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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)**

**ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022**

**RESULTS HIGHLIGHTS**

- Revenue increased by approximately 15.0% to approximately RMB131,699,427,000 as compared with the corresponding period last year
- Gross profit decreased by approximately 40.1% to approximately RMB18,239,300,000 as compared with the corresponding period last year
- Profit for the year decreased by approximately 41.8% to approximately RMB9,808,975,000 as compared with the corresponding period last year
- Net profit attributable to owners of the Company decreased by approximately 45.9% to approximately RMB8,701,953,000 as compared with the corresponding period last year
- Basic earnings per share decreased by approximately 47.2% as compared with the corresponding period last year and were approximately RMB0.9358 per share
- Proposed final dividend of HK10 cents per share. Together with the paid interim dividend of HK41 cents per share for the year 2022, the total dividend is HK51 cents per share for the year 2022 (in 2021: HK105 cents per share)
- Gearing ratio (total liabilities to total assets) decreased by approximately 2.7 percentage points from last year to approximately 48.2%

The board (“**Board**”) of directors (the “**Directors**”) of China Hongqiao Group Limited (the “**Company**” or “**China Hongqiao**”) announces the audited consolidated annual results of the Company and its subsidiaries (collectively as the “**Group**”) for the year ended 31 December 2022 (the “**Year**” or the “**Year under Review**”).

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	<i>Notes</i>	<b>2022</b> <b>RMB'000</b>	2021 <i>RMB'000</i>
Revenue	3	<b>131,699,427</b>	114,490,941
Cost of sales		<u><b>(113,460,127)</b></u>	<u>(84,037,845)</u>
Gross profit		<b>18,239,300</b>	30,453,096
Other income and gains	5	<b>3,928,933</b>	3,706,677
Selling and distribution expenses		<b>(597,679)</b>	(525,709)
Administrative expenses		<b>(5,933,759)</b>	(5,708,346)
Other expenses	6	<b>(329,047)</b>	(1,690,523)
Finance costs		<b>(3,019,544)</b>	(3,625,974)
Changes in fair values of financial instruments		<b>(184,981)</b>	(116,806)
Share of profits of associates		<u><b>503,335</b></u>	<u>61,519</u>
Profit before taxation		<b>12,606,558</b>	22,553,934
Income tax expenses	7	<u><b>(2,797,583)</b></u>	<u>(5,705,135)</u>
Profit for the year		<u><b>9,808,975</b></u>	<u>16,848,799</u>
Attributable to:			
Owners of the Company		<b>8,701,953</b>	16,073,342
Non-controlling interests		<u><b>1,107,022</b></u>	<u>775,457</u>
		<u><b>9,808,975</b></u>	<u>16,848,799</u>

	<i>Note</i>	<b>2022</b> <b>RMB'000</b>	2021 <i>RMB'000</i>
Other comprehensive income (expense) for the year			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of financial statements of foreign operations		<b>356,375</b>	(65,426)
Share of other comprehensive income (expense) of associates		<b>177,920</b>	(32,069)
		<b>534,295</b>	(97,495)
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Fair value gain (loss) on investments in equity instruments at fair value through other comprehensive income		<b>133,253</b>	(108,960)
Total comprehensive income for the year, net of income tax		<b>10,476,523</b>	16,642,344
Total comprehensive income for the year attributable to			
Owners of the Company		<b>9,217,385</b>	15,896,066
Non-controlling interests		<b>1,259,138</b>	746,278
		<b>10,476,523</b>	16,642,344
Earnings per share	<i>9</i>		
– Basic (RMB)		<b>0.9358</b>	1.7720
– Diluted (RMB)		<b>0.9358</b>	1.7119

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION***AS AT 31 DECEMBER 2022*

	<i>Note</i>	<b>2022</b> <b>RMB'000</b>	2021 <i>RMB'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>68,060,299</b>	63,441,945
Right-of-use assets		<b>7,672,678</b>	5,718,365
Intangible assets		<b>34,291</b>	32,595
Investment properties		<b>41,046</b>	3,808
Deposits paid for acquisition of property, plant and equipment		<b>644,100</b>	636,493
Deferred tax assets		<b>2,605,197</b>	2,616,950
Interests in associates		<b>10,296,678</b>	6,064,998
Loan to an associate		<b>2,000,000</b>	2,000,000
Goodwill		<b>278,224</b>	278,224
Financial asset at amortised cost		<b>2,499,000</b>	2,499,000
Financial assets at fair value through other comprehensive income		<b>1,542,588</b>	1,058,906
Prepayment		<b>2,500,000</b>	541,210
		<b>98,174,101</b>	84,892,494
<b>CURRENT ASSETS</b>			
Inventories		<b>37,267,620</b>	22,705,105
Trade receivables	<i>10</i>	<b>4,610,695</b>	7,284,753
Bills receivables		<b>5,573,175</b>	11,918,515
Prepayments and other receivables		<b>10,051,561</b>	10,768,496
Other financial asset		<b>2,122</b>	99
Income tax recoverable		<b>957,917</b>	304
Restricted bank deposits		<b>1,720,058</b>	1,623,874
Cash and cash equivalents		<b>27,384,542</b>	49,227,282
		<b>87,567,690</b>	103,528,428

		2022	2021
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	11	14,911,002	18,735,216
Other payables and accruals		12,357,158	11,479,959
Bank borrowings – due within one year		30,533,850	21,010,873
Other financial liabilities		–	4,497
Lease liabilities		16,161	10,372
Liability component of convertible bonds – due within one year		–	1,358,611
Derivatives component of convertible bonds – due within one year		–	713,086
Income tax payable		618,264	2,719,910
Short-term debentures and notes		3,000,000	1,500,000
Medium-term debentures and bonds – due within one year		8,507,112	3,598,649
Guaranteed notes – due within one year		1,392,893	1,908,945
Deferred income		36,684	26,514
		<u>71,373,124</u>	<u>63,066,632</u>
<b>NET CURRENT ASSETS</b>		<u>16,194,566</u>	<u>40,461,796</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>114,368,667</u>	<u>125,354,290</u>
<b>NON-CURRENT LIABILITIES</b>			
Bank borrowings – due after one year		4,993,909	15,370,878
Lease liabilities		51,755	51,359
Liability component of convertible bonds – due after one year		1,830,527	1,633,747
Derivatives component of convertible bonds – due after one year		457,010	241,270
Deferred tax liabilities		523,795	813,998
Medium-term debentures and bonds – due after one year		5,960,847	9,544,944
Guaranteed notes – due after one year		3,450,755	4,423,886
Deferred income		794,292	835,379
		<u>18,062,890</u>	<u>32,915,461</u>
<b>NET ASSETS</b>		<u>96,305,777</u>	<u>92,438,829</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	12	618,881	595,139
Reserves		<u>83,879,972</u>	<u>80,712,656</u>
Equity attributable to owners of the Company		84,498,853	81,307,795
Non-controlling interests		<u>11,806,924</u>	<u>11,131,034</u>
<b>TOTAL EQUITY</b>		<u>96,305,777</u>	<u>92,438,829</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2022

### 1. CORPORATE INFORMATION

The Company is a limited liability company 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 annual 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 set out in annual report.

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

### 2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“**IFRSs**”)

In the current year, the Group has applied, for the first time, the following amendments to IFRSs issued by the International Accounting Standards Board (the “**IASB**”) which are effective for the Group’s financial year beginning on 1 January 2022.

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

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 year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

### ***Impacts on application of Amendments to IFRS 3 Reference to the Conceptual Framework***

The Group has adopted the amendments to IFRS 3 Business Combinations for the first time in the current year. The amendments update a reference to IFRS 3 so that it refers to Conceptual Framework for Financial Reporting issued in March 2018 (the “**Conceptual Framework**”) instead of Framework for the Preparation and Presentation of Financial Statements (replaced by the Conceptual Framework for Financial Reporting issued in September 2010). They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments did not have significant impact on the financial position and performance of the Group.

### ***Impact on application of Amendments to IAS 16 Property, Plant and Equipment – Proceeds before Intended Use***

The amendments specify that the costs of any item that were produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management (such as samples produced when testing whether the relevant property, plant and equipment is functioning properly) and the proceeds from selling such items should be recognised and measured in the profit or loss in accordance with applicable standards. The cost of the items are measured in accordance with IAS 2 Inventories.

The amendments did not have significant impact on the financial position and performance of the Group.

## New and amendments to IFRSs issued but not yet effective

The Group has not early applied the following new and amendments IFRSs that have been issued but are not yet effective:

IFRS 17 (including the June 2020 and December 2021 amendments to IFRS 17)	Insurance Contracts <sup>1</sup>
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback <sup>2</sup>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to IAS 1	Classification of Liabilities as Current or Non-current <sup>2</sup>
Amendments to IAS 1	Non-current Liabilities with Covenants <sup>2</sup>
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies <sup>1</sup>
Amendments to IAS 8	Definition of Accounting Estimates <sup>1</sup>
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2024.

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that, except as described below, the application of other new and amendments to IFRSs will have no material impact on the results and the financial position of the Group.

### ***Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture***

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of Amendments to IFRS 10 and IAS 28 has not yet been determined. However, earlier application is permitted. The amendments should be applied prospectively.

The directors of the Company anticipate that the application of Amendments to IFRS 10 and IAS 28 will not have a material impact on the Group's consolidated financial statements.

### ***Amendments to IAS 1 Classification of Liabilities as Current or Non-current***

Amendments to IAS 1 Classification of Liabilities as Current or Non-current issued in 2020 clarify the requirements for classifying liabilities as current or non-current.

The amendments require additional disclosures by an entity that classifies liabilities arising from loan arrangements as non-current when it has a right to defer settlement of those liabilities that are subject to the entity complying with future covenants within twelve months.



The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively. Earlier application is permitted.

Based on the Group's outstanding liabilities as at 31 December 2022, the application of the amendments will not result in change in the classification of the Group's liabilities.

#### ***Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies***

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

Guidance and examples were provided to explain and demonstrate the application of the “four-step materiality process” described in IFRS Practice Statement 2. The application of the amendments is not expected to have significant impact on the financial position or performance of the Group but may affect the disclosures of the Group's significant accounting policies. The impacts of application, if any, will be disclosed in the Group's future consolidated financial statements.

#### ***Amendments to IAS 8 Definition of Accounting Estimates***

The amendments define accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty”. An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty – that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information. In addition, the concept of changes in accounting estimates in IAS 8 is retained with additional clarifications.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period, with earlier application permitted.

The application of the amendments is not expected to have significant impact on the Group's consolidated financial statements.

#### ***Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction***

The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

Upon the application of the amendments, the Group will recognise a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with the right-of-use assets and the lease liabilities.

As at 31 December 2022, the carrying amounts of right-of-use assets and lease liabilities which are subject to the amendments amounted to RMB64,518,000 and RMB67,916,000 respectively. The amendments are effective for annual reporting periods beginning on or after 1 January 2023. The application of the amendments is not expected to have significant impact on the Group's consolidated financial statements as the net temporary differences relating to relevant assets and liabilities are insignificant.

### 3. REVENUE

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Revenue from sales of aluminum products		
– molten aluminum alloy	85,833,912	79,471,503
– aluminum alloy ingots	10,393,059	4,841,490
– aluminum fabrication	13,302,321	12,523,879
– alumina	21,404,782	16,966,928
Steam supply income	765,353	687,141
	<u>131,699,427</u>	<u>114,490,941</u>

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
<i>Geographical region</i>		
The PRC	123,249,928	109,884,370
India	1,119,007	1,045,921
Europe	3,133,262	924,082
Malaysia	256,487	319,672
Other Southeast Asia region	1,483,309	646,816
North America	1,863,564	1,218,545
Others	593,870	451,535
Total	<u>131,699,427</u>	<u>114,490,941</u>
<i>Type of customers</i>		
Government related	274	231
Non-government related	131,699,153	114,490,710
Total	<u>131,699,427</u>	<u>114,490,941</u>
<i>Sales channels</i>		
Direct sales	<u>131,699,427</u>	<u>114,490,941</u>

## Transaction price allocated to the remaining performance obligation for contracts with customers

Sales of goods were made in a short period of time and the performance obligation was mostly satisfied in one year or less at the end of each year, thus the Group applied the expedient of not to disclose the transaction price allocated to unsatisfied performance obligation.

### 4. SEGMENT INFORMATION

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. The Group conducts its principal operation in the PRC (including Hong Kong) and Indonesia. Management monitors the operating results of its business unit for the purpose of making decisions about resources allocation and performance assessment.

#### Geographic information

The Group operates principally in the PRC (including Hong Kong) and Indonesia. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Non-current assets	
	2022	2021
	RMB'000	RMB'000
PRC	82,565,449	70,154,564
Indonesia	6,961,867	6,563,074
	<u>89,527,316</u>	<u>76,717,638</u>

*Note:* Non-current assets excluded financial instruments and deferred tax assets.

#### Information about major customers

Revenue from a customer of the corresponding year contributing over 10% of the total revenue of the Group is as follows:

	2022	2021
	RMB'000	RMB'000
Customer A	<u>50,042,829</u>	<u>43,828,329</u>

## 5. OTHER INCOME AND GAINS

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Bank interest income	193,141	234,049
Other interest income	208,420	199,158
Investment income	142,846	182,997
Interest income from loans to associates	156,614	114,780
Gain from sales of raw materials and scraps materials	1,351,888	1,136,123
Gain from sales of slag of carbon anode blocks	1,640,424	973,663
Reversal of write-down of inventories	20,417	39,108
Reversal of impairment of other receivables	–	31,059
Reversal of impairment of trade receivables	1,223	–
Reversal of impairment of property, plant and equipment	–	171,717
Amortisation of deferred income	47,910	40,590
Foreign exchange gain, net	–	393,892
Rental income for investment properties under operating lease that lease payments are fixed	600	7,536
Gain on early termination of lease	–	784
Gain on acquisition from associate to subsidiary	–	46,373
Gain on disposal of property, plant and equipment	22,783	–
Gain on bargain purchase	20,522	–
Others	122,145	134,848
	<b>3,928,933</b>	<b>3,706,677</b>

## 6. OTHER EXPENSES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Impairment loss recognised in respect of property, plant and equipment	224,838	1,483,143
Impairment loss recognised in respect of right-of-use assets	–	77,469
Impairment loss recognised in respect of other receivables	82	–
Impairment loss recognised in respect of trade receivables	–	756
Write-down of inventories	104,127	129,155
	<b>329,047</b>	<b>1,690,523</b>

## 7. INCOME TAX EXPENSES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Current tax:		
– PRC Enterprise Income Tax	2,879,599	5,424,375
– Indonesia Corporate Income Tax	162,180	137,070
– Withholding tax	47,018	–
Over provision in prior year		
– Hong Kong Profits Tax	–	(20,631)
	<u>3,088,797</u>	<u>5,540,814</u>
Deferred taxation	<u>(291,214)</u>	<u>164,321</u>
Total income tax expenses for the year	<u><u>2,797,583</u></u>	<u><u>5,705,135</u></u>

## 8. DIVIDENDS

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Dividends recognised as distribution during the year:		
2022 Interim dividend – HK41 cents (2021: 2021 interim dividend HK45 cents) per share	3,513,331	3,736,188
2021 Final dividend – HK60 cents (2021: 2020 final dividend HK50 cents) per share	<u>4,712,320</u>	<u>3,448,295</u>
	<u><u>8,225,651</u></u>	<u><u>7,184,483</u></u>

Subsequent to the end of the reporting period, a final dividend of HK10 cents per share in respect of the year ended 31 December 2022, has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting.

## 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:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
<b>Earnings</b>		
Earnings for the purpose of basic earnings per share	<b>8,701,953</b>	16,073,342
Effect of dilutive potential ordinary shares:		
Interest expense on liability component of convertible bonds	–	394,141
Changes in fair values of derivatives component of convertible bonds	–	117,350
Exchange gain on translation of convertible bonds	–	(55,277)
	<u>–</u>	<u>(55,277)</u>
Earnings for the purpose of diluted earnings per share	<b><u>8,701,953</u></b>	<b><u>16,529,556</u></b>
	<b>2022 '000</b>	<b>2021 '000</b>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purposes of basic earnings per share	<b>9,299,172</b>	9,070,755
Effect of dilutive potential ordinary shares:		
Convertible bonds	–	585,087
	<u>–</u>	<u>585,087</u>
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<b><u>9,299,172</u></b>	<b><u>9,655,842</u></b>

The computation of diluted earnings per share for the year ended 31 December 2022 did not assume the conversion of the Company outstanding convertible bonds since their exercise would result in an increase in earnings per share.

## 10. TRADE RECEIVABLES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Trade receivables	<b>4,617,414</b>	7,292,695
Less: allowance for impairment losses	<b>(6,719)</b>	(7,942)
	<u>(6,719)</u>	<u>(7,942)</u>
	<b><u>4,610,695</u></b>	<b><u>7,284,753</u></b>

As at 1 January 2021, the gross amount of trade receivable arising from contracts with customers amounted to approximately RMB10,342,754,000.

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 aged 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:

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
Within 3 months	<b>4,009,740</b>	5,667,769
3 to 12 months	<b>597,180</b>	1,613,686
12 to 24 months	<b>3,775</b>	3,298
	<u><b>4,610,695</b></u>	<u>7,284,753</u>

## 11. TRADE AND BILLS PAYABLES

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
Trade payables to third parties	<b>10,166,118</b>	15,145,101
Trade payables to associates	<b>2,457,710</b>	1,065,148
Trade payables to related parties	<b>70,003</b>	69,157
	<u><b>12,693,831</b></u>	<u>16,279,406</u>
Bills payables	<b>2,217,171</b>	2,455,810
	<u><b>14,911,002</b></u>	<u>18,735,216</u>

The following is an ageing analysis of trade payables presented based on the invoice date at the end of the reporting period:

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
Within 6 months	<b>11,980,729</b>	15,981,498
6 to 12 months	<b>443,244</b>	159,869
1 to 2 years	<b>235,369</b>	82,229
More than 2 years	<b>34,489</b>	55,810
	<u><b>12,693,831</b></u>	<u>16,279,406</u>

## 12. SHARE CAPITAL

	Number of shares		Share Capital	
	2022	2021	2022 US\$	2021 US\$
<b>Authorised:</b>				
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>
	2022	2021	2022 US\$	2021 US\$
<b>Issued and fully paid:</b>				
Ordinary shares of US\$0.01 each	<u>9,475,538,425</u>	<u>9,121,352,349</u>	<u>94,755,384</u>	<u>91,213,523</u>

	Number of shares	Share Capital RMB'000
<b>Issued and fully paid:</b>		
At 1 January 2021	8,878,352,349	579,318
Issue of shares upon share subscription (note i)	<u>243,000,000</u>	<u>15,821</u>
At 31 December 2021 and 1 January 2022	<b>9,121,352,349</b>	<b>595,139</b>
Issue of shares upon conversion of 2017 CBs (note ii)	<u>354,186,076</u>	<u>23,742</u>
At 31 December 2022	<u><b>9,475,538,425</b></u>	<u><b>618,881</b></u>

### Notes:

- (i) On 18 March 2021, 243,000,000 ordinary shares of US\$0.01 each were issued and allotted at a price of HK\$9.72 per share, raising a total proceeds of approximately RMB1,971,811,000, net of share issue expense of approximately RMB31,701,000.
- (ii) During the year ended 31 December 2022, 2017 CBs with principal amounts of US\$92,800,000, US\$55,000,000 and US\$98,600,000 was converted into 141,482,916, 79,513,123 and 133,190,037 ordinary shares of the Company at par at the conversion price of HK\$5.13, HK\$5.41 and HK\$5.79 per ordinary share, respectively.

The Company does not have any share option scheme.

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

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year (2021: nil).



## CHAIRMAN'S STATEMENT

On behalf of the Board, I hereby present the audited consolidated annual results of the Group for the year ended 31 December 2022.

2022 was a year filled with accelerated changes in the global political and economic landscape, as well as recurrent shocks and crises in the global capital market. During the Year, geopolitical conflicts led to a series of crises which have swept across multiple countries in the areas of energy, food supply and inflation. The global supply-demand mismatch for resources, climate change, coupled with trade frictions under the protectionism of counter-globalisation exerted greater downward pressure on the world economy and contributed to a weakened recovery. China's economy has achieved sustainable development and growth in spite of pressures on multiple fronts, such as the weakened global economic momentum. According to the National Bureau of Statistics of China, in 2022, China's gross domestic product (GDP) rose beyond RMB120 trillion, representing a year-on-year growth of approximately 3.0%, growing faster than other major economies and the scale of it being the second largest in the world. In addition, the Regional Comprehensive Economic Partnership (RCEP), the regional free trade association, came into force during the Year, which has further enhanced the integration of industries and value chains in the region.

However, the complex market situation and soaring energy prices have led to a tight supply market for raw materials and intensified price fluctuations and increased freight costs, which in turn continued to affect the development of the aluminum industry and exert enormous pressure on enterprises in relation to cost control, shifting the pattern of the aluminum processing industry chain and supply chain. During the Year under Review, the cost of aluminum products continued to grow and fluctuated at a high level, while the increase in domestic aluminum prices was comparatively moderate, resulting in a decline in profits for the industry. On the consumer side, emerging sectors, represented by new energy vehicles and photovoltaics, saw good growth in demand for aluminum.

The year 2022 was also a critical year and fresh chapter for the Group to build a new stage of development. In an external environment characterised by a number of uncertainties, both domestically and internationally, the Group was able to analyse uncertainties and map out a strategy to cope with the risks and challenges calmly, adhering to the goal of seeking progress while maintaining stability, ensuring a pattern of stable and quality growth and demonstrating strong development resilience and vitality.

During the development progress, the Group has endeavoured to focus on the core elements of technological innovation, green development and internationalisation, and consistently integrated the “dual carbon” strategy within its business model innovation, business and operational transformation, and organisational and influence transformation. The “dual carbon” goal is pursued through important measures such as relocating production capacity, developing new energy projects, expanding downstream processing, enhancing production processes and operational efficiency, promoting technological innovation, building a lightweight base, developing the circular economy industry, and deepening regional and international cooperation.

During the Year under Review, the Group’s revenue was approximately RMB131,699,427,000, representing a year-on-year increase of approximately 15.0%; gross profit was approximately RMB18,239,300,000, representing a year-on-year decrease of approximately 40.1%; net profit attributable to owners of the Company was approximately RMB8,701,953,000, representing a year-on-year decrease of approximately 45.9%; and basic earnings per share amounted to approximately RMB0.9358 (the corresponding period in 2021: approximately RMB1.7720). The Board proposed the payment of a final dividend of HK10 cents per share for the year 2022. Together with the paid interim dividend for the year 2022 of HK41 cents per share, the total dividend for the year 2022 amounted to HK51 cents per share. (2021: HK105 cents per share).

During a critical period of regional restructuring and optimization of the energy structure in 2022, the Group’s integrated industrial layout was further improved. In the upstream, the Group actively optimised its assets in stock to achieve green remodeling. Following the plan entered with Yanshan County, Wenshan Prefecture, Yunnan Province in 2019 to shift 2.03 million tonnes of electrolytic aluminum production capacity, we completed the first phase of production of 1 million tonnes in 2022. The Green Low Carbon Demonstration Industrial Park project in Honghe, Yunnan, is underway.

In the downstream, the Group has endeavored to extend the industrial chain, promote industrial transformation and upgrade, and develop high-end manufacturing industries. The series of forward-looking preparations and plans made by the Group a few years ago with the support of its strong industrial foundational edge to accelerate the development of the transportation lightweighting industry have gradually borne fruit. In particular, the “aluminum-based transportation lightweighting” technology demonstration project in Shandong Province, a major provincial science and technology innovation project, has been successfully launched. The first vehicle dismantling production line in the Sino-German Hongqiao Scholz Circular Economy Science & Technology Park has also commenced production.

The Group continued to expend efforts in technological research and development and industrial innovation including the commencement of construction of or completion of a series of innovation bases, research centres and engineering centres during the Year, such as the WQ&UCAS Research Institute. At the same time, the Group's subsidiaries have also made great achievements in management innovation, digital empowerment and helping enterprises to carry out intelligent development. In particular, Shandong Hongqiao New Material Co., Ltd. (山東宏橋新型材料有限公司) (“**Shandong Hongqiao**”) has attained a series of accomplishments. After being recognised as a “national-level green factory”, it was also included in the list of the “2022 Smart Manufacturing Demonstration Factories” which was jointly announced by four government departments including the Ministry of Industry and Information Technology and the National Development and Reform Commission. Its data middle platform project, the “Hongqiao HQCloud Industrial Internet Platform”, was shortlisted as one of the “2022 Provincial Industrial Internet Platforms”. In addition, four subsidiaries of the Group, namely Zouping Hongfa Aluminum Technology Co., Ltd. (鄒平宏發鋁業科技有限公司), Binzhou Hongzhan Aluminum Technology Co., Ltd. (濱州宏展鋁業科技有限公司), Shandong Hongchuang Aluminum Industry Holding Company Limited (山東宏創鋁業控股股份有限公司) and Yunnan Hongtai New Material Co., Ltd. (雲南宏泰新型材料有限公司), successfully passed the Aluminum Stewardship Initiative (ASI) Performance Standard V2 (2017) certification, marking an important milestone in the Group's commitment to sustainable operations.

At the same time, the Group was keen to explore overseas and domestic markets during the Year and to create new modes of international cooperation with its partners, and made effective progress in its overseas projects. In particular, the production, business and economic performance of the PT Well Harvest Winning Alumina Refinery in Indonesia was remarkable with its technical transformation project steadily progressing. In addition, with the belief of building a benchmark brand in the global aluminum industry, the Group has actively explored the path of outbound promotion and practice. During the Year, the Group actively participated in both domestic and overseas large-scale industry exhibitions, such as the South China International Aluminum Exhibition, the China-South Asia Expo and the German Aluminum Industry Exhibition, as well as high-level dialogue platforms, such as the Qingdao Multinationals Summit and the United Nations Framework Convention on Climate Change, showcasing cutting-edge technologies and innovative products to the world to promote the green and sustainable development concept of openness, integration and win-win. Besides pursuing development, the Group also has not forgotten its initial aspiration of promoting technology and business for a better future, and has enthusiastically participated in charitable causes.

In 2022, the Group's financial and capital operations continued to improve steadily both internally and externally. While striving to refine its business processes and production cost controls, the Group focused on developing and utilizing diversified debt financing instruments to continuously optimize its debt structure and reduce capital costs, thereby ensuring the stability and safety of the Group's capital chain to effectively strengthen the Group's risk resilience. Shandong Hongqiao, a subsidiary of the Company, successfully issued corporate bonds, short-term financing bonds and medium-term notes of a total of RMB8.0 billion during the Year. The inclusion of the Company as a constituent stock of the Hang Seng Index by the Hang Seng Indexes Company Limited during the Year fully reflected that the Group's operating conditions, financial performance and development potential are highly recognised by domestic and overseas capital markets.

Looking forward, the Group is confident in its development and the development of the aluminum industry. In a year of China's economic resurgence, the Group will follow the future development trend, focus on the world at large, be dedicated and committed, leverage on its strength of a strong technological support and industrial synergy, persistent patience and vision for sustainable development, future-proof wisdom and vitality, and forward-thinking industrial and international layout to seize new opportunities in expanding aluminum applications and consumption to continue to push forward the Group's strategy of building a world-leading enterprise and achieving even greater development.

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 2022, and to our shareholders, investors and business partners for their support and trust.

**Zhang Bo**

*Chairman of the Board*

24 March 2023

## MANAGEMENT DISCUSSION AND ANALYSIS

### INDUSTRY REVIEW

In 2022, the global commodity supply was tight with an increase in costs as a result of adverse factors such as geopolitical conflicts and energy crisis. While prices of relevant commodities experienced fierce fluctuations, they gained further ground after the sharp rise in 2021. At the same time, the overseas aluminum industry was also affected in terms of trade and production at varying degrees, the shortage in supply and poor flow of goods led to a significant appreciation of spot prices, which in turn led to a rapid rise in the price of aluminum futures. On the domestic front, energy shortage was still the main problem hindering the production of electrolytic aluminum. The consumption of aluminum was relatively good as a whole, with the sector of new energy vehicles and electric grid infrastructure showing healthy consumption growth, driving the overall consumption to grow at a slow pace. The recovery of the property sector, stimulated by favourable policies from the Chinese government, is boosting consumer confidence in related fields.

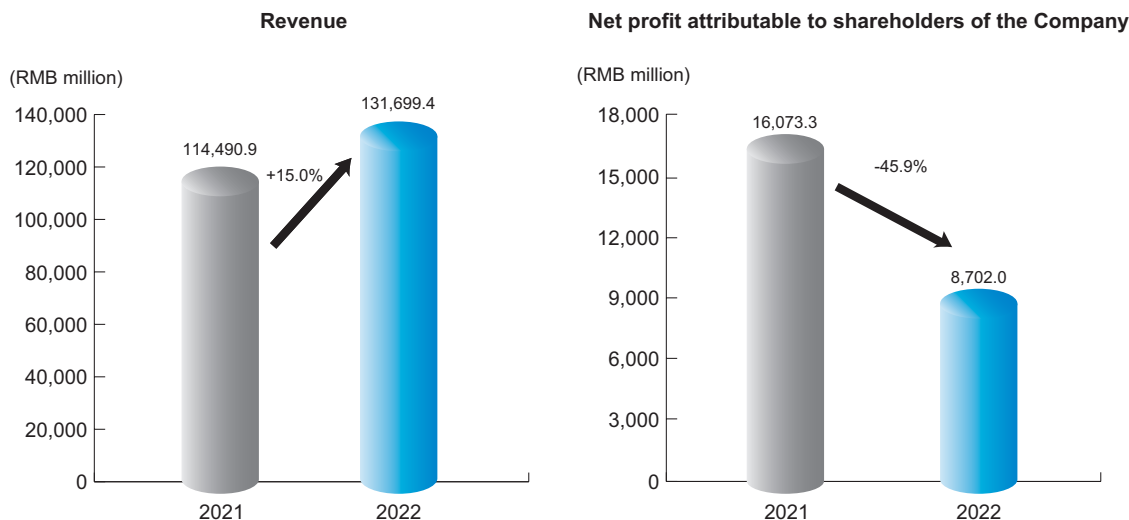
In 2022, the average price of three-month aluminum futures at the London Metal Exchange (LME) was approximately US\$2,713/tonne, representing an increase of approximately 9.1% as compared with the corresponding period last year. The average price of three-month aluminum futures at the Shanghai Futures Exchange (SHFE) was approximately RMB19,837/tonne (including value-added tax), representing an increase of approximately 5.0% as compared to the corresponding period last year. (Data source: Beijing Antaike Information Co., Ltd. (“Antaike”))

The global production volume of primary aluminum was approximately 68.93 million tonnes, representing a year-on-year increase of approximately 2.0%. Global consumption of primary aluminum in 2022 was approximately 69.49 million tonnes, representing a year-on-year increase of approximately 1.5%. Focusing on the Chinese market, the production volume of primary aluminum during 2022 was approximately 40.33 million tonnes, representing a year-on-year increase of approximately 3.7% and accounting for approximately 58.5% of global production volume. Consumption of primary aluminum during 2022 was approximately 41.09 million tonnes, representing a year-on-year increase of approximately 1.8% and accounting for approximately 59.1% of global consumption. (Data source: Antaike)

### BUSINESS REVIEW

During the Year under Review, the Group’s output of aluminum alloy products was approximately 6.041 million tonnes, representing a year-on-year increase of approximately 7.2%. Output of aluminum fabrication products was approximately 658,000 tonnes, representing a slight decrease as compared to the corresponding period last year.

The Group's comparative figures of revenue and net profit attributable to shareholders of the Company for the year ended 31 December 2022 and 2021 are as follows:



For the year ended 31 December 2022, the Group's revenue was approximately RMB131,699,427,000, representing a year-on-year increase of approximately 15.0%, mainly due to the year-on-year increase in sales revenue from aluminum alloy products as a result of the increase in the sales volume and unit sales price of aluminum alloy products of the Group during the Year as compared to the corresponding period last year, and the increase in sales revenue from alumina products which was caused by the increase in sales volume and unit sales price.

During the Year, the Group's sales volume of aluminum alloy products was approximately 5.473 million tonnes, representing an increase of approximately 8.3% as compared with the sales volume of approximately 5.052 million tonnes for the corresponding period last year. The average sales price of aluminum alloy products increased by approximately 5.4% to RMB17,582/tonne (excluding value-added tax) as compared with the corresponding period last year. The Group's sales volume of alumina products was approximately 8.298 million tonnes, representing a year-on-year increase of approximately 15.8%. The average sales price of alumina products increased by approximately 8.9% to RMB2,580/tonne (excluding value-added tax) as compared with the corresponding period last year. The sales volume of the Group's aluminum fabrication products was approximately 609,000 tonnes, representing a decrease of approximately 7.2% as compared to the corresponding period last year. The average sales price of aluminum fabrication products increased by approximately 14.5% to approximately RMB21,836/tonne (excluding value-added tax) and revenue from aluminum fabrication products increased by approximately 6.2% as compared to the corresponding period last year.

For the year ended 31 December 2022, net profit attributable to shareholders of the Company amounted to approximately RMB8,701,953,000, representing a significant year-on-year decrease of approximately 45.9%, mainly attributable to the following factors: (i) although the unit sales price of the Group's aluminum products increased during the Year as compared to that of 2021 and that there was a year-on-year increase in sales revenue, the increase in the purchase price of the Group's major raw materials was greater than the increase in the unit sales price of the Group's aluminum products, trimming the Group's gross profit per tonne of aluminum during the Year, and resulting in a significant decrease in the gross profit of the Group as compared with the corresponding period in 2021; and (ii) due to the sharp depreciation of Renminbi during the Year, the Group recorded a significant exchange loss as compared to an exchange gain during the corresponding period in 2021, resulting in a decrease in the Group's profit for the Year.

## FINANCIAL REVIEW

### Revenue, gross profit, gross profit margin and percentage of revenue

The following table shows comparison between the breakdown of revenue, gross profit, gross profit margin and percentage of revenue by product for the years ended 31 December 2022 and 2021.

Products	For the year ended 31 December							
	2022				2021			
	Revenue <i>RMB'000</i>	Gross profit <i>RMB'000</i>	Gross profit margin %	Proportion to total revenue %	Revenue <i>RMB'000</i>	Gross profit <i>RMB'000</i>	Gross profit margin %	Proportion to total revenue %
Aluminum alloy products	96,226,971	12,973,509	13.5	73.1	84,312,993	23,512,424	27.9	73.7
Alumina	21,404,782	3,268,879	15.3	16.2	16,966,928	3,985,544	23.5	14.8
Aluminum fabrication products	13,302,321	2,382,884	17.9	10.1	12,523,879	3,220,675	25.7	10.9
Steam	765,353	(385,972)	(50.4)	0.6	687,141	(265,547)	(38.6)	0.6
<b>Total</b>	<b>131,699,427</b>	<b>18,239,300</b>	<b>13.8</b>	<b>100.0</b>	<b>114,490,941</b>	<b>30,453,096</b>	<b>26.6</b>	<b>100.0</b>



For the year ended 31 December 2022, the Group's revenue derived from aluminum alloy products was approximately RMB96,226,971,000, representing an increase of approximately 14.1% as compared to approximately RMB84,312,993,000 for the corresponding period last year, mainly due to the increase in the sales volume and unit sales price of the Group's aluminum alloy products as compared to the corresponding period last year. Revenue derived from alumina products amounted to approximately RMB21,404,782,000, representing an increase of approximately 26.2% as compared to approximately RMB16,966,928,000 for the corresponding period last year, mainly attributable to the increase in the sales volume and unit sales price of the Group's alumina products. The revenue derived from aluminum fabrication products amounted to approximately RMB13,302,321,000, representing an increase of approximately 6.2% as compared to approximately RMB12,523,879,000 for the corresponding period last year, mainly due to the year-on-year increase in sales price of the Group's aluminum fabrication products. The Group's revenue proportions by product category for the year ended 31 December 2022 shows no significant change as compared to the corresponding period last year.

For the year ended 31 December 2022, the overall gross profit margin of the the Group's products was approximately 13.8%, which decreased by approximately 12.8 percentage points as compared to approximately 26.6% for the corresponding period last year. Gross profit margin of aluminum alloy products was approximately 13.5%, representing a decrease of approximately 14.4 percentage points as compared to the corresponding period last year. This was mainly due to the fact that while the unit sales price of the Group's aluminum alloy products increased during the Year as compared to the corresponding period last year, the extent of increase in the purchase price of the Group's major raw materials exceeded that of the unit sales price of the Group's aluminum alloy products, resulting in a decrease in the gross profit margin of aluminum alloy products as compared to the corresponding period last year. As a result of the fact that the extent of increase in the procurement price of the major raw materials exceeded that of the unit sales price of alumina products, the Group's gross profit margin for alumina products decreased by approximately 8.2 percentage points as compared to the corresponding period last year. The gross profit margin for aluminum fabrication products decreased by approximately 7.8 percentage points as compared with the same period last year, mainly due to the year-on-year increase in the cost of aluminum alloy fabrication products during the Year.

### **Selling and distribution expenses**

For the year ended 31 December 2022, the Group's selling and distribution expenses were approximately RMB597,679,000, representing an increase of approximately 13.7% as compared with approximately RMB525,709,000 for the corresponding period last year, which was mainly due to the increase in transportation costs as a result of the increase in sales volume of the Group's aluminum alloy products and the sales volume of alumina products.

### **Administrative expenses**

For the year ended 31 December 2022, the administrative expenses of the Group amounted to approximately RMB5,933,759,000, representing an increase of approximately 3.9% as compared to approximately RMB5,708,346,000 for the corresponding period last year, which was mainly due to the increase in exchange losses included in the administrative expenses of the Group during the Year.



## **Finance costs**

For the year ended 31 December 2022, the finance costs of the Group were approximately RMB3,019,544,000, representing a decrease of approximately 16.7% as compared to approximately RMB3,625,974,000 for the corresponding period last year, which was mainly due to the Group's redemption of some of the medium-term notes and guaranteed notes which were due for payment, as well as conversion of some of the convertible bonds during the Year, and the decrease in interest rate on the Group's debt and the increase in capitalised interest resulting in a corresponding decrease in interest expense.

## **Liquidity and capital resources**

As at 31 December 2022, the cash and cash equivalents of the Group were approximately RMB27,384,542,000, representing a decrease of approximately 44.4% as compared with approximately RMB49,227,282,000 of the cash and cash equivalents as at 31 December 2021. The decrease in cash and cash equivalents was mainly due to the Group's continuous optimisation of its debt structure and partial repayment of debts and dividend payout, which in turn led to a net cash outflow from financing activities during the Year and an increase in net cash outflow from investing activities of the Group during the Year. The decrease was also due to the drop in net cash inflow from the Group's operating activities under the impact of factors such as the fall in the Group's profit for the Year and the increase in the Group's inventory reserve.

For the year ended 31 December 2022, the Group's net cash inflow from operating activities was approximately RMB7,621,836,000, net cash outflow from investing activities was approximately RMB16,772,532,000, and net cash outflow from financing activities was approximately RMB12,790,446,000. The net cash outflow for investing activities was mainly attributable to the cash outflow for the purchase of properties, plants and equipment. The net cash outflow for financing activities was mainly attributable to the cash outflow for the repayment of part of the debts, the dividend payout, and the payment of interest on debts by the Group during the Year.

For the year ended 31 December 2022, the capital expenditure of the Group amounted to approximately RMB8,848,359,000, mainly for the payment of the quality guarantee deposits for the preliminary stages of construction projects in accordance with the relevant contracts, the construction expenditure of Yunnan Green Aluminum Innovation Industrial Park project, lightweight material base, Bohai Science and Innovation City Industrial Park project, and the Indonesia alumina project.

As at 31 December 2022, the Group had capital commitment of approximately RMB3,545,775,000, representing capital expenditure for acquiring properties, plants and equipment in the future, primarily for the construction expenditure of Yunnan Green Aluminum Innovation Industrial Park project, lightweight material base and Bohai Science and Innovation City Industrial Park project.

As at 31 December 2022, the Group's trade receivables amounted to approximately RMB4,610,695,000, representing a decrease of approximately 36.7% from approximately RMB7,284,753,000 as at 31 December 2021, which was mainly due to the Group's reduction of the credit terms of certain customers in accordance with the market conditions of aluminum products during the Year.

As at 31 December 2022, the Group's prepayments and other receivables (including non-current assets) amounted to approximately RMB12,551,561,000, representing an increase of approximately 11.0% as compared to the prepayments and other receivables (including non-current assets) of approximately RMB11,309,706,000 as at 31 December 2021, mainly due to the Group's continuous increase in its investment in new and green energy during the Year.

As at 31 December 2022, the Group's inventory was approximately RMB37,267,620,000, representing an increase of approximately 64.1% from approximately RMB22,705,105,000 as at 31 December 2021, which was mainly due to an increase in the inventory of some raw materials and an increase in the unit cost for inventory.

### **Contingent liability**

As at 31 December 2022 and 2021, the Group had no significant contingent liability.

### **Income tax**

The Group's income tax for 2022 amounted to approximately RMB2,797,583,000, representing a significant decrease of approximately 51.0% as compared to approximately RMB5,705,135,000 for the corresponding period last year, mainly due to the decrease in income tax as a result of the significant decrease in the Group's profit before tax as compared to the corresponding period last year.

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

Net profit attributable to owners of the Company was approximately RMB8,701,953,000 for the year ended 31 December 2022, representing a significant decrease of approximately 45.9% as compared to approximately RMB16,073,342,000 for the corresponding period last year.

During the Year, basic earnings per share of the Company were approximately RMB0.9358 (2021: approximately RMB1.7720).

### **Capital structure**

The Group has established an appropriate liquidity risk management framework to ensure its short, medium and long-term funding supply and to satisfy its liquidity needs. As at 31 December 2022, the cash and cash equivalents of the Group amounted to approximately RMB27,384,542,000 (31 December 2021: approximately RMB49,227,282,000), which were mainly placed in commercial banks. Such level of cash and cash equivalents would assist in ensuring 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 31 December 2022, the total liabilities of the Group amounted to approximately RMB89,436,014,000 (31 December 2021: approximately RMB95,982,093,000). Gearing ratio was further optimized to approximately 48.2% (31 December 2021: approximately 50.9%).

The Group used certain of its restricted bank deposits, inventories, trade receivables, equipment and right-of-use assets as collateral for bank borrowings to provide part of the funding for its daily business operations and project construction. As at 31 December 2022, the secured bank borrowings of the Group was approximately RMB8,832,952,000 (31 December 2021: approximately RMB9,487,194,000).

As at 31 December 2022, the Group's total bank borrowings were approximately RMB35,527,759,000. The Group maintained an appropriate portfolio of liabilities at fixed interest rates and variable interest rates to manage its interest expenses. As at 31 December 2022, approximately 76.0% of the Group's bank borrowings were subject to fixed interest rates while its reminder of approximately 24.0% were subject to floating interest rates.

The Group aims to maintain a balance between the sustainability and flexibility of financing through utilising various debt financing instruments. As at 31 December 2022, liabilities of the Group other than bank borrowings included short-term bonds and notes of approximately RMB3,000,000,000, medium-term notes and bonds of approximately RMB14,467,959,000, guaranteed notes of approximately RMB4,843,648,000 and convertible bonds of approximately RMB2,287,537,000, the interest rates of which ranged from 3.47% to 7.375% per annum. Such notes and bonds help to optimise the Group's debt structure and reduce its financing costs.

As at 31 December 2022, the Group had net current assets of approximately RMB16,194,566,000. The Group will continue to diversify 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 31 December 2022, the Group's liabilities were mainly denominated in RMB and U.S. Dollars, of which, approximately 75.5% of the total liabilities were denominated in RMB, and approximately 24.5% were denominated in U.S. Dollars. The Group's cash and cash equivalents were mainly held in RMB and U.S. Dollars, of which approximately 94.2% were held in RMB and approximately 5.1% were held in U.S. Dollars.

### **Employee and remuneration policy**

As at 31 December 2022, the Group had a total of 46,647 employees, representing an increase of 3,997 employees as compared to 31 December 2021. During the Year, the total staff costs of the Group amounted to approximately RMB5,127,969,000, representing an increase of approximately 29.0% from approximately RMB3,974,429,000 for the corresponding period last year, mainly due to the Group's further increase in salary and improvement of benefits for the Group's staff and the year-on-year increase in the number of staff of the Group during the Year. The total staff costs of the Group were approximately 3.9% of its revenue. The remuneration and benefit packages of the Group's employees include salaries and various types of allowance. In addition, the Group has established a performance-based incentive mechanism under which the employees may be awarded additional bonuses. The Group provided training programmes for 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 31 December 2022, the Group's bank balances denominated in foreign currencies were approximately RMB1,586,733,000, and liabilities denominated in foreign currencies were approximately RMB14,755,005,000. For the year ended 31 December 2022, the Group's foreign exchange losses were approximately RMB889,485,000 (2021: foreign exchange gains of approximately RMB393,892,000).

During the Year under Review, the Group took proactive initiative to minimise foreign exchange fluctuation risks, and ensured the foreign exchange risks were under control on the whole. The Group proactively took the following measures to hedge its foreign exchange risks in accordance with its business operations: (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 swap instruments to hedge foreign exchange risks in conjunction with changes in exchange rates and interest rates.

## **FUTURE PROSPECT**

In 2023, the global economy will move slowly forward amidst divergence. Despite the more constrained interest rate hikes by the Federal Reserve, a contractionary monetary policy is expected to be the main direction. The impacts from adverse factors such as the geopolitics conflict, energy crisis and high inflation to the aluminum industry shall not be underestimated as its industrial chain and supply chain are highly dependent on the international market, the Group's development will still face uncertainties to a certain extent. Looking at the Chinese market, 2023 is the inaugural year for the full implementation of the spirit of the 20th National Congress, as well as a critical year for the 14th Five-Year Plan to move forward from strength to strength with the implementation of various policies by the Chinese government to expand domestic demand and to boost sentiment and consumer confidence in the Chinese market to a greater extent.

As one of the largest electrolytic aluminum producers in the world, the Group will actively respond to the new changes in the international economic environment, focus on strengthening the internal dynamics of the enterprise, continue to improve and optimise the Group's energy structure, industrial structure and product structure, expedite the construction of projects in an orderly manner, continue to enrich the achievements of technological innovation, emphasise digital empowerment, reduce costs and increase efficiency, vigorously develop the circular economy, build an industry benchmark in green aluminum and recycled aluminum production, and promote the transformation of the enterprise into a high-end smart equipment manufacturer. In addition, the Group will seize the historical opportunities arising from the development of renewable energy such as photovoltaic and wind power, as well as the rapid advancement of electric vehicles, new energy batteries and energy storage equipment, etc. The Group will contribute to the leadership of the industry, expand collaboration with leading enterprises, promote the implementation of high-level applications of aluminum deep processing and shape an efficient and synergistic industrial ecosystem. At the same time, the Group will continue to focus on optimising the energy consumption structure by anchoring on the "dual carbon" target, promoting replacement with clean energy, and pursuing green and low-carbon development to actively fulfil its corporate social responsibility.

## **EVENTS AFTER THE REPORTING PERIOD**

On 16 February 2023 and 10 March 2023, Shandong Hongqiao completed the issuance bookbuilding of the first and second tranches of the 2023 domestic short-term financing bonds both of which had an offering size of RMB1,000,000,000 and a maturity term of one year. The interest rates are 4.60% and 4.50% per annum respectively.

Save as disclosed above, there were no important events affecting the Group that have occurred after 31 December 2022 and up to the date of this results announcement.

## **SUFFICIENCY OF PUBLIC FLOAT**

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company had maintained the public float as approved by the Stock Exchange and as permitted under the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") during the Year and up to the date of this results announcement.

## **PRE-EMPTIVE RIGHTS**

There is no provision for pre-emptive rights under the Articles of Association and the law of the Cayman Islands, and there is no restriction regarding such rights which would oblige the Company to offer new shares on a pro-rata basis to the existing shareholders.

## **THE BOARD**

As of the date of this results announcement, the Board comprised four executive Directors, four non-executive Directors and four independent non-executive Directors. The Board members are as follows:

### **Executive Directors**

Mr. ZHANG Bo (*Chairman, Chief Executive Officer, Authorised Representative*)

Ms. ZHENG Shuliang (*Vice Chairman*)

Ms. ZHANG Ruilian (*Vice President, Chief Financial Officer*)

Ms. WONG Yuting (*Head of Corporate Finance*)

### **Non-executive Directors**

Mr. YANG Congsen

Mr. ZHANG Jinglei

Mr. LIU Xiaojun (*Mr. ZHANG Hao as his alternate*)

Ms. SUN Dongdong

### **Independent Non-executive Directors**

Mr. WEN Xianjun

Mr. XING Jian

Mr. HAN Benwen

Mr. DONG Xinyi

Ms. Zheng Shuliang is the mother of Mr. Zhang Bo and the mother-in-law of Mr. Yang Congsen.

## **DIRECTORS' SERVICE CONTRACTS**

Each of the Directors has entered into a service contract with the Company for a term of three years with effect from their respective dates of appointment, which may be terminated by not less than one month's notice in writing served by either the Directors or the Company. The appointments are subject to the provisions of retirement and rotation of directors under the Articles of Association. None of the Directors proposed for re-election at the forthcoming annual general meeting of the Company has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

## **EMOLUMENTS OF DIRECTORS**

The Directors' fees are subject to shareholders' approval at general meetings of the Company. Other emoluments are determined by the Board with reference to the Directors' duties, responsibilities and performance. Except Mr. Zhang Jinglei, a non-executive Director, none of the Directors waived or agreed to waive any emoluments during the Year.



## MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of any business of the Company was entered into by the Company or subsisted during the year ended 31 December 2022.

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

As at 31 December 2022, 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 Securities and Futures Ordinance (the “SFO”) (Chapter 571 of the Laws of Hong Kong) which were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or to be recorded in the register required to be kept by the Company under section 352 of the SFO; or to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules, were as follows:

### Long positions in the shares of the Company

Name of director	Capacity/type of interest	Number of total shares held	Approximate percentage of shareholding in the total issued share capital as at 31 December 2022 (%)
Mr. ZHANG Bo <sup>(1)</sup>	Beneficial owner	8,870,000(L)	0.09
	Interest in persons acting in concert	6,076,513,573(L)	64.13

*Note:*

- (1) Shiping Prosperity Private Trust Company (“**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.

Save as disclosed above, as at 31 December 2022, 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 the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or to be recorded in the register required to be kept under section 352 of the SFO; or to be notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at 31 December 2022, so far as it is known to the Directors and the chief executive of the Company, the following persons (other than the Directors or the 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 pursuant to 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:

<b>Name of shareholder</b>	<b>Capacity/type of interest</b>	<b>Number of total shares held</b>	<b>Approximate percentage of shareholding in the total issued share capital as at 31 December 2022 (%)</b>
Shiping Trust Company <sup>(1)</sup>	Trustee	6,076,513,573 (L)	64.13
Hongqiao Holdings <sup>(1)</sup>	Beneficial owner	6,076,513,573 (L)	64.13
Ms. Zhang Hongxia <sup>(2)</sup>	Interest in persons acting in concert	6,085,383,573 (L)	64.22
Ms. Zhang Yanhong <sup>(2)</sup>	Interest in persons acting in concert	6,085,383,573 (L)	64.22
CTI Capital Management Limited <sup>(4)</sup>	Beneficial owner	803,190,170 <sup>(3)</sup> (L)	8.48
CITIC Limited <sup>(4)</sup>	Interest of a controlled corporation	1,203,994,870(L) 185,000,000 (S)	12.71 1.95
CITIC Group Corporation <sup>(4)</sup>	Interest of a controlled corporation	1,203,994,870(L) 185,000,000 (S)	12.71 1.95



*Notes:*

- (1) 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 is the settlor, protector and one of the beneficiaries of Shiping Prosperity Trust, Ms. Zhang Hongxia, Ms. Zhang Yanhong and Mr. Zhang Bo held 30%, 30% and 40% 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, Ms. Zhang Hongxia, Ms. Zhang Yanhong and Mr. Zhang Bo 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 803,190,170 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 32.53% equity interest in CITIC Limited, and CITIC Group Corporation also held 100% equity interest in CITIC Glory Limited, which held 25.60% equity interest in CITIC Limited. Thus CITIC Group Corporation indirectly held 58.13% equity interest in CITIC Limited. CITIC Limited held 100% equity interest in CITIC Corporation Limited. CITIC Corporation Limited held 82.26% equity interest in CITIC Trust Co., Ltd. and 100% equity interest in CITIC Industrial Investment Group Corp., Ltd., which held 17.74% equity interest in CITIC Trust Co., Ltd. Accordingly, CITIC Corporation Limited directly and indirectly held 100% equity interest in CITIC Trust Co., Ltd. CITIC Trust Co., Ltd. held 100% equity interest in CTI Capital Management Limited. Thus, CITIC Group Corporation and CITIC Limited are deemed to be interested in the shares of the Company held by CTI Capital Management Limited under the SFO.

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

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

At no time during the year ended 31 December 2022 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 in the Year.

## FINAL DIVIDENDS

The Board proposed the payment of a final dividend of HK10 cents per share for the year ended 31 December 2022 (the “**2022 Final Dividend**”). The 2022 Final Dividend, subject to the approval of the shareholders at the annual general meeting of the Company (the “**2022 Annual General Meeting**”) which will be held on Tuesday, 16 May 2023, will be paid on or before Friday, 16 June 2023 to the shareholders whose names appear on the register of members of the Company on Wednesday, 31 May 2023.

The payment of 2022 Final Dividend of HK10 cents per share was proposed. Together with the paid 2022 interim dividend of HK41 cents per share, the total dividend for the year 2022 is HK51 cents per share (2021: HK105 cents per share).

## CLOSURE OF REGISTER OF MEMBERS

The share register of the Company will be closed from Wednesday, 10 May 2023 to Tuesday, 16 May 2023 (both days inclusive), during which no transfer of shares will be effected. Shareholders of the Company whose names appear on the register of members of the Company on Tuesday, 16 May 2023 are entitled to attend and vote at the forthcoming 2022 Annual General Meeting. In order to be entitled to attend the 2022 Annual General Meeting and vote at the meeting, all completed share transfer forms accompanying with the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, for registration not later than 4:30 p.m. on Tuesday, 9 May 2023. The address of Computershare Hong Kong Investor Services Limited is Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong.

The share register of the Company will be closed from Thursday, 25 May 2023 to Wednesday, 31 May 2023 (both days inclusive), during which no transfer of shares will be effected. Shareholders of the Company whose names appear on the register of members of the Company on Wednesday, 31 May 2023 are entitled to the 2022 Final Dividend. In order to qualify for the 2022 Final Dividend, all completed share transfer forms accompanying with the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, for registration not later than 4:30 p.m. on Wednesday, 24 May 2023. The address of Computershare Hong Kong Investor Services Limited is Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong.

## AUDIT COMMITTEE

The Company has established the audit committee (the “**Audit Committee**”) in compliance with the Code on Corporate Governance Practices (the “**CG Code**”) as set out in Appendix 14 to the Listing Rules for the purposes of reviewing and providing supervision over the Group’s financial reporting process and internal controls. The Audit Committee is composed of three independent non-executive Directors. The Audit Committee meeting was held on 24 March 2023 to review the annual results and the consolidated financial statements of the Group for the year ended 31 December 2022. The Audit Committee considered that the financial results of the Group for the year ended 31 December 2022 were in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2022 and up to the date of this results announcement.

### **SENIOR NOTES**

- (1) On 15 July 2019, the Company issued 7.125% senior unsecured notes due 2022 with an aggregate principal amount of US\$300,000,000. The notes were listed and quoted on the SGX-ST and matured on 22 July 2022. 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 15 July 2019, 16 July 2019 and 25 July 2019 for details.
- (2) On 24 September 2019, the Company issued 7.375% senior unsecured notes due 2023 with an aggregate principal amount of US\$200,000,000. 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\$197,300,000. 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 September 2019. Please refer to the announcements of the Company dated 24 September 2019, 25 September 2019 and 4 October 2019 for details.
- (3) 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 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\$493,900,000. 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 1 June 2021. Please refer to the announcements of the Company dated 1 June 2021 and 10 June 2021 for details.

### **CORPORATE BONDS OF SHANDONG HONGQIAO**

- (1) On 2 September 2020, Shandong Hongqiao obtained the “Approval for the Registration for Public Issuance of Corporate Bonds to Professional Investors by Shandong Hongqiao New Material Co., Ltd. (Zheng Jian Xu Ke [2020] No. 2060)” (《關於同意山東宏橋新型材料有限公司向專業投資者公開發行公司債券註冊的批覆》) from the China Securities Regulatory Commission, approving Shandong Hongqiao to issue the corporate bonds of not more than RMB20,000,000,000 in the PRC.

- (i) On 11 June 2021, Shandong Hongqiao completed the issuance of 2021 domestic corporate bonds (first tranche) (type 1), with an offering size of RMB500,000,000, for a term of 1+1 years (2-year fixed rate bonds, with the issuer's option to adjust the coupon rate and the investors' option to sell back at the end of the first year) and carrying an interest rate of 4.90% per annum. Pursuant to the terms on sell-back by investors as set out in the bond prospectus, during the sell-back period from 27 April 2022 to 29 April 2022, the sell-back amount of the bondholders was RMB90,000,000. From 13 June 2022 to 8 July 2022, Shandong Hongqiao resold the aforesaid sell-back amount, for a resold amount of RMB90,000,000. After the completion of the resale, the remaining amount of the bonds is RMB500,000,000 and the coupon rate decreases to 4.10%.
- (ii) On 11 June 2021, Shandong Hongqiao completed the issuance of 2021 domestic corporate bonds (first tranche) (type 2), with an offering size of RMB500,000,000, for a term of 2+1 years (3-year fixed rate bonds, with the issuer's option to adjust the coupon rate and the investors' option to sell back at the end of the second year) and carrying an interest rate of 5.60% per annum.
- (iii) On 20 August 2021, Shandong Hongqiao completed the issuance of 2021 domestic corporate bonds (second tranche), with an offering size of RMB1,000,000,000, for a term of 1+1+1 years (3-year fixed rate bonds, with the issuer's option to adjust the coupon rate and the investors' option to sell back at the end of the first and second year) and carrying an interest rate of 4.16% per annum. Pursuant to the terms on sell-back by investors as set out in the bond prospectus, during the sell-back period from 18 July 2022 to 20 July 2022, the sell-back amount of the bondholders was RMB350,000,000. From 22 August 2022 to 19 September 2022, Shandong Hongqiao resold the aforesaid sell-back amount, for a resold amount of RMB350,000,000. After the completion of the resale, the remaining amount of the bonds is RMB1,000,000,000 and the coupon rate decreases to 3.90%.
- (iv) On 13 June 2022, Shandong Hongqiao completed the issuance of 2022 domestic corporate bonds (first tranche), with an offering size of RMB1,000,000,000, for a term of 2+1 years (3-year fixed rate bonds, with the issuer's option to adjust the coupon rate and the investors' option to sell back at the end of the second year) and carrying an interest rate of 4.30% per annum.
- (v) On 3 August 2022, Shandong Hongqiao completed the issuance of 2022 domestic corporate bonds (second tranche), with an offering size of RMB1,000,000,000, for a term of 2+1 years (3-year fixed rate bonds, with the issuer's option to adjust the coupon rate and the investors' option to sell back at the end of the second year), carrying an interest rate of 4.50% per annum.
- (vi) On 3 November 2022, Shandong Hongqiao completed the issuance of 2022 domestic corporate bonds (third tranche) (commodity index-linked), with an offering size of RMB1,000,000,000, for a term of 1+1+1+1+1 years (5-year bonds, with the investors' option to sell back at the end of the first, second, third and fourth year and the issuer's option to redeem at the end of the third year). The annual interest rate of the bonds consists of a base rate plus a floating rate. The coupon rate for the first year is 4.00%.

**CORPORATE BONDS OF SHANDONG WEIQIAO ALUMINUM & POWER CO., LTD.  
 (“WEIQIAO ALUMINUM & POWER”)**

- (1) On 8 October 2015, the Company’s subsidiary, Weiqiao Aluminum & Power received the “Approval for the Issue of Corporate Bonds by Shandong Weiqiao Aluminum & Power Co., Ltd. (Fa Gai Cai Jin [2015] No. 2249)” (《關於山東魏橋鋁電有限公司發行公司債券核准的批覆》) from the National Development and Reform Commission approving Weiqiao Aluminum & Power to issue the corporate bonds of no more than RMB1,000,000,000 in the PRC.
- (i) On 26 October 2015, Weiqiao Aluminum & Power completed the issuance of 2015 corporate bonds in the PRC, with an offering size of RMB1,000,000,000, for a term of 4+3 years (7-year fixed rate bonds, with the issuer’s option to adjust the coupon rate and the investors’ option to sell back at the end of the fourth year) and carrying an interest rate of 5.26% per annum. Pursuant to the terms on sell-back by investors as set out in the bond prospectus, during the sell-back period from 30 September 2019 to 11 October 2019, the sell-back amount of the bondholders was RMB999,786,000. After the completion of the sell-back, the remaining amount of the bonds is RMB214,000 and the coupon rate increases to 6.26%.

Upon negotiation with the bondholders, on 29 April 2022, Weiqiao Aluminum & Power prepaid the full remaining principal amount of the bonds and the corresponding interest for the period from 26 October 2021 to 28 April 2022. The bonds were delisted early from the Shanghai Stock Exchange on 29 April 2022.

- (2) On 17 August 2016, Weiqiao Aluminum & Power received the “Approval for the Public Issuance of Corporate Bonds to Eligible Investors by Shandong Weiqiao Aluminum & Power Co., Ltd. (Zheng Jian Xu Ke [2016] No. 1872)” (《關於核准山東魏橋鋁電有限公司向合格投資者公開發行公司債券的批覆》) from the China Securities Regulatory Commission, approving Weiqiao Aluminum & Power to issue the corporate bonds of no more than RMB7,800,000,000 in the PRC.

On 17 October 2016, Weiqiao Aluminum & Power completed the issuance of 2016 domestic corporate bonds (third tranche), with an offering size of RMB7,800,000,000, for a term of 5+2 years (7-year fixed rate bonds, with the issuer’s option to adjust the coupon rate and the investors’ option to sell back at the end of the fifth year) and carrying an interest rate of 4.00% per annum. Pursuant to the terms on sell-back by investors as set out in the bond prospectus, during the sell-back period from 26 August 2021 to 1 September 2021 and the sell-back cancellation period from 27 August 2021 to 30 September 2021, the final sell-back amount of the bondholders was RMB4,278,954,600. From 19 October 2021 to 15 November 2021, Weiqiao Aluminum & Power resold the aforesaid sell-back amount, for a resold amount of RMB2,000,000,000. After completion of the resale, the remaining amount of the bonds is RMB5,521,045,400 and the coupon rate increases to 4.80%.



- (3) On 22 February 2019, Weiqiao Aluminum & Power received “Approval for the Public Issuance of Corporate Bonds to Eligible Investors by Shandong Weiqiao Aluminum & Power Co., Ltd. (Zheng Jian Xu Ke [2019] No. 238)” (《關於核准山東魏橋鋁電有限公司向合格投資者公開發行公司債券的批覆》) from the China Securities Regulatory Commission, approving Weiqiao Aluminum & Power to issue corporate bonds of no more than RMB5,300,000,000 in the PRC.

On 26 March 2019, Weiqiao Aluminum & Power completed the issuance of 2019 domestic corporate bonds (first tranche), with an offering size of RMB2,000,000,000, for a term of 3+2 years (5-year fixed rate bonds, with the issuer’s option to adjust the coupon rate and the investors’ option to sell back at the end of the third year) and carrying interest rate of 6.00% per annum. Pursuant to the terms on sell-back by investors as set out in the bond prospectus, during the sell-back period from 1 March 2022 to 3 March 2022, the sell-back amount of the bondholders was RMB878,058,200. From 29 March 2022 to 27 April 2022, Weiqiao Aluminum & Power resold the aforesaid sell-back amount, for a resold amount of RMB878,058,200. After completion of the resale, the remaining amount of the bonds is RMB2,000,000,000 and the coupon rate decreases to 4.40%.

#### **ADJUSTMENT OF THE INITIAL PRICE OF THE 5.0% CONVERTIBLE BONDS DUE 2022 WITH A PRINCIPAL AMOUNT OF US\$320,000,000, ADJUSTMENT TO INITIAL CONVERSION PRICE AND FULL CONVERSION OF THE BONDS**

On 28 November 2017, the Company successfully issued the convertible bonds (“**2017 CBs**”) with an initial principal amount of US\$320,000,000 to CNCB (Hong Kong) Investment Limited under the convertible bonds specific mandate with an initial conversion price (subject to adjustment) of HK\$8.16. The net proceeds of the convertible bonds placing were approximately US\$316,800,000 which the Company has fully utilised for the uses as described in the announcement of the Company dated 15 August 2017. Please refer to the Company’s announcement dated 15 August 2017, circular dated 2 November 2017, poll results announcement dated 20 November 2017 and announcement dated 28 November 2017 for details.

On 25 January 2018, CNCB (Hong Kong) Investment Limited converted the convertible bonds which accounted for 23% of the initial principal amount held by it into 70,544,156 shares of the Company at the initial conversion price of HK\$8.16 per share. Please refer to the Company’s announcement dated 15 August 2017 and the next day disclosure return dated 25 January 2018 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 2016 and a special dividend, the conversion price per share was adjusted from HK\$8.16 to HK\$7.71 effective from 7 February 2018. Please refer to the announcement of the Company dated 7 February 2018 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 2017, the conversion price per share was adjusted from HK\$7.71 to HK\$7.53 effective from 12 June 2018. Please refer to the announcement of the Company dated 13 July 2018 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 2018, the conversion price per share was adjusted from HK\$7.53 to HK\$7.21 effective from 17 June 2019. Please refer to the announcement of the Company dated 17 June 2019 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 2019, the conversion price per share was adjusted from HK\$7.21 to HK\$6.51 effective from 15 June 2020. Please refer to the announcement of the Company dated 15 June 2020 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 2020, the conversion price per share was adjusted from HK\$6.51 to HK\$6.31 effective from 16 November 2020. Please refer to the announcement of the Company dated 16 November 2020 for details.

Pursuant to the terms and conditions of the convertible bonds, as a result of the completion of the placing and the subscription of the Company on 27 November 2020 and 2 December 2020, respectively, the conversion price per share was adjusted from HK\$6.31 to HK\$6.29 effective from 2 December 2020. Please refer to the announcement of the Company dated 2 December 2020 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\$6.29 to HK\$6.04 effective from 15 June 2021. Please refer to the announcement of the Company dated 11 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\$6.04 to HK\$5.79 effective from 15 November 2021. Please refer to the announcement of the Company dated 25 November 2021 for details.

On 21 February 2022, pursuant to the conversion notice received for the 2017 CBs, 132,919,875 shares were issued and allotted by the Company based on the adjusted conversion price of HK\$5.79 pursuant to the general mandate granted by the shareholders to the Directors at the annual general meeting of the Company held on 6 May 2021. Please refer to the monthly return on movements in securities of the Company dated 1 March 2022 for details.

On 5 May 2022, pursuant to the conversion notice received for the 2017 CBs, 270,162 shares were issued and allotted by the Company based on the adjusted conversion price of HK\$5.79 pursuant to the general mandate granted by the shareholders to the Directors at the annual general meeting of the Company held on 6 May 2021. Please refer to the monthly return on movements in securities of the Company dated 1 June 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 2021, the conversion price per share was adjusted from HK\$5.79 to HK\$5.41 effective from 1 June 2022. Please refer to the announcement of the Company dated 31 May 2022 for details.

On 13 June 2022, pursuant to the conversion notice received for the 2017 CBs, 79,513,123 shares were issued and allotted by the Company based on the adjusted conversion price of HK\$5.41 pursuant to the general mandate granted by the shareholders to the Directors at the annual general meeting of the Company held on 18 May 2022. Please refer to the monthly return on movements in securities of the Company dated 4 July 2022 for details.

On 21 November 2022, pursuant to the conversion notice received for the full conversion of the outstanding 2017 CBs, 141,482,916 shares have been issued and allotted by the Company based on the newly adjusted conversion price of HK\$5.13 pursuant to the general mandate granted by the shareholders to the Directors at the annual general meeting of the Company held on 18 May 2022. After such issuance of Shares, there is no outstanding 2017 CBs. Please refer to the announcement of the Company dated 21 November 2022 and monthly return on movement in securities of the Company date 1 December 2022 for details.

#### **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 has agreed to issue and the joint lead managers have 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 has 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.

## **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standards as set out in the Model Code.

Having made specific enquiry of all the Directors, the Company confirmed that each of the Directors has complied with the required standards set out in the Model Code and the code of conduct of the Company regarding directors' securities transactions throughout the year ended 31 December 2022 and up to the date of this results announcement.

## **COMPLIANCE WITH PROVISIONS OF THE CG CODE**

The Company has applied the principles as set out in the CG Code. For the year ended 31 December 2022, the Company has complied with the code provisions as set out in the CG Code, except for the following deviation:

Code Provision A.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 expertise of Mr. Zhang Bo and the fact that he is very familiar with the business of the Group, the Board believes that it is beneficial to the continuous and stable development of the business of the Group for Mr. Zhang Bo to serve as both the chairman of the Board and the chief executive officer of the Company. Furthermore, the members of the Board also include qualified professionals and 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 year ended 31 December 2022.

## **PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT ON WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY**

This results announcement is published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [www.hongqiaochina.com](http://www.hongqiaochina.com). The annual report will be dispatched to shareholders on or before 21 April 2023 and will be available on the Company's website and the website of the Stock Exchange.

### **ACKNOWLEDGEMENT**

I would like to take this opportunity to express my sincere gratitude to our Board members and management team, and to all the employees, business partners, customers and shareholders of the Group.

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

Hong Kong, the PRC  
24 March 2023

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