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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 2014

RESULTS HIGHLIGHTS

- Revenue increased by approximately 22.7% to approximately RMB36,085,800,000 as compared with the previous year
- Gross profit increased by approximately 14.2% to approximately RMB9,296,468,000 as compared with the previous year
- Net profit attributable to owners of the Company decreased by approximately 5.0% to approximately RMB5,313,632,000 as compared with the previous year
- Basic earnings per share decreased by approximately 6.3% as compared with the previous year and were approximately RMB0.89
- Proposed final dividend of HK\$28.0 cents per share

The board of directors (the “Board”) of China Hongqiao Group Limited (the “Company” or “China Hongqiao”) is pleased to announce the consolidated annual results of the Company and its subsidiaries (collectively as the “Group”) for the year ended 31 December 2014.

**CONSOLIDATED STATEMENT OF PROFIT OR
LOSS AND OTHER COMPREHENSIVE INCOME**

For the year ended 31 December 2014

	<i>Notes</i>	2014 RMB'000	2013 RMB'000
Revenue	2	36,085,800	29,404,462
Cost of sales		(26,789,332)	(21,261,660)
Gross profit		9,296,468	8,142,802
Other income and gain and loss	3	631,490	988,158
Distribution and selling expenses		(94,520)	(60,128)
Administrative expenses		(610,884)	(440,171)
Finance costs	4	(1,797,847)	(1,359,200)
Other expenses		(79,940)	(55,662)
Changes in fair value of derivative		(17,034)	163,596
Profit before taxation	5	7,327,733	7,379,395
Income tax expense	6	(2,026,366)	(1,792,946)
Profit for the year		<u>5,301,367</u>	<u>5,586,449</u>
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations		40,681	(22,689)
Total comprehensive income for the year		<u>5,342,048</u>	<u>5,563,760</u>
Profit for the year attributable to:			
Owners of the Company		5,313,632	5,592,675
Non-controlling interests		(12,265)	(6,226)
		<u>5,301,367</u>	<u>5,586,449</u>
Total comprehensive income for the year attributable to:			
Owners of the Company		5,338,041	5,579,062
Non-controlling interests		4,007	(15,302)
		<u>5,342,048</u>	<u>5,563,760</u>
Earnings per share			
Basic (RMB)	7	<u>0.89</u>	<u>0.95</u>
Diluted (RMB)		<u>0.88</u>	<u>0.91</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	<i>Notes</i>	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
Non-current assets			
Property, plant and equipment		54,852,855	39,996,661
Prepaid lease payments – non-current portion		1,459,378	1,138,979
Deferred tax assets		96,490	134,164
Deposits paid for acquisition of property, plant and equipment		2,139,174	2,040,102
Goodwill		80,418	–
		<hr/> 58,628,315	<hr/> 43,309,906
Current assets			
Prepaid lease payments – current portion		31,255	25,160
Inventories		11,165,403	10,136,223
Trade receivables	<i>9</i>	335,664	160,935
Bills receivable		2,466,183	2,048,498
Prepayments and other receivables		2,222,888	1,465,168
Restricted bank deposits	<i>10</i>	829,789	1,670,576
Bank balances and cash	<i>10</i>	7,676,335	6,362,070
		<hr/> 24,727,517	<hr/> 21,868,630
Current liabilities			
Trade payables	<i>11</i>	2,427,058	1,995,649
Other payables		7,960,575	5,344,024
Dividends payable		1	–
Income tax payable		294,954	353,104
Bank borrowings – due within one year		7,663,730	9,565,774
Other borrowings – due within one year		160,000	95,000
Short-term debentures		7,000,000	4,000,000
Medium-term debentures – due within one year		1,500,000	–
Held-for-trading financial liabilities		–	5,278
Convertible bonds – liability component		797,443	–
Convertible bonds – derivative component		84,588	–
		<hr/> 27,888,349	<hr/> 21,358,829
Net current (liabilities) assets		<hr/> (3,160,832)	<hr/> 509,801
Total assets less current liabilities		<hr/> 55,467,483	<hr/> 43,819,707

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
Capital and reserves		
Share capital	403,152	386,206
Share premium and reserves	<u>31,686,472</u>	<u>26,288,167</u>
Equity attributable to owners of the Company	32,089,624	26,674,373
Non-controlling interests	<u>344,390</u>	<u>208,172</u>
Total equity	<u>32,434,014</u>	<u>26,882,545</u>
Non-current Liabilities		
Bank borrowings – due after one year	11,820,722	9,655,059
Other borrowings – due after one year	75,000	235,000
Medium-term debentures	6,742,686	6,189,548
Deferred tax liabilities	148,460	40,000
Convertible bonds – liability component	–	750,001
Convertible bonds – derivative component	–	67,554
Guaranteed notes	<u>4,246,601</u>	<u>–</u>
	<u>23,033,469</u>	<u>16,937,162</u>
	<u>55,467,483</u>	<u>43,819,707</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

1. BASIS OF PREPARATION

In preparing the consolidated financial statements, the directors of the Company have given careful consideration of the Group in light of its net current liabilities of approximately RMB3,160,832,000 as at 31 December 2014. Having considered the fact that the Group did not encounter difficulty in renewal the short term bank borrowings of the Group upon maturity, the directors of the Company are satisfied that the Group will be able to meet in full its financial obligations as they fall due for the foreseeable future. Accordingly, the consolidated financial statements for the year ended 31 December 2014 have been prepared on a going concern basis.

2. 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 differences as compared with gross profit reported under IFRSs. 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:

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
Revenue from sales of goods		
Aluminum products		
– molten aluminum alloy	31,009,199	23,527,351
– aluminum alloy ingots	2,759,627	4,951,186
– aluminum fabrication	2,173,397	727,512
– aluminum busbars	8,054	21,572
Steam supply income	135,523	176,841
	<u>36,085,800</u>	<u>29,404,462</u>

Main 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:

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
Customer A	11,339,747	11,502,777
Customer B	<u>5,361,775</u>	<u>3,428,511</u>

3. OTHER INCOME AND GAIN AND LOSS

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
Interest income	66,481	72,181
Revenue from sales of raw materials	51,597	47,813
Revenue from sales of scraps	266,170	146,960
Revenue from sales of slag of carbon anode blocks	317,525	296,833
Foreign exchange (losses) gains, net	(107,530)	311,078
(Loss) gain on disposal of property, plant and equipment	(7,967)	2,651
Investment loss from held-for-trading investment	(2,431)	–
Gain (loss) from changes in fair value of held-for-trading financial liabilities	5,278	(4,194)
Gain on disposal of corporate wealth management products issued by bank	–	63,397
Others	<u>42,367</u>	<u>51,439</u>
	<u>631,490</u>	<u>988,158</u>

4. FINANCE COSTS

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
Interest expenses on bank borrowings		
– wholly repayable within five years	1,004,459	1,040,087
Interest expenses on convertible bonds	107,395	81,083
Interest expenses on other borrowings		
– wholly repayable within five years	18,828	17,577
Interest expenses on short-term debentures	333,339	129,562
Interest expenses on medium-term debentures	510,290	315,839
Interest expenses on guaranteed notes	<u>128,014</u>	<u>–</u>
	<u>2,102,325</u>	<u>1,584,148</u>
Less: amounts capitalised under construction in progress	<u>(304,478)</u>	<u>(224,948)</u>
	<u>1,797,847</u>	<u>1,359,200</u>

Borrowing costs capitalised during the year are calculated by applying a capitalisation rate of 7.44% (2013: 5.17%) per annum to expenditure on qualifying assets.

5. PROFIT BEFORE TAXATION

Profit before taxation has been arrived at after charging:

	2014	2013
	<i>RMB'000</i>	<i>RMB'000</i>
Staff cost:		
Directors' and chief executive's emoluments	5,177	5,410
Other staff costs:		
– Wages and salaries	2,004,704	1,511,582
– Retirement benefit schemes contributions	85,971	48,700
	<hr/>	<hr/>
Total staff costs	2,095,852	1,565,692
	<hr/>	<hr/>
Depreciation of property, plant and equipment	3,112,911	2,063,192
	<hr/> <hr/>	<hr/> <hr/>

6. INCOME TAX EXPENSE

	2014	2013
	<i>RMB'000</i>	<i>RMB'000</i>
The charge comprises:		
Current tax		
PRC enterprise income tax	1,922,668	1,796,893
Hong Kong Profits Tax	15,530	106,485
Under provision in prior year		
PRC enterprise income tax	19,553	–
Hong Kong Profits Tax	2,900	–
Deferred tax (credit)		
Current year	65,715	(110,432)
Attributable to a change in tax rate	–	–
	<hr/>	<hr/>
	2,026,366	1,792,946
	<hr/> <hr/>	<hr/> <hr/>

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 RMB68,042,000 (2013: RMB40,000,000) 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.

7. EARNINGS PER SHARE

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

Earnings

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
Earnings for the purpose of basic earnings per share profit for the year attributable to owners of the Company	5,313,632	5,592,675
Effect of effective interest on the liability component of convertible bonds	107,395	81,083
Effect of gain recognised on the compound derivative component of convertible bonds	17,034	(163,596)
	<u>5,438,061</u>	<u>5,510,162</u>

Weighted average number of shares

	2014 <i>'000 shares</i>	2013 <i>'000 shares</i>
Number of ordinary shares for the purpose of basic earnings per share	5,974,189	5,885,000
Effect of conversion of convertible bonds	189,987	178,826
	<u>6,164,176</u>	<u>6,063,826</u>

8. DIVIDENDS

Dividends declared for distribution during the year:

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
2013 final dividends – HK27 cents per share	1,261,229	–
2012 final dividends – HK26 cents per share	–	1,217,944
	<u>1,261,229</u>	<u>1,217,944</u>

Subsequent to the end of the reporting period a final dividend of HK\$1,725,046,000 (equivalent to approximately RMB1,360,837,000) at HK28 cents per share in respect of the year ended 31 December 2014, based on 6,160,880,000 shares as at 31 December 2014, 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 year, the final dividend of HK\$1,588,950,000 (equivalent to approximately RMB1,261,229,000), at HK27 cents per share in respect of the year ended 31 December 2013, based on 5,885,000,000 shares as at 31 December 2013 (2012: HK\$1,530,100,000 (equivalent to approximately RMB1,217,944,000), at HK26 cents per share in respect of the year ended 31 December 2012) was declared to the owners of the Company.

9. 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 were the respective dates on which revenue was recognised.

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
0-90 days	335,664	160,935
	<u>335,664</u>	<u>160,935</u>

10. RESTRICTED BANK DEPOSITS AND BANK BALANCES

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

The restricted bank deposits carry market interest rate of 0.35% to 3.85% per annum as at 31 December 2014 (2013: 0.35% to 3.3%).

The bank balances carry market interest rate of 0.10% to 1.25% per annum as at 31 December 2014 (2013: 0.10% to 2.15%).

Bank balances and cash at 31 December 2014 were mainly denominated in RMB which is not a freely convertible currency in the international market.

11. TRADE PAYABLES

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

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
0-180 days	2,413,892	1,956,151
181-365 days	6,160	33,049
1-2 years	5,248	5,721
Over 2 years	1,758	728
	<u>2,427,058</u>	<u>1,995,649</u>

CHAIRMAN’S STATEMENT

It is my pleasure to present on behalf of the Board of China Hongqiao the consolidated annual results of the Group for the year ended 31 December 2014 (the “Year” or the “Period under Review”).

READY TO SURGE INTO THE FUTURE

During the Year, the US economy continued its upward trend bringing with it a momentum of recovery in global economy. Taking the advantage of the increase in market demand and the acceleration of industry integration, China’s aluminum industry began to shake its plight in the Year and moved toward a benign development track of balanced supply and demand.

Starting from 12 January 2014, the Republic of Indonesia (“Indonesia”) had completely prohibited the export of 65 kinds of raw ore materials including bauxite, causing a rise in the cost of raw materials for most of the aluminum products manufacturers in China. Meanwhile, the low volatility of the aluminum price during the Year will expedite the elimination of backward production capacity in the PRC market and facilitate the transformation and upgrade of the aluminum industry in China.

Taking advantage of the thawing of the aluminum market, the Group, through positive and improved development strategies, achieved remarkable results. In the Period under Review, the Group continued to broaden its financing channels and optimize its financial structure; actively procure overseas supply channels for raw materials in order to ensure a long-term and stable supply of bauxite, strengthen the production cluster model of aluminum production in Shandong Province in China, implement a cross-over development in its business pattern, and accelerate the promotion of the industrial models of “Integration of Aluminum, Electricity and Grid” and “Integration of Upstream and Downstream Business”. These in turn enhanced the improvement and upgrading of the Group’s production chain.

RESULTS AND PERFORMANCE

During the Period under Review, the Group continued to expand its production capacity steadily, to build further on its strengths and achieved breakthrough in the development in various respects. As of 31 December 2014, the Group's aggregate annual designed production capacity of aluminum products reached approximately 4,026,000 tons through establishment and acquisition (as of 31 December 2013: approximately 2,956,000 tons), representing an increase of approximately 36.2% in production capacity when compared to the same period in 2013, and the Group further expanded its production scale.

During the Period under Review, the Group's revenue amounted to approximately RMB36,085,800,000, representing a year-on-year increase of approximately 22.7%. Gross profit amounted to approximately RMB9,296,468,000, representing a year-on-year increase of approximately 14.2%. Net profit attributed to owners of the Company amounted to approximately RMB5,313,632,000, 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 the payment of a final dividend of HK\$28.0 cents per share for the year 2014 (2013: HK\$27.0 cents).

A PROMISING FUTURE: DEVELOPMENT OPPORTUNITIES FOR THE PRC ALUMINUM INDUSTRY

During the Period under Review, as the recovery of the global economy pushed up the demand for aluminum products, coupled with the shortage in supply of bauxite, aluminum price has rebounded since the end of the first quarter and reached its peak in the third quarter of the year of 2014. Even though the price of aluminum was affected by fluctuations in the external market in the fourth quarter, with the demand for aluminum products continued to increasing vigorously, matching the expeditious integration of the industry, it was expected that aluminum price would resume its steadily upward track.

During the Year, PRC government closed down a total of approximately 3,350,000 tons of aluminum smelting production capacity (source: Antaike), a figure much greater than the target of eliminating approximately 480,000 tons of aluminum smelting backward production capacity in 2014 as promulgated by the PRC Ministry of Industry and Information Technology.

Meanwhile, through exchange of production capacity, many domestic aluminum manufacturers with backward production capacity in regions such as Henan Province and Shandong Province in China has gradually moved towards the Northwest regions. Although new production capacity was continuously being released in regions like Xinjiang and Inner Mongolia, as the process was accompanied by the closing down of backward production capacity, the actual net growth of aluminum products production capacity in the country has begun to decline. Within the industry, speeding up of integration of industry clusters may continue to lead the aluminum market forward onto a healthy track of sustainable development.

In the downstream business, the implementation of the PRC government's "One Belt, One Road" strategy would boost the construction of infrastructure in China and countries along the routes. This brings to China's aluminum industry business opportunity that has tremendous potential. Moreover, with the global trend of developing lightweight vehicles, it is expected that the quantity of aluminum for use in vehicles will continue to rise, which is another spotlight in the growth of the aluminum industry. Municipal transports construction, electronic industry, machinery manufacturing, military industry and construction of affordable housing will help to maintain a steady growth in the consumption of aluminum products in China.

SOLID FOUNDATION FOR THE GROUP'S LONG-TERM GROWTH

In the Period under Review, the Group not only made progress in expanding its industry production cluster, but also laid a solid foundation for securing the long-term and stable growth through arrangements in procuring raw materials from overseas.

During the Year, the Group recorded significant achievement in its overseas business. The first phase of the Group's alumina production joint venture set up in Indonesia with an designed annual production capacity of 1,000,000 tons of alumina will commence production in the end of 2015. By then, the Group's self-supplied alumina ratio will be further raised. Besides, the Group expanded the procurement channels of bauxite in places including Commonwealth of Australia, Republic of India and Federation of Malaysia, ensuring the continuous stable pricing and supply of bauxite in the coming few years and the Group will forward with the bauxite mining project in Guinea, Africa. The advantage of steady supply of raw materials will be further consolidated.

As the overseas procurement channels becoming more stable, the Group 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.

During the Year, the Group successfully engaged in several financing activities. 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.

Moreover, for two consecutive years, the Company was named as one of the Asia's Fab 50 in the Asia-Pacific Region by "Forbes Asia" magazine and selected as a constituent of the Hang Seng High Dividend Yield Index. On 28 October 2014, the Office of the Shandong People's Government announced the "Proposal for Implementation of the Transformation and Upgrade of Non-ferrous Metal Industry in Shandong", which stated clearly that focus would be on supporting the Company's wholly-owned subsidiary company, Shandong Weiqiao Aluminum and Power Company Limited in developing into a large scale enterprise with complete aluminum industry chain, evidencing that the Group has gained recognition and support from the capital market and local government.

RELENTLESS PURSUIT OF GLORY

Looking back on the aluminum market in 2014, the stability of aluminum price sent a positive signal indicating that the Chinese aluminum industry had broken through the long-term weakness. With China's newly announced "One Belt, One Road" development strategy, new development opportunities were created for aluminum manufacturers in the country. The Group holds an optimistic but cautious view towards the future of China's aluminum industry.

Looking into the future, the Group will rely on its advantage, to further solidify the industrial models of "Integration of Aluminum and Electricity" and "Integration of Upstream and Downstream Business", expedite the development of the industry clusters, enhance its cost advantage and cost effectiveness, so as to consolidate its leading position 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.

Faced with a market condition that offers both opportunities and challenges, the Group will persevere with its core value of competitiveness, pay close attention to policy directions, take opportune chances of the market, actively handle future challenges, maintain a steady step in progress and create sizable returns and long-term value for shareholders.

APPRECIATION

The Group is not able to excel in its performance again without the excellent and efficient leadership of the Group's management, the untiring efforts and dedication of all employees, and the trust and support from all the shareholders, investors and business partners. 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

27 March 2015

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

During the Year, the global economy continued its recovery, causing the consumption of aluminum products to maintain a more speedy growth, while various foreign aluminum manufacturers continued to cut production, making the global aluminum market move closer to a balance in supply and demand. At the end of the first quarter, national aluminum price began to rise and reached its peak in the third quarter, reflecting the momentum of a recovery in global aluminum industry to a certain extent. Although aluminum price gradually suppressed in the fourth quarter, there was an apparent sign that it was on the rebound track for the whole year. At the end of December 2014, the three-month aluminum futures price quoted on the London Metal Exchange was approximately US\$1,859 per ton and the three-month aluminum futures price quoted on the Shanghai Futures Exchange was approximately RMB13,060 per ton (value-added tax inclusive).

In the domestic market, the Chinese government has obviously strengthened the efforts in eliminating backward production capacity and oversupply. Although development of production of aluminum products continued in the western regions, 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. It is foreseeable that in the coming few years, the PRC government will continue to push for further integration in China's aluminum industry through the continuous implementation of macro policy management.

On the other hand, with the strategic arrangements of the PRC government's "One Belt, One Road" fully unfolding, the importance of building infrastructure within this strategic planning was further recognized. China's aluminum industry may make use of this platform of national planning in releasing production capacity to create new opportunities in the market. Furthermore, the trend in manufacturing lightweight vehicles will bring a promising outlook to the application of aluminum materials, coupled with the construction of municipal transports, development of downstream consumer industry such as electronic industry, which helped the sustainable and strong growth in the demand for aluminum products in the consumer market.

According to Antaike, the global production volume of primary aluminum in 2014 was approximately 54,000,000 tons, representing an increase of approximately 6.3% as compared with 2013. The global consumption of primary aluminum in 2014 amounted to approximately 54,860,000 tons, representing an increase of approximately 7.6% when compared with 2013. In the domestic market, the production volume of primary aluminum in 2014 was approximately 28,200,000 tons, representing an increase of approximately 12.4% as compared with 2013. The consumption of primary aluminum in China in 2014 amounted to approximately 28,050,000 tons, representing an increase of approximately 12.2% as compared with 2013.

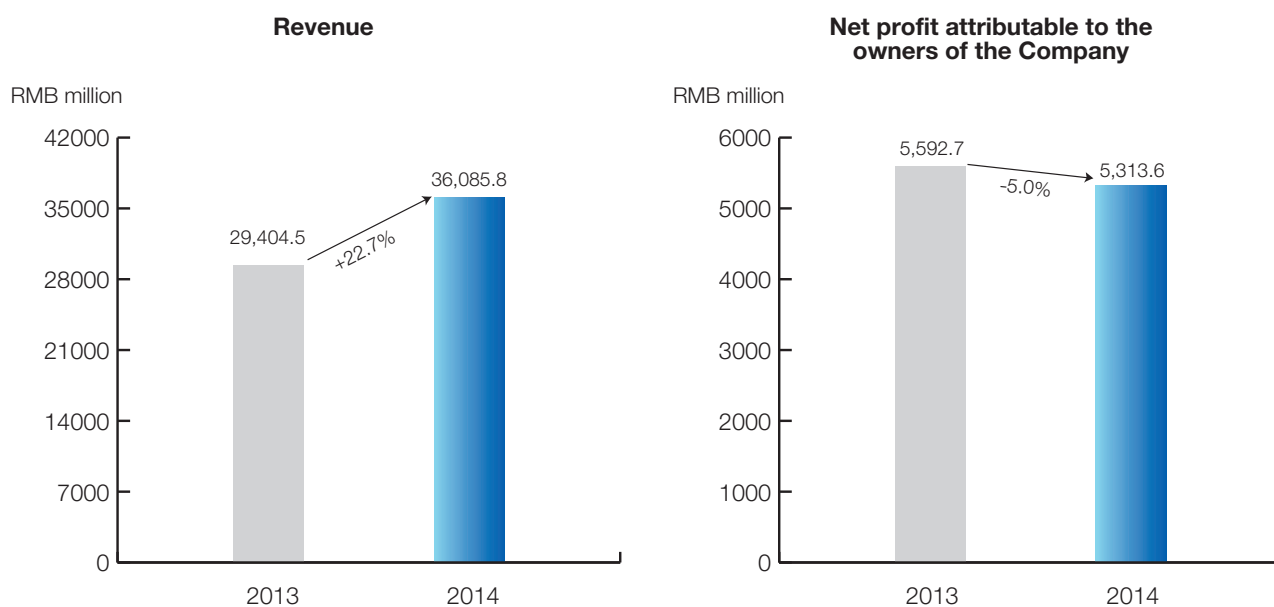
BUSINESS REVIEW

During the Year, the Group continued to move forward in the arrangements of procurement of foreign raw materials, to strengthen its unique industry cluster model, further extending its industry chain in production capacity and industry expansion, enhancing cost advantage and core competitiveness and consolidating its leading position in the industry.

As of 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 of 31 December 2013: approximately 2,956,000 tons), representing an increase of approximately 36.2% as compared with the corresponding period.

Driven by the increasing downstream market demand, the Group's production of aluminum products in 2014 amounted to approximately 3,158,000 tons, representing a year-on-year increase of approximately 33.4%. Production volume of aluminum alloy processed products reached approximately 188,000 tons, representing an increase of approximately 179.0% as compared with the corresponding period.

The Group's revenue and net profit attributed to the owners of the Company for the year ended 31 December 2014, with comparison figures for the year ended 31 December 2013, are as follows:



For the year ended 31 December 2014, the Group recorded revenue of approximately RMB36,085,800,000, representing a year-on-year growth of approximately 22.7%, mainly due to an increase in the Group's production and sales volume of aluminum products following a further increase in the Group's production capacity of aluminum products. During the Year, production volume for the Group's aluminum products and aluminum alloy processed products reached in total approximately 3,129,302 tons, representing an increase of approximately 31.2% when compared to approximately 2,385,550 tons of the previous year. As affected by the price movement in China's aluminum market, the average selling

price of our aluminum products decreased by approximately 6.2% from approximately RMB12,252 per ton (excluding value-added tax) in 2013 to approximately RMB11,488 per ton (excluding value-added tax) in the year.

For the year ended 31 December 2014, net profit attributable to the owners of the Company amounted to approximately RMB5,313,632,000, representing a year-on-year decrease of approximately 5.0%, mainly attributable to the decrease in the average selling price of aluminum products when compared with the corresponding period of the previous year, loss in foreign exchange and increase in part of the expenses resulting in a decrease in profit, although there was an increase in the sales volume of the Group's aluminum products in the Year.

The table below is a comparison of the breakdown of revenue by product for the years ended 31 December 2014 and 2013.

Revenue breakdown by product

Products	For the year ended 31 December			
	2014	2013	2014	2013
	Revenue	Revenue	Percentage of	Percentage of
	<i>RMB'000</i>	<i>RMB'000</i>	total revenue	total revenue
			%	%
Molten aluminum alloy	31,009,199	23,527,351	85.9	80.0
Aluminum alloy ingots	2,759,627	4,951,186	7.6	16.8
Aluminum busbars	8,054	21,572	0.1	0.1
Aluminum alloy processed products	2,173,397	727,512	6.0	2.5
Steam	135,523	176,841	0.4	0.6
Total	<u>36,085,800</u>	<u>29,404,462</u>	<u>100.0</u>	<u>100.0</u>

As for revenue, the Group's revenue derived from aluminum products was approximately RMB35,950,277,000, accounting for approximately 99.6% of total revenue for the year ended 31 December 2014, 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 an increase in the sales volume of molten aluminum driven by the demand increase from and within the aluminum industry cluster located in the Group's production base. Revenue derived from sales of steam was approximately RMB135,523,000, accounting for approximately 0.4% of the 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 to the third party 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 from its major products for the year ended 31 December 2014 and 2013.

Products	For the year ended 31 December					
	2014			2013		
	Revenue <i>RMB'000</i>	Gross profit <i>RMB'000</i>	Gross profit margin %	Revenue <i>RMB'000</i>	Gross profit <i>RMB'000</i>	Gross profit margin %
Aluminum products	35,950,277	9,234,867	25.7	29,227,621	8,077,708	27.6
Steam	135,523	61,601	45.5	176,841	65,094	36.8
Total	<u>36,085,800</u>	<u>9,296,468</u>	<u>25.8</u>	<u>29,404,462</u>	<u>8,142,802</u>	<u>27.7</u>

For the year ended 31 December 2014, the overall gross profit margin was approximately 25.8%, and was decreased by approximately 1.9 percentage points as compared to approximately 27.7% for the corresponding period of the previous year. This was mainly due to the decrease in unit sales price of aluminum products during the Year compared to the corresponding period of the previous year, resulting in a narrowed profit margin. The Group expects that with the gradual increase in the self-supplied power ratio and self supply of raw materials, there will be a positive effect on the Group's overall gross profit margin.

Distribution and selling expenses

The Group's distribution and sales expenses is approximately RMB94,520,000, increased approximately by 57.2% for the year ended 31 December 2014 as compared to approximately RMB60,128,000 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 2014 amounted to approximately RMB610,884,000, representing an increase of approximately 38.8% when compared to approximately RMB440,171,000 for the corresponding period of the previous year. Such an increase was mainly due to the fact that, on the 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, the increase of property taxes and the increase in bank commission charges.

Other expenses

For the year ended 31 December 2014, other expenses of the Group amounted to approximately RMB79,940,000, representing an increase of approximately 43.6% when compared to approximately RMB55,662,000 for the corresponding period of the previous year. The major addition was the exclusive costs of the Group's acquisition of Guinea bauxite.

Finance costs

For the year ended 31 December 2014, finance costs of the Group were approximately RMB1,797,847,000, representing an increase of approximately 32.3% when compared to approximately RMB1,359,200,000 for the corresponding period of the previous year. This was mainly due to a increase in the total debts during the Year when compared to the corresponding period of the previous year and an increase in average loan interest rate, resulting in an increase in interest expenses charged to the Group.

Liquidity and financial resources

As at 31 December 2014, cash and cash equivalents of the Group amounted to approximately RMB7,676,335,000, representing an increase of approximately 20.7% when compared to that of approximately RMB6,362,070,000 as at 31 December 2013.

For the year ended 31 December 2014, the Group had a net cash outflow from investing activities of approximately RMB10,316,274,000, a net cash inflow from financing activities of approximately RMB2,108,172,000, and a net cash inflow from operating activities of approximately RMB9,522,336,000.

For the year ended 31 December 2014, the capital expenditure of the Group amounted to approximately RMB11,001,973,000, mainly used for the expansion of its aluminum production capacity for aluminum products and the construction of advanced processing facilities, ancillary captive power facilities and alumina production plant in Indonesia.

As at 31 December 2014, the Group had a capital commitment of approximately RMB22,672,553,000, representing projects in respect of the capital expenditure for purchase of property, plant and equipment, which are primarily used for the production capacity expansion for aluminum products, construction of high-end aluminum processing facilities, ancillary captive power facilities, alumina production plant in Indonesia, and the future project of acquisition of a bauxite mine in Republic of Guinea, Africa.

For the year ended 31 December 2014, the Group's average turnover days of trade receivables were approximately 3 days, representing an increase of 2 days when compared to the corresponding period in the previous year, mainly because that the settlement method of the sales of the Group's aluminum alloy processed products is cash on delivery and the Group's customers are granted certain credit period. Following the continuous increase in sales volume of alloy processed products, the Group's average turnover days of receivables increased. However, as payments for goods were needed prior to delivery for most of the Group's aluminum products, if the actual payment for goods exceeded that of the prepaid amounts from customers, the Group in effect granted to customers not more than 90 days of credit period, and therefore the Group's trade receivables turnover period was still in a relatively low level.

For the year ended 31 December 2014, the Group's turnover days of inventory was approximately 145 days, representing an increase of approximately 31 days when compared to approximately 114 days for the corresponding period of the previous year, which was mainly because that, starting from 2014, the Group continued to increase its bauxite reserve and the bauxite reserve still had high inventory in the Year so as to reduce the adverse effect that might be brought on by Indonesia's bauxite export prohibition and ensure the supply of the Group's raw materials.

Contingent liability

As of 31 December 2014, the Group has no contingent liability.

Income tax

The Group's income tax for 2014 amounted to approximately RMB2,026,366,000, increased by approximately 13.0% when compared to approximately RMB1,792,946,000 for the corresponding period of the previous year, which was mainly attributable to increased expenditures for 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 RMB5,313,632,000 for the year ended 31 December 2014, representing a decrease of approximately 5.0% when compared to approximately RMB5,592,675,000 for the corresponding period in the previous year.

Basic earnings per share of the Company in 2014 were approximately RMB0.89 (2013: approximately RMB0.95).

Capital structure

The Group had built an appropriate liquidity risk management framework to secure the short-term, medium-term, and long-term funding and to satisfy its liquidity risk management requirements. As of 31 December 2014, cash and cash equivalents of the Group amounted to approximately RMB7,676,335,000 (31 December 2013: approximately RMB6,362,070,000), which were mainly deposited with commercial banks. As at 31 December 2014, the total liabilities of the Group amounted to approximately RMB50,921,818,000 (as at 31 December 2013: approximately RMB38,295,991,000). Gearing ratio (total liabilities to total assets) was approximately 61.1% (as at 31 December 2013: approximately 58.8%).

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 2014, approximately 24.9% of the Group's bank borrowings were subject to fixed interest rates while the remaining approximately 75.1% were subject to floating interest rates.

The Group used part of its restricted bank deposits, notes receivables, equipment and prepaid lease payments as collateral for its bank borrowings to partially finance its daily operations and project construction. As of 31 December 2014, the Group's secured bank borrowings amounted to approximately RMB594,969,000 (as at 31 December 2013: approximately RMB4,384,686,000).

The Group aims to maintain a balance between the continuity and flexibility of funds by employing bank loans. As of 31 December 2014, approximately 39.3% of the Group's bank borrowings will become due within one year.

As at 31 December 2014, the current liabilities of the Group were more than the current assets by approximately RMB3,160,832,000. In 2015, the Group will continue to develop other financing channels by increasing part of the long-term and short-term borrowings and adjusting the structure of long-term and short-term debts. Besides, the Group will properly control the capital expenditure, to sustain its existing production capacity, control its production costs, improve the profitability and improve its cash flow position, so as to maintain the adequate liquidity of the Group's capital. Having considered the fact that the Group did not encounter difficulty in renewal the short term bank borrowings of the Group upon maturity, the directors of the Company are satisfied that the Group will be able to meet in full its financial obligations as they fall due for the foreseeable future.

As at 31 December 2014, 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 44.2%, approximately 50.2% and approximately 5.6% respectively, of the bank borrowings. Cash and cash equivalents were mainly held in Renminbi and US Dollars, among which approximately 90.3% of the cash and cash equivalents was held in Renminbi and approximately 9.6% of the cash and cash equivalents was held in US Dollars.

Employee and remuneration policy

As at 31 December 2014, the Group had a total of 46,210 employees, increased by 7,890 employees when compared to that of the corresponding period of the previous year. The main reason for the increase was as a result of the expansion of its production capacity and adaptation to production needs during the Period under Review. The Group recruited additional staff and enriched our reserve of human resources simultaneously. During the Year, total staff costs amounted to approximately RMB2,095,852,000, representing approximately 5.8% 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.

Foreign exchange risk

The Group collected most 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, borrowings, convertible bonds and senior notes are denominated in foreign currencies, we are exposed to certain risk of foreign exchange. As of 31 December 2014, our bank balances denominated in foreign currencies were approximately RMB747,371,000, and liabilities denominated in foreign currencies were approximately RMB16,005,072,000. For the year ended 31 December 2014, the Group recognized foreign exchange loss of approximately RMB107,530,000.

Events after the period

On 5 March 2015, Shandong Hongqiao New Material Co., Ltd. ("Shandong Hongqiao") issued the first tranche of the short-term debentures, of a principal amount of RMB1,000,000,000 with a maturity date of 5 March 2016. The debentures bear fixed interest at 5.72% per annum. Interest is payable annually in arrears.

On 23 March 2015, Shandong Hongqiao issued the first tranche of the private placement notes, of a principal amount of RMB1,000,000,000 with a maturity date of 23 March 2016. The notes bear fixed interest at 6.80% per annum. Interest is payable annually in arrears.

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 (the "Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange") 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 2014, the Board of the Company comprised three 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*)

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, father of Mr. ZHANG Bo and 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 2014 and up to the date of issuance 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 issuance of this announcement.

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

As at 31 December 2014, 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 director	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	81.16
Ms. ZHENG Shuliang ⁽²⁾	Interest of spouse	5,000,000,000	81.16

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 2014, 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 2014, 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	81.16
Ms. ZHENG Shuliang ⁽²⁾	Interest of spouse	5,000,000,000	81.16
Prosperity Eastern Limited ⁽³⁾	Trustee	5,000,000,000	81.16
Hongqiao Holdings	Beneficial owner	5,000,000,000	81.16

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 2014, 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 2014 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 shares or debentures of the Company or any other associated corporations or had exercised any such right in the period.

FINAL DIVIDENDS

The Board proposed the payment of a final dividend of HK\$28.0 cents per share for the year ended 31 December 2014. The proposed final dividends, subject to the approval of the shareholders at the 2014 annual general meeting, will be paid on 26 June 2015 to the shareholders whose names appear on the register of members of the Company on 5 June 2015.

CLOSURE OF REGISTER OF MEMBERS

The share register of the Company will be closed from Wednesday, 13 May 2015 to Tuesday, 19 May 2015 (both days inclusive), during which no transfer of shares will be effected. In order to be entitled to attend the 2014 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, 12 May 2015. 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 Tuesday, 2 June 2015 to Friday, 5 June 2015 (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 Monday, 1 June 2015. 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 27 March 2015 to review the consolidated financial statements of the Group for the year ended 31 December 2014. The Audit Committee considered that the annual financial results of the Group for the year ended 31 December 2014 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 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 2014 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.

CORPORATE BONDS

On 12 September 2013, the Company's subsidiary, 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 3 March 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 and the coupon rate was 8.69%. The seven-year domestic corporate bonds (second tranche) was completed on 21 August 2014 by Shandong Hongqiao, with a final offering size of RMB1,100,000,000. The coupon rate was 7.45%. Please refer to the announcements of the Company dated 13 September 2013, 28 February 2014 and 21 August 2014 for details.

SENIOR NOTES IN JUNE 2014

On 26 June 2014, the Company issued 7.625% senior notes due 2017 in the aggregate principal amount of US\$400,000,000. Please refer to the announcements of the Company dated 16 June 2014, 20 June 2014 and 30 June 2014.

PLACING IN SEPTEMBER 2014

On 10 September 2014, the Company completed the placing of 275,880,000 shares to public shareholders. Please refer to the announcements of the Company dated 5 September 2014 and 18 September 2014.

SENIOR NOTES IN OCTOBER 2014

On 27 October 2014, the Company issued 6.875% senior notes due 2018 in the aggregate principal amount of US\$300,000,000. Please refer to the announcements of the Company dated 27 October 2014 and 6 November 2014.

ACQUISITION OF THE 100% EQUITY INTEREST IN THE TARGET COMPANY IN DECEMBER 2014

On 22 December 2014, an indirect wholly-owned subsidiary of the Company, Binzhou Municipal Zhengtong New Aluminum Profiles Co., Ltd., purchased the 100% equity interest in Binzhou Municipal Binbei New Material Co., Ltd. Please refer to the announcement of the Company dated 22 December 2014.

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 2014 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 2014, 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 17 April 2015 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

27 March 2015

As at the date of this announcement, the board of Directors of the Company comprises eight Directors, namely Mr. Zhang Shiping, Ms. Zheng Shuliang, Mr. Zhang Bo 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