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China Hongqiao Group Limited

中國宏橋集團有限公司

(Incorporated under the laws of Cayman Islands with limited liability)

(Stock Code: 1378)

UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

RESULTS HIGHLIGHTS

- Revenue increased by approximately 12.0% to approximately RMB73,592,249,000 as compared with the corresponding period last year
- Gross profit increased by approximately 202.1% to approximately RMB17,801,761,000 as compared with the corresponding period last year
- Profit for the Period increased by approximately 236.7% to approximately RMB10,007,876,000 as compared with the corresponding period last year
- Net profit attributable to shareholders of the Company increased by approximately 272.7% to approximately RMB9,154,911,000 as compared with the corresponding period last year
- Basic earnings per share increased by approximately 273.0% to approximately RMB0.966 as compared with the corresponding period last year
- The Board declares an interim dividend for 2024 of HK59.0 cents per share (six months ended 30 June 2023: HK34.0 cents)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	Notes	Six months ended 30 June	
		2024	2023
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Revenue	4	73,592,249	65,733,870
Cost of sales		<u>(55,790,488)</u>	<u>(59,841,506)</u>
Gross profit		17,801,761	5,892,364
Other income and gains		1,837,861	1,658,719
Selling and distribution expenses		(366,499)	(304,140)
Administrative expenses		(2,453,793)	(2,808,009)
Other expenses	5	(596,468)	(89,388)
Finance costs		(1,561,045)	(1,474,674)
Changes in fair value of financial instruments	6	(1,614,777)	14,393
Share of profits of associates		823,949	954,433
		<u>13,870,989</u>	<u>3,843,698</u>
Profit before taxation		13,870,989	3,843,698
Income tax expense	7	(3,863,113)	(871,674)
		<u>10,007,876</u>	<u>2,972,024</u>
Profit for the period		10,007,876	2,972,024
Profit for the period attributable to:			
Owners of the Company		9,154,911	2,456,623
Non-controlling interests		852,965	515,401
		<u>10,007,876</u>	<u>2,972,024</u>

		Six months ended 30 June	
		2024	2023
	<i>Note</i>	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Other comprehensive (expense) income for the period			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		(48,492)	322,388
Share of other comprehensive (expense) income of associates		(39,200)	41,517
		<u>(87,692)</u>	<u>363,905</u>
<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		(198,462)	(37,127)
		<u>(198,462)</u>	<u>(37,127)</u>
Total comprehensive income for the period, net of income tax		<u>9,721,722</u>	<u>3,298,802</u>
Total comprehensive income for the period attributable to:			
Owners of the Company		8,884,894	2,711,605
Non-controlling interests		836,828	587,197
		<u>9,721,722</u>	<u>3,298,802</u>
Earnings per share			
	<i>9</i>		
– Basic (RMB)		0.966	0.259
		<u>0.966</u>	<u>0.259</u>
– Diluted (RMB)		0.966	0.259
		<u>0.966</u>	<u>0.259</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

		As at 30 June 2024	As at 31 December 2023
	<i>Notes</i>	RMB'000 (Unaudited)	RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	<i>10</i>	71,628,855	70,200,235
Right-of-use assets		9,806,273	9,675,440
Intangible assets		40,510	42,907
Investment properties		36,729	38,159
Deposits paid for acquisition of property, plant and equipment		2,349,009	1,045,165
Deferred tax assets		2,606,936	2,990,023
Interests in associates		12,950,946	11,034,432
Loan to an associate		2,000,000	2,000,000
Goodwill		278,224	278,224
Financial asset at amortised cost	<i>13</i>	2,494,000	2,494,000
Financial assets at fair value through other comprehensive income		1,036,431	1,401,378
Financial assets at fair value through profit or loss		11,497,484	11,725,159
		116,725,397	112,925,122
CURRENT ASSETS			
Inventories	<i>11</i>	34,760,467	33,958,455
Trade receivables	<i>12</i>	7,239,475	5,488,751
Bills receivables		6,703,004	4,977,642
Prepayments and other receivables		8,168,655	8,747,804
Income tax recoverable		340,515	674,610
Restricted bank deposits		2,268,522	1,826,579
Cash and cash equivalents		37,501,630	31,721,122
		96,982,268	87,394,963

		As at 30 June 2024 <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (Audited)
	<i>Note</i>		
CURRENT LIABILITIES			
Trade and bills payables	14	13,420,961	11,648,276
Other payables and accruals		11,779,075	10,603,297
Bank borrowings – due within one year		34,432,866	30,489,208
Lease liabilities		22,549	37,952
Income tax payable		2,148,914	2,586,352
Short-term debentures and notes		7,000,000	7,000,000
Medium-term debentures and bonds – due within one year		5,511,900	8,116,930
Guaranteed notes – due within one year		2,125,961	3,511,821
Deferred income		27,221	35,290
		<u>76,469,447</u>	<u>74,029,126</u>
NET CURRENT ASSETS		<u>20,512,821</u>	<u>13,365,837</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>137,238,218</u>	<u>126,290,959</u>
NON-CURRENT LIABILITIES			
Bank borrowings – due after one year		9,610,407	8,621,908
Other financial liability		3,053,829	2,965,195
Lease liabilities		924,575	916,706
Liability component of convertible bonds – due after one year		2,044,529	1,963,567
Derivatives component of convertible bonds – due after one year		1,934,343	521,919
Deferred tax liabilities		335,064	363,704
Medium-term debentures and bonds – due after one year		7,782,073	3,206,332
Deferred income		1,477,923	1,475,183
		<u>27,162,743</u>	<u>20,034,514</u>
NET ASSETS		<u><u>110,075,475</u></u>	<u><u>106,256,445</u></u>

		As at 30 June 2024 <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (Audited)
	<i>Note</i>		
CAPITAL AND RESERVES			
Share capital	<i>15</i>	618,881	618,881
Reserves		99,152,963	91,625,797
		<hr/>	<hr/>
Equity attributable to owners of the Company		99,771,844	92,244,678
Non-controlling interests		10,303,631	14,011,767
		<hr/>	<hr/>
TOTAL EQUITY		110,075,475	106,256,445
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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

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 is 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 subsidiaries established in the Republic of Indonesia (“**Indonesia**”), the Republic of Singapore and the Republic of Guinea is 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 2024 has 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 D2 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 2023, 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 has 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 2023, except as disclosed below.

Application of amendments to IFRSs

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 2024:

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee of the IASB which is relevant to the Group.

Except as described below, 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.

Amendments to IAS 1 Classification of Liabilities as Current or Non-current; and Amendments to IAS 1 –Non-current Liabilities with Covenants

Amendments to IAS 1 Classification of Liabilities as Current or Non-current issued in 2020 clarify the requirements on determining if a liability is current or non-current, in particular the determination over whether an entity has the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments specify that an entity's right to defer settlement must exist at the end of the reporting period. Classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement. The amendments also clarify the classification of liabilities that will or may be settled by issuing an entity's own equity instruments.

Amendments to IAS 1 Non-current Liabilities with Covenants issued in 2022 further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current.

The adoption of the amendments has no impact on the Group's classification of liabilities as at 1 January 2023, 31 December 2023 and 30 June 2024.

4. REVENUE

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

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Revenue from sales of aluminum products		
– molten aluminum alloy	45,216,442	40,359,290
– aluminum alloy ingot	4,095,112	5,619,977
– aluminum fabrication	7,582,091	5,644,526
– alumina products	16,199,655	13,531,809
Steam supply income	498,949	578,268
	73,592,249	65,733,870

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

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<i>Geographical region</i>		
The PRC	69,531,348	62,456,431
India	1,581,425	926,023
Europe	897,978	1,291,302
Malaysia	210,156	118,937
Other Southeast Asia region	320,538	259,154
North America	538,346	517,060
Others	512,458	164,963
	<u>73,592,249</u>	<u>65,733,870</u>
Total	<u>73,592,249</u>	<u>65,733,870</u>
<i>Type of customers</i>		
Government related	219	192
Non-government related	73,592,030	65,733,678
	<u>73,592,030</u>	<u>65,733,678</u>
Total	<u>73,592,249</u>	<u>65,733,870</u>

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 resource allocation and performance assessment.

5. OTHER EXPENSES

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Impairment loss recognised in respect of trade receivables	4,693	477
Impairment loss recognised in respect of other receivables	–	11,033
Impairment loss recognised in respect of property, plant and equipment	534,225	–
Write-down of inventories to net realisable value	57,550	77,878
	<u>596,468</u>	<u>89,388</u>
Total	<u>596,468</u>	<u>89,388</u>

6 CHANGES IN FAIR VALUES OF FINANCIAL INSTRUMENTS

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Changes in fair values arising from:		
– derivatives component of convertible bonds	(1,387,102)	14,393
– financial assets at fair value through profit or loss	(227,675)	–
	(1,614,777)	14,393

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	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Current tax:		
– Hong Kong Profits Tax	–	–
– Indonesia Corporate Tax	124,437	124,776
– PRC Enterprise Income Tax	3,344,504	593,310
– Withholding tax paid	39,725	–
	3,508,666	718,086
Deferred taxation	354,447	153,588
Total income tax expense for the period	3,863,113	871,674

8. DIVIDENDS

Six months ended 30 June	
2024	2023
<i>RMB'000</i>	<i>RMB'000</i>
(Unaudited)	(Unaudited)

Dividends recognised as distribution during the period:

2023 Final dividend – HK29.0 cents (2023: 2022 Final dividend – HK10.0 cents)	2,497,093	872,364
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Subsequent to the end of the reporting period, the directors of the Company have decided that an interim dividend of HK59.0 cents per share, amounting to approximately HK\$5,590,568,000 in total will be paid, and 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.

9. EARNINGS PER SHARE

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

Six months ended 30 June	
2024	2023
<i>RMB'000</i>	<i>RMB'000</i>
(Unaudited)	(Unaudited)

Earnings

Earnings for the purpose of basic earnings per share	9,154,911	2,456,623
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	–	–
	9,154,911	2,456,623
Earnings for the purpose of diluted earnings per share	9,154,911	2,456,623

Six months ended 30 June	
2024	2023
<i>'000</i>	<i>'000</i>
(Unaudited)	(Unaudited)

Number of shares

Weighted average number of ordinary shares for the purposes of basic earnings per share	9,475,538	9,475,538
Effect of dilutive potential ordinary shares:		
Convertible bonds	–	–
Weighted average number of ordinary shares for the purposes of diluted earnings per share	9,475,538	9,475,538

The computation of diluted earnings per share for the six months ended 30 June 2024 and 2023 did not assume the conversion of the Company's outstanding convertible bonds since their exercise would result in an increase in earnings per share.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group purchased property, plant and equipment of approximately RMB411,154,000 (six months ended 30 June 2023: RMB200,749,000), and disposed plant and machinery and motor vehicles with carrying amount of approximately RMB2,544,000 (six months ended 30 June 2023: RMB142,514,000).

During the six months ended 30 June 2024, the Group also spent approximately RMB4,816,750,000 (six months ended 30 June 2023: RMB1,485,397,000) on the construction of its new product lines and plant.

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. The carrying values of these individual plants 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 values 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. Value-in-use calculations use pre-tax cash flow projections based on financial budgets approved by management covering expected earning period.

During the six months ended 30 June 2024, the directors of the Company conducted a review and determined that certain power plants were impaired. The recoverable amounts of relevant property, plant and equipment were determined based on the higher of their value in use and fair value less costs of disposal and the impairment of approximately RMB534,225,000 had been recognised in profit or loss. No impairment loss was recognised for property, plant and equipment for the six months ended 30 June 2023 as there is no impairment indicator identified at the reporting period end.

No reversal of impairment of property, plant and equipment was recognised during the six months ended 30 June 2024 and 2023.

There are properties with a carrying amount of approximately RMB5,102,048,000 (31 December 2023: RMB5,900,290,000) located in the PRC of which the Group is in the process of obtaining the ownership certificates. In the opinion of the directors of the Company, there is no legal barrier or otherwise for the Group to obtain the relevant title ownership certificates for these buildings from the relevant PRC authority.

11. INVENTORIES

During the period, write-down of inventories of approximately RMB57,550,000 (six months ended 30 June 2023: RMB77,878,000) has been recognised.

During the six months ended 30 June 2024, inventories previously impaired were sold or used. As a result, a reversal of provision of approximately RMB106,365,000 (six months ended 30 June 2023: RMB112,917,000) has been recognised and included in cost of sales.

12. TRADE RECEIVABLES

	As at 30 June 2024 <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (Audited)
Trade receivables	7,251,507	5,496,090
Less: allowance for impairment loss	<u>(12,032)</u>	<u>(7,339)</u>
	<u>7,239,475</u>	<u>5,488,751</u>

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 2024 <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (Audited)
Within 3 months	6,726,029	4,883,108
3 to 12 months	510,460	601,815
12 to 24 months	<u>2,986</u>	<u>3,828</u>
	<u>7,239,475</u>	<u>5,488,751</u>

13. FINANCIAL ASSET AT AMORTISED COST

	As at 30 June 2024 <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (Audited)
Financial asset at amortised cost		
Collective investment trust B	<u>2,494,000</u>	<u>2,494,000</u>

The collective investment trust B represents asset income trust with 2,494,000,000 units at RMB1 per unit issued by CITIC Trust Co., Ltd. 中信信託有限責任公司 and will be matured on 13 January 2028. The asset income trust carries fixed interest rate of 5.78% per annum.

14. TRADE AND BILLS PAYABLES

	As at 30 June 2024 <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (Audited)
Trade payables	13,108,341	11,516,014
Bills payables	312,620	132,262
	13,420,961	11,648,276

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

	As at 30 June 2024 <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (Audited)
Within 6 months	12,053,778	10,856,474
6 to 12 months	797,964	400,421
1 to 2 years	221,114	229,088
More than 2 years	35,485	30,031
	13,108,341	11,516,014

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

15. ISSUED CAPITAL

	Number of shares		Share Capital	
	30 June 2024	31 December 2023	30 June 2024 US\$	31 December 2023 US\$
Authorised:				
Ordinary shares of US\$0.01 each	<u>20,000,000,000</u>	<u>20,000,000,000</u>	<u>200,000,000</u>	<u>200,000,000</u>
	30 June 2024	31 December 2023	30 June 2024 US\$	31 December 2023 US\$
Issued and fully paid:				
Ordinary shares of US\$0.01 each	<u>9,475,538,425</u>	<u>9,475,538,425</u>	<u>94,755,384</u>	<u>94,755,384</u>
			Number of shares	Share Capital RMB'000
Issued and fully paid:				
At 1 January 2023, 31 December 2023 and 30 June 2024			<u>9,475,538,425</u>	<u>618,881</u>

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.

16. COMMITMENTS

At the end of the reporting period, the Group had the following capital and other commitments:

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	8,127,919	5,833,281
Commitments arising from unlisted equity investments in partnerships	<u>1,408,283</u>	<u>1,408,283</u>

In addition, the Group agreed to provide performance guarantee for Baowu Simandou Mining (Shanghai) Company Limited (“**Baowu Simandou (Shanghai)**”), an independent third party, for the funding obligation under the Simandou project entered into between Winning Consortium Simandou Pte. Ltd. (“**WCS**”) and Winning Consortium Simandou Infrastructure Pte. Ltd. (“**WCSI**”), associates of the Group and being the beneficiary, and Baowu Simandou (Shanghai). Pursuant to the agreements, the Group shall undertake to fund the project in an amount not exceeding US\$1,780,000,000, equivalent to approximately RMB12,607,206,000 (which indirectly includes the obligations of the Group for its relevant funding contribution under the Winning Consortium Holdings Pte. Ltd. shareholders agreement).

CHAIRMAN'S STATEMENT

Dear 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 2024 (the “**Period**” or “**Period under Review**”).

During the Period, the global economy was characterised by intensified divergence in development and insufficient investment momentum. The overall economy continued to progress at a low to medium speed with weak growth momentum. Additionally, geopolitics became a constant variable against the backdrop of escalating trade tensions and increasing policy uncertainty, exacerbating global trade and investment uncertainty. From a global perspective, China's economic performance was still outstanding with stable and improved progress and a positive recovery trend. China is still a stabilising force for the world's economic growth. According to the data released by the National Bureau of Statistics of China, China's gross domestic product (GDP) in the first half of this year was slightly above RMB60 trillion, representing a year-on-year growth of approximately 5.0% calculated at constant prices, while the total value of imports and exports of goods increased by approximately 6.1% year-on-year, intuitively reflecting the resilience of China's foreign trade and its important role in the global industrial chain.

On the industry front, commodity markets, including aluminum, have shown a complex and volatile trend. The sustained strengthening of the US dollar index exerted significant pressure on commodity prices. Concurrently, the repeated fluctuations in the expectation of the potential US Federal Reserve interest rate cuts have led to increased market volatility, with commodity prices showing a fluctuating trend. The overseas demand remained weak in traditional sectors such as packaging, construction and consumer durables, putting considerable pressure on exports of commodities such as aluminum. In contrast, China's aluminum consumption market has remained stable with an upward trend, especially the rapid development of industries such as new energy vehicles and photovoltaics, which has brought new growth points for aluminum consumption. The strong demand and huge growth potential have, to a certain extent, compensated for the reduction in demand for aluminum products from traditional industries, providing market support for the aluminum industry and, at the same time, opening up new market opportunities and creating room for growth.

During the Period, the Group, as always, adhered to the development strategy of guidance by science and innovation, digital empowerment, ecological priority, and openness and integration, firmly anchored in high-quality development, and focused on forging innovative and quality productive forces. Working hard and striving to open up a new chapter under changing circumstances, through strategic planning and resource allocation, the Group continued to create new advantages by accelerating the development of new industries and new business models, striving to stimulate the internal dynamics of enterprise development, and achieved remarkable results.

During the Period under Review, the Group’s revenue amounted to approximately RMB73,592,249,000, representing a year-on-year increase of approximately 12.0%; gross profit was approximately RMB17,801,761,000, representing a year-on-year increase of approximately 202.1%; net profit attributable to shareholders of the Company amounted to approximately RMB9,154,911,000, representing a year-on-year increase of approximately 272.7%; and basic earnings per share were approximately RMB0.966 (the corresponding period in 2023: approximately RMB0.259). The Board resolved to pay an interim dividend of HK59.0 cents per share for 2024 (the corresponding period in 2023: HK34.0 cents per share).

Over the years, the Group has insisted on constructing an integrated upstream and downstream industrial chain structure while proactively integrating overseas bauxite resources to create a globalised win-win model. The series of forward-looking and comprehensive layouts and continuous and unremitting efforts have provided a stable cost advantage to the Group and yielded fruitful results in practice. During the Period, the Group not only benefited from the rapid upward movement of aluminum prices due to the combined influence of supply constraints and the improving macro-economic environment, but also maintained a higher profit margin even though the alumina prices increased sharply and the overall cost in the industry rose suddenly. In addition, the continuous improvement of the Group’s upstream alumina business has effectively extended the industrial chain while ensuring its cost stability, successfully enhancing the profits of alumina and creating significant value for the Group’s business growth.

Currently, the Group is at a critical stage of development where traditional industries are being transformed and upgraded, emerging industries are being cultivated and strengthened, and future industries are evolving. Through a series of measures such as strengthening scientific research in key areas, building a high-quality talent team, optimising the energy structure, innovating the business model, and creating an industrial ecosystem, the Group is solidly promoting the high-end, intelligent, and green development. During the Period, the Group took advantage of the current situation and continued to explore the aluminum industry, striving to enhance the quality and efficiency of the industry. Based on the national high-tech industrialisation bases for high-end aluminum materials, the Group has further enhanced the entire integrated industrial chain from bauxite, alumina, primary aluminum, deep processing of aluminum to secondary aluminum. We will continuously deepen the conversion of traditional and emerging driving forces, leveraging new technologies to drive sustainable development. This will continuously strengthen the “green” components throughout our enterprise growth.

During the Period, the Group further accelerated its development towards “innovation, greenness and the future” and vigorously promoted low-carbon transformation. The Group proactively utilised green energy sources such as hydropower and photovoltaic power, forming a green power supply pattern with the co-existence of various energy sources, which has led to a continuous increase in the proportion of clean energies. In addition, the Group continuously improved the Yunnan Green Aluminium Innovation Industrial Park and developed the green energy industry, striving to create a world-class enterprise with green and low-carbon production. As a pioneer and leading player in the construction of the “China Green Aluminum Valley” in Yunnan, the Group has achieved multi-win results in the construction and development of the projects in Yunnan in terms of economic impetus, ethnic solidarity and rural revitalisation.

The pace of the new round of technological revolution and industrial transformation is accelerating. At this important moment, the Group has been more determined to put technological innovation as the core driving force for the transformation of growth drivers, and to use science and technology to empower the re-engineering of the industrial chain and the upgrading of the value chain. At the same time, the Group continued to increase its R&D investment in science and technology, and to give full play to the strengths of its science and innovation platforms, such as Weiqiao (Suzhou) Lightweight Research Institute, the Weiqiao & UCAS (University of the Chinese Academy of Sciences) Joint Laboratory and the Weiqiao & UCAS Research Academy. In addition, relying on the science and innovation system which is jointly led by the “enterprises, universities, research institutions, financial institutions, intermediaries and transformation of results”, we continued to achieve breakthroughs in critical techniques in various projects, revitalising the traditional industries with a fresh lease of life. Our projects such as the Smart Aluminum Electrolysis Future Factory and the Alumina Smart Factory are vivid examples of the Group’s commitment to promoting digitalisation and intelligent construction, and empowering traditional industries with digital technology to move towards high-end and smart technologies.

During the Period, the construction of the Group’s lightweight base also continued its deep expansion, and the Group has further increased its investment and cooperation efforts to demonstrate and promote lightweighting, and has currently reached strategic cooperation with several domestic and foreign automobile manufacturers. The Group has successively linked the various parts of lightweighting of transportation equipment, from basic research to mass production, and has continuously advanced the actual application of its technological innovations.

In the course of its development, the Group, as always, has adhered to the long-term vision, assuming the leadership role as its responsibility to realise a win-win situation, no matter whether it is planning for the development of domestic industries or the deployment of overseas resources. In this process, the Group has insisted on low-carbon and green actions as its fundamentals and proactively integrated itself into the reshaping of the global supply chain. The Group has provided Chinese “green solutions” for development to Indonesia and Guinea, enabling our partner countries to move towards “innovation” and become stronger through “green” initiatives. In addition, the Group has proactively participated in international exchanges and continued to promote international cooperation of production capacity. During the Period, the Group collaborated with our partners to exhibit at the Hannover Messe 2024, showing the world its advantageous products and cutting-edge techniques of the whole industrial chain.

In addition, the Group’s unremitting efforts in its core business and comprehensive exploration efforts have been widely recognised and praised by the industry both at home and abroad. In particular, the Group won the “Best Sustainability-Linked Loan (Aluminum) China Offshore” award from *The Asset*, a leading international financial magazine with great credibility in the Asia’s investment community, for the pioneering and first sustainability-linked syndicated loan focusing on carbon emission reduction in China’s aluminum electrolysis industry.

During the Period under Review, the Group continued to adhere to the principles of robust and efficient capital management. While continuously optimising the capital structure and improving the efficiency of capital utilisation, the Group also constantly strengthened its financial management and internal control. In addition, the Group has actively invested in the diversification of its financing channels and achieved a gratifying market recognition. In particular, Shandong Hongqiao New Material Co., Ltd., a subsidiary of the Company, successfully issued short-term financing bonds, medium-term notes and sci-tech innovation medium-term notes with an aggregate amount of RMB9.5 billion during the Period. This not only received proactive responses from investors but also set a historically low interest rates of its long and medium-term bonds. In addition, at the beginning of 2024, the Group not only successfully issued US\$300 million senior unsecured notes with a coupon rate of 7.75% in the US dollar bond market, but also received subscriptions of more than 7 times, which fully demonstrated the Group's strong competitiveness in the financial market. The proactive feedback from the market further demonstrated investors' recognition of and confidence in the Group's business model, profitability and future development prospects.

Looking ahead to the second half of the year, although the uncertainty and instability of the external environment still exist, coupled with weak domestic effective demand and the continued pressure on investment growth and market adjustments and a number of other complicated factors, in general, China's economy will maintain a stable and long-term positive development trend. The Group will continue to explore opportunities in the development of the economy and industries, proactively respond to fluctuations and challenges, constantly foster and strengthen innovative and quality productive forces, and continuously promote improvements in both quality and efficiency.

On behalf of the Board, I would like to extend my sincere gratitude to the Group's management team and employees for their efforts and dedication in the first half of 2024, and to our shareholders, investors and business partners for their support and trust. China Hongqiao will join hands with all of you to create a better future of prosperity and development!

Mr. Zhang Bo

Chairman of the Board

16 August 2024

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

In the first half of 2024, the economic performance of major countries showed better-than-expected improvements to varying degrees, with improving key growth indicators as global inflation eased and interest rate hikes in major developed economies neared the end. Against the backdrop of a weak economic recovery, there were high expectations for the demand for metals such as copper and aluminum to be driven by the photovoltaic and new energy automobile industries. Together with the phased weaknesses in the supply capacity of certain ore varieties and smelting, the non-ferrous metal prices, including aluminum, demonstrated a sharp upward trend in the second quarter of 2024.

According to the statistics of Beijing Antaike Information Co., Ltd. (“**Antaike**”), during the Period, the average price of three-month aluminum futures on the London Metal Exchange (LME) was approximately US\$2,401/tonne (tax exclusive), representing an increase of approximately 1.6% year-on-year. The average price of three-month aluminum futures on the Shanghai Futures Exchange (SHFE) was approximately RMB19,846/tonne (value-added tax inclusive), representing an increase of approximately 8.2% year-on-year.

According to the statistics of Antaike, during the Period, the global output of primary aluminum was approximately 35.80 million tonnes, representing a year-on-year increase of approximately 4.0%; the global consumption of primary aluminum was approximately 35.94 million tonnes, representing a year-on-year increase of approximately 5.3%. Focusing on the Chinese market, during the Period, the output of primary aluminum amounted to approximately 21.30 million tonnes, representing a year-on-year increase of approximately 5.7% and accounting for approximately 59.5% of the global output; the primary aluminum consumption was approximately 22.10 million tonnes, representing a year-on-year increase of approximately 8.2% and accounting for approximately 61.5% of global primary aluminum consumption.

For the six months ended 30 June 2024, net profit attributable to shareholders of the Company amounted to approximately RMB9,154,911,000, representing a year-on-year increase of approximately 272.7%, which was mainly attributable to (i) the increase in the average sales prices of the Group's aluminum alloy products and alumina products as compared with that of the corresponding period in 2023, the increase in their sales volumes, and the decrease in the purchase prices of the Group's major raw materials, such as coal and anode carbon block. Benefiting from these positive factors, the Group's gross profit of the aforesaid products increased significantly as compared with that of the corresponding period in 2023; and (ii) the net profit of approximately RMB2,972 million in the first half of 2023 and the net profit of approximately RMB9,526 million in the second half of 2023, indicating a lower base for net profit in the first half of 2023.

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 2024 and for the corresponding period in 2023:

Products	For the six months ended 30 June							
	2024				2023			
	Revenue	Gross profit	Gross profit	Proportion	Revenue	Gross profit	Gross profit	Proportion
<i>RMB'000</i>	(loss)	(loss)	of sales	<i>RMB'000</i>	(loss)	(loss)	of sales	
	<i>RMB'000</i>	margin	revenue to		<i>RMB'000</i>	margin	revenue to	
		%	total revenue			%	total revenue	
			%				%	
Aluminum alloy products	49,311,554	12,141,705	24.6	67.0	45,979,267	3,986,350	8.7	69.9
Alumina	16,199,655	4,120,103	25.4	22.0	13,531,809	1,209,409	8.9	20.6
Aluminum fabrication products	7,582,091	1,594,577	21.0	10.3	5,644,526	769,821	13.6	8.6
Steam	498,949	(54,624)	(10.9)	0.7	578,268	(73,216)	(12.7)	0.9
Total	73,592,249	17,801,761	24.2	100.0	65,733,870	5,892,364	9.0	100.0

For the six months ended 30 June 2024, the Group's revenue derived from aluminum alloy products was approximately RMB49,311,554,000, accounting for approximately 67.0% of its revenue and representing an increase of approximately 7.2% from approximately RMB45,979,267,000 for the corresponding period last year, which was mainly due to the increase of approximately 6.7% in the average sales price of aluminum alloy products. Revenue derived from alumina products was approximately RMB16,199,655,000, accounting for approximately 22.0% of its revenue and representing an increase of approximately 19.7% from approximately RMB13,531,809,000 for the corresponding period last year, which was mainly due to the increase of approximately 16.9% in the average sales price of alumina products. Revenue derived from aluminum fabrication products was approximately RMB7,582,091,000, accounting for approximately 10.3% of its revenue and representing an increase of approximately 34.3% from approximately RMB5,644,526,000 for the corresponding period last year, which was mainly due to the increase in sales volume of aluminum fabrication products.

For the six months ended 30 June 2024, the overall gross profit margin of the Group was approximately 24.2%, representing an increase of approximately 15.2 percentage points from approximately 9.0% for the corresponding period last year. Gross profit margin of aluminum alloy products was approximately 24.6%, representing an increase of approximately 15.9 percentage points as compared with the corresponding period last year. This was mainly due to the increase in sales price of aluminum alloy products as compared with the corresponding period last year and the decrease in the price of raw materials, leading to the decrease in the cost of aluminum alloy products as compared with that of the corresponding period last year. Gross profit margin of alumina products was approximately 25.4%, representing an increase of approximately 16.5 percentage points as compared with that of the corresponding period last year. This was mainly due to the increase in sales price of alumina products as compared with that of the corresponding period last year, leading to the increase in gross profit margin. Gross profit margin of aluminum fabrication products was approximately 21.0%, representing an increase of approximately 7.4 percentage points as compared with that of the corresponding period last year. This was mainly due to the decrease in cost of sales of aluminum fabrication products as compared with that of the corresponding period last year, leading to an increase in gross profit margin.

Selling and distribution expenses

For the six months ended 30 June 2024, the Group's selling and distribution expenses were approximately RMB366,499,000, representing an increase of approximately 20.5% from approximately RMB304,140,000 for the corresponding period last year, which was mainly due to the increase in sales volume of alumina products and aluminum fabrication products and hence the corresponding increase in transportation expenses.

Administrative expenses

For the six months ended 30 June 2024, the Group's administrative expenses amounted to approximately RMB2,453,793,000, representing a decrease of approximately 12.6% as compared with approximately RMB2,808,009,000 for the corresponding period last year, which was mainly due to the decrease in the Group's R&D expenses included in administrative expenses during the Period.

Finance costs

For the six months ended 30 June 2024, the Group's finance costs were approximately RMB1,561,045,000, representing an increase of approximately 5.9% as compared with approximately RMB1,474,674,000 for the corresponding period last year, which was mainly due to the increase in interest expenses as a result of the increase in total interest-bearing debts of the Group during the Period.

Liquidity and financial resources

As at 30 June 2024, the Group's cash and cash equivalents were approximately RMB37,501,630,000, representing an increase of approximately 18.2% as compared with approximately RMB31,721,122,000 of the cash and cash equivalents as at 31 December 2023.

For the six months ended 30 June 2024, the Group's net cash inflows from operating activities were approximately RMB14,263,699,000, net cash outflows from investing activities were approximately RMB6,461,570,000, and net cash outflows from financing activities were approximately RMB2,062,821,000. The net cash outflows from investing activities were mainly attributable to the cash outflows for the purchase of properties, plants and equipment. The net cash outflows for financing activities were mainly attributable to the cash outflows for the dividend payout, the payment of interest on debts and expenses for acquisition of additional equity in a subsidiary of the Group during the Period.

For the six months ended 30 June 2024, the Group's capital expenditure amounted to approximately RMB5,560,394,000, which was mainly used 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 of the green aluminum innovation industrial park in Yunnan (雲南綠色鋁創新產業園), lightweight material base (輕量化材料基地), new energy projects and others.

As at 30 June 2024, the Group's capital commitment relating to capital expenditure in respect of acquisition of properties, plants and equipment in the future amounted to approximately RMB8,127,919,000, primarily for the construction projects such as the green aluminum innovation industrial park in Yunnan, lightweight material base, and new energy projects. The Group's commitment arising from unlisted equity investments in partnerships amounted to approximately RMB1,408,283,000. In addition, the Group agreed to provide performance guarantee in respect of the funding obligations of its associates in the iron ore project in Simandou, Guinea, pursuant to which the Group undertook to fund the project to an amount not exceeding US\$1,780,000,000, equivalent to approximately RMB12,607,206,000 (indirectly including the obligations of the Group for its relevant funding contribution under the Winning Consortium Holdings Pte. Ltd. Shareholders Agreement).

As at 30 June 2024, the Group's trade receivables amounted to approximately RMB7,239,475,000, representing an increase of approximately 31.9% from approximately RMB5,488,751,000 as at 31 December 2023, which was mainly due to the fact that the Group's revenue from the aluminium fabrication products increased during the Period, which led to an increase in receivables at the end of the Period.

As at 30 June 2024, the Group's prepayments and other receivables (including non-current assets) amounted to approximately RMB8,168,655,000, representing a decrease of approximately 6.6% as compared with the prepayments and other receivables (including non-current assets) of approximately RMB8,747,804,000 as at 31 December 2023, which was mainly because certain prepayments and other receivables as at the end of 2023 were utilised or collected during the Period.

As at 30 June 2024, the Group's inventory was approximately RMB34,760,467,000, representing an increase of approximately 2.4% from approximately RMB33,958,455,000 as at 31 December 2023, which was mainly due to the slight increase in inventory of certain raw materials.

Income tax

The Group's income tax for the first half of 2024 amounted to approximately RMB3,863,113,000, representing an increase of approximately 343.2% from approximately RMB871,674,000 for the corresponding period last year, which was mainly due to the substantial increase in income tax as a result of the significant increase in the Group's profit before tax as compared with the corresponding period last year.

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

For the six months ended 30 June 2024, net profit attributable to shareholders of the Company amounted to approximately RMB9,154,911,000, representing an increase of approximately 272.7% from approximately RMB2,456,623,000 for the corresponding period last year.

During the Period, basic earnings per share of the Company were approximately RMB0.966 (the corresponding period in 2023: approximately RMB0.259).

Interim dividend and closure of register of members

On 16 August 2024, the Board resolved to declare an interim dividend of HK59.0 cents per share for the six months ended 30 June 2024 (the “**Interim Dividend**”), payable to the shareholders whose names appear on the register of members of the Company on Friday, 22 November 2024. 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, 18 November 2024 to Friday, 22 November 2024 (both days inclusive), during which no transfer of shares will be effected. The Interim Dividend is expected to be paid on Friday, 6 December 2024.

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, 15 November 2024.

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 2024, the cash and cash equivalents of the Group amounted to approximately RMB37,501,630,000 (31 December 2023: approximately RMB31,721,122,000), 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 2024, the total liabilities of the Group amounted to approximately RMB103,632,190,000 (31 December 2023: approximately RMB94,063,640,000). Gearing ratio (total liabilities to total assets) was approximately 48.5% (31 December 2023: approximately 47.0%).

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 development. As at 30 June 2024, secured bank borrowings of the Group amounted to approximately RMB12,213,131,000 (31 December 2023: approximately RMB12,537,863,000).

As at 30 June 2024, the Group's total bank borrowings were approximately RMB44,043,273,000. 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 2024, approximately 87.3% of the Group's bank borrowings were subject to fixed interest rates while its remainder of approximately 12.7% was 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 2024, liabilities of the Group, other than bank borrowings, included short-term bonds of RMB7,000,000,000, medium-term notes and corporate bonds of approximately RMB13,293,973,000, guaranteed notes of approximately RMB2,125,961,000 and convertible bonds of approximately RMB3,978,872,000, interest rates of which ranged from 2.57% to 7.75% per annum. Such notes and bonds would facilitate the optimisation of the Group's debt structure and reduce financing costs.

As at 30 June 2024, the Group had net current assets of approximately RMB20,512,821,000. 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 ensure the Group to have adequate liquidity.

As at 30 June 2024, the Group's liabilities were mainly denominated in RMB and foreign currency, of which approximately 87.0% of the total liabilities were denominated in RMB, and approximately 13.0% were denominated in foreign currency. The Group's cash and cash equivalents were mainly held in RMB and foreign currency, of which approximately 92.5% were held in RMB and approximately 7.5% were held in foreign currency.

Employee and remuneration policy

As at 30 June 2024, the Group had a total of 50,628 employees, representing an increase of 1,720 employees as compared with that of 31 December 2023. During the Period, the total staff costs of the Group amounted to approximately RMB2,359,302,000, representing an increase of approximately 0.8% from approximately RMB2,341,463,000 for the corresponding period last year. This increase was mainly due to the slight increase in the number of staff of the Group during the Period as compared with that of the corresponding period last year, leading to the increase in staff costs. The total staff costs of the Group were approximately 3.2% of its 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.

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 2024, the Group's bank balances denominated in foreign currencies were approximately RMB2,794,483,000, and liabilities denominated in foreign currencies were approximately RMB9,143,277,000. For the six months ended 30 June 2024, the Group's foreign exchange losses were approximately RMB361,202,000 (for the six months ended 30 June 2023: foreign exchange losses of approximately RMB354,012,000).

During the Period under review, the Group actively took measures to mitigate currency exchange rate fluctuation risks, and ensured the foreign exchange risks were generally under control on the whole. The Group proactively took the following measures to guard against its foreign exchange fluctuation risks in accordance with its business operations: (i) reasonable arrangements for financing and foreign exchange revenue and expenditure with timely adjustments to the foreign exchange fund management scheme; (ii) 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 (iii) timely use of derivative instruments to hedge foreign exchange risks in conjunction with changes in exchange rates and interest rates.

Contingent liability

As at 30 June 2024, the Group had no significant contingent liability.

Material acquisitions and disposals of subsidiaries, associates and joint ventures

For the six months ended 30 June 2024, the Company did not have other material acquisitions or disposals of subsidiaries, associates or joint ventures.

Significant investment held

For the six months ended 30 June 2024, 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

Save as disclosed in this results announcement, for the six months ended 30 June 2024 and as of the date of this results announcement, there was no future plan approved by the Group for any material investments or capital assets.

Events after the reporting period

Subsequent to 30 June 2024 and up to the date of this results announcement, there was no important event affecting the Group.

FUTURE PROSPECT

With an interest rate cut cycle expected to begin in this year, the world is anticipated to maintain a momentum of sustained economic growth. At the same time, we should be aware of the challenges and risks that may arise during this process, such as the exacerbation of global economy imbalance and the increased trade frictions, and their spillover effects and impacts on the industry.

In this regard, the Group firmly believes that promoting high-quality development is the key to effectively solving a series of problems in development, while shaping innovative and quality productive forces is the inherent requirement and important focus. China Hongqiao will continue to uphold the corporate core value of “serving the country and benefiting the people”. Through our focus on both green, low carbon and technological innovations, we will proactively serve and integrate into the new development model, comprehensively and firmly implement the new development concept, steadily advance the diversified development strategies and promote the in-depth integration of the industrial chain, innovation chain and talent chain. We will play a more proactive leading role in driving the development of the local economy and the industrial synergies, and further assist the whole industry in transforming into the “innovative” and “green” landscape, contributing more strengths to the harmonious coexistence between the global economy and ecology, and the creation of a better life.

SUPPLEMENTARY INFORMATION

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

As at 30 June 2024, 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 2024 (%)
Shiping Prosperity Private Trust Company ⁽¹⁾	Trustee	6,090,031,073 (Long position)	64.27
China Hongqiao Holdings Limited (“ Hongqiao Holdings ”) ⁽¹⁾	Beneficial owner	6,090,031,073 (Long position)	64.27
Ms. Zhang Hongxia ⁽²⁾	Interest in persons acting in concert	6,098,901,073 (Long position)	64.36
Ms. Zhang Yanhong ⁽²⁾	Interest in persons acting in concert	6,098,901,073 (Long position)	64.36
CTI Capital Management Limited ⁽⁴⁾	Beneficial owner	660,690,170 (Long position) ⁽³⁾	6.97
CITIC Limited ⁽⁴⁾	Interest of a controlled corporation	850,625,461 (Long position)	8.98
		185,000,000 (Short position)	1.95
CITIC Group Corporation ⁽⁴⁾	Interest of a controlled corporation	850,625,461 (Long position)	8.98
		185,000,000 (Short position)	1.95

Notes:

- (1) Shiping Prosperity Private Trust Company (“**Shiping Trust Company**”) held 100% equity interest in Hongqiao Holdings as trustee.
- (2) Shiping Trust Company held 100% equity interest in Hongqiao Holdings as trustee. Shiping Global Holding Company Limited (“**Shiping Global**”) is the settlor, protector and one of the beneficiaries of Shiping Prosperity Trust. Mr. Zhang Bo, Ms. Zhang Hongxia and Ms. Zhang Yanhong held 40%, 30% and 30% equity interests in Shiping Global respectively, and to maintain an acting-in-concert arrangement in respect of the exercise of the shareholders’ rights of Shiping Global. Accordingly, Mr. Zhang Bo, Ms. Zhang Hongxia and Ms. Zhang Yanhong are deemed to be interested in the shares of the Company held by Hongqiao Holdings. In addition, Mr. Zhang Bo, as the beneficial owner, holds 8,870,000 shares in the Company. By virtue of the acting-in-concert arrangement, Ms. Zhang Hongxia and Ms. Zhang Yanhong are deemed to be interested in the shares of the Company beneficially held by Mr. Zhang Bo.
- (3) According to the disclosure of interests as set out on the website of the Stock Exchange, CTI Capital Management Limited was interested in 660,690,170 shares of the Company in long position.
- (4) 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 27.52% equity interest in CITIC Limited. 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 53.12% equity interest in CITIC Limited. CITIC Limited held 100% equity interest in CITIC Corporation Limited. CITIC Corporation Limited also held 100% equity interest in CITIC Financial Holdings Co., Ltd., which 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 100% equity interest in CITIC Investment (HK) Limited, which held 100% equity interest in Fortune Class Investments Limited. CITIC Limited also held 100% equity interest in Metal Link Limited. Fortune Class Investments Limited, Metal Link Limited, CITIC Corporation Limited and CITIC Financial Holdings Co., Ltd. held 0.02%, 0.53%, 1.09% and 66.84% equity interest in China CITIC Bank Corporation Limited, respectively. China CITIC Bank Corporation Limited held 100% 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.

Save as disclosed above, as at 30 June 2024, 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 2024, the interests and 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 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 C3 to the Rules Governing the Listing of Securities on the Stock Exchange (“**Listing Rules**”), were as follows:

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 2024 (%)
Mr. Zhang Bo ⁽¹⁾	Beneficial owner	8,870,000 (Long position)	0.09
	Interest in persons acting in concert	6,090,031,073 (Long position)	64.27

Note:

- (1) Shiping Trust Company held 100% equity interest in Hongqiao Holdings as trustee. Shiping Global is the settlor, protector and one of the beneficiaries of Shiping Prosperity Trust. Mr. Zhang Bo, Ms. Zhang Hongxia and Ms. Zhang Yanhong held 40%, 30% and 30% equity interests in Shiping Global respectively, and to maintain an acting-in-concert arrangement in respect of the exercise of the shareholders' rights of Shiping Global. Accordingly, Mr. Zhang Bo, Ms. Zhang Hongxia and Ms. Zhang Yanhong are deemed to be interested in the shares of the Company held by Hongqiao Holdings.

Save as disclosed above, as at 30 June 2024, there was no any other Directors or chief executive of the Company or any of their spouse 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 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 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.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the six months ended 30 June 2024 and up to the date of this results announcement was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the shares in, or debentures of, the Company or any other body corporate or had exercised any such right during the Period.

AUDIT COMMITTEE

The Company has established the audit committee (the “**Audit Committee**”) of the Board in compliance with the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 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 16 August 2024 to review the interim results and the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2024. The Audit Committee considered that the interim financial results of the Group for the six months ended 30 June 2024 were in compliance with the relevant accounting standards, rules and regulations and adequate disclosures had been duly made.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 June 2024 and up to the date of this results announcement.

ADJUSTMENT OF CONVERSION PRICE OF THE 5.25% CONVERTIBLE BONDS DUE 2026 WITH A PRINCIPAL AMOUNT OF US\$300,000,000

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

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

Pursuant to the terms and conditions of the convertible bonds, as the Company declared the payment of the interim dividend for the year 2021, the conversion price per share was adjusted from HK\$8.47 to HK\$8.12 effective from 15 November 2021. Please refer to the announcement of the Company dated 25 November 2021 for details.

Pursuant to the terms and conditions of the convertible bonds, as the Company declared the payment of the final dividend for the year 2021, the conversion price per share was adjusted from HK\$8.12 to HK\$7.63 effective from 1 June 2022. Please refer to the announcement of the Company dated 31 May 2022 for details.

Pursuant to the terms and conditions of the convertible bonds, as the Company declared the payment of the interim dividend for the year 2022, the conversion price per share was adjusted from HK\$7.63 to HK\$7.24 effective from 21 November 2022. Please refer to the announcement of the Company dated 21 November 2022 for details.

Pursuant to the terms and conditions of the convertible bonds, as the Company declared the payment of the final dividend for the year 2022, the conversion price per share was adjusted from HK\$7.24 to HK\$7.15 effective from 1 June 2023. Please refer to the announcement of the Company dated 31 May 2023 for details.

Pursuant to the terms and conditions of the convertible bonds, as the Company declared the payment of the interim dividend and a special dividend for the year 2023, the conversion price per share was adjusted from HK\$7.15 to HK\$6.82 effective from 27 November 2023. Please refer to the announcement of the Company dated 24 November 2023 for details.

Pursuant to the terms and conditions of the convertible bonds, as the Company declared the payment of the final dividend for the year 2023, the conversion price per share was adjusted from HK\$6.82 to HK\$6.54 effective from 31 May 2024. Please refer to the announcement of the Company dated 30 May 2024 for details.

SENIOR NOTES

- (1) On 1 June 2021, the Company issued 6.25% senior unsecured notes due 2024 with an aggregate principal amount of US\$500,000,000. The notes were listed and quoted on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) and matured on 8 June 2024. On the maturity date, the Company redeemed the notes in full based on its remaining aggregate principal amount and the interest accrued to the maturity date. Please refer to the announcements of the Company dated 1 June 2021 and 10 June 2021 for details.
- (2) On 25 March 2024, the Company issued 7.75% senior unsecured notes due 2025 with an aggregate principal amount of US\$300,000,000. The net proceeds from the issue of the notes, after deducting the underwriting discounts and commission and other expenses payable in connection with the offering, were approximately US\$297,600,000. The notes were listed and quoted on the SGX-ST. The proceeds were fully utilised by the Company for the uses as described in the announcement of the Company dated 25 March 2024. Please refer to the announcements of the Company dated 25 March 2024 and 2 April 2024 for details.

CHANGES IN INFORMATION OF DIRECTOR AND CHIEF EXECUTIVE

- (1) Mr. Tu Yikai resigned as a non-executive Director with effect from 11 July 2024 due to work relocation.
- (2) Due to the resignation of Mr. Tu Yikai, Mr. Zhang Hao has ceased to act as an alternate Director to Mr. Tu Yikai with effect from 11 July 2024.
- (3) Mr. Tian Mingming was appointed as a non-executive Director on 11 July 2024.
- (4) Mr. Zhang Hao was appointed as an alternate Director to Mr. Tian Mingming with effect from 11 July 2024.

Save as disclosed above, for the six months ended 30 June 2024 and up to the date of this results announcement, there was no other change in the Directors and chief executive of the Company, and the Company was not aware of any other changes in the information of the Directors and 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 2024 and up to the date of this results announcement.

COMPLIANCE WITH THE CG CODE

The Company has applied the principles as set out in the CG Code. For the six months ended 30 June 2024, 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 2024.

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

The electronic version of this results announcement will be available on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.hongqiaochina.com. The electronic version of the interim report will be published on or before 16 September 2024, and will be available on the websites of the Stock Exchange and the Company.

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

Hong Kong, the PRC

16 August 2024

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