

[For Immediate Release]



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

China Hongqiao Announces 2016 Annual and 2017 Interim Results

**Adhering to Preset Strategies for Steady Development
Meeting Challenges and Marching Forward**

Financial Highlights

For the year ended 31 December 2016 and the six months ended 30 June 2017						
(RMB million)	FY2016	FY2015 (restated)	Variance	1H2017	1H2016	Variance
Revenue	61,396	44,110	39.2%	46,197	25,375	82.1%
Gross profit	14,196	9,028	57.2%	6,913	6,521	6.0%
Gross profit margin	23.1%	20.5%	2.6 p.p.	15.0%	25.70%	-10.7 p.p.
Net profit attributable to owners of the Company	6,850	3,707	84.8%	1,482	3,279	-54.8%
Basic earnings per share (RMB)	0.96	0.59	62.7%	0.20	0.46	-56.5%

(Hong Kong, 27 October 2017) China Hongqiao Group Limited (“China Hongqiao” or the “Group”; stock code: 1378), the world’s leading aluminum product manufacturer, today announced its annual results for the year ended 31 December 2016 and the interim results for the six months ended 30 June 2017.

During 2016, leveraging the development strategies of “Integration of Upstream and Downstream Businesses”, “Integration of Aluminum, Electricity and Grid” and “Global Integration”, the Group steadily expanded its production scale against a backdrop of complex global economic environment, consolidating its intrinsic edges. The Group accomplished breakthroughs in business development on many fronts.

As of 31 December 2016, the Group’s aggregate designed annual production capacity of aluminum products was approximately 7,436,000 tons (31 December 2015: approximately 5,186,000 tons), representing an increase of approximately 43.4% as compared to the corresponding period of 2015.

In 2016, the Group’s revenue amounted to approximately RMB61,395,578,000, representing a year-on-year increase of approximately 39.2%; gross profit amounted to approximately RMB14,196,333,000, representing a year-on-year increase of approximately 57.2%; net profit attributed to shareholders of the Company amounted to approximately RMB6,849,829,000, representing a year-on-year increase of approximately 84.8%; basic earnings per share were approximately RMB0.96 (2015: approximately RMB0.59 (restated)). The Board of Directors of the Company recommended payment of a final dividend of HK27.0 cents per share for the year 2016 (2015: HK15.0 cents per share) and a special dividend of HK20.0 cents per share (2015:nil).

During the Period Under Review, the Group’s aggregate production volume of aluminum products was approximately 3,995,000 tons (the corresponding period of 2016: approximately 2,707,000 tons),

representing an increase of approximately 47.6% as compared with the corresponding period of 2016.

For the first half of 2017, total revenue of the Group amounted to approximately RMB46,197,299,000, representing a year-on-year increase of approximately 82.1%. Gross profit amounted to approximately

RMB6,913,470,000, representing a year-on-year increase of approximately 6.0%. Due to the planned suspension of part of the Group's production during the Period in response to the relevant national supply-side reform of aluminum industry policies and approaches implemented by the government, the Group made provision for impairment of assets of approximately RMB3,361,587,000 during the Period,

together with increases in the prices of certain raw materials, resulting in a year-on-year decrease of approximately 54.8% in the net profit attributable to owners of the Company to approximately RMB1,482,073,000. Basic earnings per share were approximately RMB0.20 (the corresponding period of 2016: approximately RMB0.46). The Board did not recommend the payment of any interim dividend for the six months ended 30 June 2017.

Mr. Zhang Bo, Chief Executive Officer and Executive Director of China Hongqiao, said, "During 2016 and the first half of 2017, against a backdrop of complex domestic and international economic environments, we have been keeping faith in our direction and implementing our preset strategies pragmatically and orderly. We emphasized more on development and operation with quality. While reinforcing our existing edges, we endeavored much effort in establishing the technology value-add and sustainable development for the aluminum industry in China as a whole. During the period, the malicious short selling in the Company's shares by a short selling institution substantially misled the market. The short selling also enlightened the Group that we proactively should have developed more prudent and comprehensive corporate governance rules and communicated the Group's business models and particulars of our operations with better transparency while reviewing our internal control and compliance standards. We were deeply encouraged by investors' support and trust, which empowered us to respond to the impact imposed by the short selling."

During the period, with a development vision for ongoing demand growth for aluminum products in China, China Hongqiao maintained its edges in its industry cluster scale and cost control, thereby laying the foundation that safeguards its development for the long term. For the overseas raw material businesses, the Group completed its global strategic resources allocation. The Group's bauxite project in Guinea, Africa has been growing in scale while its alumina production base project in Indonesia has been operating well, highlighting the important role played by the Group in the international capacity cooperation. In addition, while maintaining a stable supply of bauxite from Australia, Brazil and Malaysia, etc., China Hongqiao proactively developed procurement channels in Sierra Leone and Jamaica, strengthening its raw materials network. The Group expanded its industry chain coverage to downstream operations. In addition to the ongoing optimization and upgrading of its production craftsmanship, the Group developed high-end aluminum production through mergers and acquisitions.

The strategic agreements reached with the member enterprises of CITIC Group constituted important accomplishments of China Hongqiao during the period. In late June, the Group reached a "Headquarter to Headquarter" strategic cooperation agreement with China CITIC Bank. Pursuant to this agreement, China CITIC Bank will provide a composite credit facility of RMB20 billion to the Group in the next two years, and integrate various financial resources of CITIC Group to customize financial products and provide integrated financial services for the Group. Furthermore, the Group concluded a share placing agreement and convertible bonds agreement with CTI Capital Management and CNCB (Hong Kong) Investment Limited respectively in mid-August, deepening the strategic relationship. The comprehensive upgrading of the cooperation with CITIC will not only benefit the long-term development of the Group's operation. More importantly, China Hongqiao will be able to march forward together with CITIC Group, one of China's largest conglomerates, to achieve innovative financial and industrial development for trust and confidence in the Group.

Mr. Zhang Bo, Chief Executive Officer and Executive Director of China Hongqiao, concluded, “With the gradual rollout of new objectives and new planning promulgated in the 19th Party Congress in future, we shall continue to facilitate the national supply-side structural reforms, green and innovative development, contributing to the establishment of a sustainable development landscape for the aluminum industry as a whole. We believe that under the ‘One Belt, One Road’ initiative, the demand for aluminum products will strengthen, bringing about more opportunities for us.”

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About China Hongqiao Group Limited

China Hongqiao Group Limited (“China Hongqiao” or the “Group”; Stock code: 1378) is the world’s leading aluminum product manufacturer. Located in Shandong Province, 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. As at 30 June 2017, the Group’s total output of aluminum products amounted to approximately 3,995,000 tons. With large scale operations, advanced technology, a competitive cost structure, a visionary strategy of industrial chain expansion and an experienced management team, the Group has successfully strengthened its leading market position, sustaining its business growth and unique competitive edges.

For more details, please visit <http://www.hongqiaochina.com>.

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