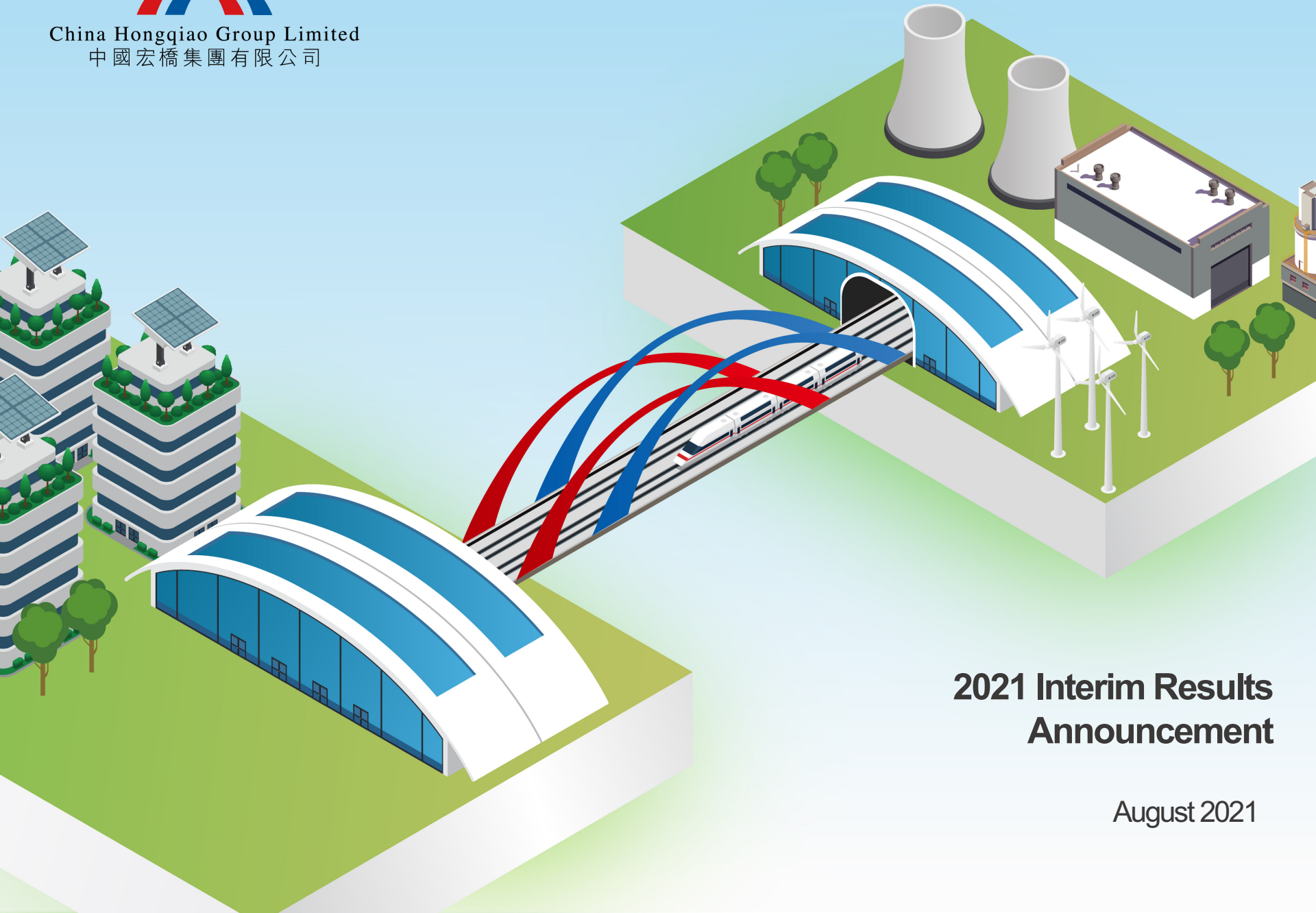




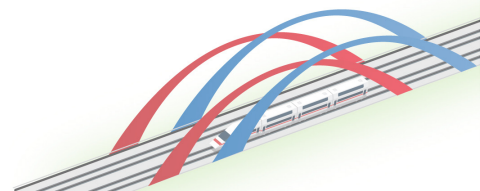
China Hongqiao Group Limited  
中國宏橋集團有限公司



## 2021 Interim Results Announcement

August 2021

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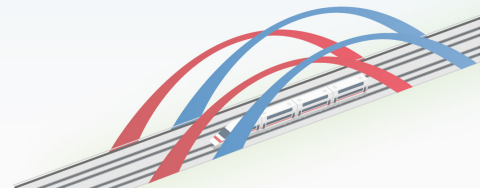
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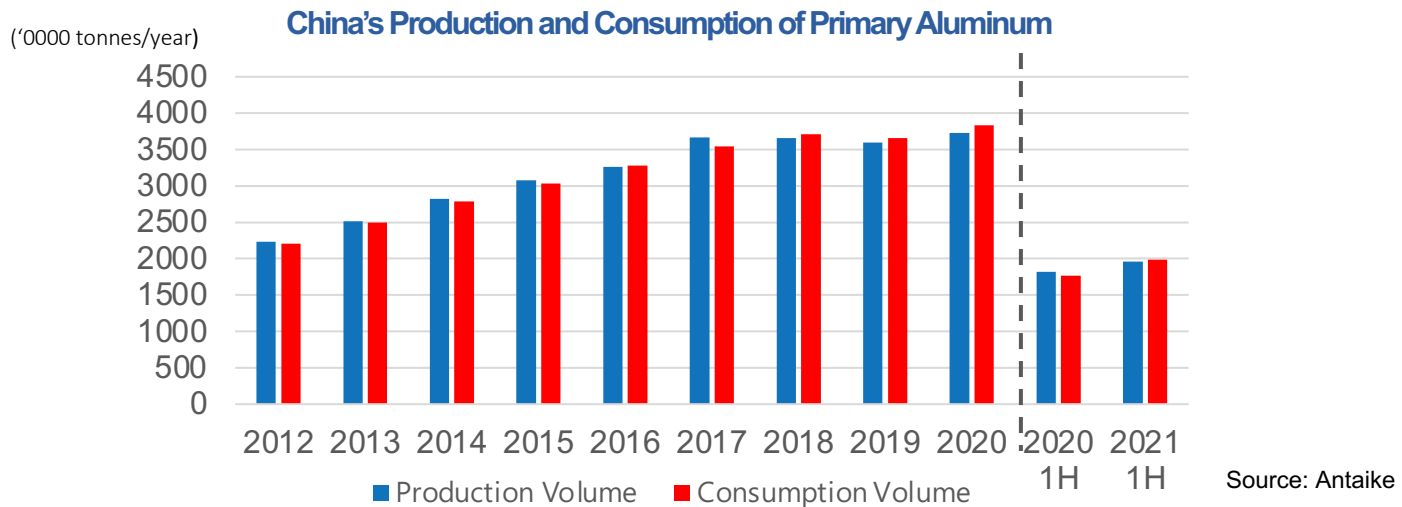
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## 2021 1H Global Supply and Demand of Primary Aluminum Industry

- China's production volume of primary aluminum: approximately **19,580,000** tonnes (approximately **+7.9%** yoy)
- China's consumption volume of primary aluminum: approximately **19,900,000** tonnes (approximately **+8.5%** yoy)
- Global production volume of primary aluminum: approximately **33,780,000** tonnes (approximately **+5.1%** yoy)
- Global consumption volume of primary aluminum: approximately **33,900,000** tonnes (approximately **+9.9%** yoy)



In the first half of 2021, from the demand perspective, with the gradual recovery of overseas economies, the expansion of manufacturing industry boosted the rapid growth of overseas aluminum consumption. In addition, following China's further development in all aspects of the economy, the domestic aluminum consumption showed relatively satisfactory performance. On the supply side, in the first half of 2021, the production capacity of overseas primary aluminum increased driven by the active production of enterprises in light of the high profit of primary aluminum. Despite the expanding restrictions on the production side of primary aluminum in the PRC by a series of factors such as the influence of the "Dual Carbon" goals, the control over energy consumption, the tightened electricity supply and the examination and maintenance of production capacity, the output of primary aluminum increased as compared with the corresponding period last year.

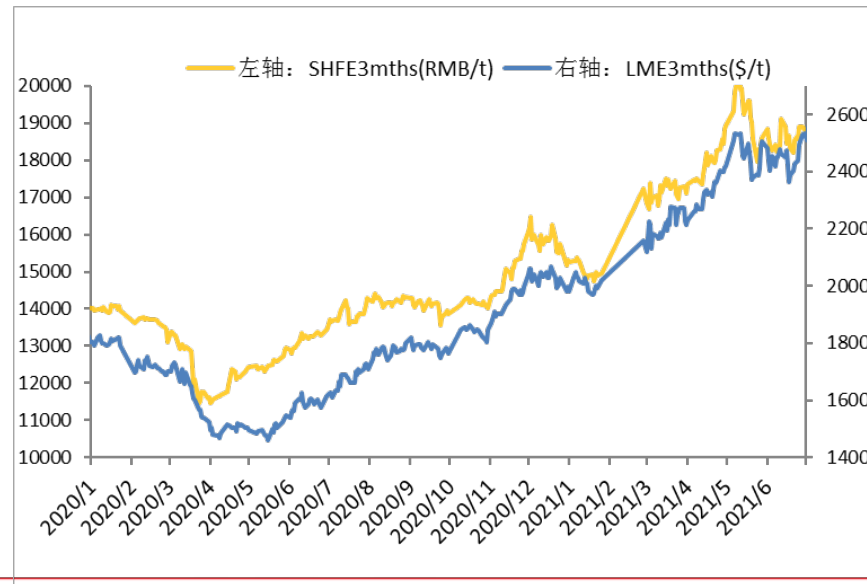


## 2021 1H Aluminum Price Trends

- Average prices of LME and 3-month aluminum futures: approximately **USD2,243** /tonne and **USD2,256** /tonne respectively, approximately **+41.0%** and **+39.1%** respectively yoy
- Average prices of SHFE and 3-month aluminum futures: approximately **RMB17,440** /tonne (VAT inclusive) and **RMB17,330** /tonne (VAT inclusive) respectively, approximately **+33.2%** and **+33.5%** respectively yoy

In the first half of 2021, overseas economies continued to recover, and with the support of fiscal stimulus policies of various countries, the suppressed consumer demand was released and the manufacturing industry continued to expand, laying the foundation for the rise in the price of LME aluminum. With the influence of the “Dual Carbon” goals, the supply of primary aluminum in the domestic market continued to be tightened, however, the consumer demand increased steadily under the improved economic environment, driving the aluminum price to surge significantly and consolidate at a high level.

### Aluminum Price Trend of LME and SHFE



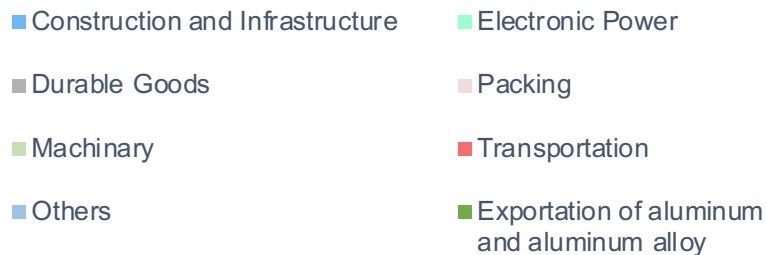
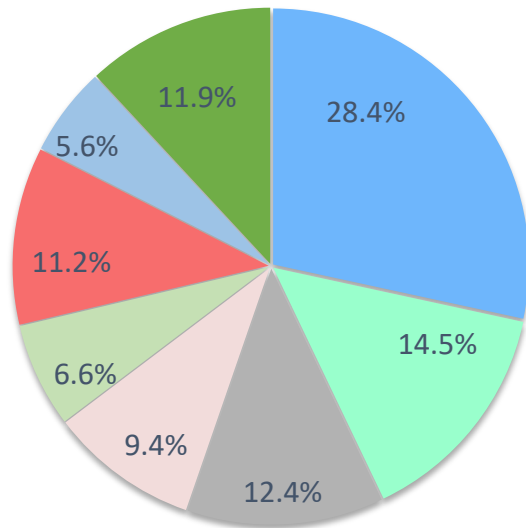
Source: Antaike





## Primary Aluminum Consumption in China

### 2020 China Primary Aluminum Market Breakdown



Source: Antaike

Note: Included aluminum foil section consumption, in order to avoid duplicated calculation, aluminum foil blank is excluded in the consumption

- China is **the world's largest aluminum producer** (accounting for approximately 58.0% of global primary aluminum production in 2021 1H) **and consumer** (approximately 58.7% of global primary aluminum consumption in 2021 1H)
- From the perspective of product consumption, **construction and infrastructure, durable goods and electronic power** accounted for the highest proportion of the consumption. In 2020, aluminum consumption in these three sectors accounted for 55.3% of the total consumption
- From the perspective of industry prospects, in the first half of 2021, with all aspects of the economy advancing, China's primary aluminum consumption performed well. The demand for aluminum in the real estate industry has shown a rapid growth, and the consumer durables and electronic power sectors have recovered strongly. Apart from traditional areas, under the background of the national dual-carbon goal, industries such as new energy vehicles and photovoltaics have become the sunrise industries for aluminum consumption, and there is still room for growth in aluminum demand in the short and medium term.



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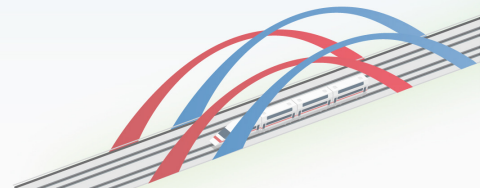
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# Business Highlights

Globalized Resources Strategy of “Multi-channels of Overseas Bauxite Resources”

Integration of Upstream and Downstream Businesses

Optimized Financial Structure

Strengthen Energy Conservation and Emission Reduction  
Increase the Proportion of Production Capacity from Clean Energy

Increase R&D Investment  
Promote the High-quality Development of the Aluminum Processing Industry

Actively Develop Lightweight Materials and Circular Economy of Recycling Aluminum







## Vertically Integrated Business Model



- Development of bauxite mining projects in Guinea, Africa
- Further development of bauxite activities in Guinea and explore other overseas sources of raw materials
- Diversified bauxite supply channels in Australia



- In addition to captive power plants, we further utilize clean energy sources such as hydropower and photovoltaic power to keep increasing the proportion of production capacity from clean energy



- During the Period, domestic and Indonesia alumina plants with annual capacity of respectively 15mn tonnes and 1mn tonnes, total annual capacity 16mn tonnes
- In 2021 1H, we expanded our alumina market activities which enjoyed strong production and sales volumes ; the revenue from alumina product is RMB 7.92bn accounting for approximately 15.1% of the total revenue



- During the Period, the capacity of the aluminum plant was approximately 6.46mn tonnes/year
- The revenue from aluminum product is RMB 38.36bn in 2021 1H



- In 2021 1H, the output of aluminum alloy fabrication was approximately 0.369mn tonnes
- Increase product added value and further enhance profit margin by increasing spending on R&D
- The revenue from aluminum fabrication product is RMB 5.78bn in 2021 1H

Upstream

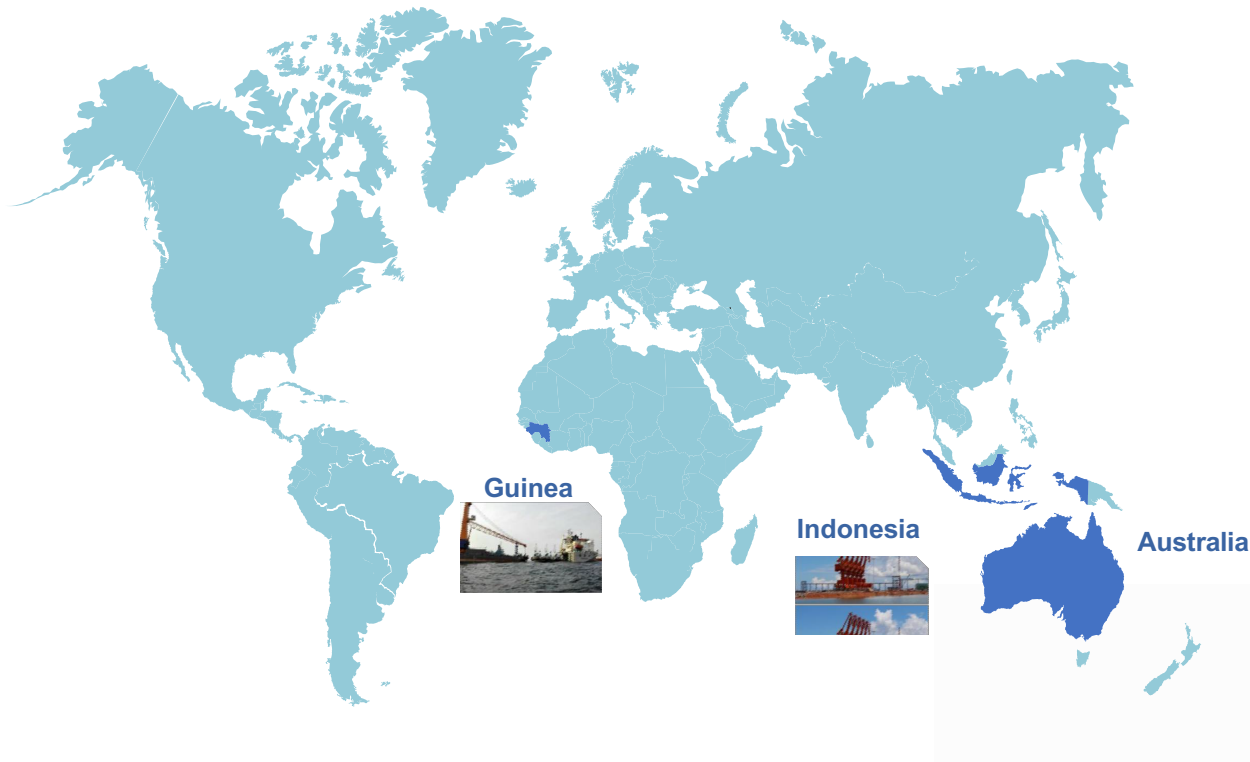
Midstream

Downstream





## Stable Feedstock From Global Suppliers



### Guinea

- In 2021 1H, China Hongqiao maintained annual bauxite capacity of approximately 50mn tonnes in Guinea project

### Indonesia

- In 2021 1H, China Hongqiao maintained 1-million-tonne alumina production capacity in Indonesia
- Steadily promote development and completion of the phase 2 of 1-million-tonne alumina project in Indonesia

### Other Countries

- China Hongqiao adopted multi-channel strategy and expanded bauxite supply from Australia, Indonesia and other regions



## Technology upgrade to improve efficiency

- Apply the world's most advanced 600KA electrolysis technology which has been further enhanced by our independent design and development
  - Received the achievements from NEUI600KA aluminum electrolytic cell technological development and scientific technology of industrialization application of Weiqiao Aluminum and Power, and awarded the first prize of China Nonferrous Metal Industry Science and Technology Award in 2016
  - China Hongqiao has been listed on the Ministry of Industry and Information Technology's energy efficiency "leader" list in 2016, 2019 and 2020 respectively, and was the only company of aluminum industry on the list
- Continuously improve the level of existing technologies to reduce energy consumption, including:
  - Adopt non-electric pump system to reduce electricity consumption in alumina production
  - Adopt start-up through intermediate pressure cylinder technology to reduce energy consumption during commissioning and production
  - Use a fully intergraded production line with a one-million-tonne annual capacity of alumina to improve equipment operating efficiency and reduce energy consumption



## Green transformation to build an environmental-friendly aluminum production chain



- Accelerated construction of the Yunnan green aluminum innovation industrial park
  - The production capacity of Yunnan Hongtai green aluminum project is 2.03mn per year. The relocation of the first 1mn tonnes has commenced and part of the production capacity was put into operation in 2020
  - Achieved hydropower green aluminum production
- Developed recycling aluminum and circular economy project
  - Joined hands with Germany's Scholz China GmbH to form a joint venture company
  - Hongqiao Hong Kong and Scholz contributed an equity capital contribution of RMB 7.5mn and RMB 2.5mn to the Joint Venture Company respectively
  - Focused on R&D and production of recycling aluminum, scrapped vehicle, white goods recycling, battery recycling and recycling technology
- Built a lightweight material R&D and manufacturing site
  - Focused on the production of all-aluminum auto sheet and automotive components
  - Cooperated with Guangzhou Hede on lightweight structural parts project
  - Cooperated with Suzhou Aojie on all-aluminum body assembly project
  - The Weiqiao lightweight pilot project is dedicated to the lightweight design of automobiles, production and research and development of components, prototype manufacturing and small-scale production





1 Jan 2021 – 30 Jun 2021



On-going



## Develop multiple financing channels with domestic and overseas markets

- Completed the placing of the convertible bonds approximately US\$300,000,000
- Completed the placing of existing shares and subscription of new shares with net proceeds of HK\$2,324,000,000
- Successfully issued US\$500,000,000 senior unsecured notes, with 6.9 times oversubscription
- Continued to develop multiple financing channels with domestic and overseas banks

## Continuously optimized financial structure

- Shandong Hongqiao, a wholly-owned subsidiary of the Company, successfully completed the issuance of corporate bonds with a principal amount of RMB1,000,000,000, heavily oversubscribed by domestic and foreign investors
- Utilized various debt financing instruments to maintain the continuity and flexibility of financing
- Interest-bearing debt decreased by approximately RMB 12.3bn from the same period last year to approximately RMB 68.55bn

## Continuous support from banks

- Strive to establish continuous and deep cooperation with various domestic and international banks



- Further deepen cooperation with existing banks in the future

**Gearing ratio decreased from approximately 57.7% at the end of 2020 to approximately 53.7% as of 30 June 2021**





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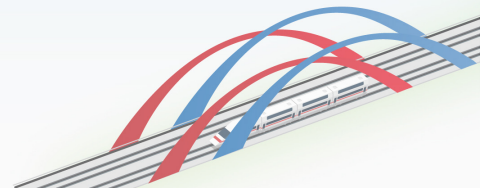
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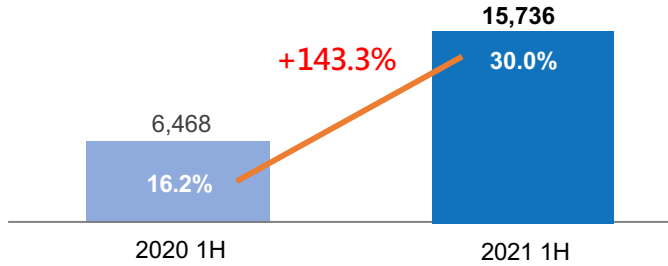
## Financial Summary

(RMB million)	2021 1H	2020 1H	Variance
Revenue	52,481	39,939	+ 31.4%
Gross profit	15,736	6,468	+ 143.3%
Gross profit margin	30.0%	16.2%	+ 13.8pp
Profit	8,424	2,804	+ 200.4%
Net profit attributable to owners	8,143	2,832	+ 187.5%
Basic earnings per share	RMB 0.903	RMB 0.330	+ 173.6%
Net profit margin	16.1%	7.0%	+ 9.1pp
Interim dividend / per share	HK45 cents	HK15 cents	+ 200.0%



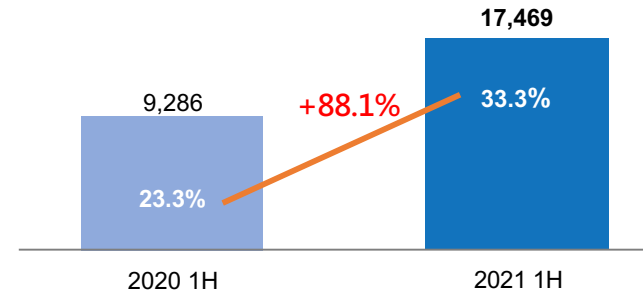
## Gross profit (RMB million)

■ Gross profit    — Gross profit margin



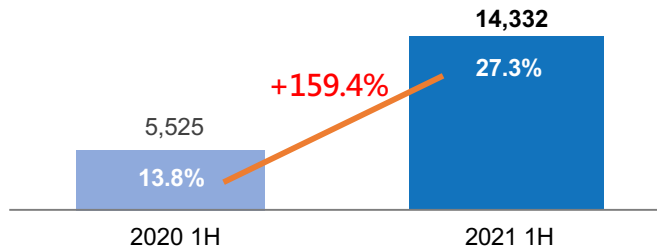
## EBITDA (RMB million)

■ EBITDA    — EBITDA margin



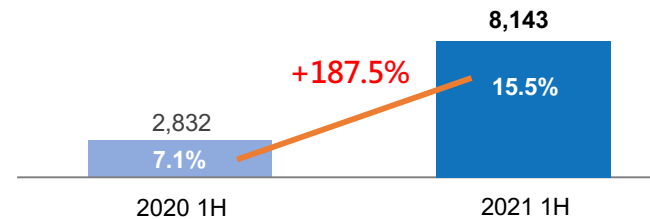
## EBIT (RMB million)

■ EBIT    — EBIT margin



## Net profit attributable to owners (RMB million)

■ Net profit attributable to our owners  
— Net profit margin to our owners





 **Liquidity and Financial Position**

	30 June 2021	31 Dec 2020	Variance
Total asset (RMB mn)	188,070	181,531	+ 3.6%
Total liabilities (RMB mn)	101,040	104,729	- 3.5%
Cash and cash equivalents (RMB mn)	49,765	45,465	+ 9.5%
Gearing ratio*	53.7%	57.7%	- 4pp

\*Gearing ratio= total liabilities / total assets



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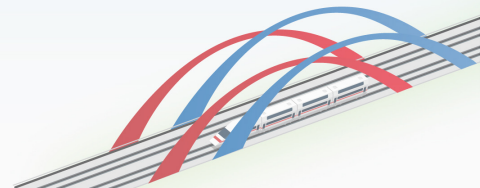
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# Future Development Strategies

## Integration of Aluminum & Electricity

- Further strengthen the cost advantages

1

2

Steer the sustainable development of the aluminum industry



3

## Optimization in Capital and Financial Structure

- Dedicated to maximizing shareholder interest

5

## Improvement in Technology Upgrade and Environmental Protection R&D

- Strive to invest in R&D and continue progress towards zero carbon emissions

6

## Increase the Use of Clean Energies

- Diversify the Energy Structure

## Integration of Upstream & Downstream Businesses

- Further promote the Integration of Upstream & Downstream Businesses and the Development of Surrounding Aluminum Processing Industry

## Globalization

- Secure a Stable Supply of Upstream Raw Materials through Globalization

With the completion of industrial layout, China Hongqiao will continue to enhance the cost advantages and the economies of scale, and maintain its leading position in the global aluminum industry





**Thank You!**

