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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)**

### **UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021**

#### **RESULTS HIGHLIGHTS**

- Revenue increased by approximately 31.4% to approximately RMB52,480,549,000 as compared with the corresponding period last year
- Gross profit increased by approximately 143.3% to approximately RMB15,735,770,000 as compared with the corresponding period last year
- Profit for the Period increased by approximately 200.4% to approximately RMB8,423,717,000 as compared with the corresponding period last year
- Net profit attributable to shareholders of the Company increased by approximately 187.5% to approximately RMB8,142,519,000 as compared with the corresponding period last year
- Basic earnings per share increased by approximately 173.6% to approximately RMB0.903 as compared with the corresponding period last year
- The Board declares an interim dividend for 2021 of HK45.0 cents per share (six months ended 30 June 2020: HK15.0 cents)

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

*For the six months ended 30 June 2021*

	<i>Notes</i>	<b>Six months ended 30 June</b>	
		<b>2021</b>	<b>2020</b>
		<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Revenue</b>	4	<b>52,480,549</b>	39,938,675
Cost of sales		<b>(36,744,779)</b>	(33,470,276)
<b>Gross profit</b>		<b>15,735,770</b>	6,468,399
Other income and gains		<b>1,505,898</b>	1,075,567
Selling and distribution expenses		<b>(260,384)</b>	(152,559)
Administrative expenses		<b>(2,551,569)</b>	(1,858,407)
Other expenses	5	<b>(104,172)</b>	(362,421)
Finance costs		<b>(1,889,582)</b>	(2,210,955)
Changes in fair value of financial instruments	6	<b>(1,165,521)</b>	86,166
Share of profits of associates		<b>11,641</b>	354,279
Share of loss of a joint venture		<b>(5,409)</b>	–
<b>Profit before taxation</b>		<b>11,276,672</b>	3,400,069
Income tax expense	7	<b>(2,852,955)</b>	(595,591)
<b>Profit for the period</b>		<b>8,423,717</b>	2,804,478
<b>Profit (loss) for the period attributable to:</b>			
Owners of the Company		<b>8,142,519</b>	2,831,849
Non-controlling interests		<b>281,198</b>	(27,371)
		<b>8,423,717</b>	2,804,478

		<b>Six months ended 30 June</b>	
		<b>2021</b>	<b>2020</b>
	<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Other comprehensive (expense) income for the period</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		<b>(38,580)</b>	59,717
Share of other comprehensive (expense) income of associates		<b>(11,330)</b>	21,357
		<hr/>	<hr/>
Other comprehensive (expense) income for the period		<b>(49,910)</b>	81,074
		<hr/>	<hr/>
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
Fair value loss on investments in equity instruments at fair value through other comprehensive income		<b>(66,094)</b>	(58,647)
		<hr/>	<hr/>
Total comprehensive income for the period, net of income tax		<b>8,307,713</b>	2,826,905
		<hr/> <hr/>	<hr/> <hr/>
<b>Total comprehensive income (expense) for the period attributable to:</b>			
Owners of the Company		<b>8,041,452</b>	2,830,989
Non-controlling interests		<b>266,261</b>	(4,084)
		<hr/>	<hr/>
		<b>8,307,713</b>	2,826,905
		<hr/> <hr/>	<hr/> <hr/>
<b>Earnings per share</b>			
– Basic (RMB)	<i>9</i>	<b>0.903</b>	0.330
		<hr/> <hr/>	<hr/> <hr/>
– Diluted (RMB)		<b>0.903</b>	0.325
		<hr/> <hr/>	<hr/> <hr/>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2021

		As at 30 June 2021	As at 31 December 2020
	<i>Notes</i>	<b>RMB'000</b> <b>(Unaudited)</b>	<b>RMB'000</b> <b>(Audited)</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	63,594,706	64,750,361
Right-of-use assets		5,620,468	5,646,551
Intangible assets		27,027	27,429
Investment properties		168,306	4,053
Deposits paid for acquisition of property, plant and equipment		784,718	571,608
Deferred tax assets		2,685,932	2,886,026
Interests in associates		6,821,145	6,681,222
Interest in a joint venture		104,591	–
Loan to an associate		2,000,000	–
Goodwill		278,224	278,224
Financial asset at amortised cost	14	–	2,499,000
Financial assets at fair value through other comprehensive income	11	717,558	633,652
Prepayments		1,583,610	119,260
		<b>84,386,285</b>	<b>84,097,386</b>
<b>CURRENT ASSETS</b>			
Inventories	12	19,502,384	19,717,811
Trade receivables	13	6,834,951	10,335,568
Bills receivables		12,613,054	9,157,692
Prepayments and other receivables		10,755,384	9,126,270
Loan to an associate		–	2,000,000
Financial asset at amortised costs	14	2,499,000	–
Income tax recoverable		82,800	88,814
Restricted bank deposits		1,631,519	1,542,098
Cash and cash equivalents		49,764,694	45,465,361
		<b>103,683,786</b>	<b>97,433,614</b>

		As at 30 June 2021	As at 31 December 2020
	<i>Notes</i>	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Audited)
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	15	18,114,347	13,377,069
Other payables and accruals		10,193,045	12,105,674
Bank borrowings – due within one year		27,323,553	22,777,400
Other financial liabilities		3,647	4,942
Lease liabilities		27,339	25,080
Income tax payable		2,688,349	2,268,635
Medium-term debentures and bonds – due within one year		8,284,234	22,774,698
Deferred income		22,646	17,855
		<u>66,657,160</u>	<u>73,351,353</u>
<b>NET CURRENT ASSETS</b>		<u>37,026,626</u>	24,082,261
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>121,412,911</u>	108,179,647
<b>NON-CURRENT LIABILITIES</b>			
Bank borrowings – due after one year		10,251,424	11,483,498
Lease liabilities		63,138	58,609
Liability component of convertible bonds		2,919,651	1,215,939
Derivatives component of convertible bonds		2,015,393	550,111
Deferred tax liabilities		785,312	900,344
Medium-term debentures and bonds – due after one year		11,356,394	13,345,378
Guaranteed notes		6,418,131	3,242,270
Deferred income		573,820	581,828
		<u>34,383,263</u>	<u>31,377,977</u>
<b>NET ASSETS</b>		<u>87,029,648</u>	<u>76,801,670</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	16	595,139	579,318
Reserves		<u>76,232,266</u>	<u>70,616,819</u>
Equity attributable to owners of the Company		<u>76,827,405</u>	71,196,137
Non-controlling interests		<u>10,202,243</u>	<u>5,605,533</u>
<b>TOTAL EQUITY</b>		<u>87,029,648</u>	<u>76,801,670</u>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021

## 1. CORPORATE INFORMATION

China Hongqiao Group Limited (the “Company”) is incorporated in the Cayman Islands as an exempted company under the Companies Law of Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Its parent and immediate holding company is China Hongqiao Holdings Limited (“Hongqiao Holdings”), a company incorporated in the British Virgin Islands (“BVI”). The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to the interim report.

The Company acts as an investment holding company, the principal activities of its subsidiaries (together with the Company, referred to as the “Group”) are principally engaged in the business of manufacture and sales of aluminum products.

The interim condensed consolidated financial information are presented in Renminbi (“RMB”), which is also the functional currency of the Company and its subsidiaries in the People’s Republic of China (“PRC”) and Hong Kong. The functional currency of a subsidiary established in Indonesia is denoted in Indonesia Rupiah (“IDR”) and the functional currency of subsidiaries established in Singapore and the Republic of Guinea are denoted in United States Dollar (“US\$”).

## 2. BASIS OF PREPARATION

The interim condensed consolidated financial information of the Group for the six months ended 30 June 2021 have been prepared in accordance with the applicable disclosure provisions of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange and with International Accounting Standard 34 (“IAS 34”) “Interim Financial Reporting” issued by the International Accounting Standards Board (the “IASB”). This interim condensed consolidated financial information should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2020, which have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) issued by the IASB.

## 3. PRINCIPAL ACCOUNTING POLICIES

The interim condensed consolidated financial information have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

The accounting policies used in the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2020 except as disclosed below.

In the current interim period, the Group has applied, for the first time, the following amendments to IFRSs issued by the IASB which are effective for the Group’s financial year beginning on 1 January 2021.

Amendment to IFRS 16

Amendments to IFRS 9, IAS 39, IFRS 7,

IFRS 4 and IFRS 16

COVID-19 Related Rent Concessions

Interest rate Benchmark Reform – Phase 2

The application of the amendments to IFRSs in the current interim period has had no material impact on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these interim condensed consolidated financial information.

#### 4. REVENUE

An analysis of the Group's revenue is recognised at a point of time as follows:

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue from sales of aluminum products		
– molten aluminum alloy	35,945,132	26,578,661
– aluminum alloy ingot	2,411,289	2,463,650
– aluminum fabrication	5,779,260	4,134,386
– alumina products	7,920,530	6,391,488
Steam supply income	424,338	370,490
	<u>52,480,549</u>	<u>39,938,675</u>

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<i>Geographical region</i>		
The PRC	50,698,716	38,206,612
India	378,113	389,859
Europe	509,335	349,999
Malaysia	104,568	95,634
Southeast Asia	365,039	434,451
North America	290,063	296,234
Others	134,715	165,886
Total	<u>52,480,549</u>	<u>39,938,675</u>
<i>Type of customers</i>		
Government related	179	281
Non-government related	52,480,370	39,938,394
Total	<u>52,480,549</u>	<u>39,938,675</u>
<i>Sales channels</i>		
Direct sales	<u>52,480,549</u>	<u>39,938,675</u>

## 5. OTHER EXPENSES

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Impairment loss recognised in respect of trade receivables	–	16,532
Impairment loss recognised in respect of other receivables	<b>2,940</b>	11,735
Impairment loss recognised in respect of property, plant and equipment	<b>88,913</b>	152,520
Impairment loss recognised in respect of goodwill	–	99,243
Write-down of inventories to net realisable value	<b>12,319</b>	82,391
	<u><b>104,172</b></u>	<u>362,421</u>

## 6. CHANGES IN FAIR VALUES OF FINANCIAL INSTRUMENTS

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Changes in fair values arising from:		
– capped forward contract	(594)	923
– interest rate swaps contracts	<b>1,889</b>	(9,019)
– derivatives component of convertible bonds	<b>(1,166,816)</b>	94,262
	<u><b>(1,165,521)</b></u>	<u>86,166</u>



## 7. INCOME TAX EXPENSE

The Group calculates the period income tax expense using the tax rates that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed consolidated statement of profit or loss and other comprehensive income are:

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Current tax:		
– Hong Kong Profits Tax	–	–
– Indonesia Corporate Tax	28,638	13,357
– PRC Enterprise Income Tax	2,739,255	749,155
	<u>2,767,893</u>	<u>762,512</u>
Deferred taxation	85,062	(166,921)
Total income tax expense for the period	<u>2,852,955</u>	<u>595,591</u>

## 8. DIVIDENDS

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Dividends recognised as distribution during the period	<u>3,809,305</u>	<u>2,665,809</u>

Subsequent to the end of the reporting period, the directors of the Company have determined that an interim dividend of HK45.0 cents per share, amounting to approximately HK\$4,104,609,000 will be paid. The amount of interim dividend declared, which was calculated based on the number of ordinary shares in issue at the date of approval of the interim condensed consolidated financial information, has not been recognised as a liability in the interim condensed consolidated financial information.

During the current interim period, a final dividend of HK50.0 cents per share in respect of the year ended 31 December 2020 has been approved and paid.

During the six months ended 30 June 2020, a final dividend of HK34.0 cents per share in respect of the year ended 31 December 2019 had been approved and paid.

## 9. EARNINGS PER SHARE

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

	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Earnings		
Earnings for the purpose of basic earnings per share	<b>8,142,519</b>	2,831,849
Effect of dilutive potential ordinary shares:		
Interest expense on liability component of convertible bonds	–	116,164
Changes in fair values of derivatives component of convertible bonds	–	(94,262)
Exchange loss on translation of liability component of convertible bonds	–	22,214
	<u>–</u>	<u>22,214</u>
Earnings for the purpose of diluted earnings per share	<b><u>8,142,519</u></b>	<b><u>2,875,965</u></b>
	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>'000</b>	<b>'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	<b>9,019,319</b>	8,570,852
Effect of dilutive potential ordinary shares:		
Convertible bonds	–	269,669
	<u>–</u>	<u>269,669</u>
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<b><u>9,019,319</u></b>	<b><u>8,840,521</u></b>

The computation of diluted earnings per share for the six months ended 30 June 2021 did not assume the conversion of the Company's outstanding convertible bonds since their exercise would result in an increase in earnings per share.

## 10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, the Group purchased property, plant and equipment of approximately RMB2,408,479,000, excluding transferred from construction in progress of approximately RMB676,441,000, and disposed plant, machinery and motor vehicles with carrying amount of approximately RMB156,592,000 (six months ended 30 June 2020: purchased approximately RMB1,865,586,000, excluding transferred from construction in progress of approximately RMB536,092,000, and disposed plant and machinery and motor vehicles with carrying amount of approximately RMB2,962,647,000).

During the six months ended 30 June 2021, the Group spent approximately RMB2,378,478,000 (six months ended 30 June 2020: RMB1,703,290,000) on the construction of its new product lines and power plant.

The depreciation of the Group for the six months ended 30 June 2021 is approximately RMB3,258,791,000 (six months ended 30 June 2020: RMB3,468,584,000).

During the six months ended 30 June 2021, due to the relocation of certain plant and equipment, the directors of the Company have suspended certain plant and equipment and conducted a review of the Group's property, plant and equipment and determined that a number of those assets were impaired. Accordingly, impairment loss of approximately RMB88,913,000 have been recognised in respect of the Group's property, plant and equipment. The recoverable amounts of relevant property, plant and equipment was determined on the basis of their fair value less costs of disposal.

During the six months ended 30 June 2020, due to the coal consumption reduction alternative work programme introduced by the relevant governmental regulations, the directors of the Company suspended certain plant and equipment and conducted a review of the Group's property, plant and equipment and determined that a number of those assets were impaired. Accordingly, impairment loss of approximately RMB152,520,000 was recognised in respect of the Group's property, plant and equipment. The recoverable amounts of relevant property, plant and equipment was determined on the basis of their fair value less costs of disposal.

When any indicators of impairment are identified, property, plant and equipment are reviewed for impairment based on each cash generating units ("CGU"). The CGU is an individual plant or entity. The carrying values of these individual plants or entities were compared to the recoverable amounts of the CGUs, which were determined based on fair values less costs of disposal or value-in-use. Market comparable approach is used to measure fair value less costs of disposal. The fair value measurement of the property, plant and equipment is categorised within level 2 of the fair value hierarchy.

The valuations carried out on 30 June 2021 and 2020 were performed by Wanlong (Shanghai) Assets Assessment Co., Ltd ("Wanlong"), an independent qualified professional valuer not connected with the Group. Wanlong has appropriate qualifications and has recent experience in the valuation of similar properties in the relevant locations.

At 30 June 2021, certain of the Group's buildings with a net carrying amount of approximately RMB11,496,901,000 (31 December 2020: RMB12,203,099,000) were pledged to secure bank borrowings of the Group.

There are properties with a carrying amount of approximately RMB4,572,480,000 (31 December 2020: RMB4,681,319,000) located in the PRC of which the Group is in the process of obtaining the ownership certificates. In the opinion of the directors of the Company, there is no legal barrier or otherwise for the Group to obtain the relevant title ownership certificates for these buildings from the relevant PRC authority.

## 11. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial assets at FVTOCI comprise:

	As at 30 June 2021 <i>RMB'000</i> (Unaudited)	As at 31 December 2020 <i>RMB'000</i> (Audited)
Equity instrument as at FVTOCI		
– Listed	567,558	633,652
– Unlisted	150,000	–
	<u>717,558</u>	<u>633,652</u>

Investments in listed equity instruments represent the Group's investment in Bank of Jinzhou and Weihai City Commercial Bank Co., Ltd, companies listed in Hong Kong, of approximately RMB202,418,000 (31 December 2020: RMB250,596,000) and RMB365,140,000 (31 December 2020: RMB383,056,000) respectively.

Bank of Jinzhou engaged in the provision of corporate and retail deposits, loans and advances, payment and settlement services, finance leasing as well as other banking services as approved by the China Banking Regulatory Commission. Weihai City Commercial Bank Co., Ltd engaged in the provision of corporate and retail deposits, loans and advances, payment and settlement services.

Investment in unlisted equity instrument represents the Group's investment in unlisted equity security issued by private entity established in the PRC of approximately RMB150,000,000 (31 December 2020: nil). The private entity is engaged in casting aluminium alloy, aluminium sheet, strip, foil, car wheel, casting steel and casting iron, along with trade and logistics.

These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the directors of the Company have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

## 12. INVENTORIES

At 30 June 2021, the carrying amounts of the Group's inventories were net of provision of impairment of approximately RMB104,799,000 (31 December 2020: RMB127,832,000).

During the period, the allowance for inventories of approximately RMB12,319,000 (six months ended 30 June 2020: RMB82,391,000) has been recognised and included in other expenses.

During the period, inventories previously impaired were sold at profit or used. As a result, a reversal of provision of approximately RMB35,352,000 (six months ended 30 June 2020: RMB75,098,000) has been recognised and included in other income and gains.

### 13. TRADE RECEIVABLES

	As at 30 June 2021 <i>RMB'000</i> (Unaudited)	As at 31 December 2020 <i>RMB'000</i> (Audited)
Trade receivables	6,841,670	10,342,754
Less: allowance for impairment loss	<u>(6,719)</u>	<u>(7,186)</u>
	<b><u>6,834,951</u></b>	<b><u>10,335,568</u></b>

The Group allows an 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 ageing analysis of trade receivables, net of allowance for impairment of trade receivables, presented based on the date of delivery of goods, which approximates the respective revenue recognition dates, at the end of the reporting period:

	As at 30 June 2021 <i>RMB'000</i> (Unaudited)	As at 31 December 2020 <i>RMB'000</i> (Audited)
Within 3 months	5,505,604	8,691,846
3 to 12 months	1,328,036	1,642,343
12 to 24 months	<u>1,311</u>	<u>1,379</u>
	<b><u>6,834,951</u></b>	<b><u>10,335,568</u></b>

### 14. FINANCIAL ASSET AT AMORTISED COST

	As at 30 June 2021 <i>RMB'000</i> (Unaudited)	As at 31 December 2020 <i>RMB'000</i> (Audited)
<b>Financial asset at amortised cost</b>		
Collective investment trust ( <i>note</i> )		
– Non-current portion	–	2,499,000
– Current portion	<b><u>2,499,000</u></b>	<b><u>–</u></b>

*Note:* The collective investment trust represents asset income trust with 2,499,000,000 units at RMB1 per unit issued by CITIC Trust Co., Ltd. 中信信託有限責任公司 and will be matured on 3 January 2022. The asset income trust carries fixed interest rate of 7.22% per annum.

## 15. TRADE AND BILLS PAYABLES

	As at 30 June 2021 <i>RMB'000</i> (Unaudited)	As at 31 December 2020 <i>RMB'000</i> (Audited)
Trade payables	15,924,289	11,290,894
Bills payables	<u>2,190,058</u>	<u>2,086,175</u>
	<u><b>18,114,347</b></u>	<u><b>13,377,069</b></u>

Included in trade payables are creditors with the following ageing analysis presented based on the invoice date at the end of the reporting period:

	As at 30 June 2021 <i>RMB'000</i> (Unaudited)	As at 31 December 2020 <i>RMB'000</i> (Audited)
Within 6 months	15,438,424	10,773,004
6 to 12 months	381,965	53,043
1 to 2 years	82,420	430,815
More than 2 years	<u>21,480</u>	<u>34,032</u>
	<u><b>15,924,289</b></u>	<u><b>11,290,894</b></u>

The average credit period on purchases of goods is six months. Bills payables were bills of acceptance with maturity of less than one year.

## 16. ISSUED CAPITAL

	Number of shares		Share Capital	
	30 June 2021	31 December 2020	30 June 2021 <i>US\$</i>	31 December 2020 <i>US\$</i>
Authorised:				
Ordinary shares of US\$0.01 each	<u><b>10,000,000,000</b></u>	<u>10,000,000,000</u>	<u><b>100,000,000</b></u>	<u>100,000,000</u>
	30 June 2021	31 December 2020	30 June 2021 <i>US\$</i>	31 December 2020 <i>US\$</i>
Issued and fully paid:				
Ordinary shares of US\$0.01 each	<u><b>9,121,352,349</b></u>	<u>8,878,352,349</u>	<u><b>91,213,523</b></u>	<u>88,783,523</u>

	Number of shares	Share Capital RMB'000
<b>Issued and fully paid:</b>		
At 1 January 2020	8,570,852,349	559,090
Issue of shares upon share subscription ( <i>note (i)</i> )	<u>307,500,000</u>	<u>20,228</u>
At 31 December 2020 and 1 January 2021	8,878,352,349	579,318
Issue of shares upon share subscription ( <i>note (ii)</i> )	<u>243,000,000</u>	<u>15,821</u>
At 30 June 2021	<u><u>9,121,352,349</u></u>	<u><u>595,139</u></u>

*Notes:*

- (i) On 2 December 2020, 307,500,000 ordinary shares of US\$0.01 each were issued and allotted at a price of HK\$6.3 per share, raising a total proceeds of approximately RMB1,644,087,000, net of share issue expense of approximately RMB26,433,000.
- (ii) On 18 March 2021, 243,000,000 ordinary shares of US\$0.01 each were issued and allotted at a price of HK\$9.72 per share, raising a total proceeds of approximately RMB1,971,811,000, net of share issue expense of approximately RMB31,701,000.

The Company does not have any share option scheme.

All shares issued rank pari passu in all respects with all shares then in issue.

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period.

## 17. COMMITMENTS

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Capital expenditure in respect of acquisition of property, plant and equipment		
– Contracted for but not provided	<u><u>1,801,975</u></u>	<u><u>2,205,218</u></u>

## 18. EVENT AFTER THE REPORTING PERIOD

In August 2021, Shandong Hongqiao New Material Co., Ltd, an indirect subsidiary of the Company, issued a medium-term bonds bearing interest at 4.16% per annum, which will be due in 2024, with an aggregate principal amount of RMB1,000,000,000.

## CHAIRMAN'S STATEMENT

On behalf of the board (the “Board”) of directors (the “Directors”) of China Hongqiao Group Limited (the “Company” or “China Hongqiao”), I am pleased to present the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2021 (the “Period” or “Period under Review”).

In the first half of 2021, benefiting from the wide adoption of COVID-19 vaccination and strengthened efforts made for fiscal stimulus in various countries such as the United States and Japan, the global economic recovery momentum became stronger. During the Period, China’s domestic economy continued to maintain a stable recovery, and thus a promising outlook could be further secured. According to the statistics of the National Bureau of Statistics of China, the gross domestic product for the first half of 2021 amounted to RMB53,216.7 billion, representing a year-on-year increase of 12.7%.

From the industry perspective, in the first half of 2021, with the sustained global economic recovery momentum, the aluminum consumption recovered and grew. As for the supply side of the aluminum industry, as the supply of primary aluminum in the PRC reached the maximum production capacity, and under such circumstance, it is expected that the real estate, automobile and infrastructure industries may continue their steady growth momentum in light of the sustained positive macroeconomic development in the PRC in the second half of the year, which will boost aluminum consumption, thereby driving aluminum prices to surge significantly and favouring the continued development of the aluminum industry in the medium- to long-term. Benefited from the strong prevention and control measures of the Chinese government, there was no material impact of the pandemic on the overall operation of the Group during the Period; however, the Group’s business and operation were still facing uncertainties as affected by factors such as the pandemic resurgence, trade frictions, resources and environmental policies and industrial structure adjustment.

During the Period under Review, the Group continued to be committed to high-quality and sustainable development under the guidance of new development concepts by vigorously optimising its energy structure, implementing industrial transformation and upgrading and maintaining positive and effective performance in green development. In particular, the contracted production capacity of the Yunnan green aluminum innovation industrial park after the relocation is completed will enable the Group to increase the proportion of its aluminum production capacity from clean energy to approximately one-third. This project has become a role model for green development of the aluminum industry in the PRC. At the same time, the Group’s lightweight material project based on the strategy of “Three New (new infrastructure, new material and new applications) and One High (high value-added)” was also in orderly progress. In addition, the Sino-German Hongqiao Scholz Circular Economy Science & Technology Project by the Group and Germany’s Scholz China GmbH officially commenced in May 2021. The project is a circular economy technology project focusing on the recycling of metal and resource reuse and is constructed for both domestic and international circular economy industrial parks with the highest standards. It is also one of the specific initiatives that the Group has taken for proactively implementing the low-carbon transformation and facilitating the PRC to achieve the goals of “reaching the peak of carbon emissions and achieving carbon neutrality” (the “Dual Carbon” goals) to respond to the global



climate change. As for overseas business, the Group's bauxite mining in Guinea continued and the construction of the phase 2 alumina project in Indonesia was progressing smoothly.

During the Period under Review, the Group's revenue amounted to approximately RMB52,480,549,000, representing a year-on-year increase of approximately 31.4%; gross profit amounted to approximately RMB15,735,770,000, representing a year-on-year increase of approximately 143.3%; net profit attributable to shareholders of the Company amounted to approximately RMB8,142,519,000, representing a year-on-year increase of approximately 187.5%; and basic earnings per share amounted to approximately RMB0.903 (the corresponding period of 2020: approximately RMB0.330). The Board resolved payment of an interim dividend of HK45.0 cents per share for 2021 (the corresponding period of 2020: HK15.0 cents).

In the first half of 2021, adhering to its business models of "Integration of Upstream and Downstream Businesses", "Global Integration", and "Green Smart Integration", the Group proactively seized the favorable opportunities to expedite the transformation and upgrading for its development through various initiatives such as actively adjusting its energy structure, optimising its industrial layout and increasing investment in scientific research and innovation, so that the quality of development could be improved further. During the Period, the demonstration project of standardised energy-saving production of electrolytic aluminum of Shandong Weiqiao Aluminum & Power Co., Ltd. ("Weiqiao Aluminum & Power"), a subsidiary of the Group, successfully passed the inspection for acceptance of the Standardisation Administration of the PRC. Weiqiao Aluminum & Power's model of standardised electrolytic aluminum production will play a positive leading role in further enhancing energy efficiency in the industry.

In pursuing debt structure optimisation, the Group continued to deleverage and completed a number of financing projects through diversified channels at the same time, further consolidating the sustainable development of the Group. During the Period under Review, the Company raised funds of HK\$2,324,000,000 by way of top-up placing and successfully issued US\$500,000,000 6.25% senior unsecured notes due 2024 and US\$300,000,000 5.25% convertible bonds due 2026, and Shandong Hongqiao New Material Co., Ltd ("Shandong Hongqiao"), a subsidiary of the Company, also successfully completed the issuance of corporate bonds with a principal amount of RMB1,000,000,000 during the Period, all of which were heavily oversubscribed by domestic and foreign investors, fully reflecting the fact that the Group is highly recognised by the capital market.

Looking forward to the second half of the year, the Group believes that with the solid development foundation and steadily increasing consumption demand for aluminum, China's aluminum industry will maintain its positive operating momentum. However, as the global pandemic has not completely vanished, there will still be both challenges and opportunities for the aluminum industry ahead. As always, being a leading enterprise in the industry, the Group will continue to actively respond to the "Dual Carbon" goals of the PRC by proactively fulfilling the responsibility of reducing carbon emissions and firmly implementing effective initiatives for achieving the "Dual Carbon" goals. Through the implementation of relevant strategic planning projects, streamlining its systems and taking more effective measures for reducing carbon emissions, the Group will further improve its basic corporate management standard while effectively fulfilling its social responsibilities, and strive to make positive contributions to promoting the low-carbon transformation of the industry and achieving the "Dual Carbon" goals of the PRC to counter the effects of global climate change.

On behalf of the Board, I would like to extend my sincere gratitude to the Group's management team and employees for their efforts and dedication in the first half of 2021, and to our shareholders, investors and business partners for their support and trust.

**Mr. Zhang Bo**

*Chairman of the Board*

20 August 2021

## MANAGEMENT DISCUSSION AND ANALYSIS

### INDUSTRY REVIEW

In the first half of 2021, the global economy maintained its recovery momentum amid the gradually mitigated pandemic around the world. With the support of fiscal stimulus policies of various countries, the suppressed consumer demand was released and the manufacturing industry continued to expand, laying the foundation for the rise in the price of LME aluminum. As for the domestic market, influenced by the “Dual Carbon” goals, the supply of primary aluminum continued to be relatively tightened, however, the consumer demand increased steadily under the improved economic environment, driving the aluminum price to surge significantly and consolidate at a high level. During the Period, the aluminum price in both domestic and overseas markets showed a notable rising trend. In the first half of 2021, the average price of three-month aluminum futures at the London Metal Exchange (LME) was approximately US\$2,256/ton, representing an increase of approximately 39.1% as compared with the corresponding period last year; and the average price of three-month aluminum futures at the Shanghai Futures Exchange (SHFE) was approximately RMB17,330/ton (including value-added tax), representing an increase of approximately 33.5% as compared with the corresponding period last year. (Source of data: Beijing Antaike Information Co., Ltd. (“Antaike”))

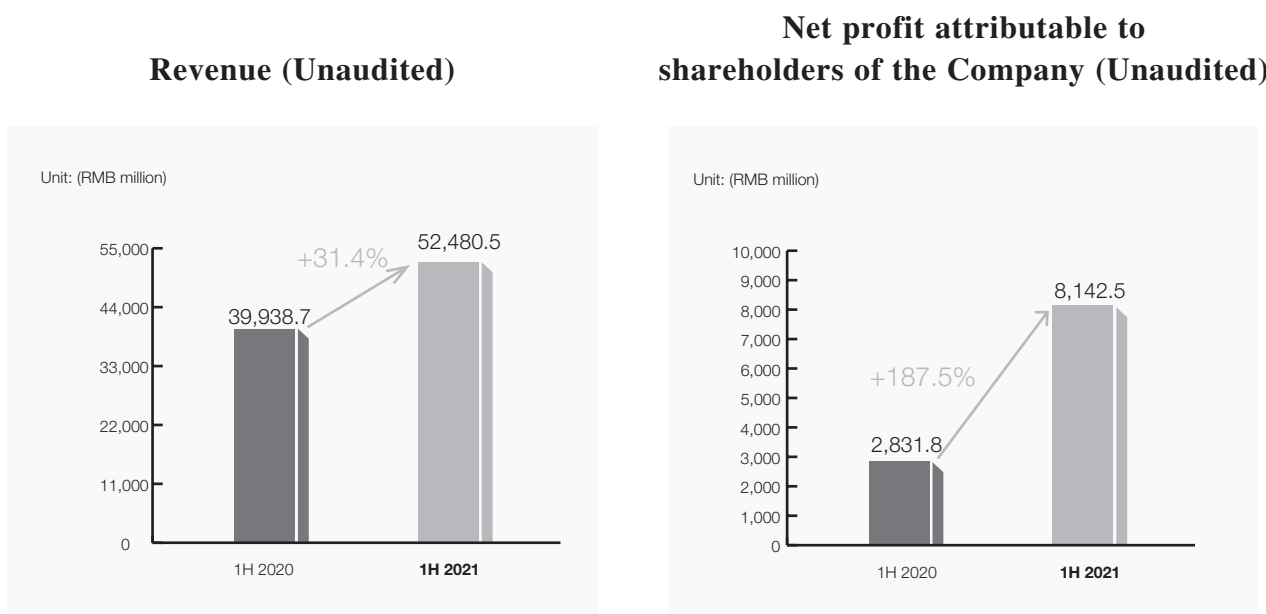
During the Period under Review, from the demand perspective, with the gradual recovery of overseas economies, the expansion of manufacturing industry boosted the rapid growth of overseas aluminum consumption. In addition, following China’s further development in all aspects of the economy, more conventional industries such as durable consumer goods, electricity and electric power staged a strong recovery, together with the implementation of policies for the “Dual Carbon” goals, the domestic aluminum consumption in the emerging industries such as the new energy vehicle and photovoltaic industries also showed relatively satisfactory performance. On the supply side, in the first half of 2021, the production capacity of overseas primary aluminum increased driven by the active production of enterprises in light of the high profit of primary aluminum. Despite the expanding restrictions on the production side of primary aluminum in the PRC by a series of factors such as the implementation of policies for the “Dual Carbon” goals, the control over energy consumption, the tightened electricity supply and the examination and maintenance of production capacity, the output of primary aluminum increased as compared with the corresponding period last year.

According to statistics from Antaika, the global output of primary aluminum in the first half of 2021 was approximately 33.777 million tonnes, representing a year-on-year increase of approximately 5.1%; the global consumption of primary aluminum in the first half of 2021 was approximately 33.899 million tonnes, representing a year-on-year increase of approximately 9.9%. For the domestic market, the output of primary aluminum in the PRC in the first half of 2021 was approximately 19.577 million tonnes, representing a year-on-year increase of approximately 7.9% and accounting for approximately 58.0% of the global output of primary aluminum; the consumption of primary aluminum in the PRC in the first half of 2021 was approximately 19.899 million tonnes, representing a year-on-year increase of approximately 8.5% and accounting for approximately 58.7% of the global consumption of primary aluminum.

## BUSINESS REVIEW

During the Period, the Group's output of aluminum alloy products and aluminum fabrication products was approximately 2.801 million tonnes and 0.369 million tonnes, respectively, representing a slight increase as compared with the corresponding period last year.

The comparative figures of the Group's unaudited revenue and net profit attributable to shareholders of the Company for the six months ended 30 June 2021 and for the corresponding period of 2020 are as follows:



For the six months ended 30 June 2021, the Group's revenue was approximately RMB52,480,549,000, representing an increase of approximately 31.4% as compared with the corresponding period last year, mainly due to the significant increase in the price of aluminum alloy products of the Group as compared with the corresponding period last year and the increase in the revenue derived from its alumina products attributable to the increase in sales of its alumina products.

For the six months ended 30 June 2021, net profit attributable to shareholders of the Company amounted to approximately RMB8,142,519,000, representing a substantial increase of approximately 187.5% as compared with the corresponding period last year, mainly due to a significant increase in sales prices as compared with the corresponding period last year driven by the overall rise in demand for aluminum products in the domestic and overseas markets as a result of the gradually mitigated pandemic around the world and the strengthened global economic recovery expectation while the supply of domestic primary aluminum output remained stable.

## FINANCIAL REVIEW

The following table shows the breakdown of the Group's revenue by products for the six months ended 30 June 2021 and for the corresponding period of 2020:

	For the six months ended 30 June			
	2021		2020	
	Revenue	Proportion of sales revenue to total revenue	Revenue	Proportion of sales revenue to total revenue
Products	RMB'000	%	RMB'000	%
Aluminum alloy products	38,356,421	73.1	29,042,311	72.7
Alumina	7,920,530	15.1	6,391,488	16.0
Aluminum fabrication products	5,779,260	11.0	4,134,386	10.4
Steam	424,338	0.8	370,490	0.9
<b>Total</b>	<b>52,480,549</b>	<b>100.0</b>	<b>39,938,675</b>	<b>100.0</b>

For the six months ended 30 June 2021, the Group's revenue derived from aluminum alloy products was approximately RMB38,356,421,000, accounting for approximately 73.1% of the Group's revenue and representing an increase of approximately 32.1% from approximately RMB29,042,311,000 for the corresponding period last year, mainly attributable to the sales price of the Group's aluminum alloy products of approximately RMB15,364/ton (VAT exclusive) during the Period, representing an increase of approximately 33.2% from approximately RMB11,538/ton (VAT exclusive) for the corresponding period last year ; revenue derived from alumina products was approximately RMB7,920,530,000, accounting for approximately 15.1% of the Group's revenue and representing an increase of approximately 23.9% from approximately RMB6,391,488,000 for the corresponding period last year. The increase in the revenue derived from alumina products was mainly due to the increase in sales of alumina as a result of the Group's continuous expansion of domestic market by seizing market opportunities while the output of alumina satisfied its own needs. Revenue derived from aluminum fabrication products was approximately RMB5,779,260,000, accounting for approximately 11.0% of the Group's revenue and representing an increase of approximately 39.8% from approximately RMB4,134,386,000 for the corresponding period last year, mainly attributable to the rise in price and the increase in sales of aluminum fabrication products of the Group during the Period.

## **Distribution and selling expenses**

For the six months ended 30 June 2021, the Group's distribution and selling expenses were approximately RMB260,384,000, representing an increase of approximately 70.7% from approximately RMB152,559,000 for the corresponding period last year, mainly due to the increase in sales of alumina products and aluminum fabrication products of the Group, resulting in the corresponding increase in transportation expenses.

## **Administrative expenses**

For the six months ended 30 June 2021, the Group's administrative expenses were approximately RMB2,551,569,000, representing an increase of approximately 37.3% from approximately RMB1,858,407,000 for the corresponding period last year, mainly due to the increase in the maintenance expenses of certain production lines of the Group and the increase in the research and development expenses attributable to its strengthened efforts for technological research and development during the Period.

## **Finance costs**

For the six months ended 30 June 2021, the Group's finance costs were approximately RMB1,889,582,000, representing a decrease of approximately 14.5% from approximately RMB2,210,955,000 for the corresponding period last year, mainly due to the repayment of part of the medium-term notes and bonds by the Group during the Period, resulting in the corresponding decrease in interest expenses.

## **Liquidity and financial resources**

As at 30 June 2021, the Group's cash and cash equivalents were approximately RMB49,764,694,000, representing an increase of approximately 9.5% from approximately RMB45,465,361,000 as at 31 December 2020. The increase in cash and cash equivalents was attributable to the net cash inflows from operating activities of the Group during the Period.

For the six months ended 30 June 2021, the Group's net cash inflows from operating activities were approximately RMB15,521,326,000, net cash outflows from investing activities were approximately RMB2,804,507,000, and net cash outflows from financing activities were approximately RMB8,410,354,000. The net cash outflows from investing activities were mainly attributable to the cash outflows from the acquisition of property, plant and equipment; the net cash outflows from financing activities were mainly attributable to the cash outflows from the repayment of part of the debts, the dividend payout, and the interest paid on debts by the Group during the Period.

For the six months ended 30 June 2021, the Group's capital expenditure amounted to approximately RMB3,135,726,000, mainly for the payment for the quality guarantee deposits of the pre-construction projects in accordance with relevant contracts, the construction expenditure of Yunnan green aluminum innovation industrial park project, lightweight material base and the Indonesia alumina project.

As at 30 June 2021, the Group had capital commitment of approximately RMB1,801,975,000, representing capital expenditure for the acquisition of properties, plants and equipment in the future, primarily for the payment for the construction expenditure of Yunnan green aluminum innovation industrial park project, lightweight material base and the Indonesia alumina project.

As at 30 June 2021, the Group's trade receivables amounted to approximately RMB6,834,951,000, representing a decrease of approximately 33.9% from approximately RMB10,335,568,000 as at 31 December 2020, mainly due to the shortened credit terms granted by the Group to certain customers according to the market condition of aluminum during the Period.

As at 30 June 2021, the Group's inventory amounted to approximately RMB19,502,384,000, representing a slight decrease from approximately RMB19,717,811,000 as at 31 December 2020.

### **Income tax**

The Group's income tax for the first half of 2021 amounted to approximately RMB2,852,955,000, representing an increase of approximately 379.0% from approximately RMB595,591,000 for the corresponding period last year, mainly due to the increase in the Group's profit before taxation and the corresponding increase in the income tax expense as a result of the fully utilisation of the losses of certain subsidiaries of the Group.

### **Net profit attributable to shareholders of the Company and earnings per share**

For the six months ended 30 June 2021, net profit attributable to shareholders of the Company amounted to approximately RMB8,142,519,000, representing an increase of approximately 187.5% from approximately RMB2,831,849,000 for the corresponding period last year.

During the Period, basic earnings per share of the Company were approximately RMB0.903 (the corresponding period of 2020: approximately RMB0.330).

### **Interim dividend and closure of register of members**

On 20 August 2021, the Board resolved to declare an interim dividend of HK45.0 cents per share for the six months ended 30 June 2021, payable to the shareholders whose names appear on the register of members of the Company on 12 November 2021. For the purpose of determining the identity of the shareholders who are entitled to the interim dividend, the register of members of the Company will be closed from 8 November 2021 to 12 November 2021 (both days inclusive) during which period no transfer of shares will be effected. The interim dividend is expected to be paid on 26 November 2021.

In order to determine the identity of the shareholders who are entitled to the interim dividend, all share transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on 5 November 2021.

## Capital structure

The Group has established an appropriate liquidity risk management framework to secure its short, medium and long-term funding supply and to satisfy its liquidity requirements. As at 30 June 2021, the cash and cash equivalents of the Group amounted to approximately RMB49,764,694,000 (31 December 2020: approximately RMB45,465,361,000), which were mainly placed in commercial banks. Such level of cash and cash equivalents would facilitate in ensuring stable and flexible business operation of the Group. The Group will continue to take effective measures to ensure sufficient liquidity and financial resources, so as to satisfy the business need and maintain a sound and steady financial position.

As at 30 June 2021, the total liabilities of the Group amounted to approximately RMB101,040,423,000 (31 December 2020: approximately RMB104,729,330,000). Gearing ratio (total liabilities to total assets) was approximately 53.7% (31 December 2020: approximately 57.7%), reflecting the fact that the gearing ratio of the Group was further optimised.

The Group used certain of its restricted bank deposits, inventories, trade receivables, equipment and right-of-use assets as collateral for bank borrowings to provide part of the funding for its daily business operation and project construction. As at 30 June 2021, the Group had secured bank borrowings of approximately RMB10,013,038,000 (31 December 2020: approximately RMB8,453,755,000).

As at 30 June 2021, the Group's total bank borrowings were approximately RMB37,574,977,000. The Group maintained a balanced portfolio of loans at fixed interest rates and variable interest rates to manage its interest expenses. As at 30 June 2021, approximately 35.8% of the Group's bank borrowings were subject to fixed interest rates while the remaining approximately 64.2% were subject to floating interest rates.

The Group aims to maintain a balance between the continuity and flexibility of funding through various debt financing instruments. As at 30 June 2021, debts of the Group, other than bank borrowings, include medium-term notes and bonds of approximately RMB19,640,628,000, guaranteed notes of approximately RMB6,418,131,000 and convertible bonds of approximately RMB4,935,044,000, the interest rates of which ranged from 3.84% to 7.47% per annum. Such notes and bonds will facilitate the optimization of the Group's debt structure and reduce its finance costs.

As at 30 June 2021, the Group had net current assets of approximately RMB37,026,626,000. The Group will continue to diversify its financing channels and optimize its debt structure. In addition, the Group will sustain its existing production capacity advantages, control its production costs, improve its profitability and improve its cash flow position in order to maintain the adequate liquidity of the Group.

As at 30 June 2021, the Group's liabilities were mainly denominated in RMB and US Dollars, of which, approximately 73.5% were denominated in RMB and approximately 26.5% were denominated in US Dollars. The Group's cash and cash equivalents were mainly held in RMB and US Dollars, of which approximately 95.4% were held in RMB and approximately 4.5% were held in US Dollars.



## **Employee and remuneration policy**

As at 30 June 2021, the Group had a total of 42,751 employees. During the Period, the total staff costs of the Group amounted to approximately RMB1,734,671,000, representing approximately 3.3% of its total revenue. The remuneration packages of the employees of the Group include salaries and various types of benefits. In addition, the Group established a performance-based remuneration system under which the employees may be awarded by additional bonuses. The Group provided training programs for employees to equip them with the requisite working skills and knowledge.

## **Foreign exchange exposure**

The Group received most of its revenue in RMB and funded most of its capital expenditures in RMB. As the importation of bauxite and production equipment, and certain bank balances, bank borrowings, convertible bonds and senior notes are denominated in foreign currencies, the Group is subject to certain foreign exchange exposure. As at 30 June 2021, the Group's bank balances denominated in foreign currencies were approximately RMB2,303,344,000 and liabilities denominated in foreign currencies were approximately RMB18,189,916,000. For the six months ended 30 June 2021, the Group's foreign exchange gains were approximately RMB39,050,000 (for the six months ended 30 June 2020: exchange losses of approximately RMB198,467,000).

## **Contingent liability**

As at 30 June 2021, the Group has no significant contingent liability.

## **EVENTS AFTER THE REPORTING PERIOD**

On 18 August 2021, Shandong Hongqiao completed the issuance of 2021 domestic book-entry corporate bonds (tranche 2) bearing interest at 4.16% per annum, with an offering size of RMB1,000,000,000 for a term of 3 years (with the issuer's option to adjust the coupon rate and the investors' entitlement to sell back at the end of the first year and the end of the second year).

Save as disclosed above, as at the date of this results announcement, there was no any important event affecting the Group that has occurred since 30 June 2021.

## **FUTURE PROSPECT**

Look forward to the second half of 2021, with the continued positive macroeconomic development in the PRC, the Group believes that China's aluminum industry will maintain its momentum for positive development with the support of its solid development foundation and steadily increasing demand for aluminum consumption. However, uncertainties in the global economic development prevail due to the pandemic resurgence, therefore, there will still be both challenges and opportunities for the aluminum industry ahead.

As always, being a leading enterprise in the industry, the Group will continue to actively respond to the strategic “Dual Carbon” goals of the PRC by proactively fulfilling the responsibility of reducing carbon emissions and firmly implementing effective initiatives for achieving the “Dual Carbon” goals. While effectively fulfilling its social responsibilities, the Group will further accelerate the constant enhancement of its basic corporate management standard and strive to make positive contributions to promoting the low-carbon transformation of the industry and facilitating the PRC to achieve the “Dual Carbon” goals to counter the effects of global climate change. In addition, the Group will also strive to properly manage its existing assets and improve its industrial and supply chains while accelerating its extension to the high-end of the industrial chain. As regards its debt structure, the Group will constantly optimise its financial structure to strive to maintain a sustainable and stable dividend distribution policy to reward the shareholders for their long-term support.

## **SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS’ INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES**

As at 30 June 2021, so far as known to the Directors and chief executive of the Company, the following persons (other than the Directors or chief executive of the Company) had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”), or recorded in the register required to be kept by the Company under section 336 of the SFO:

<b>Name of shareholder</b>	<b>Capacity/Nature of interest</b>	<b>Number of total shares held</b>	<b>Approximate percentage of total issued share capital as at 30 June 2021 (%)</b>
Shiping Prosperity Private Trust Company <sup>(1)</sup>	Trustee	6,076,513,573 (L)	66.62
China Hongqiao Holdings Limited (“Hongqiao Holdings”) <sup>(1)</sup>	Beneficial owner	6,076,513,573 (L)	66.62
CTI Capital Management Limited <sup>(2)</sup>	Beneficial owner	806,640,670 (L)	8.84
CITIC Limited <sup>(2)</sup>	Interest of a controlled corporation	1,157,253,469 (L)	12.69
CITIC Group Corporation <sup>(2)</sup>	Interest of a controlled corporation	1,157,253,469 (L)	12.69

(L) denotes long positions

*Notes:*

- (1) Shipping Prosperity Private Trust Company held 100% equity interest in Hongqiao Holdings as trustee.
- (2) CITIC Group Corporation held 100% equity interest in CITIC Polaris Limited, which held 32.53% equity interest in CITIC Limited, and CITIC Group Corporation also held 100% equity interest in CITIC Glory Limited, which held 25.60% equity interest in CITIC Limited, thus CITIC Group Corporation indirectly held 58.13% equity interest in CITIC Limited. CITIC Limited held 100% equity interest in CITIC Corporation Limited. CITIC Corporation Limited held 82.26% equity interest in CITIC Trust Co., Ltd. and 100% equity interest in CITIC Industrial Investment Group Corp., Ltd, which held 17.74% equity interest in CITIC Trust Co., Ltd. Accordingly, CITIC Corporation Limited directly and indirectly held 100% equity interest in CITIC Trust Co., Ltd. CITIC Trust Co., Ltd. held 100% equity interest in CTI Capital Management Limited, thus CITIC Group Corporation and CITIC Limited are deemed to be interested in the shares of the Company held by CTI Capital Management Limited under the SFO.

CITIC Limited held 65.37% equity interest in China CITIC Bank Corporation Limited indirectly, which held 99.05% equity interest in CNCB (Hong Kong) Investment Limited directly. CITIC Corporation Limited held 100% equity interest in CITIC Investment (HK) Limited indirectly, which in turn held 100% equity interest in Fortune Class Investments Limited directly. Fortune Class Investments Limited held 0.02% equity interests in China CITIC Bank Corporation Limited directly. CITIC Limited held 100% equity interest in Metal Link Limited directly, which in turn held 0.58% equity interest in China CITIC Bank Corporation Limited directly. Accordingly, CITIC Group Corporation and CITIC Limited are deemed to be interested in the shares of the Company held by CNCB (Hong Kong) Investment Limited under the SFO.

Save as disclosed above, as at 30 June 2021, so far as known to the Directors and chief executive of the Company, there was no any other person (other than the Directors or chief executive of the Company) who 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 the provisions of Divisions 2 and 3 of Part XV of the SFO, or recorded in the register required to be kept by the Company under section 336 of the SFO.

## **DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES**

As at 30 June 2021, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) 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 recorded in the register required to be kept by the Company under 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 Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

### **Long positions in the shares of the Company**

<b>Name of director</b>	<b>Capacity/Nature of interest</b>	<b>Number of total shares held</b>	<b>Approximate percentage of total issued share capital as at 30 June 2021 (%)</b>
Mr. ZHANG Bo	Beneficial owner	8,870,000 (L)	0.10

Save as disclosed above, as at 30 June 2021, there were no any other Directors or chief executive of the Company or any of their spouses or children under the age of 18 who had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its controlling companies, subsidiaries or other associated corporations (within the meaning of Part XV of the SFO) 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 or short positions which they were taken or deemed to have under such provisions of the SFO); or to be recorded pursuant to section 352 of the SFO in the register referred to therein; or to be notified to the Company and the Stock Exchange pursuant to the Model Code.

## **DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

At no time during the six months ended 30 June 2021 and up to the date of this results 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 the acquisition of shares in, or debentures of, the Company or any other body corporate, 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 in, or debentures of, the Company or any other body corporate or had exercised any such right during the period.

## **AUDIT COMMITTEE**

The Company has established the audit committee (the “Audit Committee”) in compliance with the Corporate Governance Code (the “CG Code”) contained in Appendix 14 to the Listing Rules for the purposes of reviewing and providing supervision over the Group’s financial reporting process and internal controls. The Audit Committee comprises three independent non-executive Directors. The Audit Committee meeting was held on 20 August 2021 to review the interim results and the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2021. The Audit Committee considered that the interim results of the Group for the six months ended 30 June 2021 were in compliance with the relevant accounting standards, rules and regulations and adequate disclosures have been duly made.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 June 2021 and up to the date of this results announcement.

## **PLACING OF EXISTING SHARES AND SUBSCRIPTION OF NEW SHARES**

In order to raise further capital as well as broaden the Company’s shareholder and capital base, on 10 March 2021 (after trading hours), the Company, Hongqiao Holdings and the placing agents entered into the placing and subscription agreement. Pursuant to the placing and subscription agreement, the placing agents agreed to place 243,000,000 shares of the Company held by Hongqiao Holdings to independent places at the placing price of HK\$9.72 per share, and Hongqiao Holdings agreed to subscribe for and the Company agreed to allot and issue 243,000,000 new shares of the Company to Hongqiao Holdings at the subscription price of HK\$9.72 per share. The placing and the subscription was completed on 15 March 2021 and 19 March 2021, respectively. For details, please refer to the announcements of the Company dated 10 March 2021 and 19 March 2021.

The net proceeds from the subscription were approximately HK\$2,324,000,000 and have been or will be used as follows:

30% for capital expenditure for Yunnan green aluminum innovation industrial park project. To further increase the proportion of clean energy, the Company will use approximately 30% of the net proceeds (approximately HK\$697,200,000) for the construction of Yunnan green aluminum innovation industrial park project. As at the date of this results announcement, approximately 53.8% of the net proceeds have been utilised by the Company, and the remaining 46.2% of the net proceeds are expected to be fully utilised by the end of 2021.

30% for capital expenditure for the secondary aluminum project. To further expand the Group’s business, the Company will use approximately 30% of the net proceeds (approximately HK\$697,200,000) for the development of the secondary aluminum project. As at the date of this results announcement, approximately 37.1% of the net proceeds have been utilised by the Company, and the remaining 62.9% of the net proceeds are expected to be fully utilised by the end of 2021.

40% for general corporate purposes. As at the date of this results announcement, the Company has utilised approximately 40% of the net proceeds (approximately HK\$929,600,000) to replenish the general working capital of the Group (including, among others, procurement of raw materials, research and development expenses and taxation).

## **ADJUSTMENTS OF THE PRINCIPAL AMOUNT AND CONVERSION PRICE OF 5.0% CONVERTIBLE BONDS DUE 2022**

On 28 November 2017, the Company successfully issued the convertible bonds of the Company in the initial principal amount of US\$320,000,000 to CNCB (Hong Kong) Investment Limited under the convertible bond specific mandate at the initial conversion price (subject to adjustment) of HK\$8.16. The net proceeds from the placing of the convertible bonds were approximately US\$316,800,000 and have been fully utilised by the Company for the purposes as described in the announcement of the Company dated 15 August 2017. For details, please refer to the announcement of the Company dated 15 August 2017, the circular dated 2 November 2017, the poll results announcement dated 20 November 2017 and the announcement dated 28 November 2017.

On 25 January 2018, CNCB (Hong Kong) Investment Limited converted the convertible bonds for 23% of the initial principal amount held by it into 70,544,156 shares of the Company at the initial conversion price of HK\$8.16 per share. For details, please refer to the announcement of the Company dated 15 August 2017 and the next day disclosure return dated 25 January 2018.

Pursuant to the terms and conditions of the convertible bonds, as the Company declared the payment of the final dividend for the year of 2016 and a special dividend, the conversion price was adjusted from HK\$8.16 per share to HK\$7.71 per share, effective from 7 February 2018. For details, please refer to the announcement of the Company dated 7 February 2018.

Pursuant to the terms and conditions of the convertible bonds, as the Company declared the payment of the final dividend for the year of 2017, the conversion price was adjusted from HK\$7.71 per share to HK\$7.53 per share, effective from 12 June 2018. For details, please refer to the announcement of the Company dated 13 July 2018.

Pursuant to the terms and conditions of the convertible bonds, as the Company declared the payment of the final dividend for the year of 2018, the conversion price was adjusted from HK\$7.53 per share to HK\$7.21 per share, effective from 17 June 2019. For details, please refer to the announcement of the Company dated 17 June 2019.

Pursuant to the terms and conditions of the convertible bonds, as the Company declared the payment of the final dividend for the year of 2019, the conversion price was adjusted from HK\$7.21 per share to HK\$6.51 per share, effective from 15 June 2020. For details, please refer to the announcement of the Company dated 15 June 2020.

Pursuant to the terms and conditions of the convertible bonds, as the Company declared the payment of the interim dividend for the year of 2020, the conversion price was adjusted from HK\$6.51 per share to HK\$6.31 per share, effective from 16 November 2020. For details, please refer to the announcement of the Company dated 16 November 2020.

Pursuant to the terms and conditions of the convertible bonds, as the Company has completed the placing and the subscription on 27 November 2020 and 2 December 2020, respectively, the conversion price was adjusted from HK\$6.31 per share to HK\$6.29 per share, effective from 2 December 2020. For details, please refer to the announcement of the Company dated 2 December 2020.

Pursuant to the terms and conditions of the convertible bonds, as the Company declared the payment of the final dividend for the year of 2020, the conversion price was adjusted from HK\$6.29 per share to HK\$6.04 per share, effective from 15 June 2021. For details, please refer to the announcement of the Company dated 11 June 2021.

### **COMPLETION OF THE ISSUANCE OF 5.25% CONVERTIBLE BONDS DUE 2026 WITH A PRINCIPAL AMOUNT OF US\$300,000,000 AND THE ADJUSTMENTS OF THE CONVERSION PRICE OF SUCH CONVERTIBLE BONDS**

On 7 January 2021 (after trading hours), the Company and the subsidiary guarantors entered into the convertible bond subscription agreement with the joint lead managers, pursuant to which the Company has agreed to issue and the joint lead managers have agreed, severally but not jointly, on a best-efforts basis, to subscribe and pay for, or to procure the subscription and payment for the convertible bonds in the initial principal amount of US\$300,000,000 at the initial conversion price (subject to adjustment) of HK\$8.91 per share. The net proceeds from the placing of the convertible bonds were approximately US\$294,000,000 and have been fully utilised by the Company for the purposes as described in the announcement of the Company dated 8 January 2021. For details, please refer to the announcements of the Company dated 8 January 2021 and 27 January 2021.

Pursuant to the terms and conditions of the convertible bonds, as the Company declared the payment of the final dividend for the year of 2020, the conversion price was adjusted from HK\$8.91 per share to HK\$8.47 per share, effective from 15 June 2021. For details, please refer to the announcements of the Company dated 11 June 2021 and 15 June 2021.

## **INTRODUCTION OF THE STRATEGIC INVESTOR**

On 30 April 2021, the Company, Hongqiao Investment (Hong Kong) Limited (宏橋投資(香港)有限公司) (“Hongqiao Investment (HK)”) and Shandong Hongqiao, both being indirect subsidiaries of the Company, entered into the capital contribution agreement with CCB Financial Asset Investment Company Limited (建信金融資產投資有限公司) (“CCB Investment”), pursuant to which CCB Investment has agreed to subscribe for new capital in Shandong Hongqiao in the aggregate amount of RMB1.0 billion (together with two other previous investors, namely Sanya Changzhe Hongji Venture Capital Fund Partnership (Limited Partnership) (三亞長浙宏基創業投資基金合夥企業(有限合夥)) and Sanya Changzhe Hongye Venture Capital Fund Partnership (Limited Partnership) (三亞長浙宏葉創業投資基金合夥企業(有限合夥)), a total amount of RMB3.8 billion); meanwhile, Hongqiao Investment (HK) has agreed to contribute capital of RMB3.0 billion from the distributable profits of Shandong Hongqiao simultaneously to Shandong Hongqiao. The total amount involved in the aforesaid capital increase was RMB6.8 billion. Upon completion of the capital increase, Shandong Hongqiao will be held as to approximately 94.52% by Hongqiao Investment (HK) and as to approximately 5.48% in aggregate by the investors, respectively. The Company has fully utilised the net proceeds from the capital increase for the purposes as described in the announcement of the Company dated 3 May 2021. For details, please refer to the announcement of the Company dated 3 May 2021.

## **SENIOR NOTES**

On 1 June 2021 (after trading hours), the Company and the subsidiary guarantors entered into the purchase agreement with the initial purchasers, pursuant to which the Company has agreed to issue and the initial purchasers have agreed to purchase and pay for the notes in an aggregate principal amount of US\$500,000,000. The net proceeds from this issuance of notes, after deducting the underwriting discounts and commission and other expenses payable in connection with this offering, amounted to approximately US\$493,900,000. Such notes are listed and quoted on the SGX-ST. The Company has fully utilised the net proceeds for the purposes as described in the announcement of the Company dated 1 June 2021. For details, please refer to the announcements of the Company dated 1 June 2021 and 10 June 2021.

## **DIRECTORS’ SECURITIES TRANSACTIONS**

The Company has adopted a code of conduct regarding the directors’ securities transactions on terms no less exacting than the required standards as set out in the Model Code. Having made specific enquiry to all of the Directors, the Company confirmed that each of the Directors has complied with the standards as set out in the Model Code and the code of conduct of the Company regarding directors’ securities transactions throughout the six months ended 30 June 2021 and up to the date of this results announcement.



## COMPLIANCE WITH THE CG CODE

The Company has applied the principles as set out in the CG Code. For the six months ended 30 June 2021, the Company has complied with the code provisions as set out in the CG Code, except for the following deviation:

Mr. Zhang Bo, the chief executive officer of the Company, concurrently serves as the chairman of the Board. Code Provision A.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. However, taking into consideration the abundant management experience and industry expertise of Mr. Zhang Bo and the fact that he is very familiar with the business of the Group, the Board believes that it is beneficial to the continuous and stable development of the business of the Group for Mr. Zhang Bo to serve as both the chairman of the Board and the chief executive officer of the Company. Furthermore, the members of the Board also include qualified professionals and other experienced individuals. The Board considers the current composition of the Board can ensure a balance of power and authority with the support of the Board committees and the vice chairman of the Board.

Save as disclosed above, there was no non-compliance of other code provisions as set out in the CG Code by the Company for the six months ended 30 June 2021.

## DISCLOSURE OF INFORMATION ON WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The electronic version of this results announcement will be available on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [www.hongqiaochina.com](http://www.hongqiaochina.com). The printed version of the interim report will be dispatched to the shareholders on or before 30 September 2021.

By order of the Board  
**China Hongqiao Group Limited**  
**Mr. Zhang Bo**  
*Chairman*

Shandong, the People's Republic of China  
20 August 2021

*As at the date of this announcement, the Board comprises twelve directors, namely Mr. Zhang Bo, Ms. Zheng Shuliang, Ms. Zhang Ruilian and Ms. Wong Yuting as executive directors, Mr. Yang Congsen, Mr. Zhang Jinglei, Mr. Li Zimin (Mr. Zhang Hao as his alternate) and Ms. Sun Dongdong as non-executive directors, and Mr. Wen Xianjun, Mr. Xing Jian, Mr. Han Benwen and Mr. Dong Xinyi as independent non-executive directors.*