<b>2011</b>	<b>Change (%)</b>
Revenue	24,805	23,626	+5.0%
Gross profit	8,003	8,176	-2.1%
Gross profit margin	32.3%	34.6%	-2.3 percentage points
Net profit margin	22.0%	24.9%	-2.9 percentage points
Net profit attributable to owners of the Company	5,453	5,875	-7.2%
Basic earnings per share <i>(RMB)</i>	0.93	1.03	-9.7%

(HONG KONG, 11 March 2013) 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 2012 (the “Year” or “Period under Review”).

In 2012, the Group continued to enhance production capacity for aluminum products, thereby uplifting the self-supplied ratio of power and raw materials, expanding production chain as well as diversifying its products so as to further continuously improving its core competence and consolidate its leading position in the industry. During the Period under Review, the Group’s revenue amounted to approximately RMB24,804,742,000, representing a year-on-year increase of approximately 5.0%. Gross profit reached approximately RMB8,003,448,000, representing a year-on-year decrease of approximately 2.1%. Net profit attributable to shareholders of the Company amounted to approximately RMB5,452,592,000, representing a year-on-year decrease of approximately 7.2%. Basic earnings per share were approximately RMB0.93 (2011: approximately RMB1.03). The Board recommended the payment of a final dividend of HK\$26.0 cents per share for the Year (2011: HK\$32.0 cents per share).

**Mr. Zhang Bo, Chief Executive Officer and Executive Director of China Hongqiao said:** “Challenges and changes in the market characterized China’s aluminum industry in 2012. On the one hand, the European debt crisis lingered while China’s economic growth softened; on the other hand, downstream demand for aluminum products was struck hard repeatedly by the successive monetary tightening policies and real estate control measures of China’s central government. Meanwhile, the Republic of Indonesia (“Indonesia”) announced in May 2012 that it would impose export customs duty on 14 mineral products including bauxite, which also brought the potential risk of rising costs to the aluminum industry. Despite these challenges, China Hongqiao leveraged on its solid core competitiveness, vastly advantageous business model and proactive business development strategies to facilitate the accomplishment of an industrial positioning centered on the integration of aluminum and electricity as well as integration of upstream and downstream businesses, ensured sustainable and stable production and operations, and further strengthened our position as the leader in China’s aluminum market.”

Although uncertainties plagued the external environment throughout the past year, domestic demand in China remained strong. In addition, the various development planning and policies promulgated by the National Development and Reform Commission (the “NDRC”) in line with the 12th Five-Year Plan injected new vitality and momentum to China’s aluminum product market. The Group capitalized on this important opportunity to further expand production capacity and realized stability in performance. As of 31 December 2012, the Group’s designed annual production capacity of aluminum products was 2,016,000 tons (2011: 1,776,000 tons), ranking as the fourth largest aluminum product manufacturer in China and representing capacity growth of about 13.5% compared with that of 2011.

In December 2012, the Group announced the plan to make investment together with three highly competitive mining and shipping companies, in which a US\$1 billion investment was committed to build an alumina production company in Indonesia for the construction and operation of an alumina production plant with designed annual production capacity of 2,000,000 tons. While such investment will help to secure stable supply of raw materials for the Group, it can also expand product sales to Indonesia and overseas market to lay a solid foundation for the long-term development of the Group.

Besides, in order to secure stable power supply and continue to enhance its cost advantages, the Group continued to expand the scale of its captive power plants and achieved the ownership of power generators with installed capacity of 2,730MW by the end of 2012, and strives to further increase the ratio of self-supplied electricity to approximately 70% by the end of 2013. Furthermore, during the Period under Review, the Group’s production base in Zouping successfully established the project for the comprehensive utilization of coal fly ash for producing

alumina with annual production capacity of 3,000,000 tons; trial production has been completed and the project is now in full operation. Therefore, in 2012, the self-supplied ratio of alumina, the Group's key raw material, reached approximately 42.8%, which contributed to the Group's enhanced control of production costs.

As for the extension into downstream businesses, the Group actively explored the high-end aluminum processing industry to diversify its product portfolio. During the Period under Review, the aluminum fabrication processing project with an annual production capacity of 30,000 tons commenced production gradually, and approximately 38,000 tons of processed aluminum alloy products were produced in 2012. Meanwhile, the Group continued its efforts in the thermal continuous rolling project and kept improving its level of aluminum processing technique to enhance the economic benefits of the Group.

During the Year, China Hongqiao successfully completed additional financings to support future expansion plans. As at 31 Dec 2012, the Group successfully issued RMB 1.5 billion 3-year mid-term debentures with coupon rates at 5.8%, which was 10 basis points lower than the benchmark. Meanwhile, the Group also reached a commodity financing agreement with 11 overseas banks. Not only did it widen the Group's financing channels, but also improved the corporate debt structure and opened up new channels for product sales, demonstrating a vote of confidence from the banking community in China Hongqiao's business and development prospects.

**Mr. Zhang concluded,** "We remain steadfast and optimistic in our outlook for China's aluminum industry, although the overall industry is currently facing many challenges. With its competitive advantages, China Hongqiao is bracing itself for a period of growth opportunities in the industry. The Group will continue to seek improvements in various aspects including capacity expansion, broadening supply channels of raw materials, pursuing technological transformation and promoting energy conservation and consumption reduction, in order to further solidify our leading position in the industry. We shall continue to closely monitor both domestic and external macroeconomic trends and policy developments, and seek to capture precise timing in market opportunities. We firmly believe in the Group's ability in coping with various difficulties and challenges, as well as our capacity in grasping and creating development opportunities, so as to bring continuous and fruitful returns to the shareholders."

~End~



**Photo Caption (from left to right):**

Executive Director Secretary & Head of Investor Relations Ms. Wong Yuting

CEO & Executive Director Mr. Zhang Bo

CFO & Executive Director Mr. Qi Xingli

Vice President & Manager of Accounting Department 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 is mainly engaged in the production and sales of molten aluminum alloy, aluminum alloy ingots, aluminum alloy casting-rolling products and aluminum busbars. In the first half of 2012, the Group successfully constructed its own alumina production lines. According to Antaike, China Hongqiao is the fourth largest aluminum product manufacturer. As of 31 December 2012, the Group’s aggregate designed annual production capacity was approximately 2,016,000 tons. With large scale operations, advanced technology, competitive cost structure, visionary strategy of industrial chain expansion and experienced management team, the Group has successfully strengthened its leading market position, sustaining its business growth and unique competitive edges.

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

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