



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

(Incorporated under the laws of the Cayman Islands with limited liability)
Stock Code : 1378

Interim Report **2022**

Contents

Corporate Information	2
Financial Highlights	4
Chairman's Statement	5
Management Discussion and Analysis	8
Supplementary Information	17
Report on Review of Interim Condensed Consolidated Financial Information	22
Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (Unaudited)	23
Interim Condensed Consolidated Statement of Financial Position (Unaudited)	24
Interim Condensed Consolidated Statement of Changes in Equity (Unaudited)	26
Interim Condensed Consolidated Statement of Cash Flows (Unaudited)	28
Notes to the Interim Condensed Consolidated Financial Information (Unaudited)	30

Corporate Information

EXECUTIVE DIRECTORS

Mr. Zhang Bo (*Chairman, Chief Executive Officer, Authorised Representative*)
Ms. Zheng Shuliang (*Vice Chairman*)
Ms. Zhang Ruilian (*Vice President, Chief Financial Officer*)
Ms. Wong Yuting (*Head of Investor Relations Department, Head of Corporate Finance Department*)

NON-EXECUTIVE DIRECTORS

Mr. Yang Congsen
Mr. Zhang Jinglei
Mr. Li Zimin (*Mr. Zhang Hao as his alternate*)
Ms. Sun Dongdong

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wen Xianjun
Mr. Xing Jian
Mr. Han Benwen
Mr. Dong Xinyi

CHIEF FINANCIAL OFFICER

Ms. Zhang Ruilian

COMPANY SECRETARY

Ms. Zhang Yuexia

AUDIT COMMITTEE

Mr. Han Benwen (*Chairman of Audit Committee*)
Mr. Xing Jian
Mr. Dong Xinyi

NOMINATION COMMITTEE

Mr. Xing Jian (*Chairman of Nomination Committee*)
Mr. Zhang Bo
Mr. Han Benwen

REMUNERATION COMMITTEE

Mr. Han Benwen (*Chairman of Remuneration Committee*)
Mr. Zhang Bo
Mr. Xing Jian

AUTHORISED REPRESENTATIVES

Mr. Zhang Bo
Ms. Zhang Yuexia

PLACE OF BUSINESS IN HONG KONG

Suite 5108
The Center
99th Queen's Road Central
Central
Hong Kong

HEAD OFFICE IN THE PRC

Huixian One Road
Zouping Economic Development District
Zouping City
Shandong Province
the PRC

CAYMAN ISLANDS REGISTERED OFFICE

P.O. Box 31119
Grand Pavilion, Hibiscus Way
802 West Bay Road
Grand Cayman, KY1-1205
Cayman Islands

Corporate Information

INTERNATIONAL AUDITOR

SHINEWING (HK) CPA Limited
Registered Public Interest Entity Auditor

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Suntera (Cayman) Limited
Suite 3204, Unit 2A, Block 3
Building D, P.O. Box 1586
Gardenia Court, Camana Bay
Grand Cayman, KY1-1110
Cayman Islands

INVESTOR RELATIONS DEPARTMENT OF THE COMPANY

Ms. Wong Yuting
Tel: (852) 2815 1080
Fax: (852) 2815 0089
Email: christine@hongqiaochina.com

STOCK CODE

1378.HK

LISTING PLACE

Main Board of The Stock Exchange of Hong Kong Limited

LISTING DATE

24 March 2011

NUMBER OF ISSUED SHARES AS AT 30 JUNE 2022

9,334,055,509

INVESTOR RELATIONS AND MEDIA RELATIONS CONSULTANT

China Times Corporate Advisory Limited
Tel: (852) 2960 9696
Fax: (852) 3428 3012
Email: pr@ctimes.hk
Address: 16/F., Zoroastrian Building, 101 Leighton Road,
Causeway Bay, Hong Kong

FINANCIAL YEAR END

31 December

FINANCIAL CALENDAR

Interim Results Announcement Date
26 August 2022

COMPANY WEBSITE

www.hongqiaochina.com

EXPECTED DATE OF INTERIM DIVIDEND PAYMENT

2 December 2022

Financial Highlights

(Unaudited financial data prepared in accordance with the IAS)

	For the six months ended 30 June		
	(RMB'000)		
	2022	2021	Change
Revenue	68,738,652	52,480,549	+31.0%
Gross profit	14,955,187	15,735,770	-5.0%
Gross profit margin (%)	21.8	30.0	-8.2 p.p
Net profit margin (%)	12.6	16.1	-3.5 p.p
Net profit attributable to shareholders of the Company	7,846,289	8,142,519	-3.6%
Basic earnings per share (RMB)	0.850	0.903	-5.9%

	As at 30 June		
	(RMB'000)		
	2022	2021	Change
Cash and cash equivalents	49,222,961	49,764,694	-1.1%
Total capital (total equity + total debt)	159,049,849	155,598,428	+2.2%
EBITDA/Interest coverage ratio	10.2	9.2	+1.0 times
Debt/EBITDA (times)	1.8	2.0	-0.2 times
Debt/Total capital (%)	38.6	44.1	-5.5 p.p
Accounts receivable turnover (days)	21	29	-8 days
Accounts payable turnover (days)	53	67	-14 days
Inventory turnover (days)	89	96	-7 days



Chairman's Statement

To all shareholders,

On behalf of the board (the “**Board**”) of directors (the “**Directors**”) of China Hongqiao Group Limited (the “**Company**” or “**China Hongqiao**”), I hereby present the unaudited consolidated interim results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2022 (the “**Period**” or “**Period under Review**”).

In the first half of 2022, as a result of impacts from adverse factors such as repeated outbreaks of the COVID-19 pandemic (the “**Pandemic**”) and the ongoing conflict between Russia and Ukraine, the global imbalance between supply and demand intensified while inflation levels rose significantly, leaving the global economy with greater downward pressure. On the domestic front, faced with multiple challenges brought about by an increasingly complex and severe international environment and the recurrence of the Pandemic, the People's Republic of China (“**China**”) government continuously bolstered its efforts on macroeconomic policy adjustments and the economy operated in a stable manner as a whole. According to the data published by the National Bureau of Statistics of China, the total retail sales of consumer goods in China in the first half of 2022 was approximately RMB21.0 trillion, representing a year-on-year decrease of approximately 0.7%.

During the Period under Review, the global supply of primary aluminum faced serious challenges. On the one hand, the regional energy crisis caused a massive reduction in production by overseas aluminum manufacturers. On the other hand, the Russia-Ukraine conflict also drove the production increase of overseas primary aluminum during the Period to fall short of expectations, resulting in a reduction in overseas primary aluminum supply. With greater downward pressure on the economy, consumption also exhibited weak growth. The domestic production of aluminum products in China generally maintained a stable growth during the Period, but the demand for aluminum products declined due to the sporadic outbreak of the Pandemic over a long period of time. As the PRC economy undergoes transition and upgrading, the demand for aluminum in the traditional construction and real estate sectors decreased despite remaining generally stable, while certain aluminum such as those for transportation, power electronics and packaging have all continued to deliver growth momentum. In particular, the lightweighting of new energy vehicles has become an important driver for the growth in demand for aluminum and aluminum applications.

Looking back at the first half of 2022, in the face of the ever-changing market situation caused by the recurrent outbreaks of the Pandemic at home and abroad coupled with the unstable geopolitical situation, the Group adhered to the general objective of seeking progress in stability, maintained its unwavering confidence and proactiveness in striving for developments and continued its stable and high-quality development.

Chairman's Statement

During the Period, with the theme of “green development, environmental protection and ultra-low emission” and a focus on fields such as “green smart manufacturing, technological innovation and public charity”, the Group continued to promote corporate transformation and upgrading, improve its core competitiveness and enhance its ability to contribute to society. During the Period, Zouping Hongfa Aluminum Technology Co., Ltd. (鄒平宏發鋁業科技有限公司) (“**Hongfa Aluminum**”), a subsidiary of the Company, was included in the 2022 Green Factory Demonstration List of the Shandong Province and was awarded the “2022 EcoVadis Corporate Social Responsibility Achievement” medal, recognising Hongfa Aluminum for their efforts in certain areas of corporate social responsibility such as environmental protection, business ethics and sustainable procurement. Shandong Hongqiao New Material Co., Ltd. (山東宏橋新型材料有限公司) (“**Shandong Hongqiao**”), a subsidiary of the Company, was recognised as a national-level green factory of 2021, once again standing out from many production companies. The Group has steadfastly implemented its lightweight strategy. Following the launch of a series of integrated automotive lightweighting research and development projects in 2021, the Group continued to strengthen the construction of its lightweighting base during the Period to promote industrial clustering and innovation of industrial ecology, and further upgraded the lightweighting base to build a lightweight engineering centre.

Further, the Group continued to develop recycled aluminum through the Sino-German Hongshun Circular Technology Industrial Park project, adjusting the product structure, promoting the re-engineering of the industry chain and enhancing the value chain and continuing to make new contributions to the shaping of a local aluminum brand and a high-end aluminum cluster of the world. At the same time, the Group also continued to promote the construction and commissioning of the Yunnan Green Aluminum Innovation Park in a steady and orderly manner by continuing the transfer of production capacity and relying on the advantages of Yunnan's abundant resources in hydropower and photovoltaic power generation, and has currently formed a power supply pattern deploying multiple energy sources and with an increasing proportion of green energy. As for overseas business, the Group insisted on open integration and steadily promoted the construction of overseas projects, striving to create a new landscape of international operation. The Republic of Indonesia (“**Indonesia**”) alumina project has maintained a stable production of the first phase with an output of one million tons, while the production line of the second phase with capacity of a further one million tons commenced during the Period.

During the Period under Review, the Group's revenue amounted to approximately RMB68,738,652,000, representing a year-on-year increase of approximately 31.0%; gross profit amounted to approximately RMB14,955,187,000, representing a year-on-year decrease of approximately 5.0%; net profit attributable to shareholders of the Company amounted to approximately RMB7,846,289,000, representing a year-on-year decrease of approximately 3.6%; and basic earnings per share amounted to approximately RMB0.850 (the corresponding period of 2021: approximately RMB0.903). The Board resolved payment of an interim dividend of HK41.0 cents per share for 2022 (the corresponding period of 2021: HK45.0 cents).



Chairman's Statement

In respect of the capital market, the Group has continued to lower its gearing ratio and flexibly deployed various financing sources to further enhance its risk resistance capacity and to strengthen its sustainable and high-quality development. During the Period under Review, the Group was included by Hang Seng Indexes Company Limited as a constituent stock of the Hang Seng Index which has been widely quoted as an important indicator of the performance of the Hong Kong stock market. In addition, the credit ratings and outlook of the Group as a long-term bond issuer were upgraded by major rating agencies including Moody's Corporation, Fitch Ratings Inc. and Lianhe Ratings Global Limited during the Period, fully demonstrating the recognition of the operating conditions, financial performance and development potential of the Group by the domestic and international capital markets.

Throughout the first half of 2022, despite multiple challenges posed to the Group and even the global aluminum industry from factors such as the resurgence of the Pandemic and the ongoing conflict between Russia and Ukraine, the overall operations of the Group remained stable during the Period due to its proactive measures. Nevertheless, the Group's business and operations will at the same time face uncertainties as a result of unfavourable factors such as trade frictions, resource and environmental policies, industrial structure adjustments, increased production costs and geopolitics.

Looking ahead to the second half of the year, the Group believes that as China continues to introduce domestic policies aimed at achieving a stable growth coupled with the emerging areas such as lightweight and new energy, the aluminum industry in China can be expected to maintain a steady growth momentum. Therefore, the Group remains fully confident in the future development of the aluminum industry. However, due to the pressure arising from uncertainties such as the global development of the Pandemic and geopolitics, the aluminum industry of the PRC will continue to face the coexistence of both opportunities and challenges. The Group will adhere to the development concept of "innovation, coordination, green development, openness and sharing", focus on stabilising the market and controlling costs, develop a circular economy, build an industry benchmark in green aluminum and recycled aluminum production and play a leading role in the green and high-quality development of the industry.

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, and to our shareholders, investors and business partners for their support and trust.

Zhang Bo

Chairman of the Board

26 August 2022

Management Discussion and Analysis

INDUSTRY REVIEW

During the Period under review, following the impacts from adverse factors such as geopolitical conflicts, the energy crisis and repeated outbreaks of the Pandemic, the global imbalance between supply and demand intensified while the global economy faced greater downward pressure and the aluminum industry moved forward amongst the difficulties and challenges. In respect of the overseas market, as the regional energy crisis continued to simmer coupled with the conflict between Russia and Ukraine, the supply of overseas primary aluminum remained tight while aluminum prices stood at high levels for a long period of time as driven by cost factors. However, the U.S. Federal Reserve's rate hike policy resulting in the tightened liquidity in overseas markets and slower consumption growth exerted greater pressure on the aluminum industry and led to a sharp fall in aluminum prices. As for the domestic market, the recurrent outbreaks of the Pandemic had a certain unfavourable impact on the supply and demand of primary aluminum, and as a result, aluminum prices experienced fluctuations of rising high followed by a subsequent decrease. Nevertheless, with the continuous introduction of growth stabilisation policies by the PRC government and the ongoing efforts in the areas of new energy infrastructure and automobile lightweighting, the domestic demand gradually picked up.

During the first half of 2022, the average price of three-month aluminum futures at the London Metal Exchange (LME) was approximately US\$3,076/ton, representing an increase of approximately 36.3% compared with the corresponding period last year. The average price of three-month aluminum futures at the Shanghai Futures Exchange (SHFE) was approximately RMB21,406/ton (including value-added tax), representing an increase of approximately 23.8% compared with the corresponding period last year. (Data source: Beijing Antaike Information Co., Ltd. ("**Antaike**"))

The global production of primary aluminum in the first half of 2022 was approximately 33.98 million tons, representing a year-on-year increase of approximately 0.3%. Global consumption of primary aluminum in the first half of 2022 was approximately 34.54 million tons, representing a year-on-year increase of approximately 0.2%. For China, the production of primary aluminum in the first half of 2022 was approximately 19.70 million tons, representing a year-on-year increase of approximately 0.3% and accounting for approximately 58.0% of global production volume. China's consumption of primary aluminum in the first half of 2022 was approximately 19.65 million tons, representing a year-on-year decrease of approximately 2.5% and accounting for approximately 56.9% of global primary aluminum consumption. (Data source: Antaike)

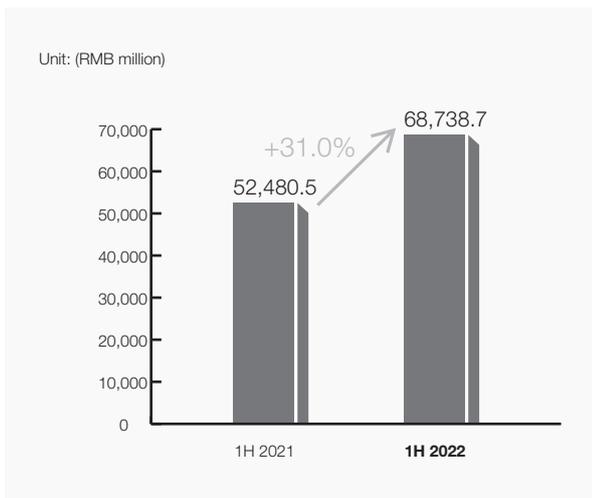
Management Discussion and Analysis

BUSINESS REVIEW

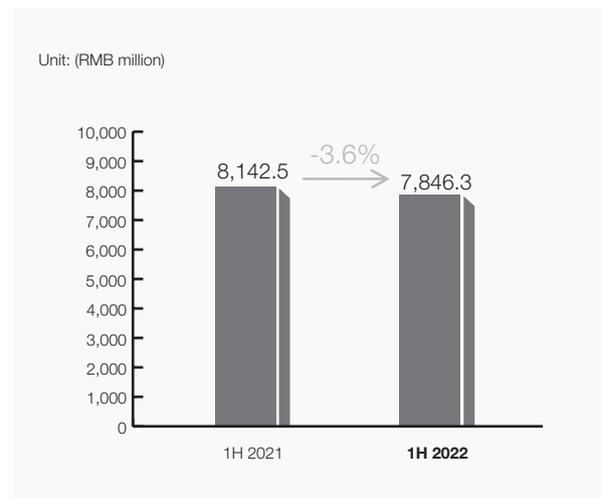
During the Period, the Group's output of aluminum alloy products was approximately 2.931 million tons, representing a slight increase compared with the corresponding period last year. Output of aluminum fabrication products remained stable at 0.362 million tons compared with the corresponding period 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 2022 and for the corresponding period of 2021 are as follows:

Revenue (Unaudited)



Net profit attributable to shareholders of the Company (Unaudited)



For the six months ended 30 June 2022, the Group's revenue was approximately RMB68,738,652,000, representing a period-on-period increase of approximately 31.0%, mainly due to the significant increase in the prices of aluminum alloy products, aluminum fabrication products and alumina products during the Period as compared with the same period last year, resulting in a corresponding increase in revenue from products.

For the six months ended 30 June 2022, net profit attributable to shareholders of the Company amounted to approximately RMB7,846,289,000, representing a year-on-year decrease of approximately 3.6%. Although profit for the Period of the Group increased by approximately 3.1% as compared with the corresponding period last year to approximately RMB8,685,276,000, an increase in net profit attributable to non-controlling interests resulted in a slight decrease in net profit attributable to shareholders of the Company.

Management Discussion and Analysis

FINANCIAL REVIEW

The following table shows the comparison between the breakdown of the Group's revenue by products for the six months ended 30 June 2022 and for the corresponding period of 2021:

Products	For the six months ended 30 June							
	2022				2021			
	Revenue RMB'000	Gross profit RMB'000	Gross profit margin %	Proportion of sales revenue to total revenue %	Revenue RMB'000	Gross profit RMB'000	Gross profit margin %	Proportion of sales revenue to total revenue %
Aluminum alloy products	50,461,070	10,934,555	21.7	73.4	38,356,421	12,582,280	32.8	73.1
Alumina	10,706,214	2,453,517	22.9	15.6	7,920,530	1,656,558	20.9	15.1
Aluminum fabrication products	7,087,062	1,672,907	23.6	10.3	5,779,260	1,498,905	25.9	11.0
Steam	484,306	(105,792)	(21.8)	0.7	424,338	(1,973)	(0.5)	0.8
Total	68,738,652	14,955,187	21.8	100.0	52,480,549	15,735,770	30.0	100.0

For the six months ended 30 June 2022, the Group's revenue derived from aluminum alloy products was approximately RMB50,461,070,000, accounting for approximately 73.4% of the Group's revenue and representing an increase of approximately 31.6% from approximately RMB38,356,421,000 for the corresponding period last year, mainly attributable to the increase in average sales price of the Group's aluminum alloy products by approximately 23.0% during the Period as compared to the corresponding period last year and the increase in sales volume of the Group's aluminum alloy products by approximately 7.0% during the Period as compared to the corresponding period last year. Revenue derived from alumina products was approximately RMB10,706,214,000, accounting for approximately 15.6% of the Group's revenue and representing an increase of approximately 35.2% from approximately RMB7,920,530,000 for the corresponding period last year. The increase in sales revenue from alumina was mainly attributable to the increase in average price of alumina products by approximately 29.9% during the Period as compared to the corresponding period last year, and the increase in sales volume of the Group's alumina products by approximately 4.0% during the Period as compared to the corresponding period last year. Revenue derived from aluminum fabrication products was approximately RMB7,087,062,000, accounting for approximately 10.3% of the Group's revenue and representing an increase of approximately 22.6% from approximately RMB5,779,260,000 for the corresponding period last year, which was mainly attributable to the increase in the price of aluminum fabrication products of the Group during the Period.



Management Discussion and Analysis

For the six months ended 30 June 2022, the overall gross profit margin of the Group was approximately 21.8%, which decreased by approximately 8.2 percentage points from approximately 30.0% for the corresponding period last year. Gross profit margin of aluminum alloy products decreased by approximately 11.1 percentage points, mainly because, while the average selling price of aluminum alloy products increased during the Period as compared with the corresponding period last year, the extent of increase in the procurement costs of raw materials such as coal and anode carbon blocks exceeded that of the selling price of aluminum alloy products, leading to a decrease in the gross profit margin of aluminum alloy products as compared with the corresponding period last year. As a result of the increase in the price of alumina products, the gross profit margin of the Group's alumina products increased by approximately 2.0 percentage points as compared with the corresponding period last year. The gross profit margin of aluminum fabrication products decreased by 2.3 percentage points as compared with the corresponding period last year, mainly due to the increase in the cost of aluminum fabrication products during the Period as compared with the corresponding period last year.

Distribution and selling expenses

For the six months ended 30 June 2022, the Group's distribution and selling expenses were approximately RMB301,894,000, representing an increase of approximately 15.9% from approximately RMB260,384,000 for the corresponding period last year, mainly due to the increase in the sales of the aluminum alloy products and alumina products of the Group, resulting in a corresponding increase in transportation costs.

Administrative expenses

For the six months ended 30 June 2022, the Group's administrative expenses were approximately RMB3,060,161,000, representing an increase of approximately 19.9% from approximately RMB2,551,569,000 for the corresponding period last year, mainly because the Group continued to strengthen efforts in technological research and development and increased the research and development expenses during the Period, as well as the increase in exchange losses recorded by the Group due to changes in the Renminbi-U.S. Dollar exchange rate.

Finance costs

For the six months ended 30 June 2022, the Group's finance costs were approximately RMB1,651,885,000, representing a decrease of approximately 12.6% from approximately RMB1,889,582,000 for the corresponding period last year, which was mainly due to the decrease in interest expenses as the Group paid some of its medium-term notes due for payment during the Period.

Management Discussion and Analysis

Liquidity and financial resources

As at 30 June 2022, the Group's cash and cash equivalents were approximately RMB49,222,961,000, which did not differ significantly from the cash and cash equivalents of approximately RMB49,227,282,000 as at 31 December 2021.

For the six months ended 30 June 2022, the Group's net cash inflows from operating activities were approximately RMB9,684,133,000, net cash outflows from investment activities were approximately RMB3,251,163,000, and net cash outflows from financing activities were approximately RMB6,535,932,000. The net cash outflows from investment activities were mainly attributable to the cash outflows for the acquisition of property, plant and equipment; while the net cash outflows from financing activities were mainly attributable to the cash outflows for debt repayment, dividend payout and interest payment on debts by the Group during the Period.

For the six months ended 30 June 2022, the Group's capital expenditure amounted to approximately RMB2,728,267,000, mainly for the payment of the quality guarantee deposits for the preliminary stages of construction projects in accordance with the relevant contracts, and the construction expenditure for Yunnan Green Aluminum Innovation Park project, lightweight material base and the Indonesia alumina project.

As at 30 June 2022, the Group had capital commitment of approximately RMB2,435,632,000, representing capital expenditure for the acquisition of properties, plants and equipment in the future, primarily for the payment of the construction expenditure for Yunnan Green Aluminum Innovation Park project, lightweight material base and the Indonesia alumina project.

As at 30 June 2022, the Group's trade receivables amounted to approximately RMB8,455,791,000, representing an increase of approximately 16.1% from approximately RMB7,284,753,000 as at 31 December 2021, mainly because the Group provided customers with a specific credit period for the sales of aluminum fabrication products according to the market practice. The increase in the revenue of the aluminum alloy processing products resulted in an increase in account receivables.

As at 30 June 2022, the Group's prepayments and other receivables (including non-current assets) amounted to approximately RMB8,141,785,000, representing a decrease of approximately 28.0% as compared to the prepayments and other receivables (including non-current assets) of approximately RMB11,309,706,000 as at 31 December 2021, mainly because certain prepayments and other receivables at the end of 2021 were utilised or collected during the Period.

As at 30 June 2022, the Group's inventory amounted to approximately RMB30,483,322,000, representing an increase of approximately 34.3% from approximately RMB22,705,105,000 as at 31 December 2021, mainly due to an increase in the inventory quantity of certain raw materials and an increase in the unit cost of inventory.

Income tax

The Group's income tax for the first half of 2022 amounted to approximately RMB2,545,319,000, representing a decrease of approximately 10.8% from approximately RMB2,852,955,000 for the corresponding period last year, mainly due to the increase in deferred tax as a result of the increase in unrealised profit derived from internal sales of the Group.



Management Discussion and Analysis

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

For the six months ended 30 June 2022, net profit attributable to shareholders of the Company amounted to approximately RMB7,846,289,000, representing a decrease of approximately 3.6% from approximately RMB8,142,519,000 for the corresponding period last year.

During the Period, basic earnings per share of the Company were approximately RMB0.850 (the corresponding period of 2021: approximately RMB0.903).

Interim dividend and closure of register of members

On 26 August 2022, the Board resolved to declare an interim dividend of HK41.0 cents per share for the six months ended 30 June 2022 (the “**Interim Dividend**”), payable to the shareholders whose names appear on the register of members of the Company on Friday, 18 November 2022. 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 Monday, 14 November 2022 to Friday, 18 November 2022 (both days inclusive), during which no transfer of shares will be effected. The Interim Dividend is expected to be paid on Friday, 2 December 2022.

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 branch 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 Friday, 11 November 2022.

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 need. As at 30 June 2022, the cash and cash equivalents of the Group amounted to approximately RMB49,222,961,000 (31 December 2021: approximately RMB49,227,282,000), which were mainly placed in commercial banks. Such level of cash and cash equivalents would assist in ensuring the stability and flexibility of the Group’s business operations. The Group will continue to take effective measures to ensure sufficient liquidity and financial resources, so as to satisfy the business needs and maintain a sound and stable financial position.

As at 30 June 2022, the total liabilities of the Group amounted to approximately RMB95,497,192,000 (31 December 2021: approximately RMB95,982,093,000). Gearing ratio (total liabilities to total assets) was approximately 49.5% (31 December 2021: approximately 50.9%), which represents 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 operations and project construction. As at 30 June 2022, secured bank borrowings of the Group amounted to approximately RMB9,302,414,000 (31 December 2021: approximately RMB9,487,194,000).

Management Discussion and Analysis

As at 30 June 2022, the Group's total bank borrowings were approximately RMB36,937,998,000. The Group maintained an appropriate portfolio of liabilities at fixed interest rates and variable interest rates to manage its interest expenses. As at 30 June 2022, approximately 50.6% of the Group's bank borrowings were subject to fixed interest rates while its remainder of approximately 49.4% were subject to floating interest rates.

The Group aims to maintain a balance between the continuity and flexibility of financing through utilising various debt financing instruments. As at 30 June 2022, liabilities of the Group, other than bank borrowings, include short-term bonds and notes of approximately RMB1,500,000,000, medium-term notes and bonds of approximately RMB13,093,888,000, guaranteed notes of approximately RMB6,674,936,000 and convertible bonds of approximately RMB3,245,906,000, interest rates of which ranged from 3.98% to 7.375% per annum. Such notes and bonds would facilitate the optimisation of the Group's debt structure and reduce its financing costs.

As at 30 June 2022, the Group had net current assets of approximately RMB38,811,395,000. The Group will continue to expand its financing channels and optimise its debt structure. In addition, the Group will continue to control its production costs, enhance its profitability and improve its cash flow position in order to maintain adequate liquidity of the Group.

As at 30 June 2022, the Group's liabilities were mainly denominated in RMB and U.S. Dollars, of which, approximately 73.2% were denominated in RMB and approximately 26.8% were denominated in U.S. Dollars. Cash and cash equivalents were mainly held in RMB and U.S. Dollars, of which approximately 93.6% were held in RMB and approximately 6.1% were held in U.S. Dollars.

Pledged assets

Details of pledged assets of the Group are set out in Note 33 to the unaudited interim condensed consolidated financial information.

Employee and remuneration policy

As at 30 June 2022, the Group had a total of 45,438 employees, representing an increase of 2,788 employees as compared to 31 December 2021. During the Period, the total staff costs of the Group amounted to approximately RMB2,514,558,000, representing approximately 3.7% of its total revenue. The remuneration packages of the employees of the Group include salaries, various allowances and benefits. In addition, the Group established a performance-based incentive mechanism under which the employees may be awarded additional bonuses. The Group provided training programmes to employees to equip them with the requisite working skills and knowledge.



Management Discussion and Analysis

Foreign exchange risk

The Group collected most of its revenue in RMB and funded most of its expenditures in RMB. As the import of bauxite and production equipment, export for certain aluminum fabrication products, certain bank balances, bank borrowings, convertible bonds and senior notes are denominated in foreign currencies, the Group is exposed to certain foreign exchange risk. As at 30 June 2022, the Group's bank balances denominated in foreign currencies were approximately RMB3,158,941,000 and liabilities denominated in foreign currencies were approximately RMB16,473,455,000. For the six months ended 30 June 2022, the Group's foreign exchange losses were approximately RMB753,495,000 (for the six months ended 30 June 2021: foreign exchange gains of approximately RMB39,050,000).

During the Period under review, the Group took proactive initiatives to minimise foreign exchange fluctuation risks, and ensured the foreign exchange risks were under control on the whole. The Group proactively took the following measures to hedge its foreign exchange risks in accordance with its business operations: 1. reasonable arrangements for financing and foreign exchange revenue and expenditure with timely adjustments to the foreign exchange fund management scheme; 2. promotion of a cross-border fund pool management model which centralised and unified management and use of domestic and overseas funds in order to reduce settlement and sale costs and currency exchange losses; and 3. timely use of swap instruments to hedge foreign exchange risks in conjunction with changes in exchange rates and interest rates.

Contingent liability

As at 30 June 2022, the Group has no significant contingent liability.

Material acquisitions and disposals of subsidiaries, associates and joint ventures

For the six months ended 30 June 2022, the Company did not have other material acquisitions or disposals of subsidiaries, associates or joint ventures.

Significant investments held

For the six months ended 30 June 2022, the Group did not hold any significant investment which had a significant impact on its overall operation.

Future plans for material investments or capital assets

For the six months ended 30 June 2022 and as at the date of this interim report, there was no any future plan approved by the Group for any material investments or capital assets.

Management Discussion and Analysis

EVENTS AFTER THE REPORTING PERIOD

On 1 August 2022, Shandong Hongqiao completed the bookbuilding issuance of the 2022 domestic corporate bonds (second tranche) bearing interest rate at 4.5% 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 second year).

On 21 July 2022 and 18 August 2022, Shandong Hongqiao respectively completed the bookbuilding issuance of the first and second tranches of the 2022 domestic short-term finance bonds. Both tranches had an offering size of RMB1,000,000,000 and a maturity term of one year. The interest rates are 3.55% and 3.47% per annum respectively.

Except as disclosed above, as at 30 June 2022 and up to the date of this interim report, there was no important event affecting the Group.

FUTURE PROSPECT

The Group firmly believes that fulfilling its carbon reduction responsibility is not only a concrete step for the Group in proactively implementing the national strategies, assuming social responsibilities and responding to global climate changes, but also a key component to further enhance enterprise management levels and competitiveness. Therefore, in order to better assume and fulfill its carbon reduction responsibilities and to complement the strategic “Dual Carbon” goals of the country, the Group has been actively optimising its energy structure in recent years, vigorously developing the use of clean energy such as photovoltaic power, wind power and hydropower, gradually reducing the proportion of fossil energy and forming a new landscape of energy with multiple energy sources.

In the future, the Group will further optimise the energy structure, develop the circular economy, expand downstream processing, further developments in lightweighting, bolster investment in research and development, strengthen technological innovation and promote negative carbon technology to ensure the attainment of the “Dual Carbon” goals. The Company will also play a leading role in the industry chain, leading all partners in the chain to deeply engage in the carbon reduction initiatives, and continue to promote green and low-carbon development. In addition to promoting high-quality development, the Group will continue to optimise its financial structure and remain committed to rewarding shareholders with sustainable returns. The Group will continue to actively participate in charity activities in China, making greater contributions to society.

Supplementary Information

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

As at 30 June 2022, so far as it is 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 ("**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:

Name of shareholder	Capacity/Nature of interest	Number of total shares held	Approximate percentage of shareholding in the total issued share capital as at 30 June 2022 (%)
Shiping Prosperity Private Trust Company ⁽¹⁾	Trustee	6,076,513,573(L)	65.10
China Hongqiao Holdings Limited (" Hongqiao Holdings ") ⁽¹⁾	Beneficial owner	6,076,513,573(L)	65.10
CTI Capital Management Limited ⁽²⁾	Beneficial owner	803,190,170 ⁽³⁾ (L)	8.60
CITIC Limited ⁽²⁾	Interest of a controlled corporation	1,020,262,870(L)	10.93
CITIC Group Corporation ⁽²⁾	Interest of a controlled corporation	1,020,262,870(L)	10.93

(L) denotes long positions

Supplementary Information

Notes:

- (1) Shipping Prosperity Private Trust Company held 100% equity interest in Hongqiao Holdings as trustee.
- (2) According to the disclosure of interests as set out on the website of the Stock Exchange, 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.

According to the disclosure of interests as set out on the website of the Stock Exchange, CITIC Corporation Limited held 65.37% equity interest in China CITIC Bank Corporation Limited and CITIC Corporation Limited held 100% equity interest in CITIC Investment (HK) Limited, which in turn held 100% equity interest in Fortune Class Investments Limited. Fortune Class Investments Limited held 0.02% equity interest in China CITIC Bank Corporation Limited. In addition, CITIC Limited held 100% equity interest in Metal Link Limited, which in turn held 0.58% equity interest in China CITIC Bank Corporation Limited. China CITIC Bank Corporation Limited held 99.05% equity interest in CNCB (Hong Kong) Investment Limited. 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.

- (3) According to the disclosure of interests as set out on the website of the Stock Exchange, CTI Capital Management Limited was interested in 803,190,170 shares of the Company in long position.

Save as disclosed above, as at 30 June 2022, so far as it is 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 2022, 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 (“**Listing Rules**”), were as follows:

Supplementary Information

Long positions in the shares of the Company

Name of director	Capacity/Nature of interest	Number of total shares held	Approximate percentage of shareholding in the total issued share capital as at 30 June 2022 (%)
Mr. Zhang Bo	Beneficial owner	8,870,000 (L)	0.10

Save as disclosed above, as at 30 June 2022, 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 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 2022 and up to the date of this interim report 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**”) as set out 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 is composed of three independent non-executive Directors. The Audit Committee meeting was held on 26 August 2022 to review the interim results and the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2022. The Audit Committee considered that the interim financial results of the Group for the six months ended 30 June 2022 were in compliance with the relevant accounting standards, rules and regulations and adequate disclosures have been duly made.

Supplementary Information

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 2022 and up to the date of this interim report.

ADJUSTMENT OF CONVERSION PRICE OF US\$320,000,000 5.0% CONVERTIBLE BONDS DUE 2022

Reference is made to the announcement of the Company dated 15 August 2017 in relation to, among other things, the terms and conditions of the US\$320,000,000 5.0% convertible bonds due 2022 issued by the Company (the “**2017 Convertible Bonds**”). Due to the declaration of the final dividend by the Company for 2021, the conversion price of the 2017 Convertible Bonds has been adjusted from HK\$5.79 per share to HK\$5.41 per share with effect from 1 June 2022 (being the business day immediately following the date of the record date (i.e. 31 May 2022) in relation to the declaration), details of which are set out in the announcement of the Company dated 31 May 2022.

ADJUSTMENT OF CONVERSION PRICE OF US\$300,000,000 5.25% CONVERTIBLE BONDS DUE 2026

Reference is made to the announcement of the Company dated 8 January 2021 in relation to, among other things, the terms and conditions of the US\$300,000,000 5.25% convertible bonds due 2026 issued by the Company (the “**2021 Convertible Bonds**”). Due to the declaration of the final dividend by the Company for 2021, the conversion price of the 2021 Convertible Bonds has been adjusted from HK\$8.12 per share to HK\$7.63 per share with effect from 1 June 2022 (being the business day immediately following the date of the record date (i.e. 31 May 2022) in relation to the declaration), details of which are set out in the announcement of the Company dated 31 May 2022.

CHANGES IN INFORMATION OF THE DIRECTORS AND CHIEF EXECUTIVE

For the six months ended 30 June 2022 and as at the date of this interim report, there was no change in the Directors or chief executive of the Company, and the Company was not aware of any other changes in the information of the Directors or chief executive of the Company which were required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

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 with 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 2022 and up to the date of this interim report.



Supplementary Information

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 2022, 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 C.2.1 stipulates that the roles of chairman and chief executive should be separate and not be performed by the same individual. However, taking into consideration the abundant management experience and industry knowledge 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 2022.

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

The electronic version of this interim report will be available on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.hongqiaochina.com. The printed version of this interim report will be despatched to the shareholders on or before 26 September 2022.

Report on Review of Interim Condensed Consolidated Financial Information



SHINEWING (HK) CPA Limited
17/F, Chubb Tower, Windsor House,
311 Gloucester Road,
Causeway Bay, Hong Kong

信永中和(香港)會計師事務所有限公司
香港銅鑼灣告士打道311號
皇室大廈安達人壽大樓17樓

TO THE BOARD OF DIRECTORS OF CHINA HONGQIAO GROUP LIMITED

(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim condensed consolidated financial information of China Hongqiao Group Limited (the “Company”) and its subsidiaries set out on pages 23 to 68, which comprise the condensed consolidated statement of financial position as at 30 June 2022 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and other explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) require the preparation of a report on interim condensed financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these interim condensed consolidated financial information in accordance with IAS 34. Our responsibility is to express a conclusion on these interim condensed consolidated financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of these interim condensed consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial information are not prepared, in all material respects, in accordance with IAS 34.

SHINEWING (HK) CPA Limited

Certified Public Accountants

Pang Wai Hang

Practising Certificate Number: P05044

Hong Kong

26 August 2022

Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (Unaudited)

For the six months ended 30 June 2022

	Notes	Six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Revenue	4	68,738,652	52,480,549
Cost of sales		(53,783,465)	(36,744,779)
Gross profit		14,955,187	15,735,770
Other income and gains	5	1,606,697	1,505,898
Selling and distribution expenses		(301,894)	(260,384)
Administrative expenses		(3,060,161)	(2,551,569)
Other expenses	6	(197,355)	(104,172)
Finance costs	8	(1,651,885)	(1,889,582)
Changes in fair value of financial instruments	21	(346,843)	(1,165,521)
Share of profits of associates		226,849	11,641
Share of loss of a joint venture		–	(5,409)
Profit before taxation		11,230,595	11,276,672
Income tax expense	7	(2,545,319)	(2,852,955)
Profit for the period	8	8,685,276	8,423,717
Profit for the period attributable to:			
Owners of the Company		7,846,289	8,142,519
Non-controlling interests		838,987	281,198
		8,685,276	8,423,717
Other comprehensive income (expense) for the period			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		209,952	(38,580)
Share of other comprehensive income (expense) of associates		160,548	(11,330)
Other comprehensive income (expense) for the period		370,500	(49,910)
<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		(83,260)	(66,094)
Total comprehensive income for the period, net of income tax		8,972,516	8,307,713
Total comprehensive income for the period attributable to:			
Owners of the Company		8,051,588	8,041,452
Non-controlling interests		920,928	266,261
		8,972,516	8,307,713
Earnings per share	10		
– Basic (RMB)		0.850	0.903
– Diluted (RMB)		0.850	0.903

Interim Condensed Consolidated Statement of Financial Position (Unaudited)

At 30 June 2022

	Notes	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	11	63,065,008	63,441,945
Right-of-use assets	12	6,420,464	5,718,365
Intangible assets		35,647	32,595
Investment properties		3,729	3,808
Deposits paid for acquisition of property, plant and equipment		650,907	636,493
Deferred tax assets		2,955,116	2,616,950
Interests in associates	13	6,901,704	6,064,998
Loan to an associate		2,000,000	2,000,000
Goodwill	14	278,224	278,224
Financial asset at amortised cost	28	2,499,000	2,499,000
Financial assets at fair value through other comprehensive income	15	975,646	1,058,906
Prepayments	19	–	541,210
		85,785,445	84,892,494
CURRENT ASSETS			
Inventories	16	30,483,322	22,705,105
Trade receivables	17	8,455,791	7,284,753
Bills receivables	18	9,290,465	11,918,515
Prepayments and other receivables	19	8,141,785	10,768,496
Other financial asset	29	4,148	99
Income tax recoverable		–	304
Restricted bank deposits	20	1,710,396	1,623,874
Cash and cash equivalents	20	49,222,961	49,227,282
		107,308,868	103,528,428
CURRENT LIABILITIES			
Trade and bills payables	22	17,581,110	18,735,216
Other payables and accruals		12,618,472	11,479,959
Bank borrowings – due within one year	23	28,957,083	21,010,873
Other financial liabilities	29	2,041	4,497
Lease liabilities	12	17,612	10,372
Liability component of convertible bonds – due within one year	27	602,851	1,358,611
Derivatives component of convertible bonds – due within one year	27	314,583	713,086
Income tax payable		2,429,084	2,719,910
Short-term debentures and notes	24	1,500,000	1,500,000
Medium-term debentures and bonds – due within one year	25	1,096,365	3,598,649
Guaranteed notes – due within one year	26	3,351,795	1,908,945
Deferred income		26,477	26,514
		68,497,473	63,066,632

Interim Condensed Consolidated Statement of Financial Position (Unaudited)

At 30 June 2022

	Notes	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
NET CURRENT ASSETS		38,811,395	40,461,796
TOTAL ASSETS LESS CURRENT LIABILITIES		124,596,840	125,354,290
NON-CURRENT LIABILITIES			
Bank borrowings – due after one year	23	7,980,915	15,370,878
Lease liabilities	12	57,484	51,359
Liability component of convertible bonds – due after one year	27	1,744,475	1,633,747
Derivatives component of convertible bonds – due after one year	27	583,997	241,270
Deferred tax liabilities		485,576	813,998
Medium-term debentures and bonds – due after one year	25	11,997,523	9,544,944
Guaranteed notes – due after one year	26	3,323,141	4,423,886
Deferred income		826,608	835,379
		26,999,719	32,915,461
NET ASSETS		97,597,121	92,438,829
CAPITAL AND RESERVES			
Share capital	30	608,925	595,139
Reserves	31	85,308,518	80,712,656
Equity attributable to owners of the Company		85,917,443	81,307,795
Non-controlling interests		11,679,678	11,131,034
TOTAL EQUITY		97,597,121	92,438,829

Interim Condensed Consolidated Statement of Changes in Equity (Unaudited)

For the six months ended 30 June 2022

	Attributable to owners of the Company									
	Share capital RMB'000	Share premium RMB'000	Investment revaluation reserve RMB'000 (Note 31)	Capital reserve RMB'000 (Note 31)	Translation reserve RMB'000 (Note 31)	Statutory surplus reserve RMB'000 (Note 31)	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2022 (Audited)	595,139	22,833,367	(853,024)	249,582	(58,868)	14,951,045	43,590,554	81,307,795	11,131,034	92,438,829
Profit for the period	-	-	-	-	-	-	7,846,289	7,846,289	838,987	8,685,276
<i>Other comprehensive (expense) income for the period:</i>										
Fair value loss on investments in equity instruments at fair value through other comprehensive income	-	-	(83,260)	-	-	-	-	(83,260)	-	(83,260)
Exchange differences on translation of foreign operations	-	-	-	-	128,011	-	-	128,011	81,941	209,952
Share of other comprehensive income of associates	-	-	-	-	160,548	-	-	160,548	-	160,548
Total comprehensive (expense) income for the period	-	-	(83,260)	-	288,559	-	7,846,289	8,051,588	920,928	8,972,516
Issue of shares upon conversion of convertible bonds (note 27)	13,786	1,311,173	-	-	-	-	-	1,324,959	-	1,324,959
Capital contribution	-	-	-	-	-	-	-	-	118,270	118,270
Share of capital reserve of an associate	-	-	-	(28)	-	-	-	(28)	-	(28)
Change in ownership in interest in subsidiaries	-	-	-	(57,650)	-	-	-	(57,650)	(178,850)	(236,500)
Transfer to non-controlling interests	-	-	-	3,099	-	-	-	3,099	(3,099)	-
Dividend paid (note 9)	-	-	-	-	-	-	(4,712,320)	(4,712,320)	(308,605)	(5,020,925)
	13,786	1,311,173	-	(54,579)	-	-	(4,712,320)	(3,441,940)	(372,284)	(3,814,224)
At 30 June 2022 (Unaudited)	608,925	24,144,540	(936,284)	195,003	229,691	14,951,045	46,724,523	85,917,443	11,679,678	97,597,121

Interim Condensed Consolidated Statement of Changes in Equity (Unaudited)

For the six months ended 30 June 2022

	Attributable to owners of the Company									
	Share capital RMB'000	Share premium RMB'000	Investment revaluation reserve RMB'000 (Note 31)	Capital reserve RMB'000 (Note 31)	Translation reserve RMB'000 (Note 31)	Statutory surplus reserve RMB'000 (Note 31)	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2021 (Audited)	579,318	20,909,078	(744,064)	789,617	9,448	9,641,780	40,010,960	71,196,137	5,605,533	76,801,670
Profit for the period	-	-	-	-	-	-	8,142,519	8,142,519	281,198	8,423,717
<i>Other comprehensive (expense) income for the period:</i>										
Fair value loss on investments in equity instruments at fair value through other comprehensive income	-	-	(66,094)	-	-	-	-	(66,094)	-	(66,094)
Exchange differences on translation of foreign operations	-	-	-	-	(23,643)	-	-	(23,643)	(14,937)	(38,580)
Share of other comprehensive expense of associates	-	-	-	-	(11,330)	-	-	(11,330)	-	(11,330)
Total comprehensive (expense) income for the period	-	-	(66,094)	-	(34,973)	-	8,142,519	8,041,452	266,261	8,307,713
Issue of shares upon share subscription	15,821	1,924,289	-	-	-	-	-	1,940,110	-	1,940,110
Capital contribution	-	-	-	-	-	-	-	-	15,500	15,500
Share of capital reserve of an associate	-	-	-	149	-	-	-	149	-	149
Deregistration of a subsidiary	-	-	-	-	-	-	-	-	(624)	(624)
Transfer to non-controlling interests	-	-	-	(8)	-	-	-	(8)	8	-
Change in ownership in interest in subsidiaries	-	-	-	(541,130)	-	-	-	(541,130)	4,343,630	3,802,500
Dividend paid (note 9)	-	-	-	-	-	-	(3,809,305)	(3,809,305)	(28,065)	(3,837,370)
	15,821	1,924,289	-	(540,989)	-	-	(3,809,305)	(2,410,184)	4,330,449	1,920,265
At 30 June 2021 (Unaudited)	595,139	22,833,367	(810,158)	248,628	(25,525)	9,641,780	44,344,174	76,827,405	10,202,243	87,029,648

Interim Condensed Consolidated Statement of Cash Flows (Unaudited)

For the six months ended 30 June 2022

	For the six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
OPERATING ACTIVITIES		
Cash generated from operations	13,186,562	17,863,491
Income tax paid	(3,502,429)	(2,342,165)
NET CASH GENERATED FROM OPERATING ACTIVITIES	9,684,133	15,521,326
INVESTING ACTIVITIES		
Purchase of property, plant and equipment and deposits for acquisition of property, plant and equipment	(2,728,267)	(3,135,726)
Proceeds from disposal of property, plant and equipment	393,085	2,123,023
Proceeds from disposal of an associate	–	104,562
Addition and prepayment for acquisition of intangible assets	(5,765)	(1,501,912)
Addition to right-of-use assets	(772,429)	(157,082)
Purchases of financial asset at fair value through other comprehensive income	–	(150,000)
Capital injection to associates	(63,000)	(250,060)
Capital injection to a joint venture	–	(110,000)
Interest received	347,305	362,733
Placement of restricted bank deposits	(632,323)	(619,191)
Advance to an associate	(335,570)	–
Net cash outflow on deregistration of a subsidiary	–	(624)
Withdrawal of restricted bank deposits	545,801	529,770
NET CASH USED IN INVESTING ACTIVITIES	(3,251,163)	(2,804,507)

Interim Condensed Consolidated Statement of Cash Flows (Unaudited)

For the six months ended 30 June 2022

For the six months ended 30 June

	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
FINANCING ACTIVITIES		
Dividends paid	(5,020,926)	(3,837,380)
Payment of lease liabilities	(9,905)	(22,125)
Proceeds from placing of shares	–	1,971,811
Proceeds from issuance of medium-term debentures and bonds	3,000,000	1,000,000
Proceeds from issuance of guaranteed notes	–	3,230,050
Proceeds from issuance of convertible bonds	–	1,932,616
Proceeds on disposal of partial interest in subsidiaries without losing control	–	3,802,500
Repayment of medium-term debentures	(3,000,214)	(17,478,064)
Transaction costs on placing of shares	–	(31,701)
Transaction costs on issuance of medium-term debentures and bonds	(18,000)	(4,500)
Transaction costs on issuance of guaranteed notes	–	(27,203)
Transaction costs on issuance of convertible bonds	–	(28,525)
New bank borrowings	8,611,274	9,241,703
Repayment of bank borrowings	(8,399,620)	(5,896,803)
Interest expenses paid	(1,596,965)	(2,283,944)
Receipt of government grants	16,654	5,711
Acquisition of additional interest in subsidiary	(236,500)	–
Contribution from non-controlling interests	118,270	15,500
NET CASH USED IN FINANCING ACTIVITIES	(6,535,932)	(8,410,354)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(102,962)	4,306,465
Effect of changes in foreign exchange rates	98,641	(7,132)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	49,227,282	45,465,361
CASH AND CASH EQUIVALENTS AT 30 JUNE		
represented by bank balances and cash	49,222,961	49,764,694

Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2022

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 the Republic of Indonesia (“Indonesia”) is denoted in Indonesia Rupiah (“IDR”) and the functional currency of subsidiaries established in the Republic of 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 2022 have been prepared in accordance with International Accounting Standard 34 (“IAS 34”) “Interim Financial Reporting” issued by the International Accounting Standards Board (the “IASB”) and the applicable disclosure provisions of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange. This interim condensed consolidated financial information should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2021, 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 2021, except as disclosed below.

Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2022

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

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 2022.

Amendments to IFRS 16	COVID-19 Related Rent Concessions beyond 30 June 2021
Amendments to IFRS 3	Reference to Conceptual Framework
Amendments to IAS 16	Property, plant and equipment: Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendment to IFRSs	Annual improvement to IFRSs 2018 – 2020 cycle

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	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue from sales of aluminum products		
– molten aluminum alloy	44,912,495	35,945,132
– aluminum alloy ingot	5,548,575	2,411,289
– aluminum fabrication	7,087,062	5,779,260
– alumina products	10,706,214	7,920,530
Steam supply income	484,306	424,338
	68,738,652	52,480,549

Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2022

4. REVENUE (CONTINUED)

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

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
<i>Geographical region</i>		
The PRC	64,453,287	50,698,716
India	621,468	378,113
Europe	1,369,673	509,335
Malaysia	70,829	104,568
Other Southeast Asia region	1,070,580	365,039
North America	901,689	290,063
Others	251,126	134,715
Total	68,738,652	52,480,549
<i>Type of customers</i>		
Government related	221	179
Non-government related	68,738,431	52,480,370
Total	68,738,652	52,480,549

For management purposes, the Group operates in one business unit based on its products, and has only one reportable segment which is manufacture and sales of aluminum products. Management monitors the operating results of its business unit for the purpose of making decisions about resources allocation and performance assessment.

Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2022

5. OTHER INCOME AND GAINS

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Amortisation of deferred income	25,462	8,928
Bank interest income	63,755	60,719
Investment income	72,232	90,746
Interest income from associates	58,525	56,918
Other interest income	155,228	143,130
Rental income for investment properties under operating lease	300	3,453
Gain from sales of raw materials and scraps materials	474,298	470,808
Gain from sales of slag of carbon anode blocks	655,073	494,768
Gain on disposal of property, plant and equipment	74,814	76,558
Gain on termination of lease	–	980
Reversal of impairment of trade receivables	1,161	467
Reversal of impairment of other receivables	3,635	–
Reversal of write-down of inventories	17,616	35,352
Foreign exchange gains, net	–	39,050
Others	4,598	24,021
	1,606,697	1,505,898

Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2022

6. OTHER EXPENSES

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Impairment loss recognised in respect of other receivables	–	2,940
Impairment loss recognised in respect of property, plant and equipment	112,874	88,913
Write-down of inventories to net realisable value	84,481	12,319
	197,355	104,172

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	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax:		
– Hong Kong Profits Tax	–	–
– Indonesia Corporate Tax	120,613	28,638
– PRC Enterprise Income Tax	3,061,227	2,739,255
– Withholding tax paid	30,067	–
	3,211,907	2,767,893
Deferred taxation	(666,588)	85,062
Total income tax expense for the period	2,545,319	2,852,955

Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2022

8. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging:

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Interest expenses on bank borrowings	996,821	937,215
Interest expenses on short-term debentures and notes	29,902	–
Interest expenses on medium-term debentures and bonds	254,301	610,709
Interest expenses on guaranteed notes	221,802	150,440
Interest expenses on convertible bonds	147,574	189,513
Interest expenses on lease liabilities	1,485	1,705
Total finance costs	1,651,885	1,889,582
Amortisation of intangible assets	2,713	2,314
Cost of inventories recognised as an expense	53,191,122	36,128,412
Depreciation of property, plant and equipment	2,968,332	3,258,791
Depreciation of investment properties	79	2,155
Depreciation of right-of-use assets	93,555	82,012
Foreign exchange loss, net	753,495	–
Research and development expenses (note)	953,942	800,752
Gross rental income from investment properties	300	3,453
Less: direct operating expenses incurred for investment properties that generated rental income during the period	–	–
	300	3,453

Note: Included in research and development expenses was staff cost of approximately RMB125,930,000 (six months ended 30 June 2021: RMB79,394,000).

Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2022

9. DIVIDENDS

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Dividends recognised as distribution during the period	4,712,320	3,809,305

During the current interim period, a final dividend of HK60 cents per share in respect of the year ended 31 December 2021 (2021: a final dividend of HK50 cents per share in respect of the year ended 31 December 2020) has been approved and paid.

Subsequent to the end of the reporting period, the directors of the Company have determined that an interim dividend of HK41 cents per share, amounting to approximately HK\$3,826,963,000 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.

10. 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:

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings		
Earnings for the purpose of basic earnings per share	7,846,289	8,142,519
Effect of dilutive potential ordinary shares:		
Interest expense on liability component of convertible bonds	–	–
Changes in fair values of derivatives component of convertible bonds	–	–
Exchange loss on translation of liability component of convertible bonds	–	–
Earnings for the purpose of diluted earnings per share	7,846,289	8,142,519

Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2022

10. EARNINGS PER SHARE (CONTINUED)

	Six months ended 30 June	
	2022 '000 (Unaudited)	2021 '000 (Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	9,227,753	9,019,319
Effect of dilutive potential ordinary shares:		
Convertible bonds	–	–
Weighted average number of ordinary shares for the purposes of diluted earnings per share	9,227,753	9,019,319

The computation of diluted earnings per share for the six months ended 30 June 2022 and 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.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, the Group purchased property, plant and equipment of approximately RMB2,722,252,000 (six months ended 30 June 2021: RMB2,408,479,000), excluding transferred from construction in progress of approximately RMB3,482,705,000 (six months ended 30 June 2021: RMB676,441,000), and disposed plant and machinery and motor vehicles with carrying amount of approximately RMB318,271,000 (six months ended 30 June 2021: RMB156,592,000).

During the six months ended 30 June 2022, the Group also spent approximately RMB2,103,755,000 (six months ended 30 June 2021: RMB2,378,478,000) on the construction of its new product lines and power plant.

The depreciation of the Group for the six months ended 30 June 2022 is approximately RMB2,968,332,000 (six months ended 30 June 2021: RMB3,258,791,000).

Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2022

11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

During the six months ended 30 June 2022, due to certain new local incentive policy launched, the directors of the Company conducted a study and determined that certain manufacturing plants can be relocated to enjoy such benefit. Accordingly, impairment loss of approximately RMB112,874,000 have been recognised in respect of the existing plant facilities that subject to relocation plan. The recoverable amount 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 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.

When any indicators of impairment or reversal of impairment are identified, property, plant and equipment are reviewed for impairment or reversal of impairment based on each cash generating unit ("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 based on fair values less costs of disposal or value-in-use. Market comparison approach is used to measure the fair value less costs of disposal of the CGU which is based on the recent transaction prices for similar property, plant and equipment adjusted for nature, location and conditions of the relevant assets. 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 2022 and 2021 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 2022, certain of the Group's buildings with a net carrying amount of approximately RMB11,848,179,000 (31 December 2021: RMB11,803,565,000) were pledged to secure bank borrowings of the Group (note 33).

There are properties with a carrying amount of approximately RMB4,725,285,000 (31 December 2021: RMB4,511,766,000) 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.

Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2022

12. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(i) Right-of-use assets

As at 30 June 2022, right-of-use assets of approximately RMB6,347,602,000 (31 December 2021: RMB5,659,075,000) represents land use rights located in the PRC and Indonesia for a period of 20 to 70 years. During the six months ended 30 June 2022, the Group purchased land use right of approximately RMB772,429,000 (six months ended 30 June 2021: RMB192,732,000) located in the PRC.

As at 30 June 2022, the Group is still in a process of obtaining the land certificate with the carrying amount of approximately RMB958,234,000 (31 December 2021: RMB303,713,000). In the opinion of the directors of the Company, based on the advice from the Group's external legal adviser, the absence of the land certificate does not impair its carrying value to the Group.

The Group also recognised right-of-use assets for its lease arrangements for office premises and factories and vessels of approximately RMB53,602,000 and RMB19,260,000 (31 December 2021: RMB59,290,000 and nil), respectively. The lease terms are generally ranged from 2 to 20 years.

During the six months ended 30 June 2022, the Group entered into a number of new lease agreements for a vessels and recognised right-of-use assets of approximately RMB22,790,000 (six months ended 30 June 2021: certain office premises and factory of approximately RMB49,627,000).

At 30 June 2022, certain of the Group's right-of-use assets with a net carrying amount of approximately RMB494,747,000 (31 December 2021: RMB499,916,000) were pledged to secure bank borrowings of the Group (note 33).

(ii) Lease liabilities

As at 30 June 2022, the carrying amount of lease liabilities was approximately RMB75,096,000 (31 December 2021: RMB61,731,000).

During the six months ended 30 June 2022, the Group entered into a new lease agreements for vessels and recognised lease liabilities of approximately RMB22,790,000 (six months ended 30 June 2021: a new lease agreement in respect of office premises and factory of approximately RMB49,627,000).

Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2022

12. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

(iii) Amount recognised in profit or loss

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Depreciation of right-of-use assets	93,555	82,012
Interest expense on lease liabilities	1,485	1,705

(iv) Other

During the six months ended 30 June 2022, the total cash outflow for leases (excluded payments on purchase of land use rights) amounted to approximately RMB11,390,000 (six months ended 30 June 2021: RMB23,830,000).

13. INTERESTS IN ASSOCIATES

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Costs of investments in associates	3,423,407	3,360,435
Share of profits and other comprehensive income, net of dividends received	2,404,473	2,003,236
	5,827,880	5,363,671
Loan to associates	1,073,824	701,327
	6,901,704	6,064,998

The loan to associates of US\$110,000,000, equivalent to approximately RMB738,254,000 (31 December 2021: US\$110,000,000, equivalent to approximately RMB701,327,000) is unsecured, interest-free and repayable after one year.

The remaining loan to associates of US\$50,000,000, equivalent to approximately RMB335,570,000 (31 December 2021: nil) is unsecured, interest bearing at London Interbank Offered Rate ("LIBOR") + 5%, etc 7.09% and repayable after one year.

The Group's payable balances with the associates are disclosed in note 36.

Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2022

14. GOODWILL

	As at 30 June 2022	As at 31 December 2021
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Cost		
At beginning and at the end of the financial period/year	1,934,457	1,934,457
Impairment		
At beginning and at the end of the financial period/year	1,656,233	1,656,233
Carrying amount		
At the end of the financial period/year	278,224	278,224

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

No impairment loss has been recognised during the six months ended 30 June 2022 and year ended 31 December 2021.

Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2022

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial assets at fair value through other comprehensive income ("FVTOCI") comprise:

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Equity instrument as at FVTOCI		
– Listed	824,415	904,278
– Unlisted	151,231	154,628
	975,646	1,058,906

The fair value of these investment is disclosed in note 32.

Investments in listed equity securities represent the Group's investment in Bank of Jinzhou Co., Ltd and Weihai City Commercial Bank Co., Ltd, companies listed in Hong Kong, of approximately RMB131,872,000 (31 December 2021: RMB179,332,000) and RMB692,543,000 (31 December 2021: RMB724,946,000) respectively.

Bank of Jinzhou Co., Ltd 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 security represents the Group's investment in unlisted equity security issued by a private entity established in the PRC of approximately RMB151,231,000 (31 December 2021: RMB154,628,000). The private entity is engaged in casting aluminum alloy, aluminum 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.

Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2022

16. INVENTORIES

At 30 June 2022, the carrying amounts of the Group's inventories were net of provision of impairment of approximately RMB267,492,000 (31 December 2021: RMB200,627,000).

During the period, the allowance for inventories of approximately RMB84,481,000 (six months ended 30 June 2021: RMB12,319,000) 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 RMB17,616,000 (six months ended 30 June 2021: RMB35,352,000) has been recognised and included in other income and gains in the current period.

17. TRADE RECEIVABLES

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Trade receivables	8,462,572	7,292,695
Less: allowance for impairment loss	(6,781)	(7,942)
	8,455,791	7,284,753

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 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Within 3 months	7,091,753	5,667,769
3 to 12 months	1,360,761	1,613,686
12 to 24 months	3,277	3,298
	8,455,791	7,284,753

Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2022

18. BILLS RECEIVABLES

The ageing analysis of bills receivables presented based on the issue date at the end of the reporting period is as follows:

	As at 30 June 2022	As at 31 December 2021
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Within 3 months	6,081,530	6,653,877
3 to 6 months	3,183,094	4,864,308
Over 6 months	25,841	400,330
	9,290,465	11,918,515

TRANSFERS OF FINANCIAL ASSETS

The following were the Group's financial assets transferred to suppliers by endorsing those bills receivables on a full recourse basis. As the Group has retained the significant risks and rewards which include default risks, relating to these bills receivables, it continues to recognise the full carrying amount of the bills receivables and the corresponding trade payables and other payables in the condensed consolidated statement of financial position. Subsequent to the endorsement, the Group did not retain any rights on the use of the endorsed bills, including the sale, transfer or pledge of the endorsed bills to any other third parties. These financial assets and financial liabilities are carried at amortised cost in the condensed consolidated statement of financial position.

	As at 30 June 2022	As at 31 December 2021
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Bills receivables endorsed to suppliers with full recourse (note)		
Carrying amount of transferred assets	9,284,622	11,356,482
Carrying amount of trade payables	(9,283,376)	(11,353,952)
Carrying amount of other payables	(1,246)	(2,530)
Net position	–	–

Note: The maturity dates of bills receivables have not yet due at the end of the reporting period. As the Group was still exposed to credit risk on these receivables at the end of the reporting period, the cash received from the bills endorsed to the suppliers for which the maturity dates have not yet been due are recognised as current liabilities in the condensed consolidated statement of financial position.

Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2022

19. PREPAYMENTS AND OTHER RECEIVABLES

The balance consists of prepayments and other receivables at cost of:

	As at 30 June 2022	As at 31 December 2021
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Prepayments to suppliers	4,043,376	3,240,549
Prepayment to an associate	1,050,000	3,626,005
Prepayment for acquisition of right-of-use assets	–	541,210
Value-added tax recoverable	2,333,775	2,974,375
Other receivables	737,937	954,505
	8,165,088	11,336,644
Less: allowance for impairment loss	(23,303)	(26,938)
	8,141,785	11,309,706
Analysed as		
Current	8,141,785	10,768,496
Non-current	–	541,210
	8,141,785	11,309,706

20. CASH AND CASH EQUIVALENTS AND RESTRICTED BANK DEPOSITS

For the purpose of the condensed consolidated statement of cash flows, cash and cash equivalents are comprised of the following:

	As at 30 June 2022	As at 31 December 2021
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Cash and bank balances	49,222,961	49,227,282
Restricted bank deposits	1,710,396	1,623,874
	50,933,357	50,851,156
Less:		
Restricted bank deposits:		
– pledged for bills payables	(1,113,509)	(1,106,220)
– pledged for issuance of letter of credit	(567,486)	(237,075)
– pledged for guarantee issued	(29,401)	(280,579)
Cash and cash equivalents	49,222,961	49,227,282

Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2022

21. CHANGES IN FAIR VALUES OF FINANCIAL INSTRUMENTS

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Changes in fair values arising from:		
– capped forward contract (note 29)	2,456	(594)
– interest rate swap contract (note 29)	4,049	1,889
– derivatives component of convertible bonds (note 27)	(353,348)	(1,166,816)
	(346,843)	(1,165,521)

22. TRADE AND BILLS PAYABLES

	As at	As at
	30 June 2022	31 December 2021
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Trade payables	15,276,330	16,279,406
Bills payables	2,304,780	2,455,810
	17,581,110	18,735,216

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	As at
	30 June 2022	31 December 2021
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Within 6 months	14,494,572	15,981,498
6 to 12 months	488,308	159,869
1 to 2 years	190,886	82,229
More than 2 years	102,564	55,810
	15,276,330	16,279,406

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

Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2022

23. BANK BORROWINGS

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Current		
Secured bank borrowings	7,912,293	3,085,699
Unsecured bank borrowings	21,044,790	17,925,174
	28,957,083	21,010,873
Non-current		
Secured bank borrowings	1,390,121	6,401,495
Unsecured bank borrowings	6,590,794	8,969,383
	7,980,915	15,370,878
	36,937,998	36,381,751

Carrying amount repayable (based on scheduled repayment dates set out in the loan agreements):

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Within one year	28,957,083	21,010,873
In the second year	4,170,587	9,187,595
In the third to fifth years, inclusive	2,955,198	4,859,769
Over fifth years	855,130	1,323,514
	36,937,998	36,381,751

Fixed-rate borrowings with an aggregate carrying amount of approximately RMB18,689,401,000 (31 December 2021: RMB19,629,937,000) denominated in RMB at interest rate ranged from 1.52% to 7.50% (31 December 2021: 1.23% to 8.50%) per annum as at 30 June 2022.

In addition, the Group has variable-rate borrowings denominated in RMB at floating rates calculated based on the borrowing rates announced by the People's Bank of China (the "PBOC") or China Foreign Exchange Trading System & National Interbank Funding Center ("CFETS"). Interests on borrowings denominated in US\$ at floating rates are calculated based on LIBOR.

Bank borrowings of approximately RMB940,000,000 (31 December 2021: RMB960,000,000) are guaranteed by a related party was set out in note 36(c).

Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2022

24. SHORT-TERM DEBENTURES AND NOTES

	As at 30 June 2022	As at 31 December 2021
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Short-term debentures and notes	1,500,000	1,500,000

The details of the unsecured short-term debentures and notes issued and outstanding as at 30 June 2022 and 31 December 2021 are set out as follows:

Debentures	Date of issue	Principal amount RMB'000	Interest rate	Date of maturity
Short-term debentures A	12 November 2021	1,000,000	3.98%	12 November 2022
Short-term debentures B	21 October 2021	500,000	4.10%	21 October 2022

The short-term debentures and notes were issued to various independent third parties according to the approvals issued by National Association of Financial Market Institutional Investors (“NAFMII”). Interest is payable on maturity date.

Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2022

25. MEDIUM-TERM DEBENTURES AND BONDS

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Medium-term debentures and bonds-due within one year	1,096,365	3,598,649
Medium-term debentures and bonds-due after one year	11,997,523	9,544,944
	13,093,888	13,143,593

The details of the unsecured, medium-term debentures and bonds issued and outstanding as at 30 June 2022 and 31 December 2021 are set out as follows:

Debentures	Date of issue	Principal amount RMB'000	Nominal interest Rate	Effective interest Rate	Date of maturity
Unlisted					
Medium-term debentures E	5 January 2017	Nil (31 December 2021: 1,000,000)	5.20%	5.55%	6 January 2022
Medium-term debentures F	10 January 2017	Nil (31 December 2021: 1,000,000)	5.20%	5.55%	11 January 2022
Medium-term debentures G	17 January 2017	Nil (31 December 2021: 1,000,000)	5.20%	5.55%	19 January 2022
Medium-term debentures P	12 July 2019	600,000	7.00%	7.24%	12 July 2022
Medium-term debentures Q	14 January 2022	1,000,000	4.50%	4.80%	14 January 2024
Medium-term debentures R	18 March 2022	1,000,000	4.50%	4.80%	18 March 2024
Listed					
Enterprise bonds C	26 October 2015	Nil (31 December 2021: 214)	6.26%	5.44%	26 October 2022
Enterprise bonds K	17 October 2016	5,521,045	4.00%	4.16%	17 October 2023
Enterprise bonds L	26 March 2019	2,000,000	6.00%	6.22%	26 March 2024
Enterprise bonds M	11 June 2021	500,000	4.90%	5.05%	11 June 2023
Enterprise bonds N	11 June 2021	500,000	5.60%	5.81%	11 June 2024
Enterprise bonds O	20 August 2021	1,000,000	4.16%	4.26%	20 August 2024
Enterprise bonds P	13 June 2022	1,000,000	4.30%	4.52%	13 June 2024

During the six months ended 30 June 2022, the Group early redeemed the enterprises bonds C for RMB214,000 (31 December 2021: nil) together with interest accrued up to that date.

Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2022

25. MEDIUM-TERM DEBENTURES AND BONDS (CONTINUED)

The total medium-term debentures and bonds are repayable as follows:

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Within one year	1,096,365	3,598,649
In the second to fifth year	11,997,523	9,544,944
	13,093,888	13,143,593

26. GUARANTEED NOTES

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Amounts shown under current liabilities	3,351,795	1,908,945
Amounts shown under non-current liabilities	3,323,141	4,423,886
	6,674,936	6,332,831

On 22 July 2019, the Company issued 7.125% guaranteed notes with the aggregate principal amount of US\$300,000,000 (equivalent to approximately RMB2,060,310,000) (the “2022 Guaranteed Notes”) which are guaranteed by certain subsidiaries of the Group. The 2022 Guaranteed Notes will mature on 22 July 2022.

On 27 September 2019, the Company issued 7.375% guaranteed notes with the aggregate principal amount of US\$200,000,000 (equivalent to approximately RMB1,414,580,000) (the “2023 Guaranteed Notes”) which are guaranteed by certain subsidiaries of the Group. The 2023 Guaranteed Notes will mature on 2 May 2023.

On 1 June 2021, the Company issued 6.25% guaranteed notes with the aggregate principal amount of US\$500,000,000 (equivalent to approximately RMB3,230,050,000) (the “2024 Guaranteed Notes”) which are guaranteed by certain subsidiaries of the Group. The 2024 Guaranteed Notes will mature on 31 May 2024.

The details of guarantee notes should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2021.

Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2022

27. CONVERTIBLE BONDS

On 28 November 2017, the Company issued convertible bonds (“2017 CBs”) bearing interest at 5.0% per annum, which were due on 28 November 2022 with an aggregate principal amount of US\$320,000,000. The 2017 CBs were denominated in US\$ and entitle the holders to convert them into ordinary shares of the Company at an original conversion price of HK\$8.16 per share (subject to adjustment as provided in the term of agreements) with fixed exchange rate of HK\$7.8212 equal to US\$1.00 at any time on or after 8 January 2019 and thereafter up to the close of business on the tenth day prior to the maturity date or if such bonds shall have been called for redemption by the holders before maturity date, then up to and including the close of business on a date no later than 10 days prior to the date fixed for redemption thereof. Unless previously redeemed, converted, purchased and cancelled, all convertible bonds outstanding on maturity date shall be repaid by the Company at its principal amount outstanding on maturity date plus accrued interest. The Company may, at the option of the holders, on giving not more than 60 days and not less than 30 days prior to the put option date, on 28 November 2020, redeem the outstanding 2017 CBs in whole or in part at 106% of the principal amount and accrued interest to the respective dates fixed for redemption. At the issue date, the 2017 CBs were bifurcated into liability and derivative components. The effective interest rate of the liability component of 2017 CBs is 21.817% per annum.

On 25 January 2021, the Company issued a new convertible bonds (“2021 CBs”) bearing interest at 5.25% per annum, which were due on 25 January 2026 with an aggregate principal amount of US\$300,000,000. The 2021 CBs were denominated in US\$ and entitle the holders to convert them into ordinary shares of the Company at an original conversion price of HK\$8.91 per share (subject to adjustment as provided in the term of agreements) with fixed exchange rate of HK\$7.7530 equal to US\$1.00 at any time on or after 7 March 2021 and thereafter up to the close of business on the tenth day prior to the maturity date or if such bonds shall have been called for redemption by the holders before maturity date, then up to and including the close of business on a date no later than 10 days prior to the date fixed for redemption thereof. Unless previously redeemed, converted, purchased and cancelled, all convertible bonds outstanding on maturity date shall be repaid by the Company at its principal amount outstanding on maturity date plus accrued interest. The Company may, at the option of the holders, on giving not more than 60 days and not less than 30 days prior to the put option date, on 25 January 2023, redeem the outstanding 2021 CBs in whole or in part at 100% of the principal amount and accrued interest to the respective date fixed for redemption. At the issue date, the 2021 CBs were bifurcated into liability and derivative components. The effective interest rate of the liability component of 2021 CBs is 9.872% per annum.

Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2022

27. CONVERTIBLE BONDS (CONTINUED)

The movements of the liability and derivatives components of the 2017 CBs and 2021 CBs and the reconciliation of Level 3 fair value measurement during the reporting period are set out below:

	Liability component of 2017 CBs RMB'000	Derivatives component of 2017 CBs RMB'000	Liability component of 2021 CBs RMB'000	Derivatives component of 2021 CBs RMB'000	Total RMB'000
As at 1 January 2021 (Audited)	1,215,939	550,111	–	–	1,766,050
At issuance date	–	–	1,630,729	301,887	1,932,616
Transaction costs	–	–	(28,525)	–	(28,525)
Changes in fair values	–	174,512	–	(57,162)	117,350
Effective interest expenses	249,274	–	144,867	–	394,141
Interest paid	(80,712)	–	(98,929)	–	(179,641)
Exchange translation	(25,890)	(11,537)	(14,395)	(3,455)	(55,277)
As at 31 December 2021 (Audited)	1,358,611	713,086	1,633,747	241,270	3,946,714
Conversion into shares of the Company (note 30)	(868,903)	(456,056)	–	–	(1,324,959)
Changes in fair values	–	31,289	–	322,059	353,348
Effective interest expenses	78,174	–	69,400	–	147,574
Interest paid	(15,158)	–	(44,102)	–	(59,260)
Exchange translation	50,127	26,264	85,430	20,668	182,489
As at 30 June 2022 (Unaudited)	602,851	314,583	1,744,475	583,997	3,245,906

During the six months ended 30 June 2022, 212,703,160 (six months ended 30 June 2021: nil) ordinary shares of the Company were issued as a result of the conversion of 2017 CBs with principal amount of US\$153,600,000. No redemption, purchase or cancellation by the Company has been made in respect of the 2021 CBs during the six months ended 30 June 2022 and year ended 31 December 2021.

On 13 May 2022, as a result of the Company's declaration of dividend, the conversion price of the 2017 CBs was adjusted from HK\$5.79 to HK\$5.41 per share and the 2021 CBs was adjusted from HK\$8.12 to HK\$7.63 per share. Save for this alteration, all other terms and conditions of the outstanding 2017 CBs and 2021 CBs remained unchanged. The relevant ordinary resolution was duly passed at the special general meeting.

Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2022

27. CONVERTIBLE BONDS (CONTINUED)

As at 30 June 2022, the principal amount of the 2017 CBs that remained outstanding amounted to US\$92,800,000 (31 December 2021: US\$246,400,000) of which a maximum of 134,160,325 (31 December 2021: 332,840,013) shares may fall to be issued upon their conversions, subject to adjustments provided in the terms of the 2017 CBs, and the principal amount of the 2021 CBs that remained outstanding amounted to US\$300,000,000 (31 December 2021: US\$300,000,000) of which a maximum of 304,836,173 (31 December 2021: 286,440,886) shares may fall to be issued upon their conversions, subject to adjustments provided in the terms of the 2021 CBs. Details of the terms of the 2017 CBs and 2021 CBs are set out in announcements of the Company dated 15 August 2017, 2 November 2017, 28 November 2017, 7 February 2018 and 13 July 2018, 17 June 2019, 15 June 2020, 16 November 2020, 1 December 2020, 11 June 2021, 25 November 2021 and 31 May 2022.

At 30 June 2022 and 31 December 2021, the fair values of the derivatives component was valued by Asia-Pacific Consulting and Appraisal Limited, an independent qualified professional valuer not connected with the Group. The fair values of the derivatives component of convertible bonds were estimated at the end of reporting period using the binomial option pricing model. The changes in fair value of the derivatives component of convertible bonds were recognised in profit or loss. The inputs into the model were as follows:

	2017 CBs		2021 CBs	
	At 30 June 2022 (Unaudited)	At 31 December 2021 (Audited)	At 30 June 2022 (Unaudited)	At 31 December 2021 (Audited)
Share price	HK\$8.87	HK\$8.23	HK\$8.87	HK\$8.23
Conversion price	HK\$5.41	HK\$5.79	HK\$7.63	HK\$8.12
Expected volatility	57.21%	59.43%	47.99%	47.53%
Expected life	0.42 years	0.91 years	3.58 years	4.07 years
Risk free rate	2.25%	0.36%	3.00%	1.13%
Expected dividend yield	6.15%	4.16%	6.15%	4.16%

Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2022

28. FINANCIAL ASSET AT AMORTISED COST

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Financial asset at amortised cost		
Collective investment trust (note)	2,499,000	2,499,000

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. 中信信托有限公司 and will be matured on 3 January 2025. The asset income trust carries fixed interest rate of 5.78% per annum.

29. OTHER FINANCIAL ASSET/LIABILITY

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Other financial asset		
Interest rate swap contract	4,148	99
Other financial liability		
Capped forward contract	2,041	4,497

Major terms of the capped forward contract are as follows:

As at 30 June 2022 and 31 December 2021

Notional amount	Maturity	Exchange rate
US\$10,000,000	20 July 2022	Buy US\$ / Sell RMB at 6.90 to 7.01

Major terms of the interest rate swap are as follows:

As at 30 June 2022 and 31 December 2021

Notional amount	Maturity	Swap
US\$55,000,000	28 April 2023	From 0.58% per annum to 1-Month US\$-LIBOR

Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2022

30. ISSUED CAPITAL

	Number of shares		Share Capital	
	30 June 2022 US\$	31 December 2021 US\$	30 June 2022 US\$	31 December 2021 US\$
Authorised:				
Ordinary shares of US\$0.01 each	20,000,000,000	20,000,000,000	200,000,000	200,000,000
	30 June 2022 US\$	31 December 2021 US\$	30 June 2022 US\$	31 December 2021 US\$
Issued and fully paid:				
Ordinary shares of US\$0.01 each	9,334,055,509	9,121,352,349	93,340,555	91,213,523
	Number of shares		Share Capital RMB'000	
Issued and fully paid:				
At 1 January 2021		8,878,352,349		579,318
Issue of shares upon share subscription (note (i))		243,000,000		15,821
At 30 June 2021, 31 December 2021 and 1 January 2022		9,121,352,349		595,139
Issue of shares upon conversion of 2017 CBS (note (ii))		212,703,160		13,786
At 30 June 2022		9,334,055,509		608,925

Notes:

- (i) 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.
- (ii) During the six months ended 30 June 2022, 2017 CBS with principal amounts of US\$55,000,000 and US\$98,600,000 was converted into 79,513,123 and 133,190,037 ordinary shares of the Company at par at the conversion price of HK\$5.41 and HK\$5.79 per ordinary share, respectively.

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.

Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2022

31. RESERVES

(a) Capital reserve

Capital reserve represents (i) the effect of the group reorganisation completed in March 2010; (ii) deemed capital contribution from its equity holders; (iii) amount of consideration paid by Shandong Hongqiao New Material Co., Ltd (“Shandong Hongqiao”) in excess of the net book value of Chongqing Weiqiao Financial Factoring Co., Ltd. acquired from Shandong Weiqiao Chuangye Group Company Limited (“Weiqiao Chuangye”) 山東魏橋創業集團有限公司 in 2018; (iv) difference between the carrying amount of non-controlling interests acquired and the consideration paid for acquisition of addition interest in subsidiaries; (v) share of capital reserve of an associate from Shandong Innovation Carbon New Material Co., Ltd. * (“Innovation Carbon New Material”) 山東創新炭材料有限公司; and (vi) the difference between the fair value of capital contribution received from the non-controlling interests and the proportionate of the carrying amount of the net assets of the respective subsidiary attributable to owners of the Company being deemed disposed of.

(b) Statutory surplus reserve

In accordance with the Articles of Association of all subsidiaries established in the People’s Republic of China (“PRC”), those subsidiaries are required to transfer 5% to 10% of the profit after taxation reported under the relevant accounting policies and financial regulations in the PRC to the statutory surplus reserve until the reserve reaches 50% of the registered capital. Transfer to this reserve must be made before distributing dividends to equity owners. The statutory surplus reserve can be used to make up previous year’s losses, expand the existing operations or convert into additional capital of the subsidiaries.

(c) Translation reserve

Translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

(d) Investment revaluation reserve

Investments revaluation reserve represents the cumulative gains and losses arising on the revaluation of investments in equity instruments as at FVTOCI.

* The English names of the above companies are for reference only.

Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2022

32. FAIR VALUE DISCLOSURES

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of the reporting period.

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The following table provides the fair value measurement hierarchy of the Group's financial assets and financial liabilities as at 30 June 2022 and 31 December 2021. The valuation techniques and inputs used in the fair value measurements of each financial instruments on a recurring basis are set out below:

Financial instruments	Fair value hierarchy	Fair value as at		Valuation technique and key inputs
		30/6/2022 RMB'000 (Unaudited)	31/12/2021 RMB'000 (Audited)	
Financial asset at FVTOCI – listed equity instrument	Level 1	824,415	904,278	Quoted bid prices in an active market
Financial asset at FVTOCI – unlisted equity instrument	Level 3	151,231	154,628	Market approach – Based on P/E multiples of listed entities in similar industry with consideration of marketability discount of 62.85% (31 December 2021: 64.63%) (Key inputs: the higher discount rate, the lower the fair value)

Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2022

32. FAIR VALUE DISCLOSURES (CONTINUED)

Financial instruments	Fair value hierarchy	Fair value as at		Valuation technique and key inputs
		30/6/2022 RMB'000 (Unaudited)	31/12/2021 RMB'000 (Audited)	
Capped forward contract	Level 2	2,041	4,497	Discounted cash flows – Based on forward contracts exchange rates (from observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties)
Interest rate swaps contracts	Level 2	4,148	99	Discounted cash flows – Based on forward interest rates (from observable forward interest rates at the end of the reporting period and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties)
Redemption option derivative of convertible bonds	Level 3	182,884	206,607	Binomial option pricing model: Key observable inputs: risk free rate ranged from 0.12% to 0.78% (31 December 2021: 0.36% to 1.31%), and effective interest rate ranged from 10.42% to 11.67% (31 December 2021: 6.47% to 7.74%) Key unobservable inputs: volatility ranged from 47.99% to 57.21% (31 December 2021: 47.53% to 59.43%)

Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2022

32. FAIR VALUE DISCLOSURES (CONTINUED)

Financial instruments	Fair value hierarchy	Fair value as at		Valuation technique and key inputs
		30/6/2022 RMB'000 (Unaudited)	31/12/2021 RMB'000 (Audited)	
Conversion option derivative of convertible bonds	Level 3	715,696	747,749	Binomial option pricing model: Key observable inputs: risk free rate ranged from 0.12% to 0.78% (31 December 2021: 0.36% to 1.31%), and effective interest rate ranged from 10.42% to 11.67% (31 December 2021: 6.47% to 7.74%) Key unobservable inputs: volatility ranged from 47.99% to 57.21% (31 December 2021: 47.53% to 59.43%)

There were no transfer between levels of fair value hierarchy in the current and prior periods.

Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis

For recurring fair value measurements categorised within Level 3 of the fair value hierarchy:

- if the unobservable inputs of volatility to the valuation model were 5% higher/lower while all the other variables were held constant, the carrying amount of the redemption option derivative of convertible bonds and conversion option derivative of convertible bonds would increase/decrease by approximately RMB4,344,000 and RMB8,021,000 (31 December 2021: RMB21,945,000 and RMB8,438,000), respectively. The higher the volatility, the higher will be the fair value.
- if the unobservable inputs of P/E multiples to the valuation model were 5% higher/lower while all the other variables were held constant, the FVTOCI – unlisted equity instrument would increase/decrease by approximately RMB7,562,000 (31 December 2021: RMB7,731,000). The higher the P/E multiples, the higher will be the fair value.

Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2022

32. FAIR VALUE DISCLOSURES (CONTINUED)

Reconciliation of Level 3 fair value measurements of financial assets or liabilities on recurring basis:

	Redemption option derivative of convertible bonds RMB'000	Conversion option derivative of convertible bonds RMB'000	Unlisted equity instrument RMB'000
At 1 January 2022	206,607	747,749	154,628
Total losses			
– in profit or loss	39,860	313,488	–
– in other comprehensive income	–	–	(3,397)
Conversion into shares of the Company	(72,969)	(383,087)	–
Exchange difference	9,386	37,546	–
At 30 June 2022	182,884	715,696	151,231

The above total losses for the six months ended 30 June 2022 recognised in profit or loss of RMB353,348,000 are included in changes in fair value of financial instruments. Included in the total losses is amount of RMB3,397,000 that is attributable to the change in unrealised losses relating to financial assets and liabilities held at the end of the reporting period.

For the six months ended 30 June 2022, included in the above total losses is an amount of RMB3,397,000 (six months ended 30 June 2021: nil) loss relating to unlisted equity investment designated at FVTOCI held at the end of the period.

Fair value measurements and valuation process

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuer to perform the valuation. The chief financial officer works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The chief financial officer reports findings to the board of directors of the Company semi-annually to explain the cause of fluctuations in the fair values of the assets and liabilities.

The management of the Group considers that the carrying amounts of financial assets and financial liabilities measured at amortised cost in the interim condensed consolidated financial information approximate their fair value.

Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2022

33. PLEDGE OF ASSETS

At the end of each reporting period, certain of the Group's assets were pledged to secure banking facilities granted to the Group. The aggregate carrying amount of the assets of the Group pledged at the end of each reporting period is as follows:

	As at 30 June 2022	As at 31 December 2021
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Restricted bank deposits (note 20)	1,710,396	1,623,874
Property, plant and equipment (note 11)	11,848,179	11,803,565
Right-of-use assets (note 12)	494,747	499,916

34. COMMITMENTS

	As at 30 June 2022	As at 31 December 2021
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Capital expenditure in respect of acquisition of property, plant and equipment – Contracted for but not provided	2,435,632	1,618,260

35. CHANGE IN OWNERSHIP INTEREST IN A SUBSIDIARY

During the six months ended 30 June 2022, the Group had the following change in its ownership interest in subsidiary.

Acquisition of additional interest in a subsidiary

In April 2022, the Group acquired an additional 35% issued shares of Chongqing Weiqiao Financial Factoring Co., Ltd. * (“Chongqing Weiqiao Financial”) 重慶魏橋金融保理有限公司, increasing its ownership interest to 100%. Cash consideration of approximately RMB236,500,000 was paid to the non-controlling shareholders. The carrying value of the net assets of Chongqing Weiqiao Financial was approximately RMB178,850,000. A schedule of the effect of acquisition of additional interest is as follow:

	RMB'000
Carrying amount of non-controlling interest acquired	178,850
Consideration paid for acquisition of additional interest in Chongqing Weiqiao Financial	(236,500)
Difference recognised in capital reserve within equity	(57,650)

* The English translation is for reference only

Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2022

36. RELATED PARTY TRANSACTIONS

Save as disclosed in elsewhere of the notes to the interim condensed consolidated financial information, the Group has the following related parties transactions.

(a) During the six months ended 30 June 2022, the directors of the Company are of the view that the following are related parties of the Group:

Name of party	Relationship
Weiqiao Chuangye (note i)	note ii
Binzhou Weiqiao Technology Industrial Park Company Limited (“Binzhou Industrial Park”) 濱州魏橋科技工業園有限公司 (note i)	Controlled by Weiqiao Chuangye
Shandong Minghong Textile Technology Company Limited (“Ming Hong Textile”) 山東銘宏紡織科技有限公司 (note i)	Controlled by Weiqiao Chuangye
Binzhou City Construction Investment Development Co., Ltd. (“Binzhou Investment”) 濱州市公建投資開發有限公司 (note i)	Controlled by Weiqiao Chuangye
Binzhou City Beihai Weiqiao Solid Waste Disposal Co., Ltd. (“Beihai Solid Waste”) 濱州市北海魏橋固廢處置有限公司 (note i)	Controlled by Weiqiao Chuangye
Shandong Ruixin Tendering Co., Ltd (“Shandong Ruixin”) 山東瑞信招標有限公司 (note i)	Controlled by Weiqiao Chuangye
Binzhou City Beihai Weiqiao Railway Engineering Co., Ltd. (“Beihai Weiqiao Railway”) 濱州北海魏橋鐵路工程有限公司 (note i)	Controlled by Weiqiao Chuangye
Zhanhua Weiqiao Port Logistics Co., Ltd. (“Zhanhua Weiqiao Port Logistics”) 沾化魏橋港口物流有限公司 (note i)	Controlled by Weiqiao Chuangye
Wudi Weiqiao Port Logistics Co., Ltd. (“Wudi Weiqiao Port Logistics”) 無棣魏橋港口物流有限公司 (note i)	Controlled by Weiqiao Chuangye
Zouping Huineng Thermal Power Co., Ltd. (“Zouping Huineng”) 鄒平縣匯能熱電有限公司 (note i)	Controlled by Weiqiao Chuangye

Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2022

36. RELATED PARTY TRANSACTIONS (CONTINUED)

- (a) During the six months ended 30 June 2022, the directors of the Company are of the view that the following are related parties of the Group: (Continued)

Name of party	Relationship
PT. Harita Jayaraya ("Harita Jayaraya")	note iii
PT. Cita Mineral Investindo, Tbk.	note iii
PT. Antar Sarana Rekasa	Controlled by Harita Jayaraya
Zhanhua Jinsha Water Supply Co., Ltd. ("Jinsha Water Supply") 沾化金沙供水有限公司 (note i)	An associate of Weiqiao Chuangye
Innovation Carbon New Material	An associate of a wholly-owned subsidiary of the Company
Africa Bauxite Mining Company Ltd ("ABM")	An associate of a wholly-owned subsidiary of the Company
GTS Global Trading PTE Ltd ("GTS")	An associate of a wholly-owned subsidiary of the Company
Wining Alliance Ports SA ("WAP")	An associate of a wholly-owned subsidiary of the Company
Societe Miniere de Boke S.A ("SMB")	An associate of a subsidiary of the Company
Winning Consortium Simandou Railway Pte. Ltd. ("WCSR")	An associate of a subsidiary of the Company
Zouping Binneng Energy Technology Co., Ltd ("Binneng Energy") (note i)	An associate of a subsidiary of the Company
Shandong Weiqiao Haiyi Environmental Technology Co., Ltd. ("Weiqiao Haiyi Environmental") 山東魏橋海逸環保科技有限公司 (note i)	An associate of a subsidiary of the Company

Notes:

- i. The English names of the above companies are for reference only.
- ii. Mr. Zhang Bo, the director of the Company, has a significant non-controlling beneficial interest in Weiqiao Chuangye, and is also the director of Weiqiao Chuangye.
- iii. Harita Jayaraya has a significant non-controlling beneficial interest in PT Well Harvest Winning Alumina Refinery, a subsidiary of the Group.

Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2022

36. RELATED PARTY TRANSACTIONS (CONTINUED)

- (a) During the six months ended 30 June 2022, the directors of the Company are of the view that the following are related parties of the Group: (Continued)

During the reporting period, the Group entered into the following transactions with related parties:

	Notes	Six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Purchases of water			
– Jinsha Water Supply	(b)	(12,545)	(11,583)
– Weiqiao Chuangye	(b)	(17,726)	(18,574)
Industrial waste expenses			
– Beihai Solid Waste	(b)	(62,519)	(83,239)
Purchases of bauxite			
– GTS	(g)	(6,818,202)	(3,793,457)
– PT. Cita Mineral Investindo, Tbk.	(a)	(90,197)	(103,063)
Purchase of electricity			
– Binneng Energy	(g)	(7,412,394)	(4,838,439)
Purchase of anode carbon block			
– Innovation Carbon New Material	(g)	(1,135,065)	(570,555)
Purchase of right-of-use assets			
– Weiqiao Chuangye	(a)	(83,604)	(151,261)
Sales of steam			
– Binzhou Industrial Park	(a)	5,458	6,321
– Ming Hong Textile	(a)	1,780	1,531
– Binzhou Investment	(a)	14,117	19,052
– Zhanhua Weiqiao Port Logistic	(a)	467	–

Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2022

36. RELATED PARTY TRANSACTIONS (CONTINUED)

- (a) During the six months ended 30 June 2022, the directors of the Company are of the view that the following are related parties of the Group: (Continued)

During the reporting period, the Group entered into the following transactions with related parties: (Continued)

	Notes	Six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Sales of water			
– Zhanhua Weiqiao Port Logistic	(a)	63	–
Sales of scraps material			
– Beihai Solid Waste	(a)	–	351
– Beihai Weiqiao Railway	(a)	–	2
– Zhanhua Weiqiao Port Logistic	(a)	–	293
– Wudi Weiqiao Port Logistics	(a)	–	76
– Weiqiao Haiyi Environmental	(a)	–	6
– Zouping Huineng	(a)	588	–
Lease payment			
– Weiqiao Chuangye	(a), (c), (e)	(1,425)	(3,989)
– PT. Antar Sarana Rekasa	(b), (d), (f)	(4,077)	(4,062)
Interest income from associates			
– Binneng Energy	(g)	56,918	56,918
– WCSR	(g)	1,607	–

Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2022

36. RELATED PARTY TRANSACTIONS (CONTINUED)

- (a) During the six months ended 30 June 2022, the directors of the Company are of the view that the following are related parties of the Group: (Continued)

During the reporting period, the Group entered into the following transactions with related parties: (Continued)

Notes:

- (a) The related party transactions in respect of (a) above constitute connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules, however, they are exempt from the disclosure requirements in Chapter 14A of the Listing Rules in accordance with the provisions such as Rule 14.76 of the Listing Rules.
- (b) The related party transactions in respect of (b) above constitute connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules and have complied with the disclosure requirements of Chapter 14A of the Listing Rules.
- (c) The Group entered into a twenty-five-year lease in respect of certain properties from Weiqiao Chuangye in 2018. The amount of rent payable by the Group under the lease is approximately RMB237,000 per month. As at 30 June 2022, the carrying amount of such lease liabilities is approximately RMB41,064,000 (31 December 2021: RMB41,722,000).
- (d) The Group entered into lease ranging from 3 years in respect of vessels in Indonesia in 2019. The amount of rent payable by the Group under these leases are in aggregate approximately RMB752,000 per month and the lease was expired on 31 December 2021.
- (e) The Group entered into a three-year lease in respect of certain properties from Weiqiao Chuangye in 2020. The amount of rent payable by the Group under the lease is approximately RMB766,000 per month and the lease was expired on 16 November 2021.
- (f) For the six months ended 30 June 2022, the Group entered into a lease for 3 years in respect of vessels in Indonesia. The amount of rent payable by the Group under the lease is approximately RMB680,000 per month. As at 30 June 2022, the carrying amount of such lease liabilities is RMB19,493,000 (31 December 2021: nil).
- (g) The related party transactions in respect of (g) above do not constitute connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules.

Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2022

36. RELATED PARTY TRANSACTIONS (CONTINUED)

- (a) During the six months ended 30 June 2022, the directors of the Company are of the view that the following are related parties of the Group: (Continued)

The following balances were outstanding at the end of the reporting period:

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Loans to associates		
– ABM	738,254	701,327
– Binneng Energy	2,000,000	2,000,000
– WCSR	335,570	–
Trade payables		
– GTS	(1,291,779)	(316,349)
– Innovation Carbon New Material	(257,275)	(748,799)
– Jinsha Water Supply	(2,278)	(3,105)
– Weiqiao Chuangye	(126,069)	(29,633)
– PT. Cita Mineral Investindo, Tbk.	(91,960)	(36,419)
Trade receivables		
– Ming Hong Textile	65	84
– Zouping Huineng	231	–
Prepayment		
– Binneng Energy	1,050,000	3,626,005

Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2022

36. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Compensation of key management personnel

Key management personnel including directors and senior staff management of the Company.

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Short term employee benefit	3,219	1,992
Retirement benefits scheme contributions	59	33
	3,278	2,025

(c) Guarantees and security

At the end of the reporting period, details of amounts of bank borrowings of the Group guaranteed by a related party were as follows:

	As at	As at
	30 June 2022	31 December 2021
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Weiqiao Chuangye	940,000	960,000

37. MAJOR NON-CASH TRANSACTIONS

During the six months ended 30 June 2022, the Group entered into new arrangement in respect of vessel (six months ended 30 June 2021: office premises). Right-of-use assets and lease liabilities of approximately RMB22,790,000 (six months ended 30 June 2021: RMB49,627,000) were recognised at the commencement of the lease.

During the six months ended 30 June 2021, the Group transferred right-of-use assets of approximately RMB166,408,000 to investment properties.

During the six months ended 30 June 2021, the Group recognised capital reserve of RMB149,000 which represented capital injection in an associate.