



China Hongqiao Group Limited

中國宏橋集團有限公司

(HKEx Stock Code:1378)

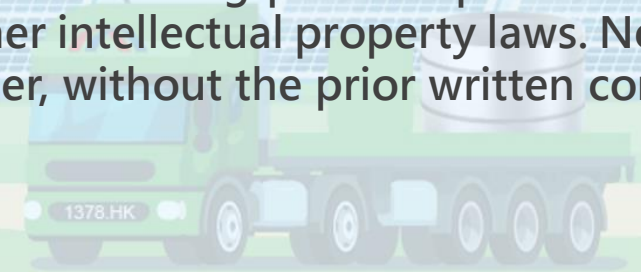
2024 Annual Results

March 2025



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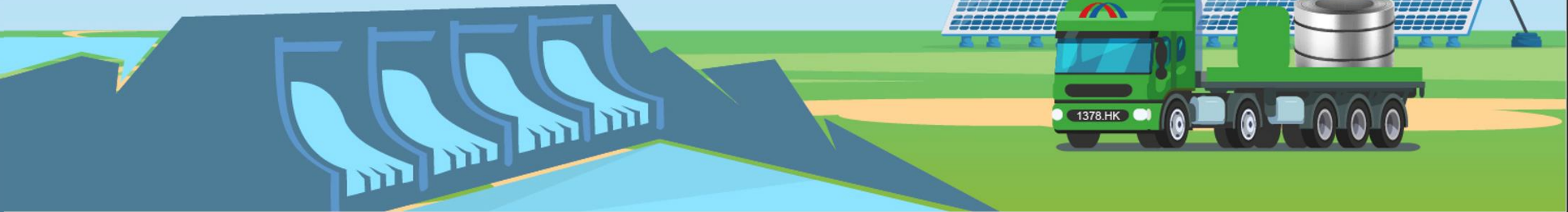
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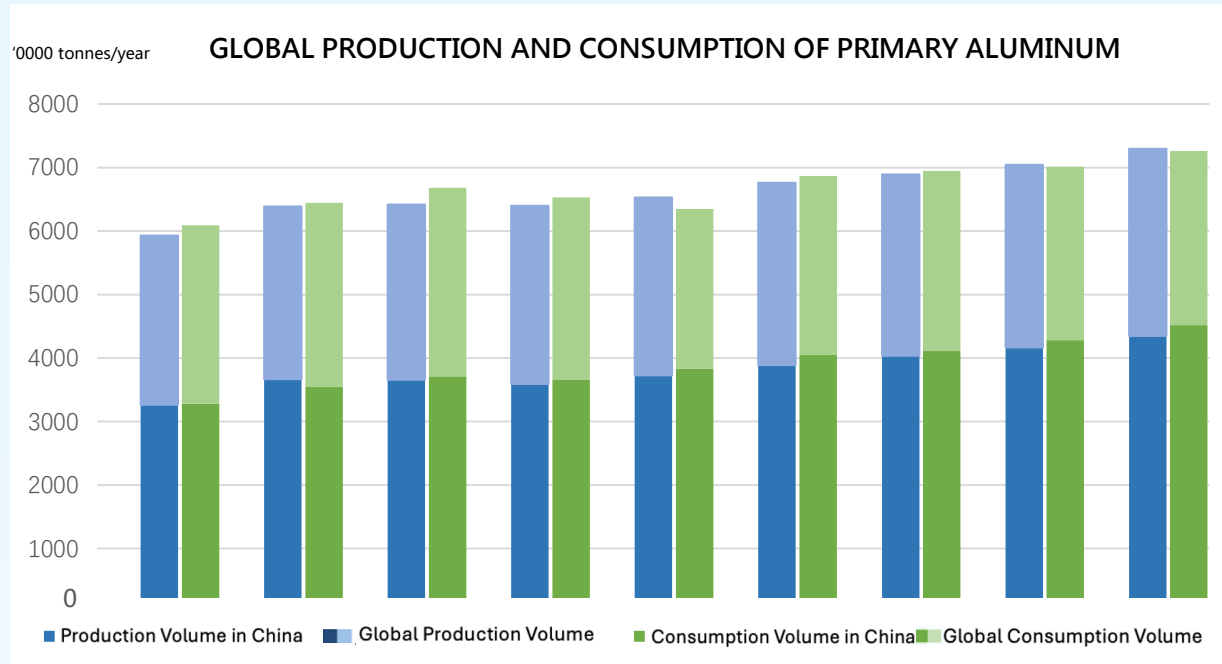
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2024 Global Supply and Demand of Primary Aluminum



≈43,460,000 tonnes
China's production volume of primary aluminum

↑ 4.3%
YOY

≈45,180,000 tonnes
China's consumption volume of primary aluminum

↑ 5.5%
YOY

≈72,960,000 tonnes
Global production volume of primary aluminum

↑ 3.5%
YOY

≈72,580,000 tonnes
Global consumption volume of primary aluminum

↑ 3.5%
YOY

Source: Antaiko

In 2024, China accounted for approximately 59.6% in global primary aluminum production and approximately 62.2% of global primary aluminum consumption, increased by 0.5 and 1.1 p.p. respectively.

Demand

- ◆ Benefit from the increase in demand for primary aluminum from sectors like new energy vehicles, PV, power grids, home appliances and exports, domestic consumption of primary aluminum showed a trend of growth.
- ◆ With the continuous decline in global inflation levels, the easing pressure on employment, and the commencement of trade recovery, the global economy maintained its resilience, and the global aluminum consumption showed signs of improvement.

Supply

- ◆ In 2024, China's primary aluminum production increased by 4.3% YoY. However, driven by demand in areas such as exports, electronic power, and new energy vehicles, consumption was even more robust, with the growth rate of primary aluminum consumption exceeding the growth rate of supply, resulting in a tight supply throughout the year.
- ◆ Overseas supply saw a slight increase, roughly matching the growth rate of global demand, with supply and demand largely balanced.



2024 Aluminum Price Trends

Aluminum Price Trend of LME and SHFE

≈ **2,418.9 USD/tonne** ↑ **7.5%**
Monthly average spot prices of LME

≈ **2,457.5 USD/tonne** ↑ **7.4%**
Average prices of LME 3-month aluminum futures

≈ **19,958.7 RMB/tonne** ↑ **6.7%**
Monthly average spot prices of SHFE

≈ **19,995.7 RMB/tonne** ↑ **8.2%**
Average prices of SHFE 3-month aluminum futures

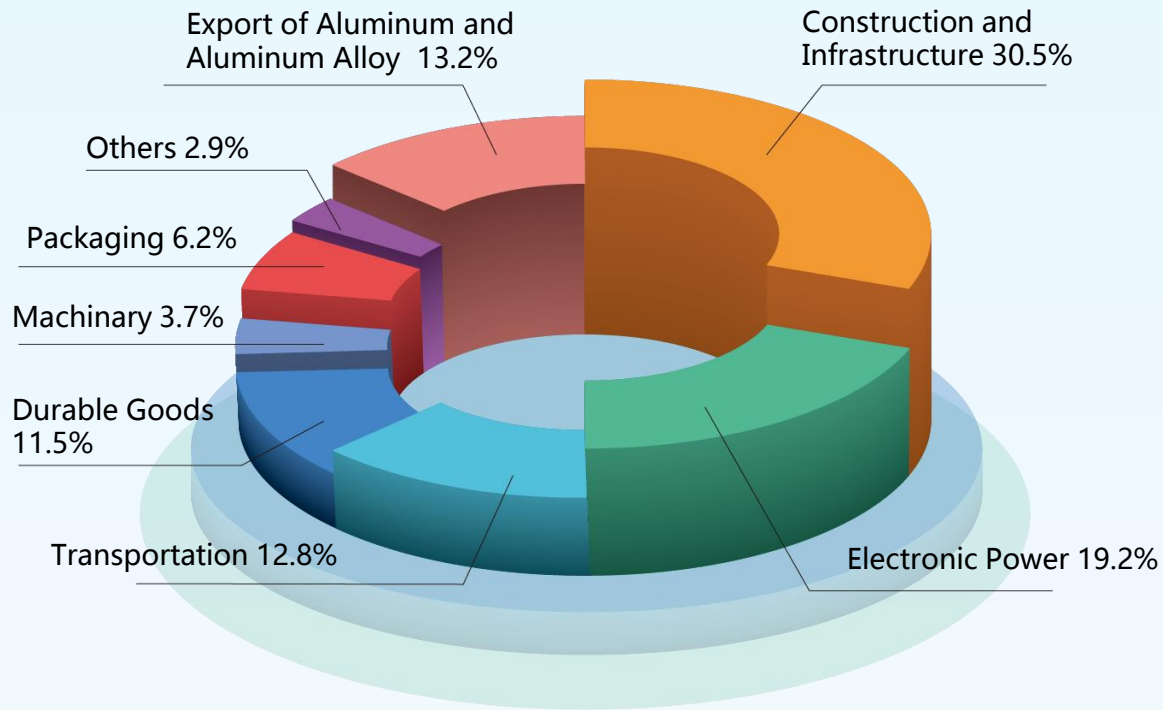


Source: Antaika

- ◆ In 2024, the global economy recovered at a moderate pace, with notable differences in economic growth among countries and regions. Among emerging and developing economies, Asia performed relatively well and witnessed rapid growth.
- ◆ Driven by the sustained economic recovery, aluminum prices both domestically and internationally increased in 2024. SHFE aluminum prices maintained a relatively strong trend, fueled by the continuous introduction of macroeconomic stimulus policies, interest rate cuts by the Federal Reserve, and supply constraints. The average prices of three-month aluminum futures on the SHFE and the LME showed growth trends.



China's Primary Aluminum Consumption

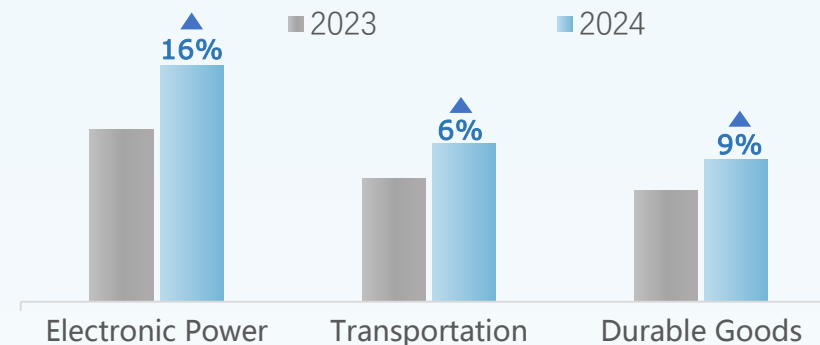


2024 China Primary Aluminum Market Breakdown

Source: Antaika

- ◆ China's primary aluminum consumption reached 45.18 million tonnes in 2024, representing a YoY increase of 5.5% compared to 42.84 million tonnes in 2023.
- ◆ In terms of the consumption breakdown, **construction and infrastructure, electronic power, export of aluminum and aluminum alloy, transportation and durable goods** accounted for the highest proportion of the consumption in 2024.
- ◆ In 2024, despite the continued downturn in the real estate industry, demand in sectors such as home appliances and automobiles remained robust thanks to government policy support. Grid investments witnessed rapid growth, aluminum exports showed strong momentum, and aluminum consumption exceeded expectations.
- ◆ At the same time, the continuing upgrading of the aluminum consumption structure has accelerated. While traditional consumption markets like real estate continue to slow down, emerging markets like new energy vehicles, lithium batteries, and photovoltaic products have shown strong but differing growth rates.

Key Growth Sectors for China's Primary Aluminum Consumption



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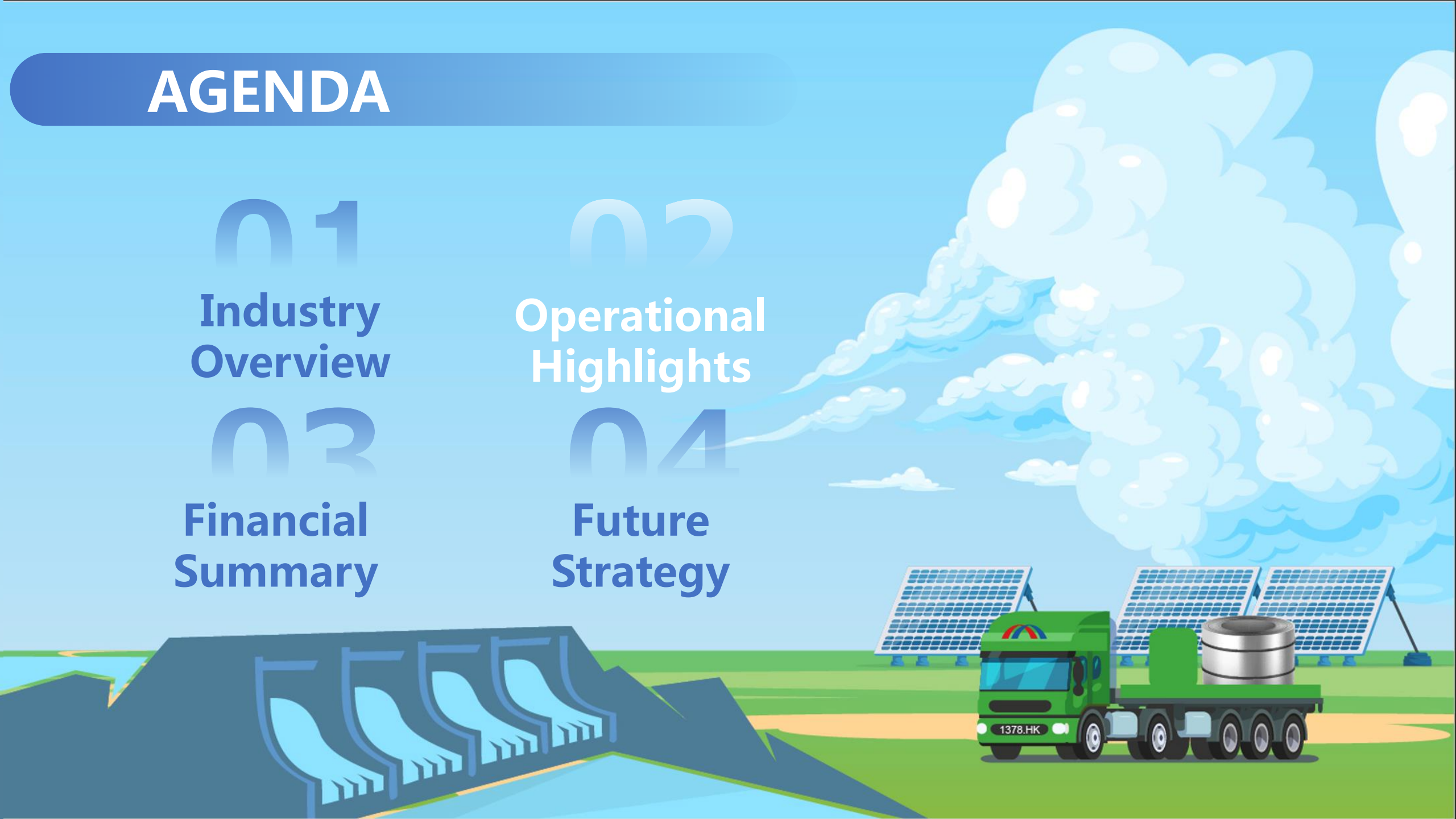
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Operational Highlights – Overall Strategy

Consolidate the Advantages of Upstream and Downstream Integration
Build a Complete Closed-loop Industrial Chain
Expand the Application of Aluminum

Optimize the multi-energy structure
Strengthen Carbon Reduction and Pollution Mitigation, Expand Green Growth
Increase the Proportion of Clean Energy Usage

Actively Develop Recycled Aluminum
Further Build the Circular Economy
Deeply Integrate the Lightweight Industry



Implement the Strategy of Synergistic Allocation of Global Resources
Deeply Integrate the Sharing and Construction of Global Supply Chain, Industrial Chain and Value Chain

Increase R&D Investment
Promote Sci-tech Innovation and Market Application
Advance Overall Digital Transformation

Continue to Optimize Financial Structure by Replacing Short-term Debt with Long-term Debt.

Precision in Management

Intelligence in Industry

Green in Energy

Optimization in Structure



Vertically Integrated Business Model

Upstream

Bauxite



- Through the operation of joint ventures, achieve effective allocation of resources at the front-end of the industrial chain, ensuring price stability and cost advantages for the Group's bauxite procurement
- Long-term stable bauxite supply channels in Indonesia and Australia
- In 2024, approximately 74.1% of the Group's bauxite consumed in production came from Guinea, approximately 9.2% from Indonesia, and approximately 16.6% from Australia

Energy



- Further utilize clean energy sources such as hydropower and photovoltaic power to continuously increase the proportion of clean energy consumption in production. Strive to build a stable, efficient, green, and low-carbon new energy supply system
- By the end of 2024, the Group had developed and constructed approximately 2 gigawatts of centralized photovoltaic power stations in Yunnan Province

Alumina



- In 2024, alumina sales volume was approximately 10.921 million tonnes, representing an increase of about 5.3% YoY
- In 2024, alumina product revenue was approximately RMB 37.35 bn, representing an increase of about 40.6% YoY
- The gross profit margin for alumina products in 2024 reached approximately 35.4%, surged by a significant 24.3 p.p. as compared to the previous year

Midstream

Primary Aluminum



- In 2024, primary aluminum sales volume was approximately 5.837 million tonnes, increased by about 1.5% YoY
- In 2024, the primary aluminum revenue was approximately RMB 102.43 bn, increased by of about 8.2% YoY.
- In 2024, the gross profit margin reached 24.6% for primary aluminum products, improved by 7.2 p.p. YoY

Downstream

Aluminum Fabrication



- In 2024, the sales volume of aluminum fabrication products was approximately 766,000 tonnes, increased by about 32.1% YoY
- The revenue from aluminum fabrication products was approximately RMB 15.57bn in 2024, recording an increase of about 35.4% YoY
- Continue to increase R&D investment, emphasizing full-domain digital empowerment to further improve quality and efficiency
- Vigorously cultivate emerging downstream industries and innovative applications of new materials, promoting breakthroughs and implementation of key technologies



Leading Production Technology

Sci-tech Innovation , Digital Empowerment · Energy Saving , Ecological Priority

- ◆ With the honor of "Demonstration Factory for Intelligent Manufacturing" **the smart aluminum electrolysis future factory** has implemented all the Phase I projects, and is proceeding with Phase II projects in order, achieving accurate and rapid transformation of sci-tech innovations.
- ◆ Shandong Hongqiao New Material Co., Ltd. fully leverages its role as a leading enterprise, driving development in its location, Zouping City. It has become **the only company that has been recognized as the national high-tech industrialization base of high-end aluminum materials** by the Ministry of Science and Technology of China, and the national industry demonstration base of new-type industrialization of new lightweight aluminum materials.

- ◆ Constantly accelerated R&D of **new lightweight aluminum alloy products with high strength, high toughness and corrosion resistance**, as well as the intelligent transformation of the aluminum industry, while launching **smart aluminum AI&L model** and other R&D projects to advance high-end and intelligent development.
- ◆ The self-developed WQAL® CHF110 cast aluminum alloy has passed the review of the China Nonferrous Metal Standardization Technical Committee and has been **officially registered as the 356Y.1 alloy grade**, representing another significant breakthrough for the Company in new materials and sustained innovation.

- ◆ **Non-electric pump system** was adopted to reduce electricity consumption; **intermediate pressure cylinder technology** was adopted to reduce energy consumption during commissioning and production.
- ◆ A **fully intergraded production line** with a one-million-tonne annual capacity of alumina was adopted to improve efficiency and reduce energy consumption.
- ◆ Hongfa Aluminum has been awarded **the aluminum deep-processing industry's first product evaluation certificate for resource recycling** in China, with a top rating of AAA.
- ◆ Currently, the Company has two **national-level green factories** and **three provincial-level green factories**.



**Shandong Hongqiao and Hongfa Aluminum are both subsidiaries of the Company*



Optimized Financial Structure



Continuously Optimize Financial Structure

- Net debt level has decreased to RMB 25.4 bn from RMB 29.9 bn.
- Continue to improve debt maturity structure, with the proportion of long-term debt increased by 15.6 p.p., from 22.6% in the same period last year to 38.2%
- Based on solid and effective capital management principles, timely adjust capital operation strategies, flexibly utilize internal funds and external financing, while ensuring robust and sufficient cash flow
- Actively expand diversified financing channels and strengthen cooperation with banks and enterprises to enhance capital liquidity and reduce financing costs



Expand Diversified Financing Channels at Home and Abroad

- Shandong Hongqiao successfully issued 15 short-term financing bonds, medium-term notes, green, two-new and sci-tech innovation medium-term notes with a total value of RMB 12.6 bn and the interest rates ranged from 2.57% to 4%. This not only received proactive responses from domestic investors but also set the historically low interest rate of its long and medium-term bonds
- The Group successfully issued US\$300 mn senior unsecured bonds with a coupon rate of 7.75% in the US dollar bond market, achieving over 7 times oversubscription
- Expand and maintain diversified financing channels with domestic and foreign banks



Continuous Support from Banks

- Strive for continuous and deep cooperation with various domestic and international banks
- Continue to expand and deepen partnerships with existing banks in the future



Gearing Ratio at 48.2% as at 31 December 2024, remained stable.



Recognition from International Institutions and Rating Agencies

China Hongqiao is included in **55** indexes of Hang Seng Index, highlighting its outstanding developments and strong confidence and recognition from capital market, including:

- Hang Seng Index - Blue Chip Stocks
- HSI SCHK Index
- Hang Seng SCHK High Dividend Yield Index
- Hang Seng Composite Industry Index - Materials
- Hang Seng Climate Change 1.5°C Target Index

**Lianhe
Global**

Outlook **Stable**
Rating **BBB-**

S&P

Outlook **Stable**
Rating **BB-**

Fitch

Outlook **Stable**
Rating **BB+**



ESG Highlights

China Hongqiao integrate the philosophy of green development in its corporate operations, deeply engages in ESG, and is committed to achieving carbon neutrality goals and promoting global sustainable development.

Honors & Awards



Enterprise Asia
"Green Leadership Award"



HKQAA
"ESG Connect - Mentor Organisation"



Institutional Investor
Listed on 15 rankings, honored with 8 awards
Named "Most Honored Company"



UN SDG IMPACT
"Sustainable Impact Enterprise Award – Excellence Award"



Bloomberg Businessweek
"ESG Leading Enterprise Awards– Leading Environmental Project Award"



SIM-PAC
"Global Impact Award"



"Hong Kong ESG Reporting Awards 2024"



Xinhua News Agency
"ESG Excellent Case 2024"

ESG Key Progress

- Submitted first **CDP Climate Change Questionnaire** in 2024
- Shandong Hongtuo, a subsidiary, was named "**Leading Enterprise**" in **Energy Efficiency in Key Industries**
- 11** subsidiaries passed the ASI Performance Certification, 2 companies passed the ASI Chain of Custody Standard Certification
- Zouping Hongfa Aluminum Technology, a subsidiary, received the first **Resource Recycling Product Evaluation Certificate**, with the highest honor AAA, in China's aluminum deep processing industry.
- 2** national-level green factories
- 3** provincial-level green factories
- 1** provincial-level supply chain



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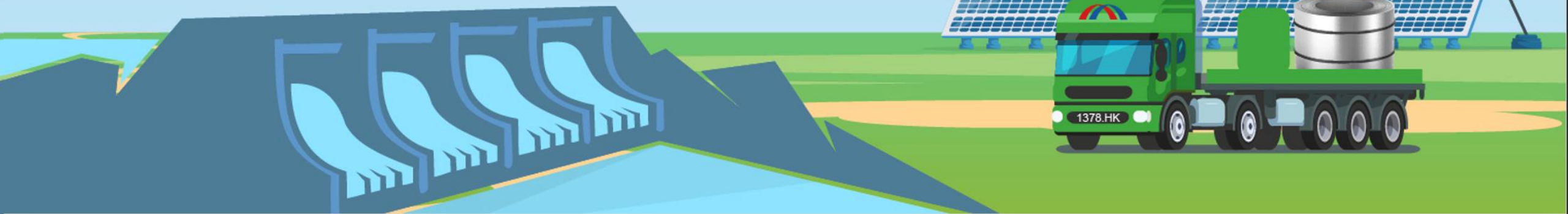
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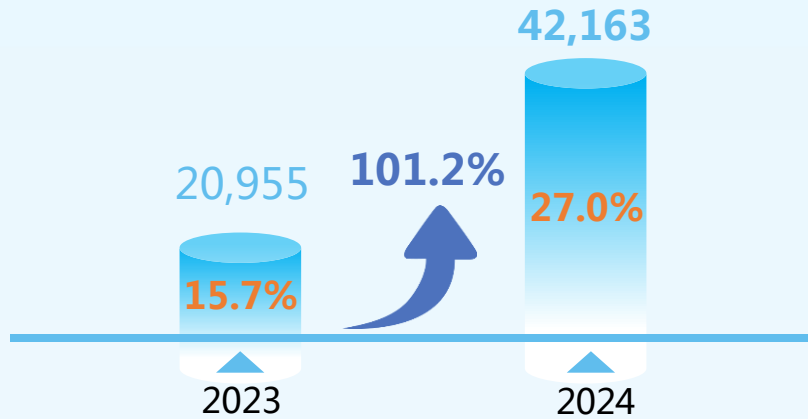
(RMB million)	2023	2024	Variance
Revenue	133,624	156,169	+16.9%
Gross profit	20,955	42,163	+101.2%
Gross profit margin	15.7%	27.0%	+11.3p.p.
Net Profit	12,498	24,546	+96.4%
Net profit attributable to shareholders	11,461	22,372	+95.2%
Basic earnings per share	RMB 1.2095	RMB 2.3611	+95.2%
Net profit margin	9.4%	15.7%	+6.3p.p.
Interest coverage ratio	8.11X	13.23X	+5.12X
Final dividend/per share	HK 29Cents/Share	HK 102Cents/Share	+251.7%
Full-year dividend/per share	HK 63Cents/Share	HK 161Cents/Share	+155.6%



Profitability

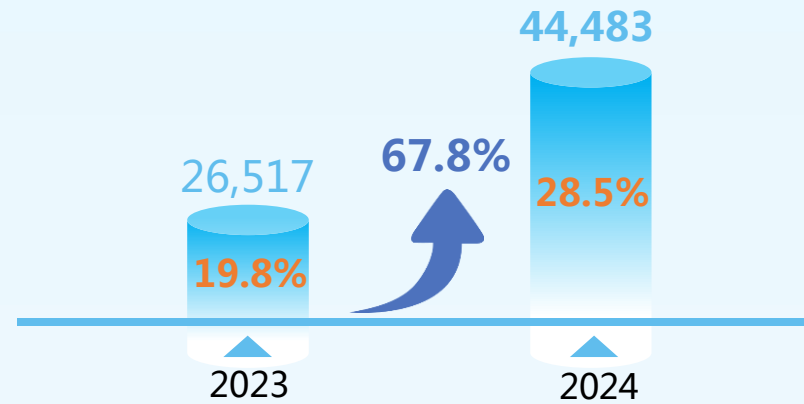
Gross profit (RMB million)

■ Gross profit ● Gross profit margin



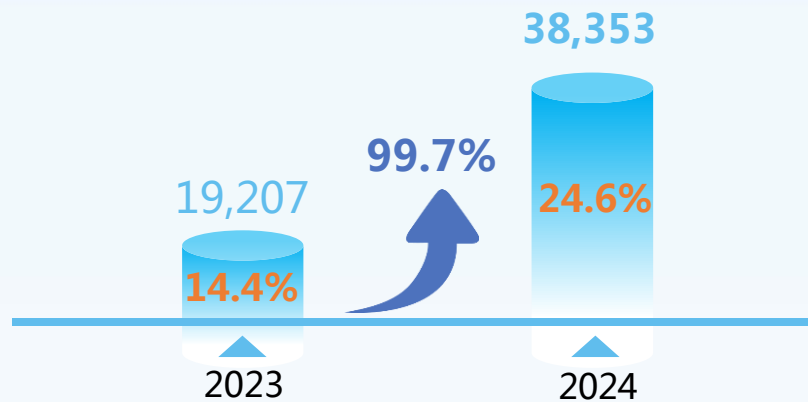
EBITDA (RMB million)

■ EBITDA ● EBITDA margin



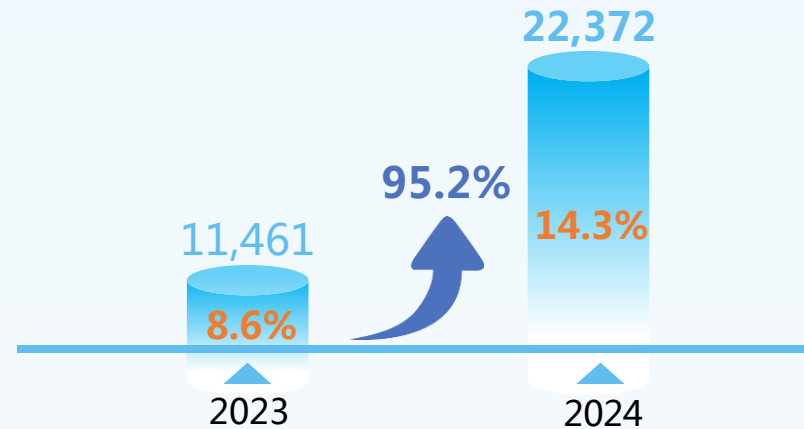
EBIT (RMB million)

■ EBIT ● EBIT margin



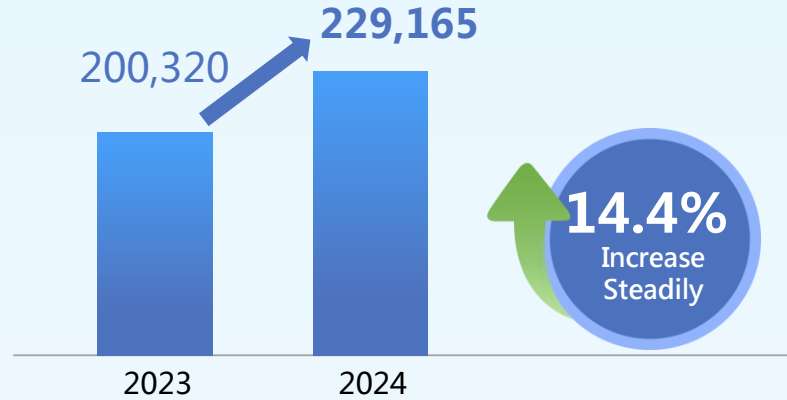
Net profit attributable to shareholders (RMB million)

■ Net profit attributable to shareholders ● Net profit margin to shareholders

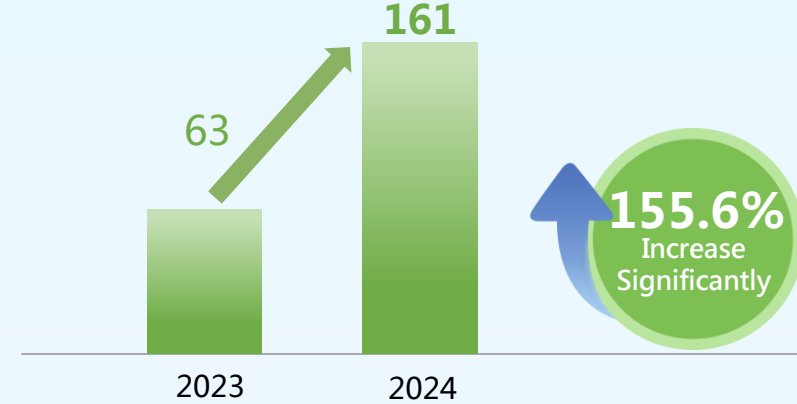


Liquidity and Capital

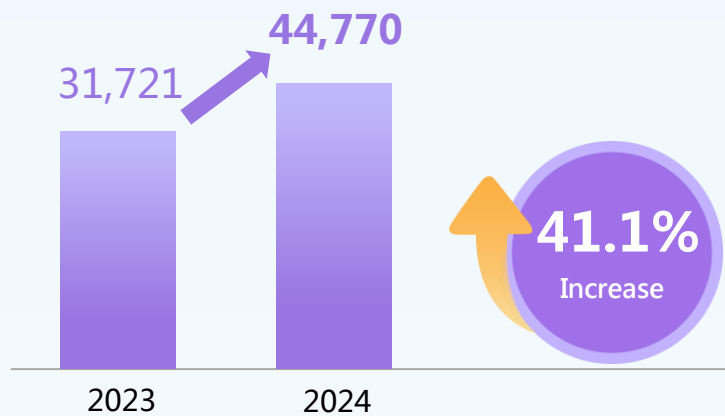
 Total assets (RMB mn)



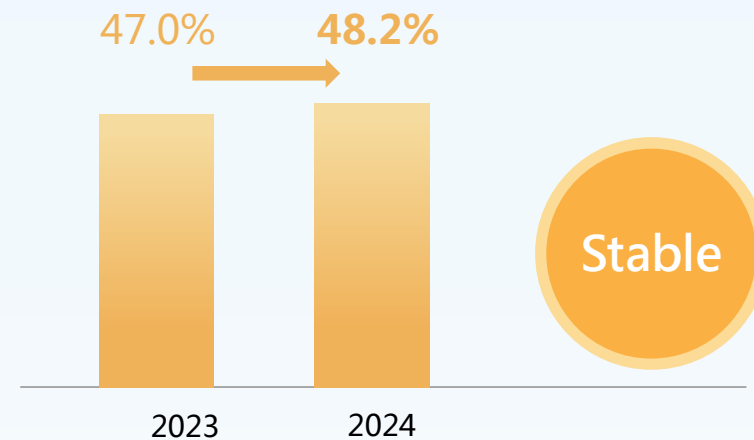
 Dividend (HK cents per share)



 Cash and cash equivalents (RMB mn)



 Gearing ratio



*Gearing ratio= total liabilities / total assets



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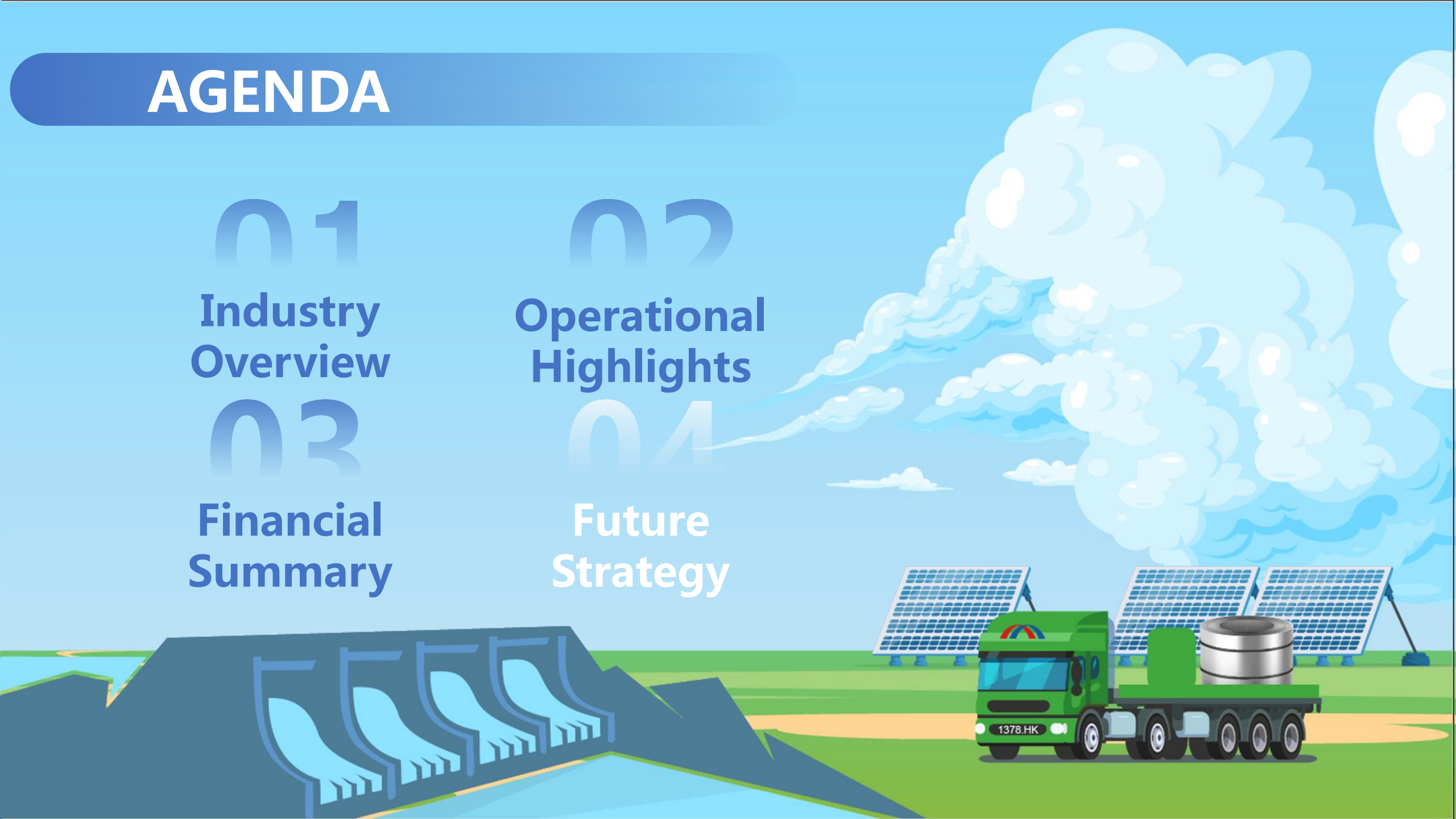
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Future Development Strategies

Integration of Aluminum & Electricity Increase Proportion of Clean Energy

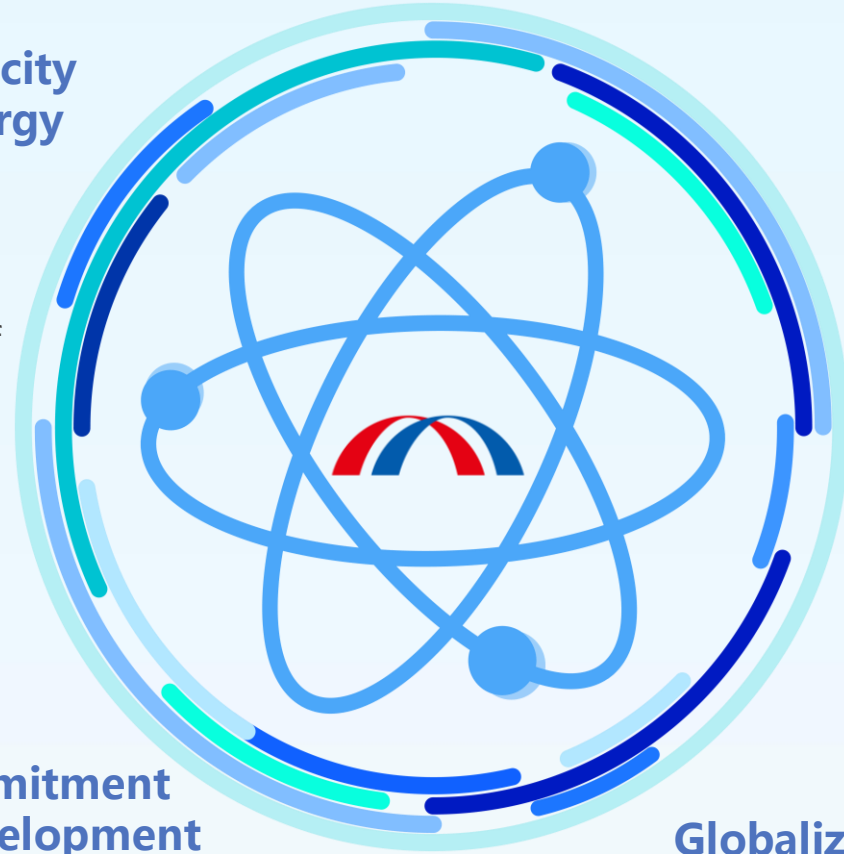
- Continuously improve and build a complete closed-loop industrial chain
- Further strengthen cost advantages while enhancing the diversification of energy structures, steadily increase the proportion of green electricity and the production of green aluminum

CSR Fulfillment

- Support public initiatives, prioritize employee well-being, and enhance public livelihood to help realize common prosperity and return to society

Further Investment and Commitment to Tech Innovation-driven Development

- Increase R&D investment, deepen industry-academia-research collaboration, and drive application of tech innovation
- Empower intelligent and green upgrades with technology to fulfill the Group's green commitment and achieve "dual carbon" goals



Vertical Integration Highlight Further Advantages

- Promote the integration of upstream and downstream sectors, consolidate diversified layout, and boost high-quality development of aluminum industry
- Foster downstream emerging industries to facilitate the development of circular economy

Continuously Optimize Capital and Financial Structure

- Continuously uphold prudent financial principles, systematically advance the optimization of the debt maturity structure. Focus on gradually replacing short-term debts with mid and long-term low-cost financing tools, further enhance leverage management efficiency and strengthen financial stability

Globalization, Achieve Win-win Coexistence

- Secure sustained stable upstream raw material supply through resource globalization strategies
- Stay committed to long-term vision, integrate and promote co-prosperity ecosystem of global industrial chain

Further enhance cost advantages and economies of scale, adhere to guidance by science and innovation, give priority to ecology, accelerate industrial layout, maintain a leading position in the global aluminum industry and grow into a world-class global manufacturing leader that thrives for a century



Q&A





China Hongqiao Group Limited

中國宏橋集團有限公司

Thank you!