



China Hongqiao Group Limited

中國宏橋集團有限公司

(Stock Code : 1378)

China Hongqiao Announces 2021 Interim Results

Profit for the Period Increased by over 200% with a Strong Interim Dividend Payout of HK45.0 Cents Per Share

RESULTS HIGHLIGHTS

- Revenue increased by approximately 31.4% to approximately RMB52,480,549,000 as compared with the corresponding period last year
- Gross profit increased by approximately 143.3% to approximately RMB15,735,770,000 as compared with the corresponding period last year
- Profit for the Period increased by approximately 200.4% to approximately RMB8,423,717,000 as compared with the corresponding period last year
- Net profit attributable to shareholders of the Company increased by approximately 187.5% to approximately RMB8,142,519,000 as compared with the corresponding period last year
- Basic earnings per share increased by approximately 173.6% to approximately RMB0.903 as compared with the corresponding period last year
- The Board declares an interim dividend for 2021 of HK45.0 cents per share (six months ended 30 June 2020: HK15.0 cents)

(20th August 2021—Shandong) The board (“Board”) of directors (the “Directors”) of China Hongqiao Group Limited (the “Company” or “China Hongqiao”; Stock Code: 1378.HK) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2021 (the “Period” or “Period under Review”).

In the first half of 2021, benefiting from the wide adoption of COVID-19 vaccination and strengthened efforts made for fiscal stimulus in various countries such as the United States and Japan, the global economic recovery momentum became stronger. China Hongqiao adheres to its business models of “Integration of Upstream and Downstream Businesses”, “Global Integration”, and “Green Smart Integration”, the Group proactively seized the favorable opportunities to expedite the transformation and upgrading for its development through various initiatives such as actively adjusting its energy

structure, optimising its industrial layout and increasing investment in scientific research and innovation, so that the quality of development could be improved further.

During the Period under Review, the Group's revenue was approximately RMB52,480,549,000, representing an increase of approximately 31.4% as compared with the corresponding period last year, mainly due to the significant increase in the price of aluminum alloy products of the Group as compared with the corresponding period last year and the increase in the revenue derived from its alumina products attributable to the increase in sales of its alumina products. Gross profit amounted to approximately RMB15,735,770,000, representing a year-on-year increase of approximately 143.3%. Net profit attributable to shareholders of the Company amounted to approximately RMB8,142,519,000, representing a substantial increase of approximately 187.5% as compared with the corresponding period last year, mainly due to a significant increase in sales prices as compared with the corresponding period last year driven by the overall rise in demand for aluminum products in the domestic and overseas markets as a result of the gradually mitigated Pandemic around the world and the strengthened global economic recovery expectation while the supply of domestic primary aluminum output remained stable. Basic earnings per share amounted to approximately RMB0.903 (the corresponding period of 2020: approximately RMB0.330). The Board resolved payment of an interim dividend of HK45.0 cents per share for 2021 (the corresponding period of 2020: HK15.0 cents).

During the Period, the Group's output of aluminum alloy products and aluminum fabrication products was approximately 2.801 million tonnes and 0.369 million tonnes, respectively, representing a slight increase as compared with the corresponding period last year.

The following table shows the breakdown of the Group's revenue by products for the six months ended 30 June 2021 and for the corresponding period of 2020:

Product	2021 1H		2020 1H	
	Revenue	Percentage of revenue	Revenue	Percentage of revenue
	RMB'000	%	RMB'000	%
Aluminum alloy products	38,356,421	73.1	29,042,311	72.7
Alumina	7,920,530	15.1	6,391,488	16.0
Aluminum fabrication products	5,779,260	11.0	4,134,386	10.4
Steam	424,338	0.8	370,490	0.9
Total	52,480,549	100.0	39,938,675	100.0

For the six months ended 30 June 2021, the Group's revenue derived from aluminum alloy products was approximately RMB38,356,421,000, accounting for 73.1% of the Group's revenue and representing an increase of approximately 32.1% from approximately RMB29,042,311,000 for the corresponding period last year, mainly attributable to the sales price of the Group's aluminum alloy products of approximately RMB15,364/ton (VAT exclusive) during the Period, representing an increase of approximately 33.2% from approximately RMB11,538/ton (VAT exclusive) for the corresponding period last year ; revenue derived from alumina products was approximately RMB7,920,530,000, accounting for 15.1% of the Group's revenue and representing an increase of

approximately 23.9% from approximately RMB6,391,488,000 for the corresponding period last year. The increase in the revenue derived from alumina products was mainly due to the increase in sales of alumina as a result of the Group's continuous expansion of domestic market by seizing market opportunities while the output of alumina satisfied its own needs. Revenue derived from aluminum fabrication products was approximately RMB5,779,260,000, accounting for 11.0% of the Group's revenue and representing an increase of approximately 39.8% from approximately RMB4,134,386,000 for the corresponding period last year, mainly attributable to the rise in price and the increase in sales of aluminum fabrication products of the Group during the Period.

During the Period, the Group continued to be committed to high-quality and sustainable development under the guidance of new development concepts by vigorously optimising its energy structure, implementing industrial transformation and upgrading and maintaining positive and effective performance in green development. In particular, the contracted production capacity of the Yunnangreen aluminum innovation industrial park after the relocation is completed will enable the Group to increase the proportion of its aluminum production capacity from clean energy to approximately one-third. This project has become a role model for green development of the aluminum industry in the PRC. At the same time, the Group's lightweight material project based on the strategy of "Three New (new infrastructure, new material and new applications) and One High (high value-added)" was also in orderly progress. In addition, the Sino-German Hongqiao Scholz Circular Economy Science & Technology Project by the Group and Germany's Scholz China GmbH officially commenced in May 2021. As for overseas business, the Group's bauxite mining in Guinea continued and the construction of the phase 2 alumina project in Indonesia was progressing smoothly.

In pursuing debts structure optimisation, the Group continued to deleverage and completed a number of financing projects through diversified channels at the same time, further consolidating the sustainable development of the Group. During the Period under Review, the Company raised funds of HK\$2,324,000,000 by way of top-up placing and successfully issued US\$500,000,000 6.25% senior unsecured notes due 2024 and US\$300,000,000 5.25% convertible bonds due 2026, and Shandong Hongqiao New Material Co., Ltd ("Shandong Hongqiao"), a subsidiary of the Company, also successfully completed the issuance of corporate bonds with a principal amount of RMB1,000,000,000 during the Period, all of which were heavily oversubscribed by domestic and foreign investors, fully reflecting the fact that the Group is highly recognised by the capital market.

Looking forward to the second half of the year, with the continued positive macroeconomic development in the PRC, the Group believes that China's aluminum industry will maintain its momentum for positive development with the support of its solid development foundation and steadily increasing demand for aluminum consumption. However, uncertainties in the global economic development prevail due to the Pandemic resurgence, therefore, there will still be both challenges and opportunities for the aluminum industry ahead. As always, being a leading enterprise in the industry, the Group will continue to actively respond to the strategic "Dual Carbon" goals of the PRC by proactively fulfilling the responsibility of reducing carbon emissions and firmly implementing effective initiatives for achieving the "Dual Carbon" goals. While effectively fulfilling its social responsibilities, the Group will further accelerate the constant enhancement of its basic corporate management standard and strive to make positive contributions to promoting the low-carbon transformation of the industry and facilitating the PRC to achieve the "Dual Carbon" goals to counter the effects of global climate change. In addition, the Group will also strive to properly manage its existing assets and improve its industrial and supply chains while accelerating its extension to the high-end of the industrial chain. As regards its debt structure, the Group will constantly optimise its financial structure to strive to maintain a sustainable and stable dividend distribution policy to reward the shareholders for their long-term support.

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About China Hongqiao Group Limited

China Hongqiao Group Limited (“China Hongqiao” or “the Group”; Stock code: 1378) is a leading aluminum product manufacturer in China. Located in Shandong Province of China, the Group is mainly engaged in the production and sales of molten aluminum alloy, aluminum alloy ingots, aluminum alloy casting-rolling products, aluminum busbars and alumina. With large scale operations, advanced technology, competitive cost structure, visionary strategy of industrial chain expansion and experienced management team, the Group has successfully strengthened its leading market position, sustaining its business growth and unique competitive edges. China Hongqiao is dedicated to accelerating the industrial cluster development, enhancing the cost advantages and the economies of scale, and maintain its leading position in the global aluminum industry through the industrial model of “Integration of Upstream and Downstream Businesses” and “Global Integration”.

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