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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 2023**

**RESULTS HIGHLIGHTS**

- Revenue increased by approximately 1.5% to approximately RMB133,623,632,000 as compared with the corresponding period last year
- Gross profit increased by approximately 14.9% to approximately RMB20,954,597,000 as compared with the corresponding period last year
- Profit for the year increased by approximately 27.4% to approximately RMB12,497,752,000 as compared with the corresponding period last year
- Net profit attributable to owners of the Company increased by approximately 31.7% to approximately RMB11,460,678,000 as compared with the corresponding period last year
- Basic earnings per share increased by approximately 29.2% as compared with the corresponding period last year and were approximately RMB1.2095 per share
- Proposed final dividend is HK29 cents per share. Together with the paid interim dividend of HK34 cents per share in aggregate for the year 2023, the total dividend is HK63 cents per share for the year 2023 (in 2022: HK51 cents per share)
- Gearing ratio (total liabilities to total assets) decreased by approximately 1.2 percentage points from last year to approximately 47.0%

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 2023 (the “**Year**” or the “**Year under Review**”).

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	<i>Notes</i>	<b>2023</b> <b>RMB'000</b>	2022 <i>RMB'000</i>
Revenue	3	<b>133,623,632</b>	131,699,427
Cost of sales		<b><u>(112,669,035)</u></b>	<u>(113,460,127)</u>
Gross profit		<b>20,954,597</b>	18,239,300
Other income and gains	5	<b>3,713,038</b>	3,928,933
Selling and distribution expenses		<b>(755,274)</b>	(597,679)
Administrative expenses		<b>(4,952,875)</b>	(5,933,759)
Other expenses	6	<b>(945,299)</b>	(329,047)
Finance costs		<b>(3,267,938)</b>	(3,019,544)
Changes in fair values of financial instruments		<b>(49,044)</b>	(184,981)
Share of profits of associates		<b><u>1,193,259</u></b>	<u>503,335</u>
Profit before taxation		<b>15,890,464</b>	12,606,558
Income tax expenses	7	<b><u>(3,392,712)</u></b>	<u>(2,797,583)</u>
Profit for the year		<b><u><u>12,497,752</u></u></b>	<u><u>9,808,975</u></u>
Attributable to:			
Owners of the Company		<b>11,460,678</b>	8,701,953
Non-controlling interests		<b><u>1,037,074</u></b>	<u>1,107,022</u>
		<b><u><u>12,497,752</u></u></b>	<u><u>9,808,975</u></u>

	<i>Note</i>	<b>2023</b> <b>RMB'000</b>	2022 <i>RMB'000</i>
Other comprehensive income 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>108,753</b>	356,375
Share of other comprehensive income of associates		<b>22,707</b>	177,920
		<b>131,460</b>	534,295
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Fair value (loss) gain on investments in equity instruments at fair value through other comprehensive income		<b>(141,210)</b>	133,253
Total comprehensive income for the year, net of income tax		<b>12,488,002</b>	10,476,523
Total comprehensive income for the year attributable to			
Owners of the Company		<b>11,422,590</b>	9,217,385
Non-controlling interests		<b>1,065,412</b>	1,259,138
		<b>12,488,002</b>	10,476,523
Earnings per share	<i>9</i>		
– Basic (RMB)		<b>1.2095</b>	0.9358
– Diluted (RMB)		<b>1.1952</b>	0.9358

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION***AS AT 31 DECEMBER 2023*

	<i>Note</i>	<b>2023</b> <b>RMB'000</b>	2022 <i>RMB'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>70,200,235</b>	68,060,299
Right-of-use assets		<b>9,675,440</b>	7,672,678
Intangible assets		<b>42,907</b>	34,291
Investment properties		<b>38,159</b>	41,046
Deposits paid for acquisition of property, plant and equipment		<b>1,045,165</b>	644,100
Deferred tax assets		<b>2,990,023</b>	2,605,197
Interests in associates		<b>11,034,432</b>	10,296,678
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>2,494,000</b>	2,499,000
Financial assets at fair value through other comprehensive income		<b>1,401,378</b>	1,542,588
Financial assets at fair value through profit or loss		<b>11,725,159</b>	–
Prepayment		<b>–</b>	2,500,000
		<b>112,925,122</b>	98,174,101
<b>CURRENT ASSETS</b>			
Inventories		<b>33,958,455</b>	37,267,620
Trade receivables	<i>10</i>	<b>5,488,751</b>	4,610,695
Bills receivables		<b>4,977,642</b>	5,573,175
Prepayments and other receivables		<b>8,747,804</b>	10,051,561
Other financial asset		<b>–</b>	2,122
Income tax recoverable		<b>674,610</b>	957,917
Restricted bank deposits		<b>1,826,579</b>	1,720,058
Cash and cash equivalents		<b>31,721,122</b>	27,384,542
		<b>87,394,963</b>	87,567,690

		2023	2022
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	11	11,648,276	14,911,002
Other payables and accruals		10,603,297	12,357,158
Bank borrowings – due within one year		30,489,208	30,533,850
Lease liabilities		37,952	16,161
Income tax payable		2,586,352	618,264
Short-term debentures and notes		7,000,000	3,000,000
Medium-term debentures and bonds – due within one year		8,116,930	8,507,112
Guaranteed notes – due within one year		3,511,821	1,392,893
Deferred income		35,290	36,684
		<u>74,029,126</u>	<u>71,373,124</u>
<b>NET CURRENT ASSETS</b>		<u>13,365,837</u>	<u>16,194,566</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>126,290,959</u>	<u>114,368,667</u>
<b>NON-CURRENT LIABILITIES</b>			
Bank borrowings – due after one year		8,621,908	4,993,909
Other financial liability		2,965,195	–
Lease liabilities		916,706	51,755
Liability component of convertible bonds – due after one year		1,963,567	1,830,527
Derivative component of convertible bonds – due after one year		521,919	457,010
Deferred tax liabilities		363,704	523,795
Medium-term debentures and bonds – due after one year		3,206,332	5,960,847
Guaranteed notes – due after one year		–	3,450,755
Deferred income		1,475,183	794,292
		<u>20,034,514</u>	<u>18,062,890</u>
<b>NET ASSETS</b>		<u>106,256,445</u>	<u>96,305,777</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	12	618,881	618,881
Reserves		<u>91,625,797</u>	<u>83,879,972</u>
Equity attributable to owners of the Company		92,244,678	84,498,853
Non-controlling interests		<u>14,011,767</u>	<u>11,806,924</u>
<b>TOTAL EQUITY</b>		<u>106,256,445</u>	<u>96,305,777</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2023

### 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, and the principal activities of its subsidiaries (together with the Company, referred to as the “**Group**”) are set out in the 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 subsidiaries established in Republic of Indonesia (“**Indonesia**”), Republic of Singapore and the Republic of Guinea is 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 new and 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 2023.

IFRS 17 (including the June 2020 and December 2021 amendments to IFRS 17)	Insurance Contracts
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform-Pillar Two Model Rules

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 new and 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.

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

The amendments to IAS 1 and IFRS Practice Statement 2 *Making Materiality Judgements* provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their “significant” accounting policies with a requirement to disclose their “material” accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The application of the amendments has had no material impact on the Group’s financial performance and positions, but has affected the disclosures of accounting policies as set out in the annual report.

### ***Impact on application of Amendments to IAS 8 – Definition of Accounting Estimates***

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the consolidated financial statements of the Group.

### ***Impact on application of Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction***

The amendments to IAS 12 narrow the scope of the initial recognition exemption of deferred tax liabilities and deferred tax assets so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences, such as leases and decommissioning liabilities. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained earnings at that date. For all other transactions, the amendments are applied to those transactions that occur after the beginning of the earliest period presented.

There was no impact on the consolidated statement of financial position because the related deferred tax balances qualify for offsetting under IAS 12. There was no impact on the opening retained earnings as at 1 January 2022.

### ***Impact on application of Amendments to IAS 12 – International Tax Reform – Pillar Two Model Rules***

The amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development’s (“OECD”) international tax reform. The amendments introduce (i) a temporary exception to the requirements to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes; and (ii) targeted disclosure requirements for affected entities.

The Group has applied the mandatory temporary exception from recognition and disclosure of information about deferred taxes related to Pillar Two income taxes immediately and retrospectively.

## 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:

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 IFRS 16	Lease Liability in a Sale and Leaseback <sup>1</sup>
Amendments to IAS 1	Classification of Liabilities as Current or Non-current <sup>1</sup>
Amendments to IAS 1	Non-current Liabilities with Covenants <sup>1</sup>
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements <sup>1</sup>
Amendments to HKAS 21	Lack of Exchangeability <sup>2</sup>

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

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2025.

<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 –Non-current Liabilities with Covenants***

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



Amendments to IAS 1 Non-current Liabilities with Covenants issued in 2022 (the “**2022 Amendments**”) further clarify how an entity determines the current or non-current classification of a liability when its right to defer the settlement is subject to compliance with covenants.

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. However, an entity that applies the 2020 Amendments early is also required to apply the 2022 Amendments, and vice versa.

Based on the Group’s outstanding liabilities as at 31 December 2023, the application of the amendments will not result in change in the classification of the Group’s liabilities.

***Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures – Supplier Finance Arrangements***

The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity’s liabilities and cash flows. In addition, IFRS 7 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity’s exposure to concentration of liquidity risk.

The amendments, which contain specific transition reliefs for the first annual reporting period in which an entity applies the amendments, are applicable for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted.

***Amendments to IAS 21 Lack of Exchangeability***

The amendments specify how to assess whether a currency is exchangeable into another currency and, when it is not, how to determine the exchange rate to use and the disclosures to provide.

The amendments are effective for annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted.

### 3. REVENUE

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Revenue from sales of aluminum products		
– molten aluminum alloy	83,750,044	85,833,912
– aluminum alloy ingots	10,890,825	10,393,059
– aluminum fabrication	11,500,388	13,302,321
– alumina	26,557,457	21,404,782
Steam supply income	924,918	765,353
	<u>133,623,632</u>	<u>131,699,427</u>

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
<i>Geographical region</i>		
The PRC	126,397,054	123,249,928
India	2,412,216	1,119,007
Europe	2,255,909	3,133,262
Malaysia	421,062	256,487
Other Southeast Asia region	1,295,061	1,483,309
North America	596,995	1,863,564
Others	245,335	593,870
	<u>133,623,632</u>	<u>131,699,427</u>
<i>Type of customers</i>		
Government related	289	274
Non-government related	133,623,343	131,699,153
	<u>133,623,632</u>	<u>131,699,427</u>
<i>Sales channels</i>		
Direct sales	<u>133,623,632</u>	<u>131,699,427</u>

#### 4. SEGMENT INFORMATION

For management purposes, the Group operates 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 as a whole for the purpose of making decisions about resources allocation and performance assessment.

##### Geographical 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	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
PRC	85,721,885	82,565,449
Indonesia	6,592,677	6,961,867
	<u>92,314,562</u>	<u>89,527,316</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:

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Customer A	<u>45,121,545</u>	<u>50,042,829</u>

## 5. OTHER INCOME AND GAINS

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Bank interest income	307,644	193,141
Other interest income	216,382	208,420
Investment income	153,673	142,846
Interest income from loans to associates	345,792	156,614
Gain from sales of raw materials and scraps materials	1,071,479	1,351,888
Gain from sales of slag of carbon anode blocks	1,361,216	1,640,424
Reversal of write-down of inventories	8,195	20,417
Reversal of impairment of other receivables	3,603	–
Reversal of impairment of trade receivables	–	1,223
Amortisation of deferred income	44,898	47,910
Rental income for investment properties under operating lease that lease payments are fixed	600	600
Gain on disposal of an associate	21,053	–
Gain on disposal of property, plant and equipment	69,939	22,783
Gain on bargain purchase	–	20,522
Others	108,564	122,145
	<u>3,713,038</u>	<u>3,928,933</u>

## 6. OTHER EXPENSES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Impairment loss recognised in respect of property, plant and equipment	805,162	224,838
Impairment loss recognised in respect of right-of-use assets	13,235	–
Impairment loss recognised in respect of other receivables	–	82
Impairment loss recognised in respect of trade receivables	620	–
Write-down of inventories	126,282	104,127
	<u>945,299</u>	<u>329,047</u>

## 7. INCOME TAX EXPENSES

	<b>2023</b>	2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Current tax:		
– PRC Enterprise Income Tax	<b>3,715,079</b>	2,879,599
– Indonesia Corporate Income Tax	<b>202,718</b>	162,180
– Withholding tax	<b>19,832</b>	47,018
	<b>3,937,629</b>	3,088,797
Deferred taxation	<b>(544,917)</b>	(291,214)
Total income tax expenses for the year	<b><u>3,392,712</u></b>	<b><u>2,797,583</u></b>

## 8. DIVIDENDS

	<b>2023</b>	2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Dividends recognised as distribution during the year:		
2023 Interim dividend – HK12 cents (2022: 2022 interim dividend HK41 cents) per share	<b>1,028,382</b>	3,513,331
2023 Interim special dividend – HK22 cents (2022: nil) per share	<b>1,885,366</b>	–
2022 Final dividend – HK10 cents (2022: 2021 final dividend HK60 cents) per share	<b>872,364</b>	4,712,320
	<b><u>3,786,112</u></b>	<b><u>8,225,651</u></b>

Subsequent to the end of the reporting period, a final dividend of HK29 cents per share in respect of the year ended 31 December 2023, has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming 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:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
<b>Earnings</b>		
Earnings for the purpose of basic earnings per share	11,460,678	8,701,953
Effect of dilutive potential ordinary shares:		
Interest expense on liability component of convertible bonds	182,338	–
Changes in fair values of derivative component of convertible bonds	49,044	–
Exchange loss on translation of convertible bonds	21,380	–
	<u>11,713,440</u>	<u>8,701,953</u>

	2023 <i>'000</i>	2022 <i>'000</i>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purposes of basic earnings per share	9,475,538	9,299,172
Effect of dilutive potential ordinary shares:		
Convertible bonds	325,169	–
	<u>9,800,707</u>	<u>9,299,172</u>

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

## 10. TRADE RECEIVABLES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Trade receivables	5,496,090	4,617,414
Less: allowance for impairment losses	(7,339)	(6,719)
	<u>5,488,751</u>	<u>4,610,695</u>

As at 1 January 2022, the gross amount of trade receivable arising from contracts with customers amounted to approximately RMB7,292,695,000.

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>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i>
Within 3 months	<b>4,883,108</b>	4,009,740
3 to 12 months	<b>601,815</b>	597,180
12 to 24 months	<b>3,828</b>	3,775
	<u><b>5,488,751</b></u>	<u>4,610,695</u>

## 11. TRADE AND BILLS PAYABLES

	<b>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i>
Trade payables to third parties	<b>10,764,251</b>	10,166,118
Trade payables to associates	<b>648,596</b>	2,457,710
Trade payables to related parties	<b>103,167</b>	70,003
	<u><b>11,516,014</b></u>	<u>12,693,831</u>
Bills payables	<b>132,262</b>	2,217,171
	<u><b>11,648,276</b></u>	<u>14,911,002</u>

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

	<b>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i>
Within 6 months	<b>10,856,474</b>	11,980,729
6 to 12 months	<b>400,421</b>	443,244
1 to 2 years	<b>229,088</b>	235,369
More than 2 years	<b>30,031</b>	34,489
	<u><b>11,516,014</b></u>	<u>12,693,831</u>

## 12. SHARE CAPITAL

	Number of shares		Share Capital	
	2023	2022	2023 US\$	2022 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>
	2023	2022	2023 US\$	2022 US\$
<b>Issued and fully paid:</b>				
Ordinary shares of US\$0.01 each	<u>9,475,538,425</u>	<u>9,475,538,425</u>	<u>94,755,384</u>	<u>94,755,384</u>
	Number of shares		Share Capital RMB'000	
<b>Issued and fully paid:</b>				
At 1 January 2022		9,121,352,349		595,139
Issue of shares upon conversion of 2017 Convertible Bonds (“CBs”) (note (i))		<u>354,186,076</u>		<u>23,742</u>
At 31 December 2022 and 31 December 2023		<u>9,475,538,425</u>		<u>618,881</u>

*Note:*

- (i) 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 (2022: nil).

## 13. EVENT AFTER THE REPORTING PERIOD

As set out in the announcement of the Company dated 6 March 2024, the Group entered into the mine guarantee agreement and infrastructure guarantee agreement with its associates to support the mine projects in Simandou, Guinea.

As set out in the announcement of the Company dated 15 March 2024, the Group entered into sale and purchase agreement with non controlling interests to acquire an additional 4.04% issued shares of Shandong Hongqiao New Material Co., Ltd.



## 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 2023.

During the Year, the global economy entered into a path of slow growth due to the combined impact of various adverse factors, such as the significant adjustments in international power and order, impending reconstruction of trade situations and supply chain. Nevertheless, the global economy is gradually rebounding and moderate growth has been achieved on the whole. Meanwhile, China's economy continued to maintain a positive momentum of recovery and stabilisation. According to the National Bureau of Statistics of China, China's gross domestic product (GDP) was more than RMB126 trillion during the Year, representing a year-on-year growth of approximately 5.2% based on constant prices calculation. The growth rate ranked among the top of the world's major economies.

Over the past year, the trend of commodities, including aluminum, continued to be driven mainly by macro factors. The recovery and improvement of global supply chain and industrial chain was slow due to the adverse factors such as geopolitics. Further, the US Federal Reserve's strategy of radical interest rate hikes delivered more uncertainties to the market while curbing inflation. Consequently, supply and demand in overseas markets were relatively weak. However, the Chinese market was gradually showing a simultaneous increase in supply and demand. Positive signals released from policy initiatives, together with stimulation of market demand potential, boosted confidence in the market.

During the Year, the Group remained committed to its strategic framework of high-quality green development. The Group adhered to following science and technology innovation and empowering digital intelligence, expanding the application of aluminum, and constructing a new development pattern. Meanwhile, the Group continued to deepen the implementation of the "All Factors and Dual Standards" management approach, to promote stability and be full of vim and vigour for a mission.

During the Year under Review, the Group's revenue was approximately RMB133,623,632,000, representing a year-on-year increase of approximately 1.5%; gross profit was approximately RMB20,954,597,000, representing a year-on-year increase of approximately 14.9%; net profit attributable to owners of the Company was approximately RMB11,460,678,000, representing a year-on-year increase of approximately 31.7%; and basic earnings per share amounted to approximately RMB1.2095 (the corresponding period in 2022: approximately RMB0.9358). The Board proposed the payment of a final dividend of HK29 cents per share for the year 2023. Together with the paid interim dividend for the year 2023 of HK34 cents per share in aggregate, the total dividend for the year 2023 amounted to HK63 cents per share. (2022: HK51 cents per share).

During the Year, the Group remained committed to its long-term strategic focus, constantly constructed a sound and resilient strategic framework, focused on green ecology across the entire industrial chain, comprehensively and resolutely promoted enterprise towards a high-end, intelligent and green development, and continued to make significant progress in the construction of the high-end aluminum industry system by targeting at sustainable development and with core breakthroughs and innovations. The Group proactively implemented the “dual carbon” goal by among other measures, continuously optimizing its energy structure, constructing green energy projects, vigorously developing the circular economy. The Group applied the concept of green intelligent manufacturing in the whole process of production management, fully played the role of a low-carbon leader and demonstrator, and attracted the upstream and downstream enterprises of the industrial chain to join the path of carbon emission reduction and green development together. With the transfer of part of its production capacity to Yunnan, the Group further increased the proportion of the use of hydropower resources. This, coupled with the accelerated construction of new energy projects such as photovoltaic power generation and the ongoing and synergistic utilisation of wind, solar and hydro energy storage technologies, effectively promoted and accelerated the in-depth integration of the aluminum industry with clean energy. Therefore, the proportion of green energy within the Group is continuously rising.

Meanwhile, relying on scientific and technological innovation resources such as Weiqiao (Suzhou) Lightweight Research Institute, the Weiqiao & UCAS (University of the Chinese Academy of Sciences) Joint Laboratory and the Weiqiao & UCAS Research Academy, the Group continued to increase its input in innovation, gathered innovative elements, actively engaged in innovation, steadily built a high-level innovation platform, overcame difficulties in key technologies and industrialisation projects, and effectively promoted the transformation of scientific research achievements and industry transformation and upgrading. The automobile lightweighting large-scale integrated die-casting project of the Group’s subsidiary, Shandong Hongcan Material Technology Co., Ltd. (山東宏燦材料科技有限公司) (“**Shandong Hongcan**”), was constructed and put into operation within the Year and became a new and green demonstration industrial chain to promote lightweight development of enterprises with a new step forward. In addition, the Group achieved a world-class breakthrough in “casting replacing forging” by launching six new and revolutionary cast aluminum alloy materials in three alloy series during the Year. This breakthrough marks a simultaneous improvement in aspects including high strength, high toughness and high durability, contributing a highly influential and transformative power in the upgrade of the whole industry.

Furthermore, the year 2023 is the 10th anniversary of the “One Belt, One Road” initiative, and the 10th anniversary of the Group embarking on the great journey along the 21st Century Maritime Silk Road. Today, the Group’s international capacity cooperation is evident, with overseas production bases operating efficiently. For instance, the project in Indonesia with production capacities of two million tonnes of alumina per annum has become a pioneer of the “One Belt, One Road” initiative, serving as a potent engine for the local economic growth. In Africa, Winning Consortium (companies in which the Group holds equity interests) also made a significant contribution to the growth of Guinea’s GDP. In this journey of making progress with collaborations that span various businesses and across the globe, the Group have always adhered to the concepts of openness, inclusiveness, mutual trust and win-win cooperation, and have set up an all-round communication platform to facilitate multi-level practical cooperation. In the future, we will further expand our business in global emerging markets, optimize our market layout and strengthen our global cooperation in science and technology innovation.

As an innovative and learning-oriented enterprise, the Group has been making great achievements against all odds. Zouping Hongfa Aluminum Technology Co., Ltd. (鄒平宏發鋁業科技有限公司) (“**Zouping Hongfa**”), a subsidiary of the Group, was shortlisted for “Quality Models List” (質量標桿名單) of Shandong Province, the PRC for 2023; and Yunnan Hongtai New Material Co., Ltd (雲南宏泰新型材料有限公司) (“**Yunnan Hongtai**”) was shortlisted for “Leading Enterprises of the Green Aluminum Industry” in Yunnan Province. At the same time, the Group has also gained industry recognition for its continuous efforts in Environmental, Social and Governance (ESG), and received professional awards from well-known institutions such as Forbes China and Bloomberg Businessweek successively during the Year. Moreover, the Group has been making efforts to bear corporate social responsibilities while enhancing its business. The Group has not only tried its best to support science and education and care for the victims of disasters, but also strived to drive social and economic development, accelerate rural revitalisation, and promote common prosperity as the progressive force in our development and conscious pursuit.

During the Year, the Group continued to work on capital operation in a solid manner, further optimized the capital structure effectively, achieved a balance in utilizing internal funds and external financing and its asset-liability ratio was consistently decreasing. While seizing market opportunities and flexibly adjusting capital operation strategies, the Group optimized its cash flow management, and improved scientific prediction and monitoring to ensure the stability and sufficiency of cash liquidity. In addition, we maintained full, transparent and efficient communication with financial institutions and investors and won extensive trust. Shandong Hongqiao New Material Co., Ltd. (山東宏橋新型材料有限公司) (“**Shandong Hongqiao**”), a subsidiary of the Company, successfully issued short-term financing bonds, medium-term notes and green medium-term notes with a total value of RMB10.22 billion during the Year. These positive feedbacks clearly reflect the market’s high recognition of the Group.

Looking forward, constraining factors will still be affecting the trend of the global economy, but the huge potential of diversified markets and the ground-breaking rise of new technologies have brought unprecedented historical momentum and opportunities to the manufacturing industry. In this era full of transformation and challenges and the moment where the market situation is still complicated, we will stay true to our original aspiration and mission to embrace changes, seize the initiative with courage and high morale, anchor high-quality development, accelerate the improvement of quality, efficiency and upgrade, and comprehensively promote Hongqiao's practice of Chinese-style modernisation with high-quality 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 2023, and to our shareholders, investors and business partners for their support and trust.

**Zhang Bo**

*Chairman of the Board*

22 March 2024

## MANAGEMENT DISCUSSION AND ANALYSIS

### INDUSTRY REVIEW

During the Year under Review, the European energy crisis eased, and the global financial market was being significantly impacted by the US Federal Reserve interest rate hike. The London Metal Exchange (LME) aluminum price showed a downward trend under the complicated macro background. In contrast, the Shanghai Futures Exchange (SHFE) aluminum price supported by supply constraints and recovery in domestic demand, maintained a relatively strong fluctuation trend, and the overall trend was relatively stable with a relatively small decline. Specifically, constrained aluminum supply has become an important support for the positive market aluminum price trend due to the ceiling limitations of China's primary aluminum production capacity and the slow progress of new overseas projects. In addition, the substantial increase in the cost of primary aluminum production in recent years has also had a positive impact on the aluminum price.

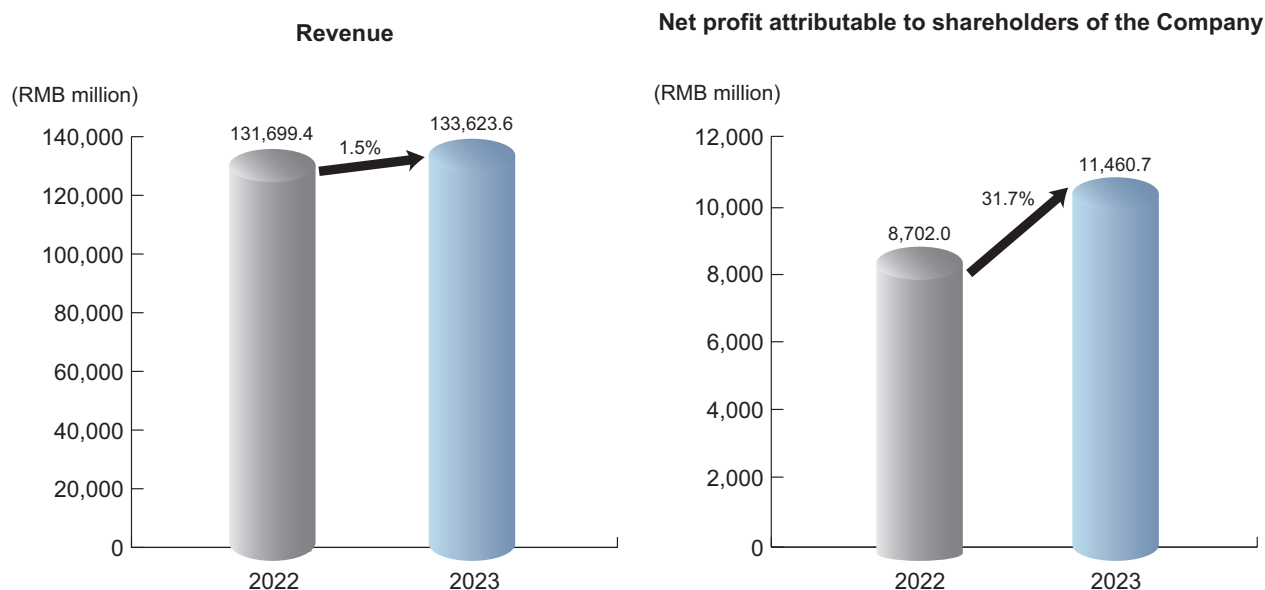
During the Year, the average price of three-month aluminum futures at the London Metal Exchange (LME) was approximately US\$2,288/tonne, representing a decrease of approximately 15.7% as compared with the corresponding period last year. The average price of three-month aluminum futures at the Shanghai Futures Exchange (SHFE) was approximately RMB18,473/tonne, representing a decrease of approximately 6.9% as compared with the corresponding period last year. (Data source: Beijing Antaike Information Co., Ltd. (“**Antaike**”))

According to the statistics of Antaike, during the Year, the global output of primary aluminum was approximately 70.46 million tonnes, representing a year-on-year increase of approximately 2.2%. Global consumption of primary aluminum was approximately 70.14 million tonnes, representing a year-on-year increase of approximately 0.9%. Focusing on the Chinese market, the production volume of primary aluminum during the Year under Review was approximately 41.66 million tonnes, representing a year-on-year increase of approximately 3.3% and accounting for approximately 59.1% of global production volume. China's consumption of primary aluminum during the Year was approximately 42.84 million tonnes, representing a year-on-year increase of approximately 4.3% and accounting for approximately 61.1% of global consumption.

### BUSINESS REVIEW

During the Year under Review, the Group's output of aluminum alloy products was approximately 6.265 million tonnes, representing a year-on-year increase of approximately 3.7%. Output of aluminum fabrication products was approximately 0.77 million tonnes, representing an increase of approximately 17.0% 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 2023 and 2022 are as follows:



For the year ended 31 December 2023, the Group's revenue was approximately RMB133,623,632,000, representing a year-on-year increase of approximately 1.5%, mainly due to the increase in the sales volume of aluminum alloy products and alumina products of the Group, leading to an increase in sales revenue accordingly.

During the Year, the Group's sales volume of aluminum alloy products was approximately 5.748 million tonnes, representing an increase of approximately 5.0% as compared with the sales volume of approximately 5.473 million tonnes for the corresponding period last year. The average sales price of aluminum alloy products decreased by approximately 6.4% to RMB16,464/tonne (excluding value-added tax) as compared with the corresponding period last year. The Group's sales volume of alumina products was approximately 10.374 million tonnes, representing a year-on-year increase of approximately 25.0%. The average sales price of alumina products decreased by approximately 0.8% to RMB2,560/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 0.58 million tonnes, representing a decrease of approximately 4.8% as compared to the corresponding period last year. The average sales price of aluminum fabrication products decreased by approximately 9.2% to approximately RMB19,834/tonne (excluding value-added tax).

For the year ended 31 December 2023, net profit attributable to shareholders of the Company amounted to approximately RMB11,460,678,000, representing a year-on-year increase of approximately 31.7%, mainly due to an increase in net profit attributable to shareholders of the Company as a result of an increase in overall gross profit of the products, a decrease in administrative expenses and an increase in share of profits of associates.

## 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 2023 and 2022.

Products	For the year ended 31 December							
	2023				2022			
	Revenue	Gross profit	Gross profit margin	Proportion to total revenue	Revenue	Gross profit	Gross profit margin	Proportion to total revenue
	RMB'000	RMB'000	%	%	RMB'000	RMB'000	%	%
Aluminum alloy products	94,640,869	16,455,810	17.4	70.8	96,226,971	12,973,509	13.5	73.1
Alumina	26,557,457	2,959,858	11.1	19.9	21,404,782	3,268,879	15.3	16.2
Aluminum fabrication products	11,500,388	1,634,298	14.2	8.6	13,302,321	2,382,884	17.9	10.1
Steam	924,918	(95,369)	(10.3)	0.7	765,353	(385,972)	(50.4)	0.6
Total	<u>133,623,632</u>	<u>20,954,597</u>	<u>15.7</u>	<u>100.0</u>	<u>131,699,427</u>	<u>18,239,300</u>	<u>13.8</u>	<u>100.0</u>

For the year ended 31 December 2023, the Group's revenue derived from aluminum alloy products was approximately RMB94,640,869,000, representing a decrease of approximately 1.6% as compared to approximately RMB96,226,971,000 for the corresponding period last year, mainly because, although there was a year-on-year increase in the sales volume of the Group's aluminum alloy products, the year-on-year decrease in unit sales price and the extent of decrease in unit sales price was greater than the extent of increase in sales volume. The revenue derived from alumina products amounted to approximately RMB26,557,457,000, representing an increase of approximately 24.1% as compared to approximately RMB21,404,782,000 for the corresponding period last year, mainly attributable to the increase in the sales volume of the Group's alumina products. The revenue derived from aluminum fabrication products amounted to approximately RMB11,500,388,000, representing a decrease of approximately 13.5% as compared to approximately RMB13,302,321,000 for the corresponding period last year, mainly due to the decrease in sales volume and sales price of aluminum fabrication products.

For the year ended 31 December 2023, the overall gross profit margin of the Group's products was approximately 15.7%, which increased by approximately 1.9 percentage points as compared to approximately 13.8% for the corresponding period last year. Gross profit margin of aluminum alloy products was approximately 17.4%, representing an increase of approximately 3.9 percentage points as compared to the corresponding period last year. This was mainly because while there was a year-on-year decrease in sales price of aluminum alloy products, the extent of decrease in the purchase prices of the Group's main raw materials was greater than that of the decrease in the sales price of the Group's aluminum alloy products, resulting in an increase in the gross profit margin of aluminum alloys as compared to the corresponding period last year. Gross profit margin of alumina products was approximately 11.1%, representing a decrease of approximately 4.2 percentage points as compared to the corresponding period last year, mainly due to the year-on-year decrease in sales price of alumina products, and the increase in the purchase prices of major raw materials used for the production of alumina by the Group, resulting in a decrease in the gross profit margin of alumina as compared to the corresponding period last year. The gross profit margin for aluminum fabrication products was approximately 14.2%, representing a decrease of approximately 3.7 percentage points as compared to the corresponding period last year, mainly due to the year-on-year decrease in sales price of aluminum fabrication products.

### **Selling and distribution expenses**

For the year ended 31 December 2023, the Group's selling and distribution expenses were approximately RMB755,274,000, representing an increase of approximately 26.4% as compared with approximately RMB597,679,000 for the corresponding period last year, which was mainly due to the increase in sales volume of the Group's alumina products, leading to a corresponding increase in transportation costs.

### **Administrative expenses**

For the year ended 31 December 2023, the administrative expenses of the Group amounted to approximately RMB4,952,875,000, representing a decrease of approximately 16.5% as compared to approximately RMB5,933,759,000 for the corresponding period last year, which was mainly due to the decrease in exchange losses included in the administrative expenses of the Group during the Year.

### **Finance costs**

For the year ended 31 December 2023, the finance costs of the Group were approximately RMB3,267,938,000, representing an increase of approximately 8.2% as compared to approximately RMB3,019,544,000 for the corresponding period last year, which was mainly due to the increase in interest expense as a result of the increase in total borrowings during the Year and higher average financing costs.



## Liquidity and capital resources

As at 31 December 2023, the cash and cash equivalents of the Group were approximately RMB31,721,122,000, representing an increase of approximately 15.8% as compared with approximately RMB27,384,542,000 of the cash and cash equivalents as at 31 December 2022. The increase in cash and cash equivalents was mainly due to the increase in net cash inflow from operating activities as a result of, among other factors, the increase in the Group's profit during the Year.

For the year ended 31 December 2023, the Group's net cash inflow from operating activities was approximately RMB22,402,302,000, net cash outflow from investing activities was approximately RMB17,888,513,000, and net cash outflow from financing activities was approximately RMB199,576,000. The net cash outflow for investing activities was mainly attributable to the cash outflow for the purchase of properties, plants and equipment and external investments. The net cash outflow for financing activities was mainly attributable to the cash outflow from 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 2023, the capital expenditure of the Group amounted to approximately RMB6,046,330,000, 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 and new energy projects.

As at 31 December 2023, the Group had capital commitment of approximately RMB5,833,281,000, 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 new energy projects and other construction projects.

As at 31 December 2023, the Group's trade receivables amounted to approximately RMB5,488,751,000, representing an increase of approximately 19.0% from approximately RMB4,610,695,000 as at 31 December 2022, which was mainly due to the increase in receivables at the Year end as a result of the extension of the collection period of certain customers.

As at 31 December 2023, the Group's prepayments and other receivables (including non-current assets) amounted to approximately RMB8,747,804,000, representing a decrease of approximately 30.3% as compared to the prepayments and other receivables (including non-current assets) of approximately RMB12,551,561,000 as at 31 December 2022, mainly due to certain prepayments and other receivables at the end of 2022 being utilized or collected during the Year.

As at 31 December 2023, the Group's inventory was approximately RMB33,958,455,000, representing a decrease of approximately 8.9% from approximately RMB37,267,620,000 as at 31 December 2022, which was mainly due to the decrease in the cost of inventory of major raw materials such as coal and anode carbon blocks.

## **Contingent liability**

As at 31 December 2023 and 2022, save as disclosed in this results announcement, the Group had no significant contingent liability.

## **Income tax**

The Group's income tax for 2023 amounted to approximately RMB3,392,712,000, representing an increase of approximately 21.3% as compared to approximately RMB2,797,583,000 for the corresponding period last year, mainly due to the increase in income tax as a result of the increase 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 RMB11,460,678,000 for the year ended 31 December 2023, representing a significant increase of approximately 31.7% as compared to approximately RMB8,701,953,000 for the corresponding period last year.

During the Year, basic earnings per share of the Company were approximately RMB1.2095 (2022: approximately RMB0.9358).

## **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 2023, the cash and cash equivalents of the Group amounted to approximately RMB31,721,122,000 (31 December 2022: approximately RMB27,384,542,000), 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 2023, the total liabilities of the Group amounted to approximately RMB94,063,640,000 (31 December 2022: approximately RMB89,436,014,000). Gearing ratio was approximately 47.0% (31 December 2022: approximately 48.2%).

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 2023, the secured bank borrowings of the Group was approximately RMB12,537,863,000 (31 December 2022: approximately RMB8,832,952,000).

As at 31 December 2023, the Group's total bank borrowings were approximately RMB39,111,116,000. 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 2023, approximately 81.2% of the Group's bank borrowings were subject to fixed interest rates while its remainder of approximately 18.8% 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 2023, liabilities of the Group other than bank borrowings included short-term bonds and notes of approximately RMB7,000,000,000, medium-term notes and bonds of approximately RMB11,323,262,000, guaranteed notes of approximately RMB3,511,821,000 and convertible bonds of approximately RMB2,485,486,000, 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 2023, the Group had net current assets of approximately RMB13,365,837,000. 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 2023, the Group's liabilities were mainly denominated in RMB and U.S. Dollars, of which, approximately 89.0% of the total liabilities were denominated in RMB, and approximately 11.0% 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 92.8% were held in RMB and approximately 6.8% were held in U.S. Dollars.

### **Employee and remuneration policy**

As at 31 December 2023, the Group had a total of 48,908 employees, representing an increase of 2,261 employees as compared to 31 December 2022. During the Year, the total staff costs of the Group amounted to approximately RMB5,035,092,000, representing a decrease of approximately 1.8% from approximately RMB5,127,969,000 for the corresponding period last year, which was mainly because the Group provided pandemic-related subsidies and benefits to its employees in the corresponding period last year. The total staff costs of the Group were approximately 3.8% of its revenue. The remuneration packages of the employees of the Group include salaries, various allowances and benefits. 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 2023, the Group's bank balances denominated in foreign currencies were approximately RMB2,274,783,000, and liabilities denominated in foreign currencies were approximately RMB6,995,897,000. For the year ended 31 December 2023, the Group's foreign exchange losses were approximately RMB223,678,000 (2022: foreign exchange losses of approximately RMB889,485,000).

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**

Although the International Monetary Fund has upwardly revised the global economic growth forecast for 2024 based on the resilience demonstrated in the global economy and expected to achieve “soft landing”, the potential risk factors such as the remaining inflationary pressure, geopolitical conflicts, contraction of foreign trade and the US presidential election will make the global economic environment even more complicated and pose new challenges to global governance. Looking at the Chinese economy, several problems such as insufficient effective demand will still remain in the short term. However, with the support of new incremental measures and existing policies, and increasing positive factors, the market potential is constantly unlocked, and it also shows strong endogenous power and vitality.

The Group will firmly seize the development sequence of the era and the economy, anchor the core idea of high-quality development, adhere to the principles of integrity and entrepreneurship, present new accomplishments and make new contributions. We will unswervingly and proactively implement the “dual carbon” strategy and accelerate the implementation of new energy projects in the whole process of production management. We will continue to focus on future development and forward-looking planning, continue to deepen the ecological construction of the lightweight industry, and accelerate the transformation of scientific and technological achievements. We will seize new opportunities in the midst of uncertainty, win with differentiation in the fierce competition, embrace green initiatives and promote innovation, and with a win-win mentality, we aim to achieve a leap forward towards a high-end industrial chain and new industrialization.

## EVENTS AFTER THE REPORTING PERIOD

On 6 March 2024, Shandong Weiqiao Aluminum and Power Co., Ltd. (“**Weiqiao Aluminum & Power**”), an indirect non-wholly owned subsidiary of the Company, Winning Logistics (Africa) Company Limited (“**Winning Logistics**”) and Winning Consortium Holdings Pte. Ltd. (“**WCH**”) entered into a shareholders agreement in relation to WCH (the “**WCH Shareholders Agreement**”), pursuant to which, among other things, Weiqiao Aluminum & Power shall perform the shareholder’s obligations in accordance with the terms of the WCH Shareholders Agreement, including an obligation to provide funding to WCH and/or its related entities. On the same day, Weiqiao Aluminum & Power (as guarantor), Winning Consortium Simandou Pte. Ltd. (“**WCS**”) and Baowu Simandou Mining (Shanghai) Company Limited (“**Baowu Simandou (Shanghai)**”) also entered into a guarantee agreement in favour of WCS in respect of specific funding obligations of WCH under the mine projects in Simandou, Guinea, and Weiqiao Aluminum & Power (as guarantor), Winning Consortium Simandou Infrastructure Pte. Ltd. (“**WCSI**”) and Baowu Simandou (Shanghai) entered into a guarantee agreement in favour of WCSI in respect of specific funding obligations of WCH under the infrastructure projects corresponding to the mine projects. Pursuant to the two guarantee agreements, Weiqiao Aluminum & Power agreed to provide guarantees up to an aggregate maximum amount of US\$1,780 million for the punctual performance by WCH of all the guaranteed obligations (which indirectly include the obligations of Weiqiao Aluminum & Power for its relevant funding contribution under the WCH Shareholders Agreement). For details, please refer to the announcement of the Company dated 6 March 2024.

On 7 February 2024, Sanya Changzhe Hongji Venture Capital Fund Partnership (Limited Partnership) (“**Changzhe Hongji**”) and Sanya Changzhe Hongye Venture Capital Fund Partnership (Limited Partnership) (“**Changzhe Hongye**”) exercised the option, thereby requiring the relevant repurchase obligor(s) to purchase 3.25% and 0.79% equity interest in Shandong Hongqiao from Changzhe Hongji and Changzhe Hongye respectively. Upon completion of the purchase, Shandong Hongqiao continued to be an indirect non-wholly owned subsidiary of the Company and the shareholding of the Company increased from 94.52% to 98.56%. For details, please refer to the announcement of our Company dated 15 March 2024.

Save as disclosed above, there were no important events affecting the Group that have occurred after 31 December 2023 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 of the Company 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. TU Yikai (*Mr. ZHANG Hao as his alternate*)

Ms. SUN Dongdong

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

Mr. WEN Xianjun

Mr. HAN Benwen

Mr. DONG Xinyi

Ms. FU Yulin

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 and Mr. Tu Yikai, the non-executive Directors, 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 2023.

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

As at 31 December 2023, 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 (Chapter 571 of the Laws of Hong Kong) (the “SFO”) which were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or to be recorded in the register required to be kept by the Company under section 352 of the SFO; or to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix C3 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 2023 (%)
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 China Hongqiao Holdings Limited (“**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 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 2023, 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 2023, 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 2023 (%)</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	1,133,086,961 (L) 185,000,000 (S)	11.96 1.95
CITIC Group Corporation <sup>(4)</sup>	Interest of a controlled corporation	1,133,086,961 (L) 185,000,000 (S)	11.96 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. Mr. Zhang Bo, Ms. Zhang Hongxia and Ms. Zhang Yanhong held 40%, 30% and 30% equity interests in Shiping Global respectively, and to maintain an acting-in-concert arrangement in respect of the exercise of the shareholders' rights of Shiping Global. Accordingly, Mr. Zhang Bo, Ms. Zhang Hongxia and Ms. Zhang Yanhong are deemed to be interested in the shares of the Company held by Hongqiao Holdings. In addition, Mr. Zhang Bo, as the beneficial owner, holds 8,870,000 shares in the Company. By virtue of the acting-in-concert arrangement, Ms. Zhang Hongxia and Ms. Zhang Yanhong are deemed to be interested in the shares of the Company beneficially held by Mr. Zhang Bo.
- (3) According to the disclosure of interests as set out on the website of the Stock Exchange, CTI Capital Management Limited was interested in 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 100% equity interest in CITIC Financial Holdings Co., Ltd., which held 100% equity interest in CITIC Trust Co., Ltd. CITIC Trust Co., Ltd. held 100% equity interest in CTI Capital Management Limited. Thus, CITIC Group Corporation and CITIC Limited are deemed to be interested in the shares of the Company held by CTI Capital Management Limited under the SFO.

According to the disclosure of interests as set out on the website of the Stock Exchange, CITIC Corporation Limited also held 100% equity interest in CITIC Investment (HK) Limited, which held 100% equity interest in Fortune Class Investments Limited. CITIC Limited also held 100% equity interest in Metal Link Limited. Fortune Class Investments Limited, Metal Link Limited, CITIC Corporation Limited and CITIC Financial Holdings Co., Ltd held 0.02%, 0.58%, 1.19% and 64.14% equity interest in China CITIC Bank Corporation Limited respectively. China CITIC Bank Corporation Limited held 100% equity interest in CNCB (Hong Kong) Investment Limited. Accordingly, CITIC Group Corporation and CITIC Limited are deemed to be interested in the shares of the Company held by CNCB (Hong Kong) Investment Limited under the SFO.

Save as disclosed above, as at 31 December 2023, so far as it is known to the Directors and chief executive of the Company, there was no any other person (other than the Directors or chief executive of the Company) who had any interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or recorded in the register required to be kept by the Company under section 336 of the SFO.

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

At no time during the year ended 31 December 2023 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 HK29 cents per share for the year ended 31 December 2023 (the “**2023 Final Dividend**”). The 2023 Final Dividend, subject to the approval of the shareholders at the annual general meeting of the Company (the “**2023 Annual General Meeting**”) which will be held on Tuesday, 14 May 2024, will be paid on or before Friday, 14 June 2024 to the shareholders whose names appear on the register of members of the Company on Thursday, 30 May 2024.

The payment of 2023 Final Dividend of HK29 cents per share was proposed. Together with the paid 2023 interim dividend of HK34 cents per share in aggregate, the total dividend for the year 2023 is HK63 cents per share (2022: HK51 cents per share).

## CLOSURE OF REGISTER OF MEMBERS

The share register of the Company will be closed from Wednesday, 8 May 2024 to Tuesday, 14 May 2024 (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, 14 May 2024 are entitled to attend and vote at the forthcoming 2023 Annual General Meeting. In order to be entitled to attend the 2023 Annual General Meeting and vote at the meeting, all completed share transfer documents 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, 7 May 2024. 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 Friday, 24 May 2024 to Thursday, 30 May 2024 (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 Thursday, 30 May 2024 are entitled to the 2023 Final Dividend. In order to qualify for the 2023 Final Dividend, all completed share transfer documents 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 Thursday, 23 May 2024. 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 C1 to the Listing Rules for the purposes of reviewing and providing supervision over the Group’s financial reporting process and internal controls. The Audit Committee is composed of three independent non-executive Directors. The Audit Committee meeting was held on 22 March 2024 to review the annual results and the consolidated financial statements of the Group for the year ended 31 December 2023. The Audit Committee considered that the financial results of the Group for the year ended 31 December 2023 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 2023 and up to the date of this results announcement.

### **SENIOR NOTES**

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**

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 XuKe [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 principal amount of the bonds is RMB500,000,000 and the coupon rate decreases to 4.10%.

The bonds matured on 11 June 2023, and Shandong Hongqiao has redeemed the bonds in full at their aggregate remaining principal amount together with interest accrued to the maturity date.

(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. Pursuant to the terms on sell-back by investors as set out in the bond prospectus, during the sell-back period from 27 April 2023 to 4 May 2023, the sell-back amount of the bondholders was RMB150,000,000. From 12 June 2023 to 11 July 2023, Shandong Hongqiao resold the aforesaid sell-back amount, for a resold amount of RMB150,000,000. After the completion of the resale, the remaining principal amount of the bonds is RMB500,000,000 and the coupon rate decreases to 4.50%.

(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 principal amount of the bonds is RMB1,000,000,000 and the coupon rate decreases to 3.90%.

Pursuant to the terms on sell-back by investors as set out in the bond prospectus, during the sell-back period from 17 July 2023 to 19 July 2023, the sell-back amount of the bondholders was RMB570,000,000. From 21 August 2023 to 15 September 2023, Shandong Hongqiao resold the aforesaid sell-back amount, for a resold amount of RMB570,000,000. After the completion of the resale, the remaining principal amount of the bonds is RMB1,000,000,000 and the coupon rate increases to 4.20%.

(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 interest-bearing year is 4.00%.

Pursuant to the terms on sell-back by investors as set out in the bond prospectus, during the sell-back period from 26 September 2023 to 28 September 2023, the sell-back amount of the bondholders was RMB1,000,000,000. From 3 November 2023 to 30 November 2023, Shandong Hongqiao resold the aforesaid sell-back amount, for a resold amount of RMB620,000,000. After the completion of the resale, the remaining principal amount of the bonds is RMB620,000,000 and the coupon rate for the second interest-bearing year is 4.01%.

## CORPORATE BONDS OF WEIQIAO ALUMINUM & POWER

- (1) 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 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 principal amount of the bonds is RMB5,521,045,400 and the coupon rate increases to 4.80%.

To strengthen investors’ confidence and maintain the stability of corporate bond prices, the board of directors of Weiqiao Aluminum & Power passed a resolution in relation to the repurchase of the bonds (at 36% of the remaining principal amount of the bonds, the repurchase price is the par value plus accrued interest) on 13 July 2023. During the bond repurchase registration period from 1 August 2023 to 3 August 2023, the principal registered for repurchase by bond holders was RMB1,173,131,400. On 16 August 2023, Weiqiao Aluminum & Power completed the repurchase. After the completion of the repurchase, the remaining principal amount of the bonds is RMB4,347,914,000, and the coupon rate is still 4.80%.

To strengthen investors’ confidence and maintain the stability of corporate bond prices, the board of directors of Weiqiao Aluminum & Power passed a resolution in relation to the repurchase of the bonds (at 46% of the remaining principal amount of the bonds, the repurchase price is the par value plus accrued interest) on 17 August 2023. During the bond repurchase registration period from 4 September 2023 to 6 September 2023, the principal registered for repurchase by bond holders was RMB291,828,000. On 21 September 2023, Weiqiao Aluminum & Power completed the repurchase. After the completion of the repurchase, the remaining principal amount of the bonds is RMB4,056,086,000, and the coupon rate is still 4.80%.

The bonds matured on 17 October 2023 and Weiqiao Aluminum & Power has redeemed the bonds in full based on its remaining aggregate principal amount and the interest accrued to the maturity date.

- (2) 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 principal amount of the bonds is RMB2,000,000,000 and the coupon rate decreases to 4.40%.

#### **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.

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

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

## **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 2023 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 2023, the Company has complied with the code provisions of the CG Code, except for the following deviation:

Code Provision A.2.1 of Part 2 of the CG Code stipulates that the roles of chairman and chief executive should be separate and not be performed by the same individual. However, taking into consideration the abundant management experience and industry knowledge of Mr. Zhang Bo and the fact that he is very familiar with the business of the Group, the Board believes that it is beneficial to the continuous and stable development of the 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 of the CG Code by the Company for the year ended 31 December 2023.

## **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 published on or before 19 April 2024 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  
22 March 2024

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