



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



2012 Interim Results

August 2012

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Summary of 1H 2012 Financial Performance

Summary of financial performance

For the six months ended 30 Jun

(RMB '000)	1H 2012	1H 2011	Variance
Revenue¹	12,596	11,335	+11.1%
Gross profit	4,075	4,049	+0.6%
Gross profit margin	32.3%	35.7%	-3.4 p.p
Net profit margin	22.5%	25.6%	-3.1p.p
Net profit attributable to shareholders of the company	2,840	2,906	-2.3%
Basic earnings per share (RMB)	0.48	0.53	-9.4%

¹ Including revenue from the sale of steam

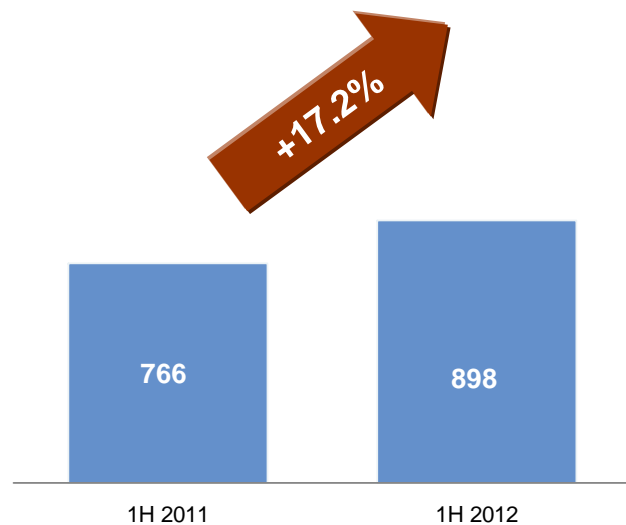


Steady increase of production and sales volumes

1H 2012 aggregate designed annual production capacity: 1,776,000 tons

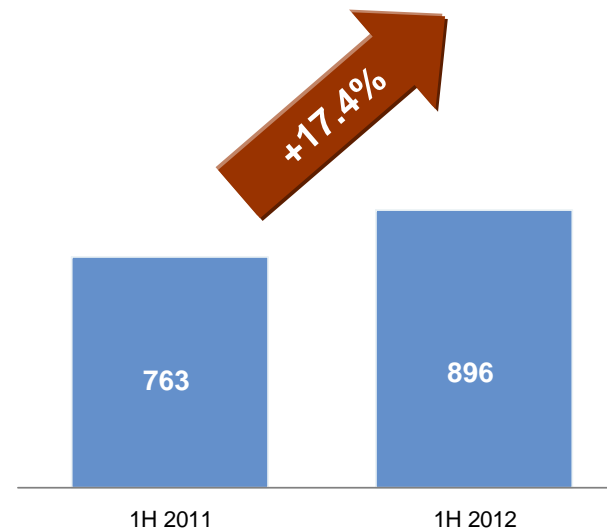
Production Volume

■ Production volume ('000 tons)



Sales Volume

■ Sales volume ('000 tons)

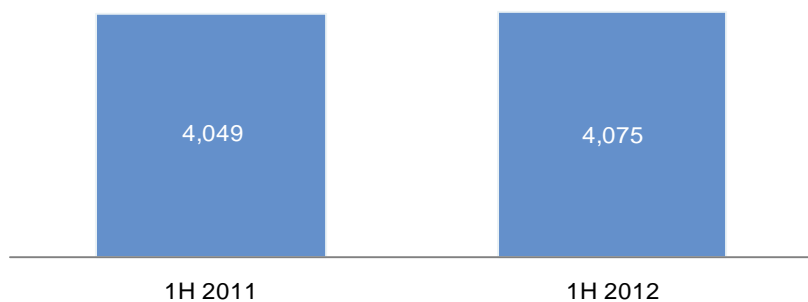


Stable profitability

Gross Profit

■ Gross profit (RMB mn)

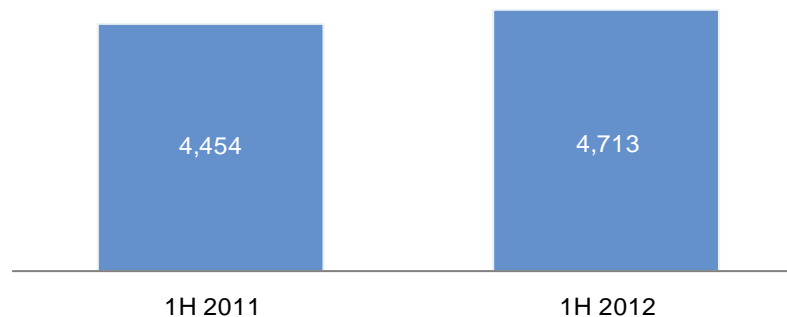
Gross margin 35.7% 32.3%



EBITDA

■ EBITDA (RMB mn)

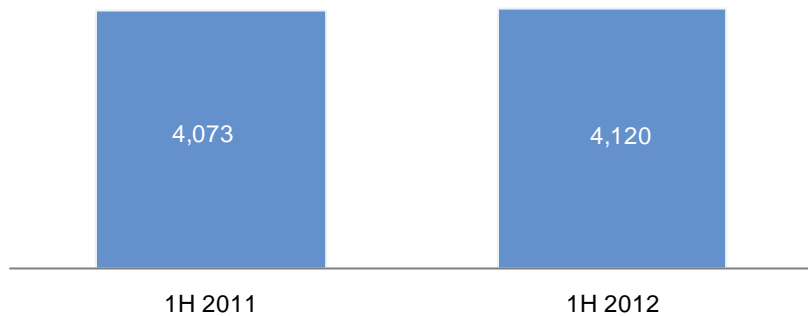
EBITDA margin 39.3% 37.4%



EBIT

■ EBIT (RMB mn)

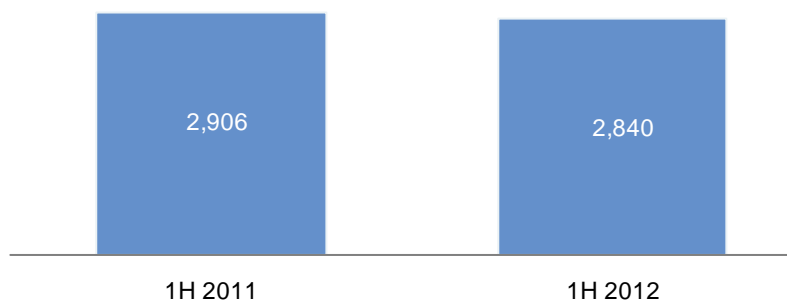
EBIT margin 35.9% 32.7%



Net Profit

■ Net profit (RMB mn)

Net margin 25.6% 22.5%



Prudent financial management

(RMB mn)	At 30 June 2012	At 31 December 2011	Variance
Cash & cash equivalents	6,560	7,484.8	-12.4%
Total capital (total equity + total debt)	30,202	25,589.2	+18.0%
Debt / total equity	77.0%	61.3%	+15.7 p.p
Trade receivables turnover days (days)	1	1	-
Inventory turnover days (days)	45	36	+9





Industry Overview

1H 2012 aluminum industry overview

Downward trend of aluminum price in 1H 2012

■ As a result of overcapacity and global economic conditions, LME 3-mth aluminum futures price dropped to US\$1,832/ton, the lowest level since July 2010

■ As of 29 Jun 2012, SHFE 3-mth aluminum futures price was RMB15,390/ton (tax inc.)

■ As of 29 Jun 2012, LME 3-mth aluminum futures price was US\$1,915/ton

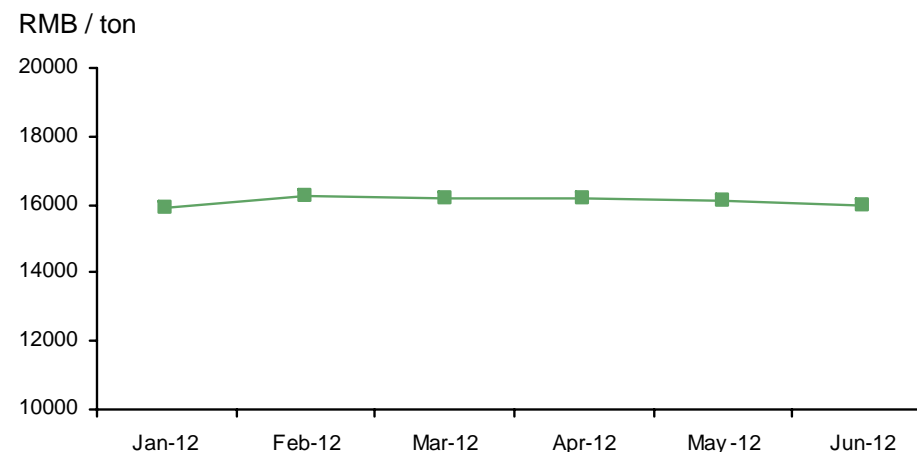
■ SHFE futures is more stable than LME futures

■ Market expectations

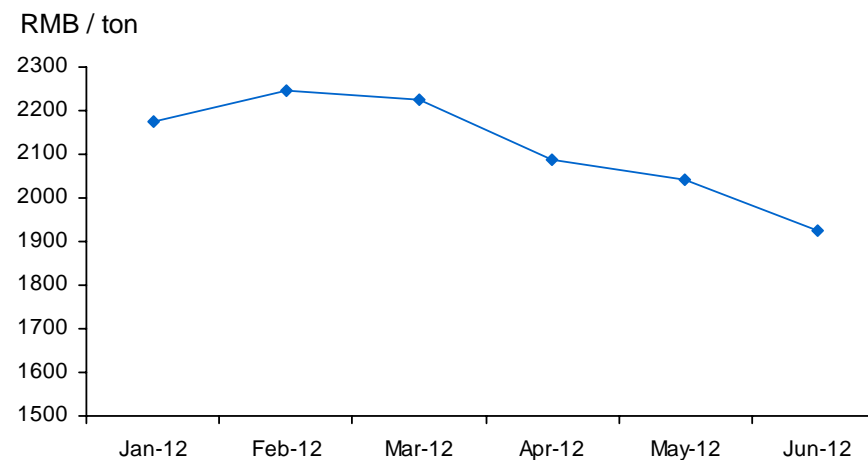
■ Market development will depend on overall macro economic conditions

■ China's 12th Five-Year Plan would drive market demand

Shanghai Futures Exchange (SHFE)



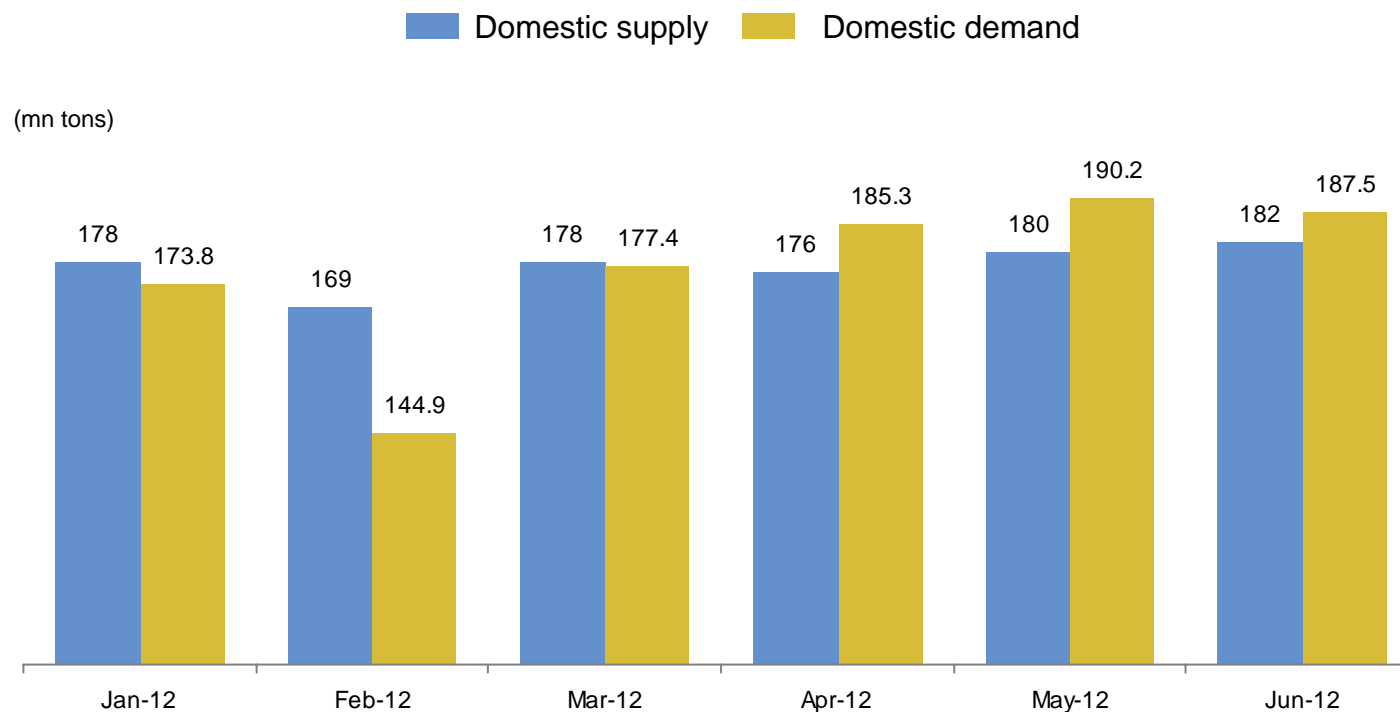
London Metal Exchange (LME)



Source: SHFE, LME, Antaike

Supply and demand of China's primary aluminum market

China's domestic primary aluminum market in 1H 2012



Source: Antaike

- According to Antaike, production volume of primary aluminum in China in 1H 2012 was 10,620,000 tons, representing an increase of 12.6% compared to the same period in 2011
- Domestic consumption of primary aluminum was 10,590,000 tons in 1H 2012, representing an increase of 7.4% compared to the same period in 2011



Industry outlook

Challenges

- Release of new production capacities
- Quantitative easing policy and real estate regulatory policy
- European debt crisis
- Indonesia's policies towards metal ore exports
In May 2012, Indonesia announced to impose 20% tariff on bauxite and ban its export starting 2014

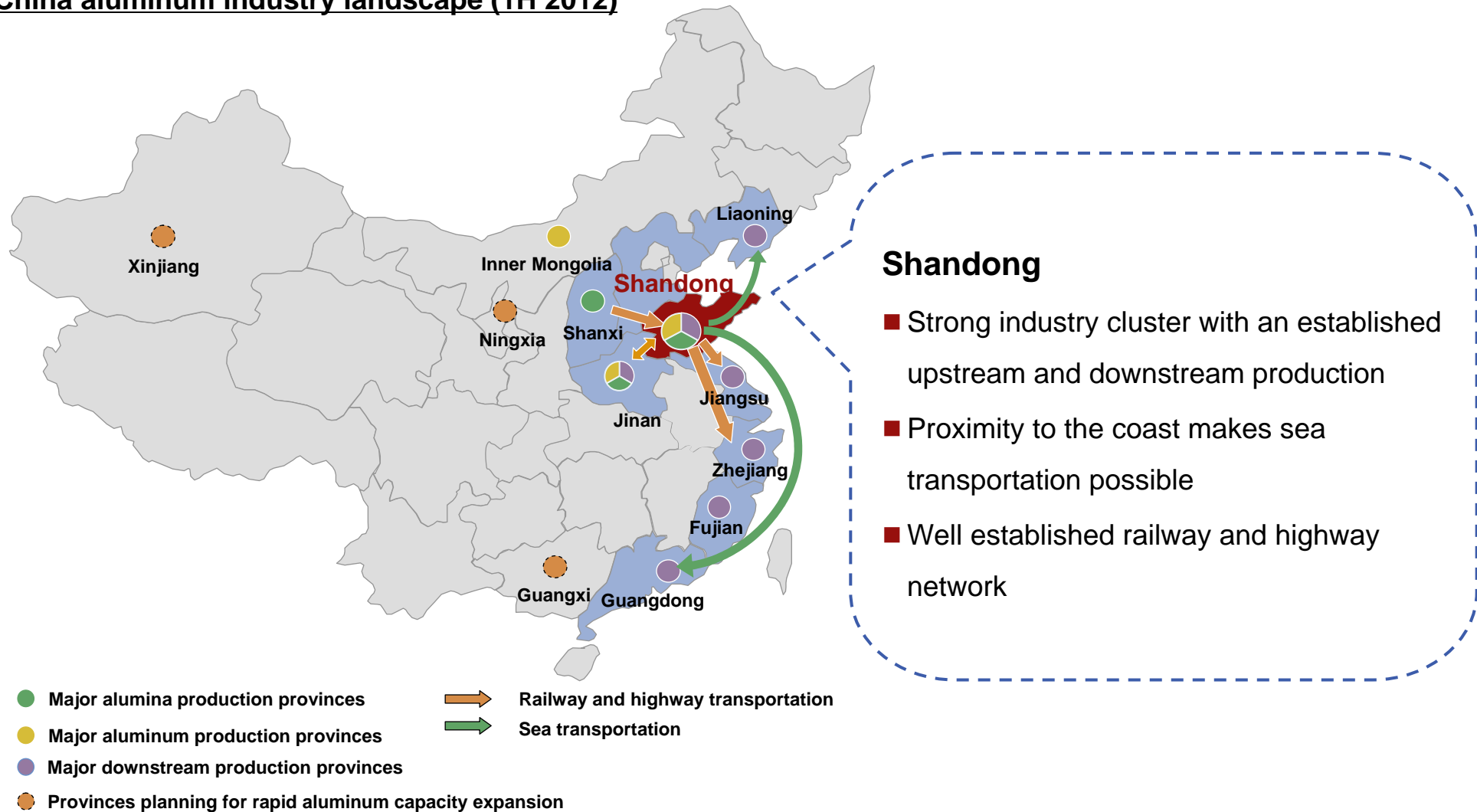
Opportunities

- Indemnificatory Housing Plan by Ministry of Housing and Urban-Rural Development Plan
Confirmed 2012 target of commencing 7 million units of indemnificatory housing, of which 5 million units should be essentially completed
- Agricultural and rural economy planning policy
- The State's construction of electricity and power grids
- Steady demand growth for high-performance electronic materials, as well as electrical & electronic products
- The State's 12th Five-Year Plan
Develop Infrastructure projects including urban-rural transportation, high-speed rail and freight rail

- Some companies reduced production, while some others shut down production lines which utilized Indonesian bauxite
- Many companies are proactively exploring other overseas resources
- Upstream expansion will become a key trend
- China is expected to become a major aluminum importing country

Zouping's vertical industry cluster advantage is well positioned to benefit from the recovery of the industry

China aluminum industry landscape (1H 2012)



Source: Antaike





Operations Review

Revenue breakdown – by product

Products	1H 2012		1H 2011	
	Revenue (RMB mn)	% to total revenue	Revenue (RMB mn)	% to total revenue
Aluminum products				
Aluminum alloy products	12,159	96.6	10,987	96.9
Processed aluminum alloy products	92	0.7	-	-
Steam	345	2.7	348	3.1
Total	12,596	100.0	11,335	100.0

Products	1H 2012			1H 2011		
	Revenue (RMB mn)	Gross profit (RMB mn)	GP margin (%)	Revenue (RMB mn)	Gross profit (RMB mn)	GP margin (%)
Aluminum products	12,251	3,988	32.6	10,987	3,956	36.0
Steam	345	87	25.2	348	93	26.7
Total	12,596	4,075	32.3	11,335	4,049	35.7

Successfully established two alumina production lines

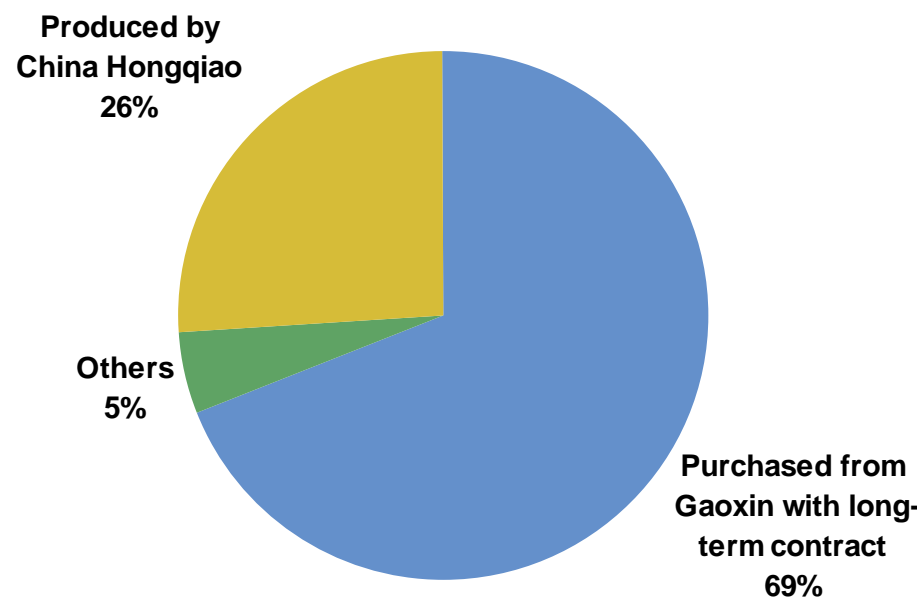
China Hongqiao's Alumina Supply in 1H 2012

✓ Successfully established alumina production lines

- Successfully built two alumina production lines with production capacity of 2 million t.p.a in Zouping
- The two production lines had gradually commenced operation in 1H 2012

✓ Maintain solid partnership with Gaoxin

- Procurement with long-term contract accounted for approximately 51% of Gaoxin's capacity
- 1.18 million tons purchased in 1H 2012
- Purchase alumina from Gaoxin at preferential pricing

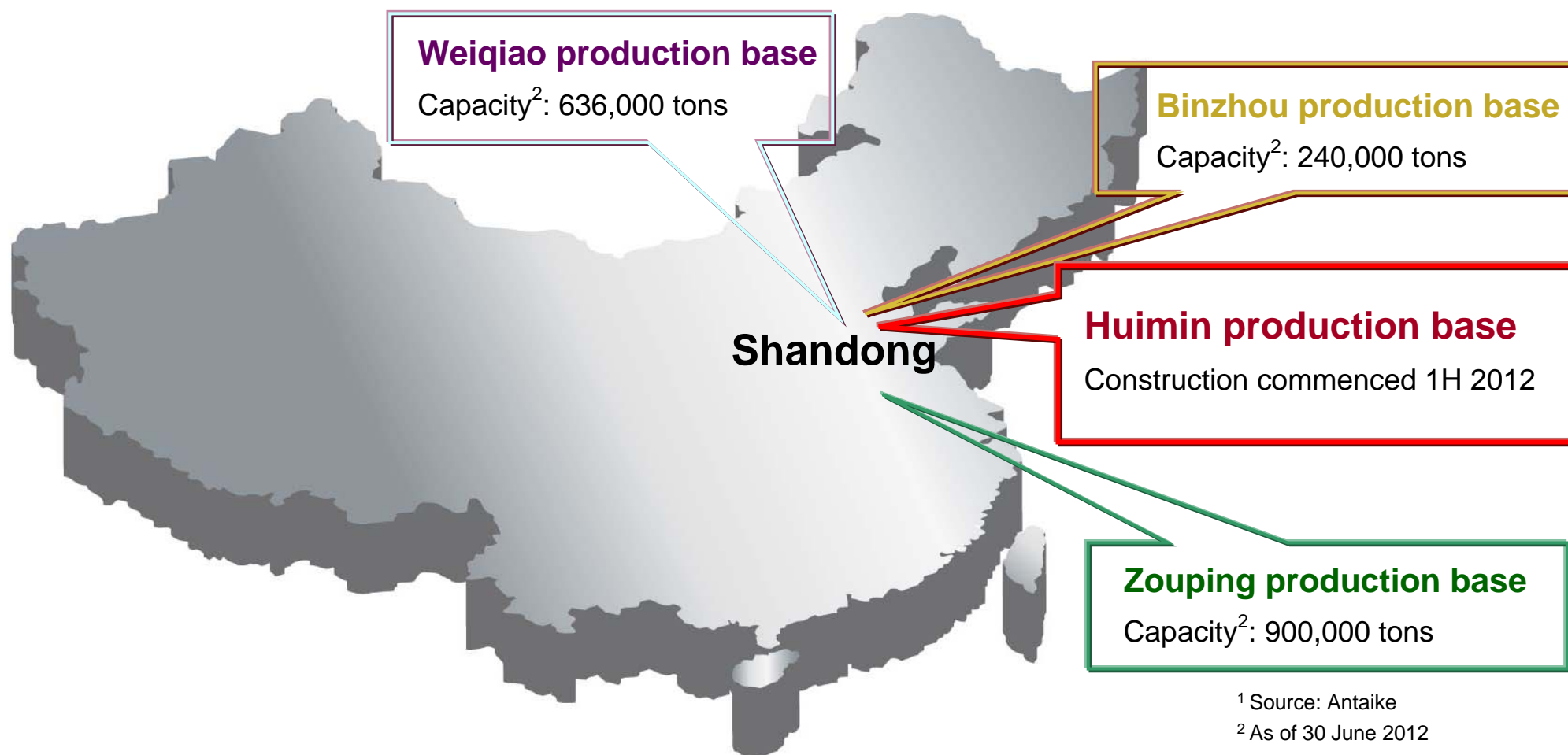


Source: Antaike



New production base for further capacity expansion

- Built new production base in Huimin in 1H 2012 for further scale expansion
- Aggregate designed annual production capacity of 1,776,000 tons in 1H 2012, ranking fourth in China¹.



¹ Source: Antaika

² As of 30 June 2012



Highly efficient captive power plant & captive power grid

1

Captive power plant – further increase self-sufficiency



2,070MW thermal power plant

- Installed a new 330MW generator in 1H 2012, raising our total installed capacity to 2,070MW
- Self-supplied electricity satisfies 55.1% of CHQ's electricity needs
- Competitive electricity cost – average cost of self-supplied electricity was RMB0.227/kWh

The above price does not include VAT

2

External electricity supply from Gaoxin



Captive power grid

- Connects CHQ's four production facilities with Gaoxin
- Long-term contract @ RMB0.29/kWh

The above price does not include VAT

Average electricity cost of RMB25.6 cents/kWh (excluding VAT), which is RMB17 cents/kWh lower than China's average

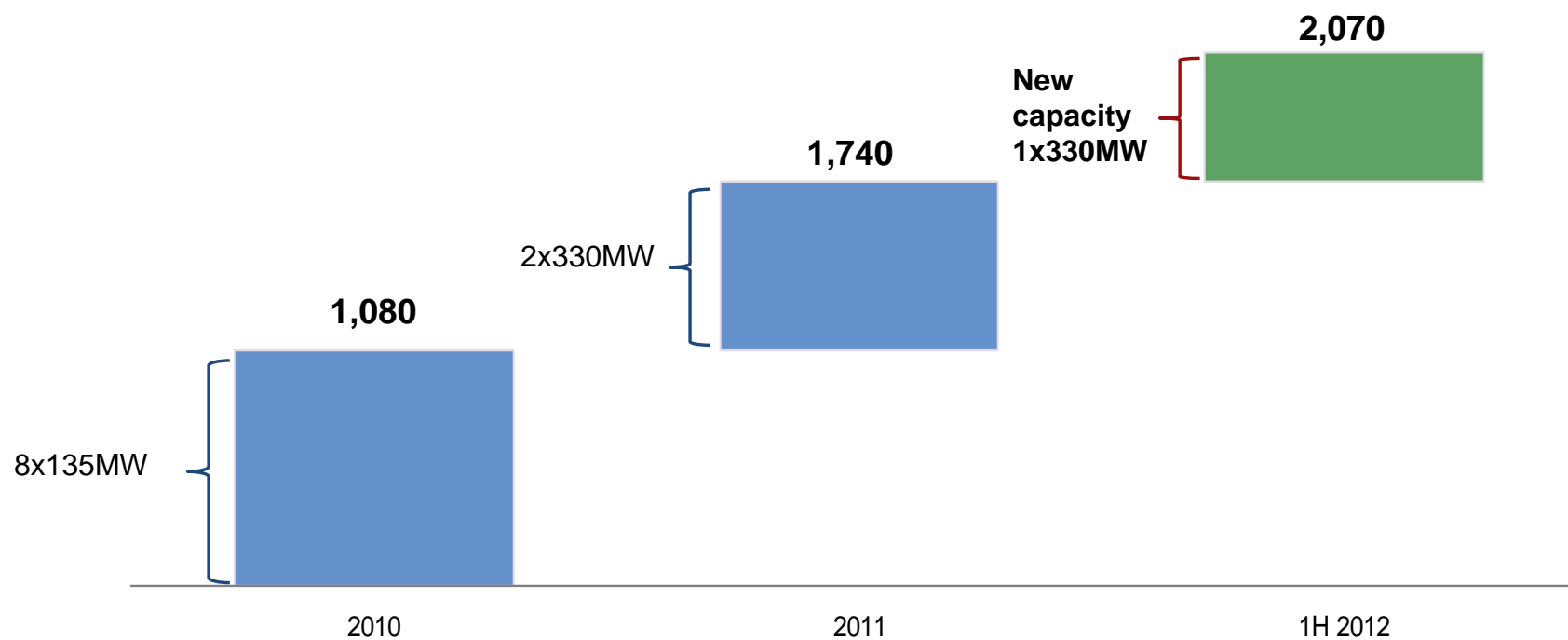


Captive power plant further strengthens cost advantage

Captive power plant capacity (2010- 1H 2012)

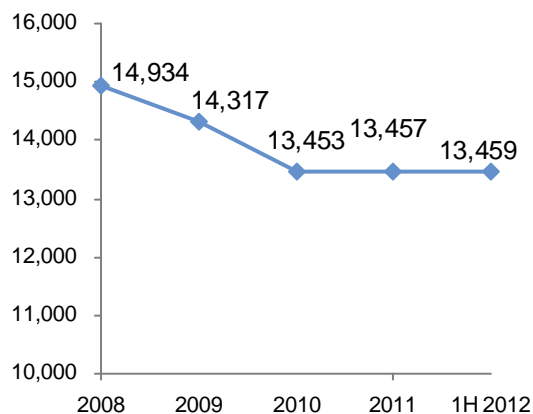
Unit: MW (as of 30 Jun)

■ Original capacity ■ New capacity

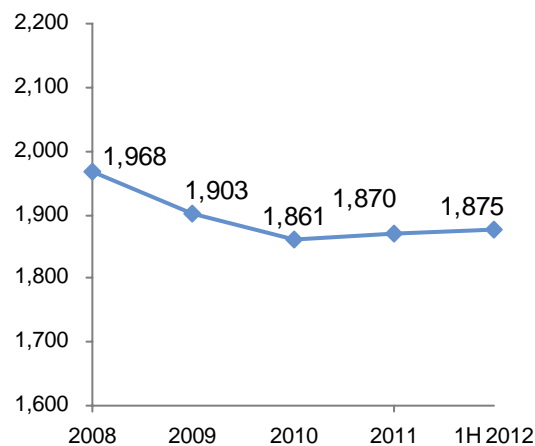


Continuous improvement in production and efficiency

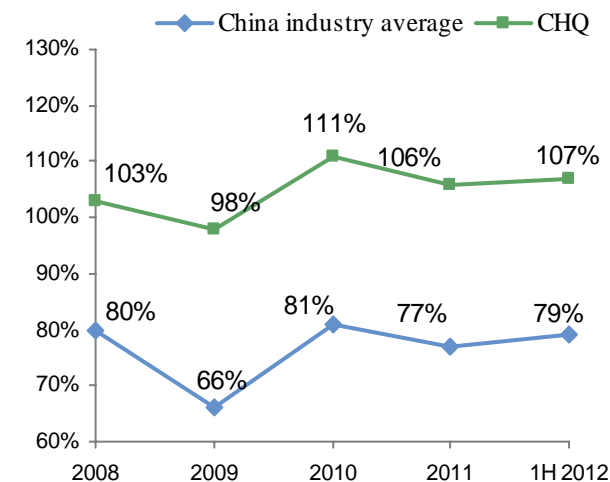
Electricity consumption per unit of aluminum production (kWh/ton)



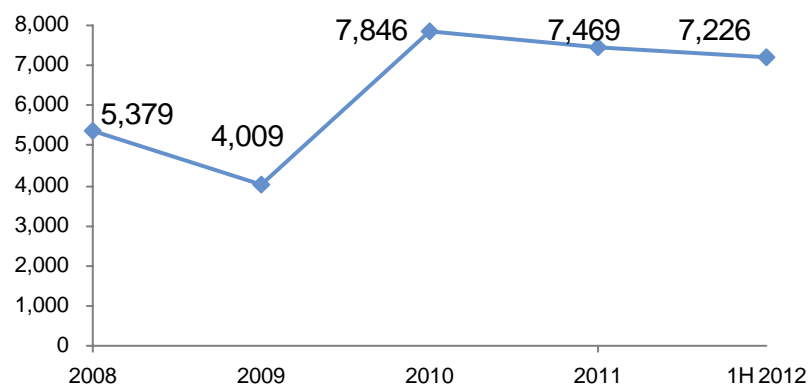
Alumina consumption per unit of aluminum production (kg/ton)



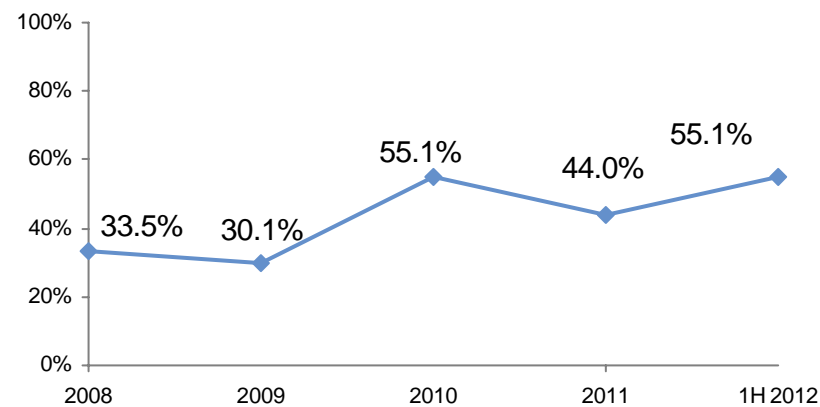
Capacity utilization rate



Annualized effective utilization hours of captive power plant



Percentage of self-supplied electricity





Future Plans & Strategies

Development plan

Captive power plant

- By the end of 2012, the aggregate installed capacity of the captive power plant is expected to reach 2,730MW and the self-supplied electricity ratio to be increased to approximately 60%

Aluminum alloy

- By the end of 2012, the aggregate designed annual production capacity is expected to reach 2 million tons

Advanced processing

- 30,000 ton aluminum foil project commenced production in 1H 2012
- Further expand the industrial chain and optimize the aluminum product portfolio to enhance the added value of products



Long-term goal

To become a vertically integrated, large-scale aluminum enterprise with leading competitive cost advantage

Integration of aluminum production and power supply

Integration of upstream and downstream

Develop clean production and recycling economy





Q&A