



China Hongqiao Group Limited  
中國宏橋集團有限公司

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

Stock Code : 1378



**2024**  
INTERIM REPORT

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# Corporate Information

## EXECUTIVE DIRECTORS

Mr. Zhang Bo (*Chairman, Chief Executive Officer, Authorised Representative*)  
Ms. Zheng Shuliang (*Vice Chairwoman*)  
Ms. Zhang Ruilian (*Vice President, Chief Financial Officer*)  
Ms. Wong Yuting (*Head of Corporate Finance Department*)

## NON-EXECUTIVE DIRECTORS

Mr. Yang Congsen  
Mr. Zhang Jinglei  
Mr. Tian Mingming (*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

## CHIEF FINANCIAL OFFICER

Ms. Zhang Ruilian

## COMPANY SECRETARY

Ms. Zhang Yuexia

## AUDIT COMMITTEE

Mr. Han Benwen (*Chairman of Audit Committee*)  
Mr. Wen Xianjun  
Mr. Dong Xinyi

## NOMINATION COMMITTEE

Mr. Zhang Bo (*Chairman of Nomination Committee*)  
Mr. Han Benwen  
Ms. Fu Yulin

## REMUNERATION COMMITTEE

Mr. Han Benwen (*Chairman of Remuneration Committee*)  
Mr. Zhang Bo  
Mr. Wen Xianjun

## AUTHORISED REPRESENTATIVES

Mr. Zhang Bo  
Ms. Zhang Yuexia

## PLACE OF BUSINESS IN HONG KONG

Unit 5105, 51/F, Cheung Kong Center  
2 Queen's Road Central  
Central  
Hong Kong

## HEAD OFFICE IN THE PRC

Huixian One Road  
Zouping Economic Development District  
Zouping City  
Shandong Province  
the PRC

## CAYMAN ISLANDS REGISTERED OFFICE

P.O. Box 31119  
Grand Pavilion  
Hibiscus Way  
802 West Bay Road  
Grand Cayman, KY1-1205  
Cayman Islands



# Corporate Information

## INTERNATIONAL AUDITOR

SHINEWING (HK) CPA Limited  
*Registered Public Interest Entity Auditor*

## HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited  
Shops 1712-1716, 17th Floor  
Hopewell Centre  
183 Queen's Road East  
Wan Chai  
Hong Kong

## CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Suntera (Cayman) Limited  
Suite 3204, Unit 2A, Block 3  
Building D, P.O. Box 1586  
Gardenia Court, Camana Bay  
Grand Cayman, KY1-1110  
Cayman Islands

## INVESTOR RELATIONS DEPARTMENT OF THE COMPANY

Ms. Lucia Yu  
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Email: [luciayu@hongqiaochina.com](mailto:luciayu@hongqiaochina.com)

## STOCK CODE

1378.HK

## LISTING PLACE

Main Board of The Stock Exchange of Hong Kong Limited

## LISTING DATE

24 March 2011

## NUMBER OF ISSUED SHARES AS AT 30 JUNE 2024

9,475,538,425

## INVESTOR RELATIONS AND MEDIA RELATIONS CONSULTANT

L & D Communications and Information Company Limited  
Tel: (852) 3511 9174  
Fax: (852) 3511 9002  
Email: [pr@landd.cc](mailto:pr@landd.cc)  
Address: Room 902, 9/F, Far East Consortium Building,  
121 Des Voeux Road Central,  
Central, Hong Kong

## FINANCIAL YEAR END

31 December

## FINANCIAL CALENDAR

Interim Results Announcement Date  
16 August 2024

## COMPANY WEBSITE

[www.hongqiaochina.com](http://www.hongqiaochina.com)

## EXPECTED DATE OF INTERIM DIVIDEND PAYMENT

6 December 2024

## Financial Highlights

(Unaudited financial data prepared in accordance with the IAS)

### For the six months ended 30 June

(RMB'000)

	2024	2023	Change
Revenue	<b>73,592,249</b>	65,733,870	12.0%
Gross profit	<b>17,801,761</b>	5,892,364	202.1%
Gross profit margin (%)	<b>24.2</b>	9.0	15.2 p.p
Net profit margin (%)	<b>13.6</b>	4.5	9.1 p.p
Net profit attributable to shareholders of the Company	<b>9,154,911</b>	2,456,623	272.7%
Basic earnings per share (RMB)	<b>0.966</b>	0.259	273.0%

### As at 30 June

(RMB'000)

	2024	2023	Change
Cash and cash equivalents	<b>37,501,630</b>	29,776,735	25.9%
Total capital (total equity + total debt)	<b>180,517,554</b>	162,884,938	10.8%
EBITDA/Interest coverage ratio	<b>13.2</b>	6.0	7.2 times
Debt/EBITDA (times)	<b>1.7</b>	3.6	-1.9 times
Debt/Total capital (%)	<b>39.0</b>	39.5	-0.5 p.p
Accounts receivable turnover (days)	<b>16</b>	13	3 days
Accounts payable turnover (days)	<b>40</b>	36	4 days
Inventory turnover (days)	<b>111</b>	110	1 days

## Chairman's Statement

Dear shareholders,

On behalf of the board (the “**Board**”) of directors (the “**Directors**”) of China Hongqiao Group Limited (the “**Company**” or “**China Hongqiao**”), I hereby present the unaudited consolidated interim results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2024 (the “**Period**” or “**Period under Review**”).

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

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

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

## Chairman's Statement

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

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

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

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

## Chairman's Statement

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

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

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

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



## Chairman's Statement

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

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

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

**Mr. Zhang Bo**

*Chairman of the Board*

16 August 2024

# Management Discussion and Analysis

## INDUSTRY REVIEW

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

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

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

# Management Discussion and Analysis

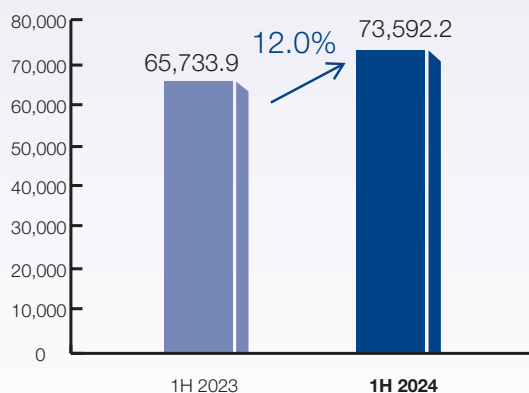
## BUSINESS REVIEW

During the Period under Review, the Group's output of aluminum alloy products was approximately 3.221 million tonnes, representing a year-on-year increase of approximately 5.3%. The output of aluminum fabrication products was approximately 0.493 million tonnes, representing a year-on-year increase of approximately 30.6%.

The comparative figures of the Group's unaudited revenue and net profit attributable to shareholders of the Company for the six months ended 30 June 2024 and for the corresponding period in 2023 are as follows:

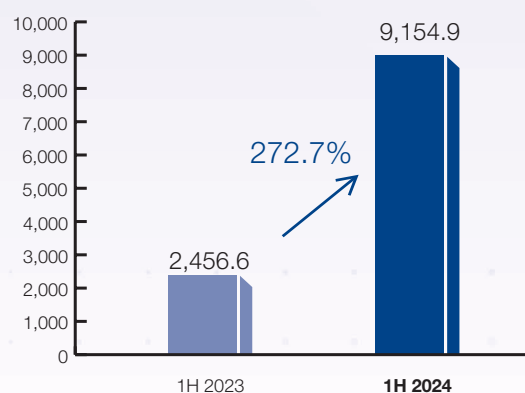
**Revenue (Unaudited)**

Unit: (RMB million)



**Net profit attributable to shareholders of the Company (Unaudited)**

Unit: (RMB million)



For the six months ended 30 June 2024, the Group's revenue was approximately RMB73,592,249,000, representing a year-on-year increase of approximately 12.0%, mainly due to the increase in sales price of aluminum alloy products and alumina products during the Period as compared with the corresponding period last year, coupled with the increase in sales volume.

## Management Discussion and Analysis

During the Period, the Group's sales volume of aluminum alloy products was approximately 2.837 million tonnes, representing an increase of approximately 0.5% as compared with the sales volume of approximately 2.824 million tonnes for the corresponding period last year. The average sales price of aluminum alloy products increased by approximately 6.7% to approximately RMB17,379/tonne (excluding value-added tax) as compared with that of the corresponding period last year. The Group's sales volume of alumina products was approximately 5.507 million tonnes, representing a year-on-year increase of approximately 2.4%. The average sales price of alumina products increased by approximately 16.9% to approximately RMB2,942/tonne (excluding value-added tax) as compared with that of the corresponding period last year. The sales volume of the Group's aluminum fabrication products was approximately 0.379 million tonnes, representing an increase of approximately 35.9% as compared with that of the corresponding period last year. The average sales price of aluminum fabrication products decreased by approximately 1.2% to approximately RMB20,027/tonne (excluding value-added tax).

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

### FINANCIAL REVIEW

The following table shows the comparison between the breakdown of the Group's revenue by products for the six months ended 30 June 2024 and for the corresponding period in 2023:

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



## Management Discussion and Analysis

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

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

### Selling and distribution expenses

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

### Administrative expenses

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

# Management Discussion and Analysis

## Finance costs

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

## Liquidity and financial resources

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

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

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

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

## Management Discussion and Analysis

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

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

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

### Income tax

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

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

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

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

### Interim dividend and closure of register of members

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

## Management Discussion and Analysis

In order to determine the identity of the shareholders who are entitled to the Interim Dividend, all share transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on Friday, 15 November 2024.

### Capital structure

The Group has established an appropriate liquidity risk management framework to secure its short, medium and long-term funding supply and to satisfy its liquidity need. As at 30 June 2024, the cash and cash equivalents of the Group amounted to approximately RMB37,501,630,000 (31 December 2023: approximately RMB31,721,122,000), which were mainly placed in commercial banks. Such level of cash and cash equivalents would assist in ensuring the stability and flexibility of the Group's business operations. The Group will continue to take effective measures to ensure sufficient liquidity and financial resources, so as to satisfy the business needs and maintain a sound and stable financial position.

As at 30 June 2024, the total liabilities of the Group amounted to approximately RMB103,632,190,000 (31 December 2023: approximately RMB94,063,640,000). Gearing ratio (total liabilities to total assets) was approximately 48.5% (31 December 2023: approximately 47.0%).

The Group used certain of its restricted bank deposits, inventories, trade receivables, equipment and right-of-use assets as collateral for bank borrowings to provide part of the funding for its daily business operations and project development. As at 30 June 2024, secured bank borrowings of the Group amounted to approximately RMB12,213,131,000 (31 December 2023: approximately RMB12,537,863,000).

As at 30 June 2024, the Group's total bank borrowings were approximately RMB44,043,273,000. The Group maintained an appropriate portfolio of liabilities at fixed interest rates and variable interest rates to manage its interest expenses. As at 30 June 2024, approximately 87.3% of the Group's bank borrowings were subject to fixed interest rates while its remainder of approximately 12.7% was subject to floating interest rates.

The Group aims to maintain a balance between the continuity and flexibility of financing through utilising various debt financing instruments. As at 30 June 2024, liabilities of the Group, other than bank borrowings, included short-term bonds of RMB7,000,000,000, medium-term notes and corporate bonds of approximately RMB13,293,973,000, guaranteed notes of approximately RMB2,125,961,000 and convertible bonds of approximately RMB3,978,872,000, interest rates of which ranged from 2.57% to 7.75% per annum. Such notes and bonds would facilitate the optimisation of the Group's debt structure and reduce financing costs.

As at 30 June 2024, the Group had net current assets of approximately RMB20,512,821,000. The Group will continue to expand its financing channels and optimise its debt structure. In addition, the Group will continue to control its production costs, enhance its profitability and improve its cash flow position in order to ensure the Group to have adequate liquidity.



## Management Discussion and Analysis

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

Details of the currency, maturity date and interest rate for relevant borrowings, notes and bonds are set out in notes 24 and 26 to 29 to the interim condensed consolidated financial information.

### Employee and remuneration policy

As at 30 June 2024, the Group had a total of 50,628 employees, representing an increase of 1,720 employees as compared with that of 31 December 2023. During the Period, the total staff costs of the Group amounted to approximately RMB2,359,302,000, representing an increase of approximately 0.8% from approximately RMB2,341,463,000 for the corresponding period last year. This increase was mainly due to the slight increase in the number of staff of the Group during the Period as compared with that of the corresponding period last year, leading to the increase in staff costs. The total staff costs of the Group were approximately 3.2% of its revenue. The remuneration packages of the employees of the Group include salaries, various allowances and benefits. In addition, the Group established a performance-based incentive mechanism under which the employees may be awarded additional bonuses. The Group provided training programmes to employees to equip them with the requisite working skills and knowledge.

### Foreign exchange risk

The Group collected most of its revenue in RMB and funded most of its expenditures in RMB. As the import of bauxite and production equipment, export for certain aluminum fabrication products, certain bank balances, bank borrowings, convertible bonds and senior notes are denominated in foreign currencies, the Group is exposed to certain foreign exchange risk. As at 30 June 2024, the Group's bank balances denominated in foreign currencies were approximately RMB2,794,483,000, and liabilities denominated in foreign currencies were approximately RMB9,143,277,000. For the six months ended 30 June 2024, the Group's foreign exchange losses were approximately RMB361,202,000 (for the six months ended 30 June 2023: foreign exchange losses of approximately RMB354,012,000).

During the Period under review, the Group actively took measures to mitigate currency exchange rate fluctuation risks, and ensured the foreign exchange risks were generally under control on the whole. The Group proactively took the following measures to guard against its foreign exchange fluctuation risks in accordance with its business operations: (i) reasonable arrangements for financing and foreign exchange revenue and expenditure with timely adjustments to the foreign exchange fund management scheme; (ii) promotion of a cross-border fund pool management model which centralised and unified management and use of domestic and overseas funds in order to reduce settlement and sale costs and currency exchange losses; and (iii) timely use of derivative instruments to hedge foreign exchange risks in conjunction with changes in exchange rates and interest rates.

# Management Discussion and Analysis

## Contingent liability

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

## Material acquisitions and disposals of subsidiaries, associates and joint ventures

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

## Significant investment held

For the six months ended 30 June 2024, the Group did not hold any significant investment which had a significant impact on its overall operation.

## Future plans for material investments or capital assets

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

## Events after the reporting period

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

## FUTURE PROSPECT

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

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

## Supplementary Information

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

As at 30 June 2024, so far as it is known to the Directors and chief executive of the Company, the following persons (other than the Directors or chief executive of the Company) had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange of Hong Kong Limited ("**Stock Exchange**") pursuant to the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**"), or recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of shareholder	Capacity/Nature of interest	Number of total shares held	Approximate percentage of shareholding in the total issued share capital as at 30 June 2024 (%)
Shiping Prosperity Private Trust Company <sup>(1)</sup>	Trustee	6,090,031,073 (Long position)	64.27
China Hongqiao Holdings Limited (" <b>Hongqiao Holdings</b> ") <sup>(1)</sup>	Beneficial owner	6,090,031,073 (Long position)	64.27
Ms. Zhang Hongxia <sup>(2)</sup>	Interest in persons acting in concert	6,098,901,073 (Long position)	64.36
Ms. Zhang Yanhong <sup>(2)</sup>	Interest in persons acting in concert	6,098,901,073 (Long position)	64.36
CTI Capital Management Limited <sup>(4)</sup>	Beneficial owner	660,690,170 (Long position) <sup>(3)</sup>	6.97
CITIC Limited <sup>(4)</sup>	Interest of a controlled corporation	850,625,461 (Long position)	8.98
		185,000,000 (Short position)	1.95
CITIC Group Corporation <sup>(4)</sup>	Interest of a controlled corporation	850,625,461 (Long position)	8.98
		185,000,000 (Short position)	1.95

## Supplementary Information

### Notes:

- (1) Shipping Prosperity Private Trust Company ("**Shipping Trust Company**") held 100% equity interest in Hongqiao Holdings as trustee.
- (2) Shipping Trust Company held 100% equity interest in Hongqiao Holdings as trustee. Shipping Global Holding Company Limited ("**Shipping Global**") is the settlor, protector and one of the beneficiaries of Shipping Prosperity Trust. Mr. Zhang Bo, Ms. Zhang Hongxia and Ms. Zhang Yanhong held 40%, 30% and 30% equity interests in Shipping Global respectively, and to maintain an acting-in-concert arrangement in respect of the exercise of the shareholders' rights of Shipping Global. Accordingly, Mr. Zhang Bo, Ms. Zhang Hongxia and Ms. Zhang Yanhong are deemed to be interested in the shares of the Company held by Hongqiao Holdings. In addition, Mr. Zhang Bo, as the beneficial owner, holds 8,870,000 shares in the Company. By virtue of the acting-in-concert arrangement, Ms. Zhang Hongxia and Ms. Zhang Yanhong are deemed to be interested in the shares of the Company beneficially held by Mr. Zhang Bo.
- (3) According to the disclosure of interests as set out on the website of the Stock Exchange, CTI Capital Management Limited was interested in 660,690,170 shares of the Company in long position.
- (4) According to the disclosure of interests as set out on the website of the Stock Exchange, CITIC Group Corporation held 100% equity interest in CITIC Polaris Limited, which held 27.52% equity interest in CITIC Limited. CITIC Group Corporation also held 100% equity interest in CITIC Glory Limited, which held 25.60% equity interest in CITIC Limited. Thus CITIC Group Corporation indirectly held 53.12% equity interest in CITIC Limited. CITIC Limited held 100% equity interest in CITIC Corporation Limited. CITIC Corporation Limited also held 100% equity interest in CITIC Financial Holdings Co., Ltd., which held 100% equity interest in CITIC Trust Co., Ltd. CITIC Trust Co., Ltd. held 100% equity interest in CTI Capital Management Limited. Thus, CITIC Group Corporation and CITIC Limited are deemed to be interested in the shares of the Company held by CTI Capital Management Limited under the SFO.

According to the disclosure of interests as set out on the website of the Stock Exchange, CITIC Corporation Limited held 100% equity interest in CITIC Investment (HK) Limited, which held 100% equity interest in Fortune Class Investments Limited. CITIC Limited also held 100% equity interest in Metal Link Limited. Fortune Class Investments Limited, Metal Link Limited, CITIC Corporation Limited and CITIC Financial Holdings Co., Ltd. held 0.02%, 0.53%, 1.09% and 66.84% equity interest in China CITIC Bank Corporation Limited, respectively. China CITIC Bank Corporation Limited held 100% equity interest in CNCB (Hong Kong) Investment Limited. Accordingly, CITIC Group Corporation and CITIC Limited are deemed to be interested in the shares of the Company held by CNCB (Hong Kong) Investment Limited under the SFO.

Save as disclosed above, as at 30 June 2024, so far as it is known to the Directors and chief executive of the Company, there was no any other person (other than the Directors or chief executive of the Company) who had any interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or recorded in the register required to be kept by the Company under section 336 of the SFO.



## Supplementary Information

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

As at 30 June 2024, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or to be recorded in the register required to be kept by the Company under section 352 of the SFO; or to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules"), were as follows:

Name of director	Capacity/Nature of interest	Number of total shares held	Approximate percentage of shareholding in the total issued share capital as at 30 June 2024 (%)
Mr. Zhang Bo <sup>(1)</sup>	Beneficial owner	8,870,000 (Long position)	0.09
	Interest in persons acting in concert	6,090,031,073 (Long position)	64.27

Note:

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

Save as disclosed above, as at 30 June 2024, there was no any other Directors or chief executive of the Company or any of their spouse or children under the age of 18 who had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or to be recorded in the register required to be kept by the Company under section 352 of the SFO; or to be notified to the Company and the Stock Exchange pursuant to the Model Code.

## Supplementary Information

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

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

### **AUDIT COMMITTEE**

The Company has established the audit committee (the **"Audit Committee"**) of the Board in compliance with the Corporate Governance Code (the **"CG Code"**) as set out in Appendix C1 to the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee is composed of three independent non-executive Directors. The Audit Committee meeting was held on 16 August 2024 to review the interim results and the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2024. The Audit Committee considered that the interim financial results of the Group for the six months ended 30 June 2024 were in compliance with the relevant accounting standards, rules and regulations and adequate disclosures had been duly made.

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

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

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

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

## Supplementary Information

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

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

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

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

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

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

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

## Supplementary Information

### SENIOR NOTES

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

### CHANGES IN INFORMATION OF DIRECTOR AND CHIEF EXECUTIVE

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

Save as disclosed above, for the six months ended 30 June 2024 and up to the date of this interim report, there was no other change in the Directors and chief executive of the Company, and the Company was not aware of any other changes in the information of the Directors and chief executive of the Company which were required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

## Supplementary Information

### DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding the directors' securities transactions on terms no less exacting than the required standards as set out in the Model Code. Having made specific enquiry with all of the Directors, the Company confirmed that each of the Directors has complied with the standards as set out in the Model Code and the code of conduct of the Company regarding directors' securities transactions throughout the six months ended 30 June 2024 and up to the date of this interim report.

### COMPLIANCE WITH THE CG CODE

The Company has applied the principles as set out in the CG Code. For the six months ended 30 June 2024, the Company has complied with the code provisions as set out in the CG Code, except for the following deviation:

Mr. Zhang Bo, the chief executive officer of the Company, concurrently serves as the chairman of the Board. Code Provision C.2.1 stipulates that the roles of chairman and chief executive should be separate and not be performed by the same individual. However, taking into consideration the abundant management experience and industry knowledge of Mr. Zhang Bo and the fact that he is very familiar with the business of the Group, the Board believes that it is beneficial to the continuous and stable development of the business of the Group for Mr. Zhang Bo to serve as both the chairman of the Board and the chief executive officer of the Company. Furthermore, the members of the Board also include qualified professionals and other experienced individuals. The Board considers the current composition of the Board can ensure a balance of power and authority with the support of the Board committees and the vice chairman of the Board.

Save as disclosed above, there was no non-compliance of other code provisions as set out in the CG Code by the Company for the six months ended 30 June 2024.

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

The electronic version of this interim report will be published on or before 16 September 2024, and will be available 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).



# Report on Review of Interim Condensed Consolidated Financial Information



SHINEWING (HK) CPA Limited  
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香港銅鑼灣告士打道311號  
皇室大廈安達人壽大樓17樓

## TO THE BOARD OF DIRECTORS OF CHINA HONGQIAO GROUP LIMITED

*(incorporated in the Cayman Islands with limited liability)*

### Introduction

We have reviewed the interim condensed consolidated financial information of China Hongqiao Group Limited (the “**Company**”) and its subsidiaries set out on pages 26 to 72, which comprise the condensed consolidated statement of financial position as of 30 June 2024 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) require the preparation of a report on interim condensed financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “**Interim Financial Reporting**” (“**IAS 34**”) issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these interim condensed consolidated financial information in accordance with IAS 34. Our responsibility is to express a conclusion on these interim condensed consolidated financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of these interim condensed consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial information are not prepared, in all material respects, in accordance with IAS 34.

### SHINEWING (HK) CPA Limited

*Certified Public Accountants*

### Kwan Chi Fung

Practising Certificate Number: P06614

Hong Kong  
16 August 2024

## Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2024

	Notes	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>Revenue</b>	4	<b>73,592,249</b>	65,733,870
Cost of sales		<b>(55,790,488)</b>	(59,841,506)
Gross profit		<b>17,801,761</b>	5,892,364
Other income and gains	5	<b>1,837,861</b>	1,658,719
Selling and distribution expenses		<b>(366,499)</b>	(304,140)
Administrative expenses		<b>(2,453,793)</b>	(2,808,009)
Other expenses	6	<b>(596,468)</b>	(89,388)
Finance costs	8	<b>(1,561,045)</b>	(1,474,674)
Changes in fair value of financial instruments	22	<b>(1,614,777)</b>	14,393
Share of profits of associates		<b>823,949</b>	954,433
<b>Profit before taxation</b>		<b>13,870,989</b>	3,843,698
Income tax expense	7	<b>(3,863,113)</b>	(871,674)
<b>Profit for the period</b>	8	<b>10,007,876</b>	2,972,024
<b>Profit for the period attributable to:</b>			
Owners of the Company		<b>9,154,911</b>	2,456,623
Non-controlling interests		<b>852,965</b>	515,401
		<b>10,007,876</b>	2,972,024
<b>Other comprehensive (expense) income for the period</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		<b>(48,492)</b>	322,388
Share of other comprehensive (expense) income of associates		<b>(39,200)</b>	41,517
Other comprehensive (expense) income for the period		<b>(87,692)</b>	363,905
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
Fair value loss on investments in equity instruments at fair value through other comprehensive income		<b>(198,462)</b>	(37,127)
Total comprehensive income for the period, net of income tax		<b>9,721,722</b>	3,298,802
<b>Total comprehensive income for the period attributable to:</b>			
Owners of the Company		<b>8,884,894</b>	2,711,605
Non-controlling interests		<b>836,828</b>	587,197
		<b>9,721,722</b>	3,298,802
<b>Earnings per share</b>	10		
– Basic (RMB)		<b>0.966</b>	0.259
– Diluted (RMB)		<b>0.966</b>	0.259

# Condensed Consolidated Statement of Financial Position

At 30 June 2024

	Notes	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	11	71,628,855	70,200,235
Right-of-use assets	12	9,806,273	9,675,440
Intangible assets		40,510	42,907
Investment properties		36,729	38,159
Deposits paid for acquisition of property, plant and equipment		2,349,009	1,045,165
Deferred tax assets		2,606,936	2,990,023
Interests in associates	13	12,950,946	11,034,432
Loan to an associate		2,000,000	2,000,000
Goodwill	14	278,224	278,224
Financial asset at amortised cost	30	2,494,000	2,494,000
Financial assets at fair value through other comprehensive income	15	1,036,431	1,401,378
Financial assets at fair value through profit or loss	16	11,497,484	11,725,159
		<b>116,725,397</b>	112,925,122
<b>CURRENT ASSETS</b>			
Inventories	17	34,760,467	33,958,455
Trade receivables	18	7,239,475	5,488,751
Bills receivables	19	6,703,004	4,977,642
Prepayments and other receivables	20	8,168,655	8,747,804
Income tax recoverable		340,515	674,610
Restricted bank deposits	21	2,268,522	1,826,579
Cash and cash equivalents	21	37,501,630	31,721,122
		<b>96,982,268</b>	87,394,963
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	23	13,420,961	11,648,276
Other payables and accruals		11,779,075	10,603,297
Bank borrowings – due within one year	24	34,432,866	30,489,208
Lease liabilities	12	22,549	37,952
Income tax payable		2,148,914	2,586,352
Short-term debentures and notes	26	7,000,000	7,000,000
Medium-term debentures and bonds – due within one year	27	5,511,900	8,116,930
Guaranteed notes – due within one year	28	2,125,961	3,511,821
Deferred income		27,221	35,290
		<b>76,469,447</b>	74,029,126

# Condensed Consolidated Statement of Financial Position

At 30 June 2024

	Notes	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
<b>NET CURRENT ASSETS</b>		<b>20,512,821</b>	13,365,837
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>137,238,218</b>	126,290,959
<b>NON-CURRENT LIABILITIES</b>			
Bank borrowings – due after one year	24	<b>9,610,407</b>	8,621,908
Other financial liability	25	<b>3,053,829</b>	2,965,195
Lease liabilities	12	<b>924,575</b>	916,706
Liability component of convertible bonds – due after one year	29	<b>2,044,529</b>	1,963,567
Derivatives component of convertible bonds – due after one year	29	<b>1,934,343</b>	521,919
Deferred tax liabilities		<b>335,064</b>	363,704
Medium-term debentures and bonds – due after one year	27	<b>7,782,073</b>	3,206,332
Deferred income		<b>1,477,923</b>	1,475,183
		<b>27,162,743</b>	20,034,514
<b>NET ASSETS</b>		<b>110,075,475</b>	106,256,445
<b>CAPITAL AND RESERVES</b>			
Share capital	31	<b>618,881</b>	618,881
Reserves	32	<b>99,152,963</b>	91,625,797
Equity attributable to owners of the Company		<b>99,771,844</b>	92,244,678
Non-controlling interests		<b>10,303,631</b>	14,011,767
<b>TOTAL EQUITY</b>		<b>110,075,475</b>	106,256,445

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024

	Attributable to owners of the Company									
	Share capital RMB'000	Share premium RMB'000	Investment revaluation reserve RMB'000 (Note 32)	Capital reserve RMB'000 (Note 32)	Translation reserve RMB'000 (Note 32)	Statutory surplus reserve RMB'000 (Note 32)	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2024 (Audited)	618,881	25,040,832	(860,981)	327,046	426,433	18,820,750	47,871,717	92,244,678	14,011,767	106,256,445
Profit for the period	-	-	-	-	-	-	9,154,911	9,154,911	852,965	10,007,876
<i>Other comprehensive (expense) income for the period:</i>										
Fair value loss on investments in equity instruments at fair value through other comprehensive income	-	-	(198,462)	-	-	-	-	(198,462)	-	(198,462)
Disposal of financial assets at fair value through other comprehensive income	-	-	809,622	-	-	-	(809,622)	-	-	-
Exchange differences on translation of foreign operations	-	-	-	-	(32,355)	-	-	(32,355)	(16,137)	(48,492)
Share of other comprehensive expense of associates	-	-	-	-	(39,200)	-	-	(39,200)	-	(39,200)
Total comprehensive income (expense) for the period	-	-	611,160	-	(71,555)	-	8,345,289	8,884,894	836,828	9,721,722
Capital contribution	-	-	-	-	-	-	-	-	37,011	37,011
Change in ownership in interest in a subsidiary (note 36)	-	-	-	1,139,365	-	-	-	1,139,365	(4,223,374)	(3,084,009)
Dividend paid (note 9)	-	-	-	-	-	-	(2,497,093)	(2,497,093)	-	(2,497,093)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	(358,601)	(358,601)
	-	-	-	1,139,365	-	-	(2,497,093)	(1,357,728)	(4,544,964)	(5,902,692)
At 30 June 2024 (Unaudited)	618,881	25,040,832	(249,821)	1,466,411	354,878	18,820,750	53,719,913	99,771,844	10,303,631	110,075,475



# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024

	Attributable to owners of the Company								Non-controlling interests	Total
	Share capital	Share premium	Investment revaluation reserve	Capital reserve	Translation reserve	Statutory surplus reserve	Retained earnings	Total		
	RMB'000	RMB'000	RMB'000 (Note 32)	RMB'000 (Note 32)	RMB'000 (Note 32)	RMB'000 (Note 32)	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023 (Audited)	618,881	25,040,832	(719,771)	217,699	323,311	16,304,187	42,713,714	84,498,853	11,806,924	96,305,777
Profit for the period	-	-	-	-	-	-	2,456,623	2,456,623	515,401	2,972,024
<i>Other comprehensive (expense) income for the period:</i>										
Fair value loss on investments in equity instruments at fair value through other comprehensive income	-	-	(37,127)	-	-	-	-	(37,127)	-	(37,127)
Exchange differences on translation of foreign operations	-	-	-	-	250,592	-	-	250,592	71,796	322,388
Share of other comprehensive income of associates	-	-	-	-	41,517	-	-	41,517	-	41,517
Total comprehensive (expense) income for the period	-	-	(37,127)	-	292,109	-	2,456,623	2,711,605	587,197	3,298,802
Capital contribution	-	-	-	-	-	-	-	-	2,000	2,000
Dividend paid (note 9)	-	-	-	-	-	-	(872,364)	(872,364)	-	(872,364)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	(120,757)	(120,757)
	-	-	-	-	-	-	(872,364)	(872,364)	(118,757)	(991,121)
At 30 June 2023 (Unaudited)	618,881	25,040,832	(756,898)	217,699	615,420	16,304,187	44,297,973	86,338,094	12,275,364	98,613,458

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

For the six months ended 30 June

	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<b>OPERATING ACTIVITIES</b>		
Cash generated from operations	<b>17,875,708</b>	8,535,176
Income tax paid	<b>(3,612,009)</b>	(1,448,155)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>14,263,699</b>	7,087,021
<b>INVESTING ACTIVITIES</b>		
Purchase of other financial assets	–	(2,500,000)
Purchase of property, plant and equipment and deposits for acquisition of property, plant and equipment	<b>(5,560,394)</b>	(2,775,999)
Placement of restricted bank deposits	<b>(1,248,508)</b>	(2,644,724)
Purchases of financial assets at amortised cost	–	(2,494,000)
Capital injection to associates	<b>(5,092)</b>	(694,000)
Addition to right-of-use assets	<b>(214,069)</b>	(626,560)
Addition and prepayment for acquisition of intangible assets	–	(1,821)
Proceeds from disposal of other financial assets	–	2,122
Proceeds from disposal of property, plant and equipment	<b>3,730</b>	205,660
Interest received	<b>686,557</b>	455,886
Proceeds from disposal of financial assets at amortised cost	–	2,499,000
Withdrawal of restricted bank deposits	<b>806,565</b>	2,514,152
Proceeds from disposal of financial assets at fair value through other comprehensive income	<b>166,485</b>	–
Loan to an associate	<b>(1,096,844)</b>	–
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(6,461,570)</b>	(6,060,284)

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>FINANCING ACTIVITIES</b>		
New bank borrowings	11,409,557	16,549,775
Proceeds from issuance of short-term debentures and notes	3,000,000	3,000,000
Proceeds from issuance of medium-term debentures and bonds	6,500,000	1,900,000
Proceeds from issuance of guaranteed notes	2,131,770	–
Receipt of government grants	20,938	25,809
Contribution from non-controlling interests	37,011	2,000
Acquisition of additional interest in subsidiary	(3,084,009)	–
Transaction costs on issue of short-term debentures and notes	(9,000)	(9,000)
Transaction costs on issuance of medium-term debentures and bonds	(39,000)	(11,400)
Transaction costs on issuance of guaranteed notes	(17,055)	–
Payment of lease liabilities	(69,646)	(42,719)
Dividend paid to non-controlling interests	(358,601)	(120,762)
Repayment of medium-term debentures and bonds	(4,517,889)	(500,000)
Dividend paid	(2,497,093)	(872,364)
Interest expenses paid	(1,493,183)	(1,423,545)
Redemption of guaranteed notes	(3,554,300)	(1,436,432)
Repayment of short-term debentures and notes	(3,000,000)	–
Repayment of bank borrowings	(6,522,321)	(15,846,157)
<b>NET CASH (USED IN) FROM FINANCING ACTIVITIES</b>	<b>(2,062,821)</b>	<b>1,215,205</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>5,739,308</b>	<b>2,241,942</b>
Effect of changes in foreign exchange rates	41,200	150,251
<b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b>	<b>31,721,122</b>	<b>27,384,542</b>
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>		
represented by bank balances and cash	37,501,630	29,776,735

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

## 1. CORPORATE INFORMATION

China Hongqiao Group Limited (the “**Company**”) is incorporated in the Cayman Islands as an exempted company under the Companies Law of Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). Its parent and immediate holding company is China Hongqiao Holdings Limited (“**Hongqiao Holdings**”), a company incorporated in the British Virgin Islands (“**BVI**”). The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to the interim report.

The Company acts as an investment holding company, the principal activities of its subsidiaries (together with the Company, referred to as the “**Group**”) are principally engaged in the business of manufacture and sales of aluminum products.

The interim condensed consolidated financial information is presented in Renminbi (“**RMB**”), which is also the functional currency of the Company and its subsidiaries in the People’s Republic of China (“**PRC**”) and Hong Kong. The functional currency of subsidiaries established in the Republic of Indonesia (“**Indonesia**”), the Republic of Singapore and the Republic of Guinea is denoted in United States Dollar (“**US\$**”).

## 2. BASIS OF PREPARATION

The interim condensed consolidated financial information of the Group for the six months ended 30 June 2024 has been prepared in accordance with International Accounting Standard 34 (“**IAS 34**”) “Interim Financial Reporting” issued by the International Accounting Standards Board (the “**IASB**”) and the applicable disclosure provisions of Appendix D2 to the Rules Governing the Listing of Securities on the Stock Exchange. This interim condensed consolidated financial information should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2023, which have been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”) issued by the IASB.

## 3. PRINCIPAL ACCOUNTING POLICIES

The interim condensed consolidated financial information has been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

The accounting policies used in the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2023, except as disclosed below.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

## 3. PRINCIPAL ACCOUNTING POLICIES (Continued)

### Application of amendments to IFRSs

In the current interim period, the Group has applied, for the first time, the following amendments to IFRSs issued by the IASB which are effective for the Group's financial year beginning on 1 January 2024:

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

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

Except as described below, the application of the amendments to IFRSs in the current interim period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these interim condensed consolidated financial information.

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

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

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

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



# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

## 4. REVENUE

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

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

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

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

For management purposes, the Group operates in one business unit based on its products, and has only one reportable segment which is manufacture and sales of aluminum products. Management monitors the operating results of its business unit for the purpose of making decisions about resource allocation and performance assessment.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

## 5. OTHER INCOME AND GAINS

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Amortisation of deferred income	26,267	19,890
Bank interest income	126,206	96,695
Investment income	71,408	70,805
Interest income from associates	318,282	113,956
Other interest income	182,256	171,338
Rental income for investment properties under operating lease	300	300
Gain from sales of raw materials and scraps materials	597,814	516,606
Gain from sales of slag of carbon anode blocks	509,394	601,310
Gain on disposal of property, plant and equipment	1,186	63,146
Reversal of impairment of other receivables	45	–
Others	4,703	4,673
	<b>1,837,861</b>	<b>1,658,719</b>

## 6. OTHER EXPENSES

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

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

## 7. INCOME TAX EXPENSE

The Group calculates the period income tax expense using the tax rates that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed consolidated statement of profit or loss and other comprehensive income are:

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Current tax:		
– Hong Kong Profits Tax	–	–
– Indonesia Corporate Tax	124,437	124,776
– PRC Enterprise Income Tax	3,344,504	593,310
– Withholding tax paid	39,725	–
	3,508,666	718,086
Deferred taxation	354,447	153,588
Total income tax expense for the period	3,863,113	871,674

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

## 8. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging:

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Interest expenses on bank borrowings	1,092,646	1,081,620
Interest expenses on short-term debentures and notes	37,205	36,203
Interest expenses on medium-term debentures and bonds	189,586	215,836
Interest expenses on guaranteed notes	188,544	136,184
Interest expenses on convertible bonds	96,295	94,554
Interest expenses on other financial liability	88,634	–
Interest expenses on lease liabilities	21,868	11,850
Total interest expense for financial liabilities not measured at fair value through profit or loss (“FVTPL”)	1,714,778	1,576,247
Less: amounts capitalised in the cost of qualifying assets	(153,733)	(101,573)
	1,561,045	1,474,674
Amortisation of intangible assets	2,397	2,823
Cost of inventories recognised as an expense	55,790,488	59,841,506
Depreciation of property, plant and equipment	3,414,206	3,483,019
Depreciation of investment properties	1,430	1,456
Depreciation of right-of-use assets	146,044	112,235
Foreign exchange loss, net	361,202	354,012
Research and development expenses (note)	920,736	1,031,524
Gross rental income from investment properties	300	300
Less: direct operating expenses incurred for investment properties that generated rental income during the period	–	–
	300	300

Note: Included in research and development expenses was staff cost of approximately RMB151,309,000 (six months ended 30 June 2023: RMB160,727,000).

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

## 9. DIVIDENDS

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Dividends recognised as distribution during the period:		
2023 Final dividend – HK29.0 cents (2023: 2022 Final dividend – HK10.0 cents)	<b>2,497,093</b>	872,364

Subsequent to the end of the reporting period, the directors of the Company have decided that an interim dividend of HK59.0 cents per share, amounting to approximately HK\$5,590,568,000 in total will be paid, and the amount of interim dividend declared, which was calculated based on the number of ordinary shares in issue at the date of approval of the interim condensed consolidated financial information, has not been recognised as a liability in the interim condensed consolidated financial information.

## 10. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<b>Earnings</b>		
Earnings for the purpose of basic earnings per share	<b>9,154,911</b>	2,456,623
Effect of dilutive potential ordinary shares:		
Interest expense on liability component of convertible bonds	–	–
Changes in fair values of derivatives component of convertible bonds	–	–
Exchange loss on translation of liability component of convertible bonds	–	–
Earnings for the purpose of diluted earnings per share	<b>9,154,911</b>	2,456,623



# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

## 10. EARNINGS PER SHARE (Continued)

	Six months ended 30 June	
	2024 '000 (Unaudited)	2023 '000 (Unaudited)
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purposes of basic earnings per share	<b>9,475,538</b>	9,475,538
Effect of dilutive potential ordinary shares:		
Convertible bonds	–	–
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<b>9,475,538</b>	9,475,538

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

## 11. PROPERTY, PLANT AND EQUIPMENT

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

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

When any indicators of impairment or reversal of impairment are identified, property, plant and equipment are reviewed for impairment or reversal of impairment based on each cash generating unit ("CGU"). The CGU is an individual plant. The carrying values of these individual plants were compared to the recoverable amounts of the CGUs, which were based on fair values less costs of disposal or value-in-use. Market comparison approach is used to measure the fair values less costs of disposal of the CGU which is based on the recent transaction prices for similar property, plant and equipment adjusted for nature, location and conditions of the relevant assets. Value-in-use calculations use pre-tax cash flow projections based on financial budgets approved by management covering expected earning period.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

## 11. PROPERTY, PLANT AND EQUIPMENT (Continued)

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

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

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

## 12. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

### (i) Right-of-use assets

As at 30 June 2024, right-of-use assets of approximately RMB8,820,025,000 (31 December 2023: RMB9,615,676,000) represents land use rights located in the PRC and Indonesia for a period of 20 to 70 years. During the six months ended 30 June 2024, the Group purchased land use rights located in the PRC of approximately RMB214,069,000 (six months ended 30 June 2023: RMB1,210,749,000).

As at 30 June 2024, the Group is still in the process of obtaining the land certificate with the carrying amount of approximately RMB357,015,000 (31 December 2023: RMB572,399,000). In the opinion of the directors of the Company, based on the advice from the Group's external legal adviser, the absence of the land certificate does not impair its carrying value to the Group.

During the six months ended 30 June 2024, the Group entered into a number of new lease agreements for office premises and land use rights and recognised right-of-use assets of approximately RMB2,119,000 and RMB60,136,000 (six months ended 30 June 2023: office premises and land use rights of approximately RMB15,821,000 and RMB584,189,000) respectively.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

## 12. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Continued)

### (ii) Lease liabilities

As at 30 June 2024, the carrying amount of lease liabilities was approximately RMB947,124,000 (31 December 2023: RMB954,658,000).

### (iii) Amount recognised in profit or loss

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Depreciation of right-of-use assets	146,044	112,235
Interest expense on lease liabilities	21,868	11,850

### (iv) Others

During the six months ended 30 June 2024, the total cash outflow for leases (excluded payments on purchase of land use rights) amounted to approximately RMB91,514,000 (six months ended 30 June 2023: RMB54,569,000).

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

## 13. INTERESTS IN ASSOCIATES

	<b>As at 30 June 2024 RMB'000 (Unaudited)</b>	As at 31 December 2023 RMB'000 (Audited)
Costs of investments in associates	<b>6,033,825</b>	6,028,733
Share of profits and other comprehensive income, net of dividends received	<b>1,351,603</b>	537,025
	<b>7,385,428</b>	6,565,758
Loan to associates	<b>5,565,518</b>	4,468,674
	<b>12,950,946</b>	11,034,432

The loan to associates of US\$380,928,000, equivalent to approximately RMB2,714,798,000 (31 December 2023: US\$380,928,000, equivalent to approximately RMB2,697,999,000) is unsecured, interest bearing at Secured Overnight Financing Rate (“SOFR”) + 3% and no fixed term for repayment.

The remaining loan to associates of US\$400,000,000, equivalent to approximately RMB2,850,720,000 (31 December 2023: US\$250,000,000, equivalent to approximately RMB1,770,675,000) is unsecured, interest bearing at SOFR + 5% and no fixed term for repayment.

During the six months ended 30 June 2024, the Group made additional contribution to an existing associate with an amount of approximately RMB5,092,000 (six months ended 30 June 2023: RMB22,000,000).

The Group’s payable balances with the associates are disclosed in note 37.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

## 14. GOODWILL

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
<b>Cost</b>		
At beginning and at the end of the financial period/year	1,934,457	1,934,457
<b>Impairment</b>		
At beginning and at the end of the financial period/year	1,656,233	1,656,233
<b>Carrying amount</b>		
At the end of the financial period/year	278,224	278,224

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

No impairment loss has been recognised during the six months ended 30 June 2024 and year ended 31 December 2023.

## 15. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (“FVTOCI”)

Financial assets at fair value through other comprehensive income (“FVTOCI”) comprise:

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Equity instrument as at FVTOCI		
– Listed	951,431	1,306,966
– Unlisted	85,000	94,412
	1,036,431	1,401,378

The fair value of these investments is disclosed in note 33.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

## 15. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (“FVTOCI”) (Continued)

The investments in listed equity securities are as follows:

Name of listed equity securities	Place of listing	Fair value	
		30 June 2024	31 December 2023
		RMB'000 (Unaudited)	RMB'000 (Audited)
Weihai City Commercial Bank Co., Ltd	Hong Kong	655,213	708,065
Bank of Jinzhou	Hong Kong	–	169,593
Innovation New Material Technology Co., Ltd.	Shanghai	175,727	218,459
Thunder Software Technology Co., Ltd.	Shenzhen	119,508	209,866
Others	Hong Kong	983	983
		<b>951,431</b>	<b>1,306,966</b>

These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the directors of the Company have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

During the six months ended 30 June 2024, the Group has disposed a listed equity security at consideration of RMB166,485,000 (six months ended 30 June 2023: nil). At the date of disposal, the fair value of such investment is RMB166,485,000.

As at 30 June 2024, the investment in unlisted equity security represents the Group's interest in a private entity established in the PRC which engaged in development and application of semiconductor materials.



# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

## 16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Financial assets at FVTPL		
– Limited partnerships	<b>11,497,484</b>	11,725,159

The fair value of these investments is disclosed in note 33.

The directors of the Company consider that the Group does not have any control nor significant influence to affect the variable returns through its investment in those enterprises or similar activities.

## 17. INVENTORIES

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

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

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

## 18. TRADE RECEIVABLES

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

The Group allows an average credit period of 90 days to its trade customers with trading history, or otherwise sales on cash terms are required. The following is an ageing analysis of trade receivables, net of allowance for impairment of trade receivables, presented based on the date of delivery of goods, which approximates the respective revenue recognition dates, at the end of the reporting period.

	<b>As at 30 June 2024 RMB'000 (Unaudited)</b>	As at 31 December 2023 RMB'000 (Audited)
Within 3 months	<b>6,726,029</b>	4,883,108
3 to 12 months	<b>510,460</b>	601,815
12 to 24 months	<b>2,986</b>	3,828
	<b>7,239,475</b>	5,488,751

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

## 19. BILLS RECEIVABLES

The ageing analysis of bills receivables presented based on the issue date at the end of the reporting period is as follows:

	<b>As at 30 June 2024 RMB'000 (Unaudited)</b>	As at 31 December 2023 RMB'000 (Audited)
Within 3 months	3,634,117	3,292,402
3 to 6 months	3,056,270	1,684,399
Over 6 months	12,617	841
	<b>6,703,004</b>	4,977,642

## TRANSFERS OF FINANCIAL ASSETS

The following were the Group's financial assets transferred to suppliers by endorsing those bills receivables on a full recourse basis. As the Group has retained the significant risks and rewards which include default risks, relating to these bills receivables, it continues to recognise the full carrying amount of the bills receivables and the corresponding trade payables and other payables in the condensed consolidated statement of financial position. Subsequent to the endorsement, the Group did not retain any rights on the use of the endorsed bills, including the sale, transfer or pledge of the endorsed bills to any other third parties. These financial assets and financial liabilities are carried at amortised cost in the condensed consolidated statement of financial position.

	<b>As at 30 June 2024 RMB'000 (Unaudited)</b>	As at 31 December 2023 RMB'000 (Audited)
Bills receivables endorsed to suppliers with full recourse (note)		
Carrying amount of transferred assets	3,146,008	3,891,534
Carrying amount of trade payables	(3,146,008)	(3,891,534)
Net position	-	-

Note: The maturity dates of bills receivables have not yet due at the end of the reporting period. As the Group was still exposed to credit risk on these receivables at the end of the reporting period, the cash received from the bills endorsed to the suppliers for which the maturity dates have not yet been due are recognised as current liabilities in the condensed consolidated statement of financial position.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

## 20. PREPAYMENTS AND OTHER RECEIVABLES

The balance consists of prepayments and other receivables at cost of:

	<b>As at 30 June 2024 RMB'000 (Unaudited)</b>	As at 31 December 2023 RMB'000 (Audited)
Prepayments to suppliers	4,855,534	4,149,075
Prepayment to an associate	–	929,989
Value-added tax recoverable	2,226,952	2,275,719
Other receivables	1,109,541	1,416,438
	<b>8,192,027</b>	8,771,221
Less: allowance for impairment loss	<b>(23,372)</b>	(23,417)
	<b>8,168,655</b>	8,747,804

## 21. CASH AND CASH EQUIVALENTS AND RESTRICTED BANK DEPOSITS

For the purpose of the condensed consolidated statement of cash flows, cash and cash equivalents are comprised of the following:

	<b>As at 30 June 2024 RMB'000 (Unaudited)</b>	As at 31 December 2023 RMB'000 (Audited)
Cash and bank balances	37,501,630	31,721,122
Restricted bank deposits	2,268,522	1,826,579
	<b>39,770,152</b>	33,547,701
Less:		
Restricted bank deposits:		
– pledged for bills payables	<b>(1,281,040)</b>	(1,295,834)
– pledged for issuance of letter of credit	<b>(897,380)</b>	(513,871)
– pledged for guarantee issued	<b>(90,102)</b>	(16,874)
Cash and cash equivalents	<b>37,501,630</b>	31,721,122

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

## 22. CHANGES IN FAIR VALUES OF FINANCIAL INSTRUMENTS

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Changes in fair values arising from:		
– derivatives component of convertible bonds (note 29)	(1,387,102)	14,393
– financial assets at FVTPL	(227,675)	–
	(1,614,777)	14,393

## 23. TRADE AND BILLS PAYABLES

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

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

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

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

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

## 24. BANK BORROWINGS

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
<b>Current</b>		
Secured bank borrowings	9,993,131	11,343,001
Unsecured bank borrowings	24,439,735	19,146,207
	<b>34,432,866</b>	30,489,208
<b>Non-current</b>		
Secured bank borrowings	2,220,000	1,194,862
Unsecured bank borrowings	7,390,407	7,427,046
	<b>9,610,407</b>	8,621,908
	<b>44,043,273</b>	39,111,116

Carrying amount repayable (based on scheduled repayment dates set out in the loan agreements):

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Within one year	34,432,866	30,489,208
In the second year	3,817,939	2,219,862
In the third to fifth years, inclusive	5,742,468	4,381,137
Over fifth years	50,000	2,020,909
	<b>44,043,273</b>	39,111,116

Fixed-rate borrowings with an aggregate carrying amount of approximately RMB38,444,400,000 (31 December 2023: RMB28,499,674,000) denominated in RMB at interest rate ranged from 3.50% to 7.75% (31 December 2023: 4.35% to 7.50%) per annum as at 30 June 2024.

In addition, the Group has variable-rate borrowings denominated in RMB at floating rates calculated based on the borrowing rates announced by the People's Bank of China (the "PBOC") or China Foreign Exchange Trading System & National Interbank Funding Center ("CFETS"). Interests on borrowings denominated in US\$ at floating rates are calculated based on Secured Overnight Financing Rate.

Bank borrowings of RMB7,200,000,000 (31 December 2023: RMB3,600,000,000) are guaranteed by a related party and was set out in note 37(c).



# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

## 25. OTHER FINANCIAL LIABILITY

On 21 December 2023, Shandong Hongtuo Industrial Company Limited\* (“**Shandong Hongtuo**”) 山東宏拓實業有限公司, a subsidiary of the Company, entered into various capital contribution agreements with the investors for the capital contributions (at an aggregate cash consideration of RMB2,962,600,000). Details of the capital contributions are set out in the Company’s announcements dated 21 December 2023.

Pursuant to the capital contributions from investors as mentioned above, a redemption right is granted by the Company to each investor.

Each investor shall have the right to request Shandong Weiqiao Aluminum & Power Co., Ltd.\* (“**Shandong Weiqiao**”) 山東魏橋鋁電有限公司, Shandong Hongqiao New Material Co., Ltd (“**Shandong Hongqiao**”), which are the subsidiaries of the Company, or other related parties designated by Shandong Weiqiao other than the Shandong Hongtuo and Shandong Hongqiao (one or more parties, singly or collectively, the “**Repurchase Obligor(s)**”) to repurchase all of their equity interests in Shandong Hongtuo at the redemption price, if any of the triggering events occurs during the redemption period, which commenced from the date of the completion of each capital contribution to or before 31 December 2026.

The key triggering events included:

- (i) Shandong Hongtuo fails to conduct an initial public offering and the listing of its securities on the Stock Exchange in the PRC after 36 months of capital contribution, unless such failure was a result of non-cooperation by the investors or any force majeure events as set out in the capital contribution agreements; and
- (ii) Fails to fulfill dividend distribution policy (i.e. 30% of distributable profit) and anti-dilution compensation (i.e. subscription price for new registered capital cannot be lower than this capital contributions) as set out in the capital contribution agreements.

The redemption price was the principal amount plus accrued interest, being 6% per annum calculated from the date of the completion of each capital contribution to the date of receipt of the redemption price from each investors, less any dividends income received by each investor as the shareholders of Shandong Hongtuo.

In the opinion of the directors of the Company, except for the success listing of Shandong Hongtuo, the Group has the control of all other triggering events and does not expect redemption will occur within next twelve months from the end of the reporting period.

\* The English translation is for reference only.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

## 25. OTHER FINANCIAL LIABILITY (Continued)

The redemption right constituted a contract that contains an obligation for the Group to repurchase the equity instruments of the subsidiaries of the Company gives rise to a redemption financial liability recognised at the present value of the redemption price, being RMB2,962,600,000, and subsequently measured at amortised cost. The movements in the redemption financial liability are as follow:

	<b>As at 30 June 2024 RMB'000 (Unaudited)</b>
At the beginning of the period	2,965,195
Capital contribution from the investor	–
Interest expense	88,634
At the end of the period	<b>3,053,829</b>

## 26. SHORT-TERM DEBENTURES AND NOTES

	<b>As at 30 June 2024 RMB'000 (Unaudited)</b>	As at 31 December 2023 RMB'000 (Audited)
Short-term debentures and notes	<b>7,000,000</b>	7,000,000

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

## 26. SHORT-TERM DEBENTURES AND NOTES (Continued)

The details of the unsecured short-term debentures and notes issued and outstanding as at 30 June 2024 and 31 December 2023 are set out as follows:

Debentures	Date of issue	Principal amount		Interest rate	Date of maturity
		30 June 2024	31 December 2023		
		RMB'000 (Unaudited)	RMB'000 (Audited)		
Short-term debentures F	16 February 2023	–	1,000,000	4.60%	16 February 2024
Short-term debentures G	10 March 2023	–	1,000,000	4.50%	10 March 2024
Short-term debentures H	24 May 2023	–	1,000,000	4.18%	24 May 2024
Short-term debentures I	12 July 2023	1,000,000	1,000,000	4.47%	12 July 2024
Short-term debentures J	23 August 2023	1,000,000	1,000,000	4.20%	23 August 2024
Short-term debentures K	22 September 2023	1,000,000	1,000,000	4.21%	22 September 2024
Short-term debentures L	28 November 2023	1,000,000	1,000,000	4.00%	28 November 2024
Short-term debentures M	11 January 2024	1,000,000	–	3.30%	11 January 2025
Short-term debentures N	6 February 2024	1,000,000	–	3.19%	6 February 2025
Short-term debentures O	17 May 2024	1,000,000	–	2.80%	17 May 2025

The short-term debentures and notes were issued to various independent third parties according to the approvals issued by National Association of Financial Market Institutional Investors (“NAFMII”). Interest is payable annually.

## 27. MEDIUM-TERM DEBENTURES AND BONDS

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Medium-term debentures and bonds – due within one year	5,511,900	8,116,930
Medium-term debentures and bonds – due after one year	7,782,073	3,206,332
	<b>13,293,973</b>	11,323,262

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

## 27. MEDIUM-TERM DEBENTURES AND BONDS (Continued)

The details of the unsecured, medium-term debentures and bonds issued and outstanding as at 30 June 2024 and 31 December 2023 are set out as follows:

Debentures	Date of issue	Principal amount		Coupon interest rate	Effective interest rate	Date of maturity
		30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)			
<b>Unlisted</b>						
Medium-term debentures Q	14 January 2022	-	1,000,000	4.50%	4.80%	14 January 2024
Medium-term debentures R	18 March 2022	-	1,000,000	4.50%	4.80%	18 March 2024
Medium-term debentures S	30 March 2023	300,000	300,000	4.82%	4.82%	30 March 2025
Medium-term debentures T	13 April 2023	1,000,000	1,000,000	4.96%	4.82%	13 April 2025
Medium-term debentures U	16 June 2023	600,000	600,000	5.00%	4.82%	16 June 2025
Medium-term debentures V	28 July 2023	720,000	720,000	4.96%	4.82%	28 July 2025
Medium-term debentures W	21 August 2023	300,000	300,000	4.95%	4.82%	21 August 2025
Medium-term debentures X	26 December 2023	300,000	300,000	4.82%	4.82%	26 December 2025
Medium-term debentures Y	19 January 2024	1,000,000	-	4.00%	4.31%	19 January 2026
Medium-term debentures Z	1 February 2024	1,000,000	-	3.78%	4.10%	1 February 2026
Medium-term debentures AA	4 March 2024	1,000,000	-	3.60%	3.92%	4 March 2026
Medium-term debentures AB	22 March 2024	1,000,000	-	3.50%	3.91%	22 March 2026
Medium-term debentures AC	12 April 2024	1,000,000	-	3.50%	3.82%	12 April 2026
Medium-term debentures AD	14 June 2024	1,000,000	-	2.60%	2.91%	14 June 2026
Medium-term debentures AE	27 June 2024	500,000	-	2.57%	2.88%	27 June 2026
<b>Listed</b>						
Enterprise bonds L	26 March 2019	-	2,000,000	6.00%	6.22%	26 March 2024
Enterprise bonds N	11 June 2021	-	500,000	5.60%	5.81%	11 June 2024
Enterprise bonds O	20 August 2021	1,000,000	1,000,000	4.16%	4.26%	20 August 2024
Enterprise bonds P	13 June 2022	1,000,000	1,000,000	4.30%	4.52%	13 June 2025
Enterprise bonds Q	3 August 2022	1,000,000	1,000,000	4.50%	4.60%	3 August 2025
Enterprise bonds R	3 November 2022	620,000	620,000	4.00%	4.12%	3 November 2027

Enterprise bonds were issued according to the approvals issued by National Development and Reform Commission and are listed on Shanghai Stock Exchange and carry interest at coupon rate with the issuer's option to adjust the rate at pre-agreed dates.

According to the terms and conditions of enterprise bonds P and Q, the bonds holders have a right to redeem all or part of the bonds at a redemption price equal to 100% of the principal plus accrued and unpaid interest at the end of the second year and the Group has a right to adjust the interest rate of the enterprise bonds.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

## 27. MEDIUM-TERM DEBENTURES AND BONDS (Continued)

According to the terms and conditions of enterprise bonds R, the bonds holders have a right to redeem all or part of the bonds at a redemption price equal to 100% of the principal plus accrued and unpaid interest at the end of each year and the Group has a right to adjust the interest rate of the enterprise bonds.

As a result, the above three enterprise bonds were classified as current liabilities as at 30 June 2024.

Debentures were issued to various independent third parties according to the approvals issued by NAFMII and all of the debentures carry interest at fixed rate without any early redemption clause.

Interest is payable annually. Issue costs are included in the carrying amount of the medium-term debentures and bonds and amortised over the period of the medium-term debentures and bonds using the effective interest method.

## 28. GUARANTEED NOTES

	<b>As at 30 June 2024 RMB'000 (Unaudited)</b>	As at 31 December 2023 RMB'000 (Audited)
Amounts shown under current liabilities	<b>2,125,961</b>	3,511,821

On 25 March 2024, the Company issued 7.75% guaranteed notes with the aggregate principal amount of US\$300,000,000 (equivalent to approximately RMB2,131,770,000) (the “**2025 Guaranteed Notes**”) which are guaranteed by certain subsidiaries of the Group. The 2025 Guaranteed Notes will mature on 27 March 2025.

On 1 June 2021, the Company issued 6.25% guaranteed notes with the aggregate principal amount of US\$500,000,000 (equivalent to approximately RMB3,230,050,000) (the “**2024 Guaranteed Notes**”) which are guaranteed by certain subsidiaries of the Group. The 2024 Guaranteed Notes will mature on 31 May 2024. On 31 May 2024, the Company has redeemed the 2024 Guaranteed Notes in full at their principal amount together with interests accrued to the maturity date.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

## 29. CONVERTIBLE BONDS

On 25 January 2021, the Company issued a new convertible bonds (“**2021 CBs**”) bearing interest at 5.25% per annum, which were due on 25 January 2026 with an aggregate principal amount of US\$300,000,000. The 2021 CBs were denominated in US\$ and entitle the holders to convert them into ordinary shares of the Company at an original conversion price of HK\$8.91 per share (subject to adjustment as provided in the term of agreements) with fixed exchange rate of HK\$7.7530 equal to US\$1.00 at any time on or after 7 March 2021 and thereafter up to the close of business on the tenth day prior to the maturity date or if such bonds shall have been called for redemption by the holders before maturity date, then up to and including the close of business on a date no later than 10 days prior to the date fixed for redemption thereof. Unless previously redeemed, converted, purchased and cancelled, all convertible bonds outstanding on maturity date shall be repaid by the Company at its principal amount outstanding on maturity date plus accrued interest. The Company may, at the option of the holders, on giving not more than 60 days and not less than 30 days prior to the put option date, on 25 January 2023, redeem the outstanding 2021 CBs in whole or in part at 100% of the principal amount and accrued interest to the respective date fixed for redemption. At the issue date, the 2021 CBs were bifurcated into liability and derivative components. The effective interest rate of the liability component of 2021 CBs is 9.872% per annum.

The movements of the liability and derivatives components of the 2021 CBs and the reconciliation of Level 3 fair value measurement during the reporting period are set out below:

	<b>Liability component of 2021 CBs</b>	<b>Derivatives component of 2021 CBs</b>	<b>Total</b>
	RMB'000	RMB'000	RMB'000
As at 1 January 2023 (Audited)	1,830,527	457,010	2,287,537
Changes in fair values	–	(14,393)	(14,393)
Effective interest expenses	94,554	–	94,554
Interest paid	(54,813)	–	(54,813)
Exchange translation	91,117	22,428	113,545
As at 30 June 2023 (Unaudited)	1,961,385	465,045	2,426,430
As at 1 January 2024 (Audited)	<b>1,963,567</b>	<b>521,919</b>	<b>2,485,486</b>
Changes in fair values	–	<b>1,387,102</b>	<b>1,387,102</b>
Effective interest expenses	<b>96,295</b>	–	<b>96,295</b>
Interest paid	<b>(56,893)</b>	–	<b>(56,893)</b>
Exchange translation	<b>41,560</b>	<b>25,322</b>	<b>66,882</b>
As at 30 June 2024 (Unaudited)	<b>2,044,529</b>	<b>1,934,343</b>	<b>3,978,872</b>



# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

## 29. CONVERTIBLE BONDS (Continued)

No redemption, purchase or cancellation by the Company has been made in respect of the 2021 CBs during the six months ended 30 June 2024 and 2023.

As a result of the Company's declaration of dividend, the conversion price of the 2021 CBs was adjusted to HK\$6.54 per share (31 December 2023: HK\$6.82) with effect from 31 May 2024. Save for this alteration, all other terms and conditions of the outstanding 2021 CBs remained unchanged. The relevant ordinary resolution was duly passed at the special general meeting.

As at 30 June 2024, the principal amount of the 2021 CBs that remained outstanding amounted to US\$300,000,000 (31 December 2023: US\$300,000,000) of which a maximum of 355,642,201 (31 December 2023: 341,041,055) shares may fall to be issued upon their conversions, subject to adjustments provided in the terms of the 2021 CBs. Details of the terms of the 2021 CBs are set out in announcements of the Company dated 11 June 2021, 25 November 2021, 31 May 2022, 21 November 2022, 31 May 2023 and 30 May 2024.

At 30 June 2024 and 31 December 2023, the fair values of the derivatives component was valued by Asia-Pacific Consulting and Appraisal Limited, an independent qualified professional valuer not connected with the Group. The fair values of the derivatives component of convertible bonds were estimated at the end of the reporting period using the binomial option pricing model. The changes in fair value of the derivatives component of convertible bonds were recognised in profit or loss. The inputs into the model were as follows:

	2021 CBs	
	At	At
	30 June	31 December
	2024	2023
	(Unaudited)	(Audited)
Share price	HK\$11.82	HK\$6.39
Conversion price	HK\$6.54	HK\$6.82
Expected volatility	41.64%	46.32%
Expected life	1.60 years	2.07 years
Risk free rate	4.87%	4.12%
Expected dividend yield	4.00%	3.92%

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

## 30. FINANCIAL ASSET AT AMORTISED COST

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

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

## 31. ISSUED CAPITAL

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

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

## 31. ISSUED CAPITAL (Continued)

	Number of shares	Share Capital RMB'000
<b>Issued and fully paid:</b>		
At 1 January 2023, 31 December 2023 and 30 June 2024	9,475,538,425	618,881

The Company does not have any share option scheme.

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

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period.

## 32. RESERVES

### (a) Capital reserve

Capital reserve represents (i) the effect of the group reorganisation completed in March 2010; (ii) deemed capital contribution from its equity holders; (iii) amount of consideration paid by Shandong Hongqiao in excess of the net book value of Chongqing Weiqiao Financial Factoring Co., Ltd. acquired from Shandong Weiqiao Chuangye Group Company Limited\* ("**Weiqiao Chuangye**") 山東魏橋創業集團有限公司 in 2018; (iv) difference between the carrying amount of non-controlling interests acquired and the consideration paid for acquisition of addition interest in subsidiaries; (v) share of capital reserve of an associate and subsidiaries from Shandong Innovation Carbon New Material Co., Ltd.\* ("**Innovation Carbon New Material**") 山東創新炭材料有限公司; and (vi) the difference between the fair value of capital contribution received from the non-controlling interests and the proportionate of the carrying amount of the net assets of the respective subsidiary attributable to owners of the Company being deemed disposed of.

### (b) Statutory surplus reserve

In accordance with the Articles of Association of all subsidiaries established in the People's Republic of China ("**PRC**"), those subsidiaries are required to transfer 5% to 10% of the profit after taxation reported under the relevant accounting policies and financial regulations in the PRC to the statutory surplus reserve until the reserve reaches 50% of the registered capital. Transfer to this reserve must be made before distributing dividends to equity owners. The statutory surplus reserve can be used to make up previous year's losses, expand the existing operations or convert into additional capital of the subsidiaries.

\* The English name of the above companies are for reference only.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

## 32. RESERVES (Continued)

### (c) Translation reserve

Translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

### (d) Investment revaluation reserve

Investments revaluation reserve represents the cumulative gains and losses arising on the revaluation of investments in equity instruments as at FVTOCI.

## 33. FAIR VALUE DISCLOSURES

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of the reporting period.

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

## 33. FAIR VALUE DISCLOSURES (Continued)

The following table provides the fair value measurement hierarchy of the Group's financial assets and financial liabilities as at 30 June 2024 and 31 December 2023. The valuation techniques and inputs used in the fair value measurements of each financial instruments on a recurring basis are set out below:

Financial instruments	Fair value hierarchy	Fair value as at		Valuation technique and key inputs
		30/6/2024 RMB'000 (Unaudited)	31/12/2023 RMB'000 (Audited)	
Financial asset at FVTOCI – listed equity instrument	Level 1	951,431	1,306,966	Quoted bid prices in an active market
Financial asset at FVTOCI – unlisted equity instrument	Level 3	85,000	94,412	Market approach – Based on price-to-book (“P/B”) multiples of listed entities in similar industry with consideration of marketability discount (Key unobservable inputs: the higher P/B ratio, the higher the fair value)
Financial asset at FVTPL – limited partnerships	Level 3	11,497,484	11,725,159	Market approach – Based on P/B or price-to-sales (“P/S”) multiples of listed entities in similar industry with consideration of marketability discount (Key unobservable inputs: the higher P/B or P/S ratio, the higher the fair value)  Income approach – by reference to the present value of the expected future economic benefits to be derived from the ownership of this investee, based on an appropriate discount rate (Key unobservable inputs: the higher the discount rate, the lower the fair value)
Conversion option derivative of convertible bonds	Level 3	1,934,343	521,919	Binomial option pricing model, the key inputs are underlying share price, exercise price, risk free rate, volatility and dividend yield (Key unobservable inputs: higher the volatility, the higher the fair value)

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

## 33. FAIR VALUE DISCLOSURES (Continued)

There were no transfer between levels of fair value hierarchy in the current and prior periods.

Reconciliation of Level 3 fair value measurements of financial assets or liabilities on recurring basis:

	Limited partnerships RMB'000	Conversion option derivative of convertible bonds RMB'000	Unlisted equity securities RMB'000
At 1 January 2024	11,725,159	521,919	94,412
Total losses			
– in profit or loss (note 22)	(227,675)	1,387,102	–
– in other comprehensive income	–	–	(9,412)
Exchange difference	–	25,322	–
At 30 June 2024	11,497,484	1,934,343	85,000

### Fair value measurements and valuation process

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuer to perform the valuation. The chief financial officer works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The chief financial officer reports findings to the board of directors of the Company semi-annually to explain the cause of fluctuations in the fair values of the assets and liabilities.

The management of the Group considers that the carrying amounts of financial assets and financial liabilities measured at amortised cost in the interim condensed consolidated financial information approximate their fair value.



# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

## 34. PLEDGE OF ASSETS

At the end of each reporting period, certain of the Group's assets were pledged to secure banking facilities granted to the Group. The aggregate carrying amount of the assets of the Group pledged at the end of each reporting period is as follows:

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Restricted bank deposits (note 21)	2,268,522	1,826,579
Property, plant and equipment (note 11)	4,886,765	10,523,030
Right-of-use assets (note 12)	926,064	544,629

## 35. COMMITMENTS

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

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

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

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

## 36. CHANGE IN OWNERSHIP INTEREST IN A SUBSIDIARY

In February 2024, the Group acquired an additional 4.04% issued shares of Shandong Hongqiao, increasing its ownership interest to 98.56%. Cash consideration of approximately RMB3,084,009,000 was paid to the non-controlling shareholders. The difference between the carrying amount of 4.04% interest acquired of Shandong Hongqiao and consideration paid was recognised in capital reserve within equity.

## 37. RELATED PARTY TRANSACTIONS

Save as disclosed in elsewhere of the notes to the interim condensed consolidated financial information, the Group has the following related parties transactions.

(a) **During the six months ended 30 June 2024, the directors of the Company are of the view that the following are related parties of the Group:**

Name of party	Relationship
Weiqiao Chuangye	note ii
Binzhou Weiqiao Technology Industrial Park Company Limited ("Binzhou Industrial Park") 濱州魏橋科技工業園有限公司 (note i)	note iii
Shandong Minghong Textile Technology Company Limited ("Ming Hong Textile") 山東銘宏紡織科技有限公司 (note i)	note iii
Binzhou City Construction Investment Development Co. Ltd. ("Binzhou Investment") 濱州市公建投資開發有限公司 (note i)	note iii
Binzhou City Beihai Weiqiao Solid Waste Disposal Co., Ltd. ("Beihai Solid Waste") 濱州市北海魏橋固廢處置有限公司 (note i)	note iii
Shandong Ruixin Tendering Co., Ltd ("Shandong Ruixin") 山東瑞信招標有限公司 (note i)	note iii
Zhanhua Weiqiao Port Logistics Co., Ltd. ("Zhanhua Weiqiao Port Logistics") 沾化魏橋港口物流有限公司 (note i)	note iii
Weiqiao Textile Co. Ltd ("Weiqiao Textile") 魏橋紡織股份有限公司	note iii
Shandong Xiangshang Clothing Culture Co., Ltd. ("Shandong Xiangshang") 山東向尚服飾文化有限公司 (note i)	note iii
Shandong Weiqiao Jiajia Home Textile Co., Ltd. ("Weiqiao Jiajia") 山東魏橋嘉嘉家紡有限公司 (note i)	note iii
Shandong Anhao Medical Protective Products Technology Co., Ltd. ("Shandong Anhao Medical") 山東安好醫療防護用品科技有限公司 (note i)	note iii
Weihai Weiqiao Energy Co., Ltd. ("Weihai Weiqiao Energy") 威海魏橋能源有限公司 (note i)	note iii

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

## 37. RELATED PARTY TRANSACTIONS (Continued)

- (a) During the six months ended 30 June 2024, the directors of the Company are of the view that the following are related parties of the Group: (Continued)

Name of party	Relationship
PT. Harita Jayaraya (“ <b>Harita Jayaraya</b> ”)	note iv
PT. Cita Mineral Investindo, Tbk.	A subsidiary of Harita Jayaraya
PT. Antar Sarana Rekasa	A subsidiary of Harita Jayaraya
Aihuahai (Weihai) Graphic Imaging Co., Ltd. (“ <b>Aihuahai (Weihai)</b> ”) 愛華海(威海)圖文影像有限公司 (note i)	An associate of Weiqiao Chuangye
Zhanhua Jinsha Water Supply Co., Ltd. (“ <b>Jinsha Water Supply</b> ”) 沾化金沙供水有限公司 (note i)	An associate of Weiqiao Chuangye
Business Aviation Asia (Cayman) Limited (“ <b>Business Aviation</b> ”)	An associate of Weiqiao Chuangye
Winning Consortium Simandou Railway Pte. Ltd. (“ <b>WCSR</b> ”)	note v
Shandong Innovation Carbon New Material Co., Ltd. (“ <b>Innovation Carbon New Material</b> ”) 山東創新炭材料有限公司 (note i)	note v
Africa Bauxite Mining Company Ltd (“ <b>ABM</b> ”)	note v
GTS Global Trading Pte. Ltd. (“ <b>GTS</b> ”)	note v
Wining Alliance Ports SA (“ <b>WAP</b> ”)	note v
Societe Miniere de Boke S.A (“ <b>SMB</b> ”)	note v
Zouping Binneng Energy Technology Co., Ltd (“ <b>Binneng Energy</b> ”) 鄒平濱能能源科技有限公司 (note i)	note v
Shandong Weiqiao Haiyi Environmental Technology Co., Ltd. (“ <b>Weiqiao Haiyi</b> ”) 山東魏橋海逸環保科技有限公司 (note i)	note v
Shandong Binhong Photovoltaic New Energy Co., Ltd. (“ <b>Shandong Binhong</b> ”) 山東濱宏光伏新能源有限公司 (note i)	note v
Shandong Weiqiao New Energy Co., Ltd. (“ <b>Weiqiao New Energy</b> ”) 山東魏橋新能源有限公司 (note i)	note iii

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

## 37. RELATED PARTY TRANSACTIONS (Continued)

- (a) During the six months ended 30 June 2024, the directors of the Company are of the view that the following are related parties of the Group: (Continued)

Notes:

- i. The English translation is for reference only.
- ii. Mr. Zhang Bo, the director of the Company, has a significant non-controlling beneficial interest in Weiqiao Chuangye, and is also the director of Weiqiao Chuangye.
- iii. Entities controlled by Weiqiao Chuangye.
- iv. Harita Jayaraya has a significant non-controlling beneficial interest in PT Well Harvest Winning Alumina Refinery, a subsidiary of the Group.
- v. Associate of a subsidiary of the Company.

During the reporting period, the Group entered into the following transactions with related parties:

	Notes	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Sales of steam			
– Binzhou Industrial Park	(a)	7,624	7,206
– Ming Hong Textile	(a)	2,006	2,328
– Binzhou Investment	(a)	16,597	17,068
– Zhanhua Weiqiao Port Logistics	(a)	944	867
Sales of water			
– Zhanhua Weiqiao Port Logistics	(a)	59	55
Sales of electricity			
– Shandong Binhong	(a)	91	60
– Weiqiao Haiyi	(a)	20	–
Sales of aluminum products			
– Aihuahai (Weihai)	(a)	43,196	–
– Binneng Energy	(a)	754	–

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

## 37. RELATED PARTY TRANSACTIONS (Continued)

- (a) During the six months ended 30 June 2024, the directors of the Company are of the view that the following are related parties of the Group: (Continued)

During the reporting period, the Group entered into the following transactions with related parties: (Continued)

	Notes	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Sales of coal			
– Binneng Energy	(a)	13,134	–
Purchase of right-of-use assets			
– Weiqiao Chuangye	(a)	–	(525,127)
Purchases of water			
– Jinsha Water Supply	(b)	(16,686)	(12,229)
– Weiqiao Chuangye	(b)	(20,120)	(23,285)
Industrial waste expenses			
– Beihai Solid Waste	(b)	(40,428)	(43,591)
Purchases of bauxite			
– GTS	(f)	(8,846,224)	(6,601,490)
– PT. Cita Mineral Investindo, Tbk.	(f)	(530,987)	–
Purchases of steam			
– Binneng Energy	(f)	(298,757)	(499,817)
– Weihai Weiqiao Energy	(f)	(2,348)	(2,212)
Purchases of aluminum products			
– Aihuahai (Weihai)	(f)	(4,938)	–

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

## 37. RELATED PARTY TRANSACTIONS (Continued)

- (a) During the six months ended 30 June 2024, the directors of the Company are of the view that the following are related parties of the Group: (Continued)

During the reporting period, the Group entered into the following transactions with related parties: (Continued)

	Notes	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Purchase of electricity			
– Binneng Energy	(f)	<b>(6,662,647)</b>	(7,636,460)
– Weihai Weiqiao Energy	(a)	–	(28,445)
– Shandong Binhong	(a)	<b>(10,424)</b>	(4,292)
– Weiqiao Chuangye	(a)	<b>(1)</b>	–
Legal and professional fee			
– Shandong Ruixin	(a)	<b>(15,716)</b>	–
– Business Aviation	(a)	<b>(22,815)</b>	–
– Weiqiao New Energy	(a)	<b>(9,312)</b>	–
Purchase of anode carbon block			
– Innovation Carbon New Material	(f)	<b>(688,110)</b>	(914,363)
Purchase of accessories			
– Shandong Xiangshang	(a)	<b>(90)</b>	(350)
– Weiqiao Jiajia	(a)	<b>(28)</b>	(645)
– Shandong Anhao Medical	(a)	–	(161)
– Weiqiao Haiyi	(a)	<b>(169)</b>	–
– Binneng Energy	(a)	<b>(211)</b>	–
Lease Payment			
– Weiqiao Chuangye	(a), (c)	<b>(38,982)</b>	(38,982)
– Harita Jayaraya	(e), (f)	<b>(589)</b>	(589)
– PT. Antar Sarana Rekasa	(d), (f)	<b>(4,180)</b>	(4,176)



# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

## 37. RELATED PARTY TRANSACTIONS (Continued)

- (a) During the six months ended 30 June 2024, the directors of the Company are of the view that the following are related parties of the Group: (Continued)

During the reporting period, the Group entered into the following transactions with related parties: (Continued)

	Notes	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Interest income from associates			
– Binneng Energy	(f)	60,333	60,333
– ABM	(f)	112,129	–
– WCSR	(f)	145,820	53,623

Notes:

- (a) The related party transactions constitute connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules, however, they are exempt from the disclosure requirements in Chapter 14A of the Listing Rules in accordance with the provisions such as Rule 14.76 of the Listing Rules.
- (b) The related party transactions constitute connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules and have complied with the disclosure requirements of Chapter 14A of the Listing Rules.
- (c) The Group entered into a twenty-five-year lease in respect of certain properties from Weiqiao Chuangye in 2018. The amount of lease payment made by the Group under the lease is approximately RMB237,000 per month. As at 30 June 2024, the carrying amount of such lease liabilities is approximately RMB38,068,000 (31 December 2023: RMB39,015,000).
- The Group entered into a twenty-year lease in respect of land from Weiqiao Chuangye in 2023. The amount of lease payment made by the Group under the lease is approximately RMB37,560,000 per year and prepaid each year. As at 30 June 2024, the carrying amount of such lease liabilities is approximately RMB479,814,000 (31 December 2023: RMB507,744,000).
- (d) For the year ended 31 December 2022, the Group entered into a lease for 3 years in respect of vessels in Indonesia. The amount of lease payment made by the Group under the lease is approximately RMB720,000 per month. As at 30 June 2024, the carrying amount of such lease liabilities is RMB3,969,000 (31 December 2023: RMB8,010,000).
- (e) For the year ended 31 December 2023, the Group entered into a two-year lease in respect of certain properties in Indonesia. The amount of lease payment made by the Group under the lease is approximately RMB98,000 per month. As at 30 June 2024, the carrying amount of such lease liabilities is RMB558,000 (31 December 2023: RMB1,121,000).
- (f) The related party transactions do not constitute connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

## 37. RELATED PARTY TRANSACTIONS (Continued)

- (a) During the six months ended 30 June 2024, the directors of the Company are of the view that the following are related parties of the Group: (Continued)

The following balances were outstanding at the end of the reporting period:

	Note	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Loans to associates			
ABM		2,714,798	2,697,999
Binneng Energy	(a)	2,000,000	2,000,000
WCSR		2,850,720	1,770,675
Trade payables			
GTS		(408,490)	(410,577)
Innovation Carbon New Material		(189,576)	(238,019)
Jinsha Water Supply		(4,412)	(2,438)
Weiqiao Chuangye		(17,986)	(10,407)
Binneng Energy		(533,133)	–
Shandong Binhong		(2,649)	–
PT. Cita Mineral Investindo, Tbk.		(100,905)	(90,322)
Beihai Solid Waste		(153,350)	–
Shandong Anhao Medical		(48)	–
Weiqiao Jiajia		(22)	–
Shandong Xiangshang		(170)	–
Prepayments to an associate			
Binneng Energy		–	929,989
Interest receivable			
ABM		112,512	90,185
WCSR		330,656	183,261

Note:

- (a) The loan was secured by certain plant and equipment held by the respective associate, bearing interest at 6% (2023: 6%) per annum and repayable in June 2026.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

## 37. RELATED PARTY TRANSACTIONS (Continued)

### (b) Compensation of key management personnel

Key management personnel including directors and senior staff management of the Company.

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Short term employee benefit	4,108	5,350
Retirement benefits scheme contributions	84	62
	4,192	5,412

### (c) Guarantees and security

At the end of the reporting period, details of amounts of bank borrowings of the Group guaranteed by related parties were as follows:

	As at	As at
	30 June	31 December
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Weiqiao Chuangye	7,200,000	3,600,000

## 38. MAJOR NON-CASH TRANSACTIONS

During the six months ended 30 June 2024, the Group entered into new arrangement in respect of office premises and land use rights. Right-of-use assets and lease liabilities of approximately RMB62,255,000 (six months ended 30 June 2023: RMB600,010,000) were recognised at the commencement of the lease.