

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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

(Incorporated under the laws of Cayman Islands with limited liability)
(Stock Code: 1378)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

RESULTS HIGHLIGHTS

- Revenue increased by approximately 32.9% to approximately RMB114,490,941,000 as compared with the previous year
- Gross profit increased by approximately 57.3% to approximately RMB30,453,096,000 as compared with the previous year
- Profit for the year increased by approximately 61.3% to approximately RMB16,848,799,000 as compared with the previous year
- Net profit attributable to owners of the Company increased by approximately 53.1% to approximately RMB16,073,342,000 as compared with the previous year
- Basic earnings per share increased by approximately 45.1% as compared with the previous year and were approximately RMB1.7720 per share
- Proposed final dividend of HK60 cents per share. Together with the paid 2021 interim dividend of HK45 cents per share, the total 2021 dividend is HK105 cents per share, representing an increase of approximately 61.5% as compared with the 2020 dividend of HK65 cents per share
- Gearing ratio (total liabilities to total assets) decreased by approximately 6.8 percentage points from last year to approximately 50.9%

The board (“**Board**”) of directors (the “**Directors**”) of China Hongqiao Group Limited (the “**Company**” or “**China Hongqiao**”) is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively as the “**Group**”) for the year ended 31 December 2021 (the “**Year**” or the “**Year under Review**”).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	<i>Notes</i>	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Revenue	3	114,490,941	86,144,641
Cost of sales		(84,037,845)	(66,789,453)
Gross profit		30,453,096	19,355,188
Other income and gains	5	3,706,677	2,700,719
Selling and distribution expenses		(525,709)	(399,894)
Administrative expenses		(5,708,346)	(4,052,174)
Other expenses	6	(1,690,523)	(616,586)
Finance costs		(3,625,974)	(4,506,236)
Changes in fair values of financial instruments		(116,806)	(291,255)
Share of profits of associates		61,519	514,588
Profit before taxation		22,553,934	12,704,350
Income tax expenses	7	(5,705,135)	(2,259,599)
Profit for the year		<u>16,848,799</u>	<u>10,444,751</u>
Attributable to:			
Owners of the Company		16,073,342	10,495,936
Non-controlling interests		<u>775,457</u>	<u>(51,185)</u>
		<u>16,848,799</u>	<u>10,444,751</u>

	<i>Note</i>	2021 RMB'000	2020 RMB'000
Other comprehensive expense for the year			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of financial statements of foreign operations		(65,426)	(253,876)
Share of other comprehensive expense of associates		(32,069)	(108,703)
		<u>(97,495)</u>	<u>(362,579)</u>
<i>Items 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 expense		<u>(108,960)</u>	<u>(57,297)</u>
Total comprehensive income for the year, net of income tax		<u>16,642,344</u>	<u>10,024,875</u>
Total comprehensive income (expense) for the year attributable to			
Owners of the Company		15,896,066	10,175,062
Non-controlling interests		746,278	(150,187)
		<u>16,642,344</u>	<u>10,024,875</u>
Earnings per share	<i>9</i>		
– Basic (RMB)		<u>1.7720</u>	<u>1.2210</u>
– Diluted (RMB)		<u>1.7119</u>	<u>1.2210</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION*AS AT 31 DECEMBER 2021*

	<i>Note</i>	2021 RMB'000	2020 <i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		63,441,945	64,750,361
Right-of-use assets		5,718,365	5,646,551
Intangible assets		32,595	27,429
Investment properties		3,808	4,053
Deposits paid for acquisition of property, plant and equipment		636,493	571,608
Deferred tax assets		2,616,950	2,886,026
Interests in associates		6,064,998	6,681,222
Loan to an associate		2,000,000	–
Goodwill		278,224	278,224
Financial asset at amortised cost		2,499,000	2,499,000
Financial assets at fair value through other comprehensive income		1,058,906	633,652
Prepayment		541,210	119,260
		84,892,494	84,097,386
CURRENT ASSETS			
Inventories		22,705,105	19,717,811
Trade receivables	<i>10</i>	7,284,753	10,335,568
Bills receivables		11,918,515	9,157,692
Prepayments and other receivables		10,768,496	9,126,270
Loan to an associate		–	2,000,000
Other financial asset		99	–
Income tax recoverable		304	88,814
Restricted bank deposits		1,623,874	1,542,098
Cash and cash equivalents		49,227,282	45,465,361
		103,528,428	97,433,614

	<i>Notes</i>	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
CURRENT LIABILITIES			
Trade and bills payables	<i>11</i>	18,735,216	13,377,069
Other payables and accruals		11,479,959	12,105,674
Bank borrowings – due within one year		21,010,873	22,777,400
Other financial liabilities		4,497	4,942
Lease liabilities		10,372	25,080
Liability component of convertible bonds – due within one year		1,358,611	–
Derivatives component of convertible bonds – due within one year		713,086	–
Income tax payable		2,719,910	2,268,635
Short-term debentures and notes		1,500,000	–
Medium-term debentures and bonds – due within one year		3,598,649	22,774,698
Guaranteed notes – due within one year		1,908,945	–
Deferred income		26,514	17,855
		<u>63,066,632</u>	<u>73,351,353</u>
NET CURRENT ASSETS		<u>40,461,796</u>	<u>24,082,261</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>125,354,290</u>	<u>108,179,647</u>
NON-CURRENT LIABILITIES			
Bank borrowings – due after one year		15,370,878	11,483,498
Lease liabilities		51,359	58,609
Liability component of convertible bonds – due after one year		1,633,747	1,215,939
Derivatives component of convertible bonds – due after one year		241,270	550,111
Deferred tax liabilities		813,998	900,344
Medium-term debentures and bonds – due after one year		9,544,944	13,345,378
Guaranteed notes – due after one year		4,423,886	3,242,270
Deferred income		835,379	581,828
		<u>32,915,461</u>	<u>31,377,977</u>
NET ASSETS		<u>92,438,829</u>	<u>76,801,670</u>
CAPITAL AND RESERVES			
Share capital	<i>12</i>	595,139	579,318
Reserves		<u>80,712,656</u>	<u>70,616,819</u>
Equity attributable to owners of the Company		81,307,795	71,196,137
Non-controlling interests		<u>11,131,034</u>	<u>5,605,533</u>
TOTAL EQUITY		<u>92,438,829</u>	<u>76,801,670</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1. CORPORATE INFORMATION

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

The Company acts as an investment holding company, the principal activities of its subsidiaries (together with the Company, referred to as the “**Group**”) are set out in the annual report.

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

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

In the current year, the Group has applied, for the first time, the following amendments to IFRSs issued by the International Accounting Standards Board (the “**IASB**”) which are effective for the Group’s financial year beginning on 1 January 2021.

Amendments to IFRS 16	Covid-19-Related rent Concessions
Amendments to IFRS 9, International Accounting Standards (“ IAS ”) 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee (the “**Committee**”) of the IASB issued in June 2021 which clarified the costs an entity should include as “estimated costs necessary to make the sale” when determining the net realisable value of inventories.

Except as described below, the application of the amendments to IFRSs in the current year has had no material effect on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

Impacts on application of Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2

The Group has applied the amendments for the first time in the current year. The amendments relate to changes in the basis for determining the contractual cash flows of financial assets, financial liabilities and lease liabilities as a result of interest rate benchmark reform, specific hedge accounting requirements and the related disclosure requirements applying IFRS 7 *Financial Instruments: Disclosures*.

As at 1 January 2021, the Group has several financial liabilities and derivatives, the interests of which are indexed to benchmark rates that will or may be subject to interest rate benchmark reform. The following table shows the total amounts of these outstanding contracts. The amounts of financial liabilities are shown at their carrying amounts and derivatives are shown at their notional amounts.

Financial liabilities	
– Bank borrowings	4,785,619
	<u><u> </u></u>
Derivatives	
– Interest rate swaps contracts	900,907
	<u><u> </u></u>

The amendments have had no impact on the consolidated financial statements as none of the relevant contracts has been transitioned to the relevant replacement rates during the year. The Group will apply the practical expedient in relation to the changes in contractual cash flows resulting from the interest rate benchmark reform for bank borrowings measured at amortised cost. Additional disclosures as required by IFRS 7 are set out in the annual report.

Impacts on application of the agenda decision of the Committee – Cost necessary to sell inventories (IAS 2 Inventories)

In June 2021, the Committee, through its agenda decision, clarified the costs an entity should include as “estimated costs necessary to make the sale” when determining the net realisable value of inventories. In particular, whether such costs should be limited to those that are incremental to the sale. The Committee concluded that the estimated costs necessary to make the sale should not be limited to those that are incremental but should also include costs that an entity must incur to sell its inventories including those that are not incremental to a particular sale.

The Group’s accounting policy prior to the Committee’s agenda decision was to determine the net realisable value of inventories taking into consideration incremental costs and other cost necessary to sell inventories.

The application of the Committee’s agenda decision has had no material impact on the Group’s financial positions and performance.

New and amendments to IFRSs issued but not yet effective

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

IFRS 17	Insurance Contracts and related Amendments ³
Amendments to IFRS 3	Reference to Conceptual Framework ²
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to IAS 1	Classification of Liabilities as Current or Non-current ³
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies ³
Amendments to IAS 8	Definition of Accounting Estimates ³
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ³
Amendments to IAS 16	Property, plant and equipment: Proceeds before Intended Use ²
Amendments to IAS 37	Onerous Contracts-Cost of Fulfilling a Contract ²
Amendments to IFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021 ¹
Amendments to IFRS 17	Comparative Information ³
Amendment to IFRSs	Annual improvement to IFRSs 2018-2020 cycle ²

¹ Effective for annual periods beginning on or after 1 April 2021.

² Effective for annual periods beginning on or after 1 January 2022.

³ Effective for annual periods beginning on or after 1 January 2023.

⁴ Effective for annual periods beginning on or after a date to be determined.

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

Amendments to IFRS 3, Reference to the Conceptual Framework

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

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

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

The amendments provide guidance on addressing the acknowledged inconsistency between the requirements in IFRS 10 *Consolidated Financial Statements* and those in IAS 28 *Investments in Associates and Joint Ventures* in dealing with the sale or contribution of assets between an investor and its joint venture and associate. An investing entity is required to recognise the gain or loss arising from selling or contributing assets that constitutes or contains a business to a joint venture or associate in full. An investing entity is required to recognise the gain or loss arising from selling or contributing assets that does not constitute or contain a business to a joint venture or associate only to the extent of the unrelated investors' interests in that joint venture or associate.

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

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

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

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of "settlement" to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

Based on the Group's outstanding liabilities as at 31 December 2021, the application of the amendments will not result in change in the classification of the Group's liabilities.

Amendments to IAS 16, Property, Plant and Equipment – Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2.

The amendments also clarify the meaning of "testing whether an asset is functioning properly". IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes. If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Amendments to IAS 37, Onerous Contracts – Cost of Fulfilling a Contract

The amendments specify that the “cost of fulfilling” a contract comprises the “costs that relate directly to the contract”. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

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

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

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

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

Amendments to IAS 8 Definition of Accounting Estimates

The amendments to IAS 8 introduce the definition of ‘accounting estimates’. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

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

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

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

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

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group currently applies IAS 12 requirements to the relevant assets and liabilities as a whole. Temporary differences relating to relevant assets and liabilities are assessed on a net basis.

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

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with early application permitted. The application of the amendments is not expected to have significant impact on the Group’s consolidated financial statements as the net temporary differences relating to relevant assets and liabilities are insignificant.

3. REVENUE

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

	2021	2020
	<i>RMB’000</i>	<i>RMB’000</i>
Revenue from sales of aluminum products		
– molten aluminum alloy	79,471,503	59,363,115
– aluminum alloy ingots	4,841,490	3,894,084
– aluminum fabrication	12,523,879	8,781,080
– alumina	16,966,928	13,486,945
Steam supply income	687,141	619,417
	<u>114,490,941</u>	<u>86,144,641</u>

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

	2021	2020
	RMB'000	RMB'000
<i>Geographical region</i>		
The PRC	109,884,370	82,342,173
India	1,045,921	839,287
Europe	924,082	715,969
Malaysia	319,672	650,694
Southeast Asia	646,816	614,070
North America	1,218,545	557,596
Others	451,535	424,852
	<u>114,490,941</u>	<u>86,144,641</u>
<i>Type of customers</i>		
Government related	231	2,481
Non-government related	114,490,710	86,142,160
	<u>114,490,941</u>	<u>86,144,641</u>
<i>Sales channels</i>		
Direct sales	<u>114,490,941</u>	<u>86,144,641</u>

4. SEGMENT INFORMATION

For management purposes, the Group operates in one business unit based on its products, and has only one reportable segment which is manufacture and sales of aluminum products. The Group conducts its principal operation in Mainland China (including Hong Kong) and Indonesia. Management monitors the operating results of its business unit for the purpose of making decisions about resources allocation and performance assessment.

Geographic information

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

	Non-current assets	
	2021	2020
	RMB'000	RMB'000
PRC	69,453,237	70,745,770
Indonesia	6,563,074	6,615,199
	<u>76,016,311</u>	<u>77,360,969</u>

Note: Non-current assets excluded financial instruments, loan to an associate and deferred tax assets.

Information about major customers

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Customer A	<u>43,828,329</u>	<u>33,645,435</u>

5. OTHER INCOME AND GAINS

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Bank interest income	234,049	166,393
Other interest income	199,158	214,838
Investment income	182,997	105,802
Interest income from an associate	114,780	133,569
Gain from sales of raw materials and scraps materials	1,136,123	696,089
Gain from sales of slag of carbon anode blocks	973,663	654,964
Gain on partial disposal of a subsidiary	–	1,406
Reversal of write-down of inventories	39,108	88,975
Reversal of impairment of other receivables	31,059	–
Reversal of impairment of property, plant and equipment	171,717	–
Amortisation of deferred income	40,590	107,050
Foreign exchange gain, net	393,892	320,832
Rental income for investment properties under operating lease that lease payments are fixed	7,536	–
Other tax refunded	–	63,849
Gain on early termination of lease	784	–
Gain on acquisition from associate to subsidiary	46,373	–
Others	134,848	146,952
	<u>3,706,677</u>	<u>2,700,719</u>

6. OTHER EXPENSES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Impairment loss recognised in respect of property, plant and equipment	1,483,143	162,283
Impairment loss recognised in respect of right-of-use assets	77,469	–
Impairment loss recognised in respect of goodwill	–	330,594
Impairment loss recognised in respect of other receivables	–	17,297
Impairment loss recognised in respect of trade receivables	756	185
Write-down of inventories	129,155	106,227
	<u>1,690,523</u>	<u>616,586</u>

7. INCOME TAX EXPENSES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Current tax:		
– PRC Enterprise Income Tax (“EIT”)	5,405,966	2,842,822
– Indonesia Corporate Income Tax	137,070	39,550
Over provision in prior year		
– Hong Kong Profits Tax	<u>(20,631)</u>	<u>–</u>
	5,522,405	2,882,372
Deferred taxation	<u>182,730</u>	<u>(622,773)</u>
Total income tax expenses for the year	<u><u>5,705,135</u></u>	<u><u>2,259,599</u></u>

8. DIVIDENDS

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Dividends recognised as distribution during the year	<u><u>7,184,483</u></u>	<u><u>3,760,997</u></u>

Subsequent to the end of the reporting period, a final dividend of HK60 cents per share in respect of the year ended 31 December 2021 has been proposed by the Directors and is subject to approval by the shareholders in the forthcoming general meeting.

During the current year, a final dividend of HK50 cents per share in respect of the year ended 31 December 2020 and an interim dividend of HK45 cents per share in respect of the six months ended 30 June 2021 had been approved and paid.

During the year ended 31 December 2020, a final dividend of HK34 cents per share in respect of the year ended 31 December 2019 and an interim dividend of HK15 cents per share in respect of the six months ended 30 June 2020 had been approved and paid.

9. EARNINGS PER SHARE

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Earnings		
Earnings for the purpose of basic earnings per share	16,073,342	10,495,936
Effect of dilutive potential ordinary shares:		
Interest expense on liability component of convertible bonds	394,141	–
Changes in fair values of derivatives component of convertible bonds	117,350	–
Exchange gain on translation of convertible bonds	(55,277)	–
Earnings for the purpose of diluted earnings per share	<u>16,529,556</u>	<u>10,495,936</u>

	2021 <i>'000</i>	2020 <i>'000</i>
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	9,070,755	8,596,057
Effect of dilutive potential ordinary shares:		
Convertible bonds	<u>585,087</u>	<u>–</u>
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<u>9,655,842</u>	<u>8,596,057</u>

The computation of diluted earnings per share for the year ended 31 December 2020 did not assume the conversion of the Company's outstanding convertible bonds since their exercise would result in an increase in earnings per share.

10. TRADE RECEIVABLES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Trade receivables	7,292,695	10,342,754
Less: allowance for impairment losses	<u>(7,942)</u>	<u>(7,186)</u>
	<u>7,284,753</u>	<u>10,335,568</u>

As at 1 January 2020, the trade receivables from contracts with customers amounted to RMB10,318,327,000.

At as 31 December 2021, the gross amount of trade receivable arising from contracts with customers amounted to approximately RMB7,292,695,000 (2020: RMB10,342,754,000).

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Within 3 months	5,667,769	8,691,846
3 to 12 months	1,613,686	1,642,343
12 to 24 months	3,298	1,379
	<u>7,284,753</u>	<u>10,335,568</u>

11. TRADE AND BILLS PAYABLES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Trade payables to third parties	15,347,505	10,997,877
Trade payables to an associate	866,452	251,263
Trade payables to related parties	65,449	41,754
	<u>16,279,406</u>	<u>11,290,894</u>
Bills payables	2,455,810	2,086,175
	<u>18,735,216</u>	<u>13,377,069</u>

The following is an ageing analysis of accounts payable presented based on the invoice date at the end of the reporting period.

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Within 6 months	15,981,498	10,773,004
6 to 12 months	159,869	53,043
1 to 2 years	82,229	430,815
More than 2 years	55,810	34,032
	<u>16,279,406</u>	<u>11,290,894</u>

12. SHARE CAPITAL

	Number of shares		Share Capital	
	2021	2020	2021 US\$	2020 US\$
Authorised:				
Ordinary shares of US\$0.01 each	<u>20,000,000,000</u>	<u>10,000,000,000</u>	<u>200,000,000</u>	<u>100,000,000</u>
	2021	2020	2021 US\$	2020 US\$
Issued and fully paid:				
Ordinary shares of US\$0.01 each	<u>9,121,352,349</u>	<u>8,878,352,349</u>	<u>91,213,523</u>	<u>88,783,523</u>

	Number of shares	Share Capital RMB'000
Issued and fully paid:		
At 1 January 2020	8,570,852,349	559,090
Issue of shares upon share subscription (<i>note i</i>)	<u>307,500,000</u>	<u>20,228</u>
At 31 December 2020 and 1 January 2021	8,878,352,349	579,318
Issue of shares upon share subscription (<i>note ii</i>)	<u>243,000,000</u>	<u>15,821</u>
At 31 December 2021	<u>9,121,352,349</u>	<u>595,139</u>

Notes:

- (i) On 2 December 2020, 307,500,000 ordinary shares of US\$0.01 each were issued and allotted at a price of HK\$6.3 per share, raising a total proceeds of approximately RMB1,644,087,000, net of share issue expenses of approximately RMB26,433,000.
- (ii) On 18 March 2021, 243,000,000 ordinary shares of US\$0.01 each were issued and allotted at a price of HK\$9.72 per share, raising a total proceeds of approximately RMB1,971,811,000, net of share issue expenses of approximately RMB31,701,000.

The Company does not have any share option scheme.

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

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Year (2020: nil).

13. PARTIAL DISPOSAL OF A SUBSIDIARY RESULTING IN LOSS OF CONTROL

In November 2020, upon additional capital contribution being made by a non-controlling shareholder of Shandong Weiqiao Haiyi Environmental Protection Technology Co., Ltd.* 山東魏橋海逸環保科技有限公司 (“**Weiqiao Haiyi**”), the registered capital of Weiqiao Haiyi was increased from RMB10,000,000 to RMB20,000,000 and the Group’s equity interest in Weiqiao Haiyi was diluted from 60% to 30%. The transaction was accounted for as partial disposal of a subsidiary resulting in loss of control. The retained interest in Weiqiao Haiyi was accounted for as an associate as the Group can exercise significant influence over Weiqiao Haiyi. The partial disposal was completed on 3 December 2020. The fair value of the 30% retained interests in Weiqiao Haiyi, at the date on which control was lost was regarded as the cost in initial recognition of the Group’s interests in associates. The net assets of Weiqiao Haiyi at the date of disposal were as follows:

	<i>RMB’000</i>
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	11,076
Right-of-use assets	10,392
Prepayments, deposits and other receivables	2,069
Cash and cash equivalents	261
Trade payables	(187)
Other payables	<u>(19,954)</u>
Net assets disposed of	<u><u>3,657</u></u>
	<i>RMB’000</i>
Gain on partial disposal of a subsidiary:	
Fair values of 30% retained equity interest held by the Group-classified as interests in associates	6,000
Net assets disposed of	(3,657)
Non-controlling interests	<u>(937)</u>
Gain on partial disposal of a subsidiary	<u><u>1,406</u></u>
Net cash outflow arising on disposal:	
Cash and cash equivalents disposed of	<u><u>(261)</u></u>

* *The English translation is for reference only.*

14. CHANGES IN OWNERSHIP INTEREST IN SUBSIDIARIES

During the year ended 31 December 2021, the Group had the following changes in its ownership interest in subsidiaries that do not result in a loss of control.

Disposal of interest in subsidiaries without loss of control

- a) During the year ended 31 December 2021, upon additional capital contribution of RMB3,800,000,000 being made by certain independent investors to Shandong Hongqiao New Material Co., Ltd. (“**Shandong Hongqiao**”), the Group’s equity interest in Shandong Hongqiao was diluted from 100% to 94.52%. The transaction was accounted for as partial disposal of a subsidiary without loss of control. This resulted in an increase in non-controlling interests of approximately RMB4,341,130,000 and a decrease in equity attributable to owners of the parent of approximately RMB541,130,000. A schedule of the effect of disposal of interest in a subsidiary without loss of control is as follow:

	<i>RMB’000</i>
Carrying amount of the interest disposed of	(4,341,130)
Consideration received from non-controlling interests	<u>3,800,000</u>
Difference recognised in capital reserve within equity	<u><u>(541,130)</u></u>

- b) During the year ended 31 December 2021, the Group disposed of 5% interest out of 100% interest in Shandong Honghe Lightweight Technology Co., Ltd* 山東宏和輕量化科技有限公司 (“**Honghe Lightweight**”), at a consideration of RMB2,500,000. This resulted in an increase in non-controlling interests of approximately RMB2,500,000. A schedule of the effect of disposal of interest in a subsidiary without loss of control is as follow:

	<i>RMB’000</i>
Carrying amount of the interest disposed of	(2,500)
Consideration received from non-controlling interests	<u>2,500</u>
Difference recognised in capital reserve within equity	<u><u>–</u></u>

* *The English translation is for reference only.*

15. EVENT AFTER THE REPORTING PERIOD

In February 2022, US\$98,400,000 of 2017 convertible bonds of the Company was converted into 132,919,875 ordinary shares of US\$0.01 each at a conversion price of HK\$5.79 per share. Further details are set out in the Monthly Return of the Company dated 1 March 2022.

CHAIRMAN'S STATEMENT

It is my pleasure to present on behalf of the Board of China Hongqiao the audited consolidated annual results of the Group for the year ended 31 December 2021.

In 2021, with the global large-scale vaccination against the COVID-19 virus and increased fiscal stimulus policies by countries around the world, the global economic upturn trend became more evident. However, there are still many challenges to achieve a sustainable recovery. During the Year, China's economy maintained a good development momentum, with the national economy continuing to recover and economic performance was operating in a stable manner as a whole. According to the statistics published by the National Bureau of Statistics of China, in 2021, the national Gross Domestic Product (GDP) in China was approximately RMB114.4 trillion, representing year-on-year growth of approximately 8.1%. China achieved one of the highest economic growth rates among the world's major economies.

During the Year under Review, as the global economy continued to recover, the new energy vehicles, infrastructure, residential consumption and electronic power sectors grew steadily, further boosting the consumption of aluminum products. On the supply side, the factors such as dual control on energy consumption, tight power supply and capacity ceilings in China led to a shortage of aluminum products. The production side was affected by the increase in the prices of various production factors such as coal, which increased production costs, resulting in rising sales prices for aluminum products which remained at a high level. In addition, the urgent demand for lightweight in various industries has led to an increase in the scale of scientific research and investment. The range of aluminum applications is correspondingly expanding, and the aluminum industry chain is also continuously extending. Aluminum applications have maintained a good development momentum, which is beneficial to the medium and long-term development of the aluminum industry.

During the Year under Review, the Group's revenue was approximately RMB114,490,941,000, representing an increase of approximately 32.9% year-on-year; gross profit was approximately RMB30,453,096,000, representing an increase of approximately 57.3% year-on-year; net profit attributable to shareholders of the Company was approximately RMB16,073,342,000, representing an increase of approximately 53.1% year-on-year; and basic earnings per share was approximately RMB1.7720 (the same period in 2020: approximately RMB1.2210). The Board recommends the payment of a final dividend of HK60 cents per share for the year 2021 (the same period in 2020: HK50 cents).

The year 2021 was not only the start of China's "14th Five-Year" plan, but also a year in which the Group accelerated the transformation of old and new dynamics and achieved a comprehensive quality development. During the Year, under the complex and volatile domestic and international market situation, sticking to its original aspiration and keeping in mind its mission, the Group maintained its steady and high-quality development momentum by leveraging its solid core competitiveness and adopting effective business strategies, demonstrating to the community its all-round achievements in innovation, technology, green transformation and corporate responsibility.

During the Year, in respect of domestic business, the construction of the Group's lightweight base, built with the strategy of "Three New and One High" materials, have been completed and put into production. The construction of the Sino-German Hongshun Circular Technology Industrial Park project was accelerated to complete the installation of the first aluminum recycling production line by the end of 2021. Meanwhile, according to the changes of national and local policies and the situation of power supply, the Group promoted the construction of Yunnan Green Aluminum Innovation Park in a steady and orderly manner. In respect of overseas business, the bauxite project in Guinea continued to progress and the second phase of the alumina project in Indonesia have been put into production by the end of 2021.

The Group continued to accelerate the layout of scientific and technological innovation as well as increase investment in scientific research, making efforts towards green development and high-quality development. During the Year, the Group focused on the development of lightweight materials and recycled aluminum in a circular economy, and joined hands with a number of domestic and foreign partners to actively extend downstream of the aluminum production chain. At the same time, the Group also increased its investment in technological innovation and liaised with national research institutes to further enhance the technological content of aluminum products. In addition, during the Year, the Group received a number of industry and international recognition awards based on its core competitiveness. Shandong Weiqiao Aluminum & Power Co., Ltd. 山東魏橋鋁電有限公司 ("**Weiqiao Aluminum**"), a subsidiary of the Company, successfully passed the National Standards Committee's acceptance of its "Demonstration Creation of Energy Saving in Electrolytic Aluminum Production" project. Shandong Hongqiao New Material Co., Ltd. 山東宏橋新型材料有限公司 ("**Shandong Hongqiao**"), a subsidiary of the Company, was awarded the first batch of provincial-level green factories and was included in the list of national-level green factories. The Indonesian alumina project also won the "ASEAN Coal Award 2021 for Industry Application of Clean Coal Technology in the Medium Industrial Category" from the ASEAN Centre for Energy.

In terms of optimising the financial structure, on the one hand, the Group further reduced its interest-bearing liabilities and lowered its gearing ratio, with the gearing ratio decreasing to approximately 50.9% from approximately 57.7% in the same period last year; on the other hand, the Group consolidated its capital security through measures such as a combination of equity and debt, domestic and overseas financing and maturity mismatching of bonds. During the Year under Review, the Company successfully raised HK\$2,324,000,000 by top-up placement, issued three-year US\$500,000,000 senior unsecured notes with an interest rate of 6.25% per annum and five-year US\$300,000,000 convertible bonds with an interest rate of 5.25% per annum. At the same time, Shandong Hongqiao successfully completed the issuance of RMB2,000,000,000 corporate bonds and RMB1,500,000,000 short-term financing bonds during the Year. The aforementioned financing tasks were oversubscribed by both domestic and overseas investors, fully demonstrating the positive recognition of the Group in the capital market.

Looking ahead, the Group believes that the positive trend of China's economy will further boost the demand for aluminum in industries including the infrastructure industry and high-end manufacturing industry. In particular, consumption of aluminum products and application areas will gradually increase driven by the wave of lightweight and new energy, which will drive steady and sustainable growth for the aluminum industry in China. Therefore, the Group remains fully confident in the future development of the aluminum industry. However, due to the global epidemic, geopolitical uncertainties and volatility of the capital markets, there are still many unknowns in overseas primary aluminum supply and demand, which in turn has an impact on the trend of aluminum prices both domestically and internationally. Thus the aluminum industry will continue to face both opportunities and challenges.

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 2021, and to our shareholders, investors and business partners for their support and trust.

Zhang Bo

Chairman of the Board

18 March 2022

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

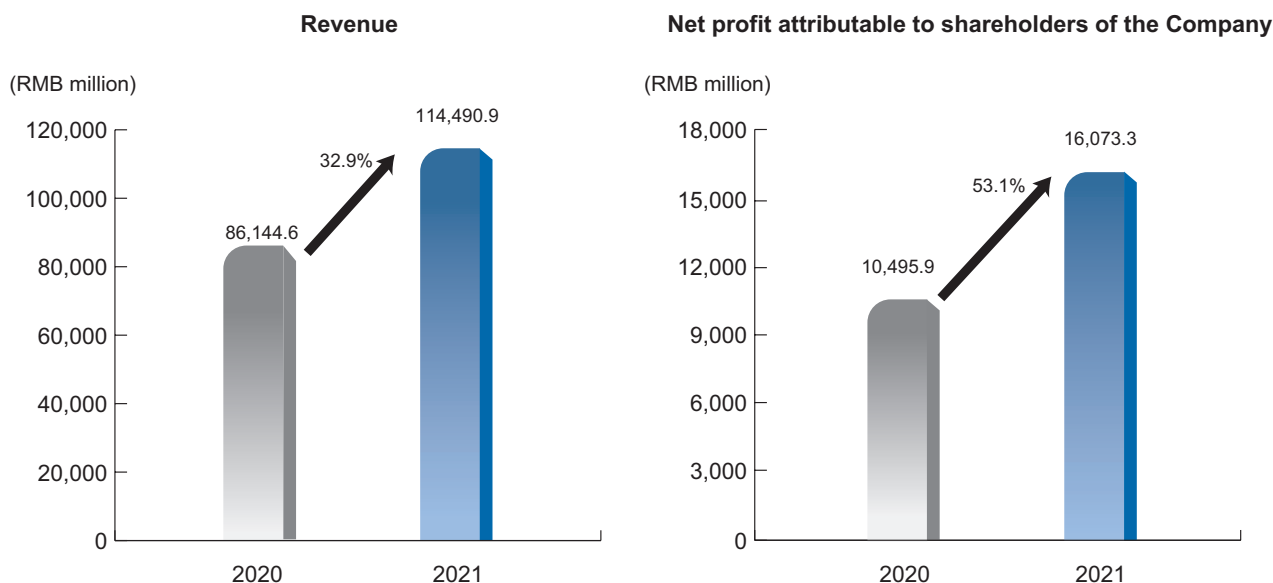
During the Year, the sales prices of aluminum products continued to rise and remained at a high level, and the overall aluminum industry also maintained a high level of prosperity. During the Year, the average price of three-month aluminum futures at the London Metal Exchange (LME) was approximately US\$2,486/tonne, representing an increase of approximately 43.6% compared with the same period last year. The average price of three-month aluminum futures at the Shanghai Futures Exchange (SHFE) was approximately RMB18,898/tonne (including value-added tax), representing an increase of approximately 37.3% compared with the same period last year. (Data source: Beijing Antaike Information Co., Ltd. (“Antaike”).

According to statistics from Antaike, the global production volume of primary aluminum in 2021 was approximately 67.60 million tonnes, representing a year-on-year increase of approximately 3.5%. Global consumption of primary aluminum in 2021 was approximately 68.65 million tonnes, representing a year-on-year increase of approximately 8.2%. For the China market, the production volume of primary aluminum during 2021 was approximately 38.90 million tonnes, representing a year-on-year increase of approximately 4.3% and accounting for approximately 57.5% of global production volume. Consumption of primary aluminum in China during 2021 was approximately 40.55 million tonnes, representing a year-on-year increase of approximately 5.7% and accounting for approximately 59.1% of global primary aluminum consumption. (Source: Antaike)

BUSINESS REVIEW

During the Year under Review, the Group’s total output of aluminum alloy products and aluminum fabrication products were approximately 5.633 million tonnes and approximately 0.672 million tonnes respectively, slightly increased as compared to the same period last year.

The Group’s comparative figures of revenue and net profit attributable to shareholders of the Company for the year ended 31 December 2021 and 2020 are as follows:



For the year ended 31 December 2021, the Group's revenue was approximately RMB114,490,941,000, representing a year-on-year increase of approximately 32.9%, mainly due to the significant increase in the sales price of aluminum alloy products of the Group during the Year compared with the same period last year, and the increase in both sales volume and sales price of alumina products resulting in a corresponding increase in revenue from alumina products.

During the Year, the Group's sales volume of aluminum alloy products was approximately 5.052 million tonnes, maintained at similar level as the same period last year. The average sales price of aluminum alloy products increased by approximately 33.5% to RMB16,689/tonne (excluding value-added tax) compared with the same period last year. The Group's sales volume of aluminum fabrication products was approximately 0.657 million tonnes, representing an increase of approximately 9.2% compared with the same period last year. The Group's sales volume of alumina products was approximately 7.163 million tonnes, representing a year-on-year increase of approximately 6.4%.

For the year ended 31 December 2021, net profit attributable to shareholders of the Company amounted to approximately RMB16,073,342,000, representing a year-on-year increase of approximately 53.1%, mainly attributable to the result of the relatively stable supply of domestic primary aluminum production and the continued recovery of the global economy, thus leading to an overall increase in demand for domestic and overseas aluminum products and an increase in sales prices compared to the same period last year.

FINANCIAL REVIEW

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

The table below is a comparison of the breakdown of revenue, gross profit, gross profit margin and percentage of revenue by product for the years ended 31 December 2021 and 2020, respectively.

Products	For the year ended 31 December							
	2021				2020			
	Revenue	Gross profit	Gross profit margin	Percentage of revenue	Revenue	Gross profit	Gross profit margin	Percentage of revenue
	RMB'000	RMB'000	%	%	RMB'000	RMB'000	%	%
Aluminum alloy products	84,312,993	23,512,424	27.9	73.7	63,257,199	15,185,974	24.0	73.4
Alumina	16,966,928	3,985,544	23.5	14.8	13,486,945	2,209,688	16.4	15.7
Aluminum fabrication	12,523,879	3,220,675	25.7	10.9	8,781,080	1,934,799	22.0	10.2
Steam	687,141	(265,547)	(38.6)	0.6	619,417	24,727	4.0	0.7
Total	<u>114,490,941</u>	<u>30,453,096</u>	<u>26.6</u>	<u>100.0</u>	<u>86,144,641</u>	<u>19,355,188</u>	<u>22.5</u>	<u>100.0</u>

For the year ended 31 December 2021, the Group's revenue derived from aluminum alloy products was approximately RMB84,312,993,000, accounting for approximately 73.7% of the revenue of the Group; the revenue of alumina products was approximately RMB16,966,928,000, accounting for approximately 14.8% of the revenue of the Group. The revenue derived from aluminum fabrication products amounted to approximately RMB12,523,879,000, accounting for approximately 10.9% of the revenue of the Group. The Group's proportion of revenue by product category for the year ended 31 December 2021 has no significant change as compared with the same period last year.

For the year ended 31 December 2021, the Group's overall gross profit margin of the products was approximately 26.6%, which increased by approximately 4.1 percentage points as compared with approximately 22.5% for the same period last year. Gross profit margin of aluminum alloy products increased, which was mainly due to the significant increase in average sales price of aluminum alloy products. Affected by the rise in the alumina market prices, the Group's gross profit margin for alumina products increased by approximately 7.1 percentage points compared to the same period last year. The gross profit margin for aluminum fabrication products increased by approximately 3.7 percentage points compared with the same period last year, mainly due to the year-on-year increase in the average sales price of aluminum alloy fabrication products during the Year.

Selling and distribution expenses

For the year ended 31 December 2021, the Group's selling and distribution expenses were approximately RMB525,709,000, representing an increase of approximately 31.5% as compared with approximately RMB399,894,000 for the same period last year, which was mainly due to the increase in sales volume of the Group's alumina products and the decrease in the proportion of self-pickup of alumina products by customers in the sales contracts of alumina products, with a corresponding increase in transportation costs.

Administrative expenses

For the year ended 31 December 2021, the administrative expenses of the Group amounted to approximately RMB5,708,346,000, representing an increase of approximately 40.9% as compared with approximately RMB4,052,174,000 for the same period last year, which was mainly due to the increase in the maintenance expenses for some production lines of the Group during the Year, and the increased efforts in technology research and development, resulting in a corresponding increase in expenses.

Finance costs

For the year ended 31 December 2021, the finance costs of the Group were approximately RMB3,625,974,000, representing a decrease of approximately 19.5% as compared with approximately RMB4,506,236,000 for the same period last year, which was mainly due to the decrease of interest expenses, by repaying some of its medium-term notes and corporate bonds during the Year and continuously lowering comprehensive finance costs by the Group.

Liquidity and capital resources

As at 31 December 2021, the cash and cash equivalents of the Group were approximately RMB49,227,282,000, representing an increase of approximately 8.3% as compared with approximately RMB45,465,361,000 of the cash and cash equivalents as at 31 December 2020. The increase in cash and cash equivalents was mainly due to the net cash inflow from operating activities of the Group.

For the year ended 31 December 2021, the Group's net cash inflow from operating activities was approximately RMB28,649,525,000, net cash outflow from investing activities was approximately RMB5,101,881,000, and net cash outflow from financing activities was approximately RMB19,757,707,000. The net cash outflow for investing activities was mainly attributable to the purchase of properties, plants and equipment. The net cash outflow for financing activities was mainly attributable to the repayment of part of the debts, the dividend payout, and the payment of debt interest by the Group during the Year.

For the year ended 31 December 2021, the capital expenditure of the Group amounted to approximately RMB5,999,147,000, mainly for the payment for the quality guarantee deposits of the pre-construction projects in accordance with the relevant contracts, the construction expenditure of Yunnan Green Aluminum Innovation Industrial Park project, lightweight material base and the Indonesia alumina project.

As at 31 December 2021, the Group had capital commitment of approximately RMB1,618,260,000, representing capital expenditure for acquiring properties, plants and equipment in the future, primarily for the payment for the construction expenditure of Yunnan Green Aluminum Innovation Industrial Park project, lightweight material base and the Indonesia alumina project.

As at 31 December 2021, the Group's trade receivables amounted to approximately RMB7,284,753,000, representing a decrease of approximately 29.5% from that of approximately RMB10,335,568,000 as at 31 December 2020, which was mainly due to the Group shortening the credit period of some clients in accordance with the market conditions of aluminum products during the Year.

As at 31 December 2021, the Group's inventory was approximately RMB22,705,105,000, representing an increase of approximately 15.2% from approximately RMB19,717,811,000 as of 31 December 2020, which was mainly due to an increase in the inventory quantity of some raw materials and an increase in the unit cost of stock.

Contingent liability

As at 31 December 2021 and 2020, the Group had no significant contingent liability.

Income tax

The Group's income tax for 2021 amounted to approximately RMB5,705,135,000, representing an increase of approximately 152.5% as compared to approximately RMB2,259,599,000 for the same period last year, the higher income tax expense was mainly attributable to the increase in the Group's profit before taxation and the completion of the utilisation of the compensating losses of certain subsidiaries during the Year, leading to a corresponding increase in income tax expense.

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

Net profit attributable to shareholders of the Company was approximately RMB16,073,342,000 for the year ended 31 December 2021, representing a significant increase of approximately 53.1% as compared to approximately RMB10,495,936,000 for the same period last year.

Basic earnings per share of the Company in 2021 were approximately RMB1.7720 (2020: approximately RMB1.2210).

Capital structure

The Group has established an appropriate liquidity risk management framework to ensure its short, medium and long-term funding supply and to meet its liquidity requirements. As at 31 December 2021, the cash and cash equivalents of the Group amounted to approximately RMB49,227,282,000 (31 December 2020: approximately RMB45,465,361,000), which were mainly saved in commercial banks. Such level of cash and cash equivalents would facilitate in ensuring stability and flexibility of the Group's business operations. The Group will continue to take effective measures to ensure sufficient liquidity and financial resources, so as to satisfy the business needs and maintain a sound and steady financial position.

As at 31 December 2021, the total liabilities of the Group amounted to approximately RMB95,982,093,000 (31 December 2020: approximately RMB104,729,330,000). Gearing ratio was approximately 50.9% (31 December 2020: approximately 57.7%), which was further optimised.

The Group used certain of its restricted bank deposits, inventories, trade receivables, equipment and right-of-use assets as collateral for bank borrowings to provide part of the funding for its daily business operations and project construction. As at 31 December 2021, the Group had secured bank borrowings of approximately RMB9,487,194,000 (31 December 2020: approximately RMB8,453,755,000).

As at 31 December 2021, the Group's total bank borrowings were approximately RMB36,381,751,000. The Group maintained a balanced portfolio of loans at fixed interest rates and variable interest rates to manage its interest expenses. As at 31 December 2021, approximately 54.0% of the Group's bank borrowings were subject to fixed interest rates while the remaining approximately 46.0% were subject to floating interest rates.

The Group aims to maintain a balance between the continuity and flexibility of financing through various debt financing instruments. As at 31 December 2021, debts except bank borrowings of the Group included approximately RMB1,500,000,000 of short-term bonds and notes, approximately RMB13,143,593,000 of medium-term notes and bonds, approximately RMB6,332,831,000 of guaranteed notes and approximately RMB3,946,714,000 of convertible bonds, the interest rates of which ranged from 3.98% to 7.375% per annum. Aforesaid notes and bonds help to optimise the Group's debt structure and reduce its financial costs.

As at 31 December 2021, the Group had net current assets of approximately RMB40,461,796,000. The Group will continue to diversify its financing channels and optimise its debt structure. In addition, the Group will continue to control its production costs, improve its profitability and improve its cash flow position in order to maintain the adequate liquidity of the Group.

As at 31 December 2021, the Group's liabilities were mainly denominated in RMB and US Dollars, among which, RMB liabilities accounted for approximately 72.5% of the total liabilities, and US Dollars liabilities accounted for approximately 27.5% of the total liabilities. The Group's cash and cash equivalents were mainly held in RMB and US Dollars, of which approximately 94.8% was held in RMB and approximately 4.9% was held in US Dollars.

Employee and remuneration policy

As at 31 December 2021, the Group had a total number of 42,650 employees, representing an increase of 205 employees as compared with 31 December 2020. During the Year, the total staff costs of the Group amounted to approximately RMB3,974,429,000, representing an increase of approximately 18.0% from approximately RMB3,369,031,000 for the same period last year, which was mainly due to, on the one hand, the increase in salaries for the staff by the Group during the Year and, on the other hand, the lower social insurance premiums paid by the Group during the same period last year as a result of the phased reduction of corporate social insurance premiums policy during the pandemic. The total staff costs of the Group were approximately 1.5% of its revenue. The remuneration packages of the Group's employees include salaries and various types of benefits. In addition, the Group has established a performance-based incentive mechanism under which the employees may be awarded additional bonuses. The Group provided training programs for employees to equip them with the requisite working skills and knowledge.

Foreign exchange risk

The Group collected most of its revenue in RMB and paid most of its expenditures in RMB. As the importation of bauxite and production equipment, export for certain processed aluminum products, and certain bank balances, bank borrowings, convertible bonds and senior notes are denominated in foreign currencies, the Group is exposed to certain risks of foreign exchange. As at 31 December 2021, the Group's bank balances denominated in foreign currencies were approximately RMB2,550,703,000, and liabilities denominated in foreign currencies were approximately RMB16,876,162,000. For the year ended 31 December 2021, the foreign exchange gain of the Group was approximately RMB393,892,000 (2020: exchange gain approximately RMB320,832,000).

FUTURE PROSPECT

In the prospect of 2022, the Group believes that, with the continuous positive development of China's economy, the aluminum industry in China will maintain its positive trend with its strong foundation and steadily growing demand for aluminum, but the aluminum industry will continue to face opportunities and challenges as the pandemic remains volatile and the complex geopolitical landscape creates uncertainty in the global economy.

The Group will continue to play a leading role in the industry, continue to actively respond to the national "dual carbon" strategic objectives by taking the initiative to fulfill its carbon reduction responsibilities, optimising its energy structure and implementing "dual carbon" work, striving to contribute to the low carbon transformation of the industry, achieving China's "double carbon" target and combating global climate change. While fulfilling its social responsibility, the Group will further improve its basic corporate management level, increase investment in technology and innovation to further strengthen the function of the stock assets, accelerating the extension to the higher end of the industry chain while improving the Group's own industrial chain and supply chain. In respect of debt structure, the Group will also continue to optimise its financial structure and remain committed to reward shareholders for their long-term support with a consistent and stable dividend distribution policy.

EVENTS AFTER THE REPORTING PERIOD

There were no important events affecting the Group that had occurred after 31 December 2021 and up to the date of this results announcement.

SUPPLEMENTARY INFORMATION

SUFFICIENCY OF PUBLIC FLOAT

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

PRE-EMPTIVE RIGHTS

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

THE BOARD

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

Executive Directors

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

Ms. ZHENG Shuliang (*Vice Chairman*)

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

Ms. WONG Yuting (*Head of Investor Relations, Head of Corporate Finance*)

Non-executive Directors

Mr. YANG Congsen

Mr. ZHANG Jinglei

Mr. LI Zimin (*Mr. ZHANG Hao as his alternate*)

Ms. SUN Dongdong

Independent Non-executive Directors

Mr. WEN Xianjun

Mr. XING Jian

Mr. HAN Benwen

Mr. DONG Xinyi

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

DIRECTORS' SERVICE CONTRACTS

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

EMOLUMENTS OF DIRECTORS

The Directors' fees are subject to shareholders' approval at general meetings of the Company. Other emoluments are determined by the Board with reference to the Directors' duties, responsibilities and performance. None of the Directors waived or agreed to waive any emoluments during the Year.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of any business of the Company was entered into by the Company or subsisted during the year ended 31 December 2021.

DIRECTORS' AND CHIEF EXECUTIVE OF THE COMPANY'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2021, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (“SFO”) which were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or to be recorded in the register required to be kept by the Company under section 352 of the SFO; or to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules, were as follows:

Long positions in the shares of the Company

Name of director	Capacity/type of interest	Number of total shares held	Approximate percentage of shareholding in the total issued share capital as at 31 December 2021 (%)
Mr. ZHANG Bo	Beneficial owner	8,870,000	0.10

Save as disclosed above, as at 31 December 2021, there was no any other Directors or chief executive of the Company or any of their spouse or children under the age of 18 who had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or to be recorded in the register required to be kept 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.

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

As at 31 December 2021, so far as it is known to the Directors and the chief executive of the Company, the following persons (other than the Directors or the chief executive of the Company) had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange pursuant to provisions of Divisions 2 and 3 of Part XV of the SFO, or recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of shareholder	Capacity/type of interest	Number of total shares held	Approximate percentage of shareholding in the total issued share capital as at 31 December 2021 (%)
Shiping Prosperity Private Trust Company ⁽¹⁾	Trustee	6,076,513,573 (L)	66.62
China Hongqiao Holdings Limited ⁽¹⁾	Beneficial owner	6,076,513,573 (L)	66.62
CTI Capital Management Limited ⁽²⁾	Beneficial owner	806,640,670 (L)	8.84
CITIC Limited ⁽²⁾	Interest of a controlled corporation	1,157,253,469 (L)	12.69
CITIC Group Corporation ⁽²⁾	Interest of a controlled corporation	1,157,253,469 (L)	12.69

Notes:

- (1) Shiping Prosperity Private Trust Company held 100% equity interest in Hongqiao Holdings as trustee.
- (2) CITIC Group Corporation held 100% equity interest in CITIC Polaris Limited, which held 32.53% equity interest in CITIC Limited, and CITIC Group Corporation also held 100% equity interest in CITIC Glory Limited, which held 25.60% equity interest in CITIC Limited, thus CITIC Group Corporation indirectly held 58.13% equity interest in CITIC Limited. CITIC Limited held 100% equity interest in CITIC Corporation Limited. CITIC Corporation Limited held 82.26% equity interest in CITIC Trust Co., Ltd. and 100% equity interest in CITIC Industrial Investment Group Corp., Ltd., which held 17.74% equity interest in CITIC Trust Co., Ltd. Accordingly, CITIC Corporation Limited directly and indirectly held 100% equity interest in CITIC Trust Co., Ltd. CITIC Trust Co., Ltd. held 100% equity interest in CTI Capital Management Limited, thus CITIC Group Corporation and CITIC Limited are deemed to be interested in the shares of the Company held by CTI Capital Management Limited under the SFO.

CITIC Limited held 65.37% equity interest in China CITIC Bank Corporation Limited indirectly, which held 99.05% equity interest in CNCB (Hong Kong) Investment Limited directly. CITIC Limited held 100% equity interest in CITIC Investment (HK) Limited indirectly, which in turn held 100% equity interest in Fortune Class Investments Limited directly. Fortune Class Investments Limited held 0.02% equity interests in China CITIC Bank Corporation Limited directly. CITIC Limited held 100% equity interest in Metal Link Limited directly, which in turn held 0.58% equity interest in China CITIC Bank Corporation Limited directly. Accordingly, CITIC Group Corporation and CITIC Limited are deemed to be interested in the shares of the Company held by CNCB (Hong Kong) Investment Limited under the SFO.

Save as disclosed above, as at 31 December 2021, so far as it is known to the Directors and the chief executive of the Company, there was no any other person (other than the Directors or the 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 Divisions 2 and 3 of Part XV of the SFO, or recorded in the register required to be kept by the Company under section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year ended 31 December 2021 and up to the date of this results announcement, was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the shares in, or debentures of, the Company or any other body corporate or had exercised any such right in the Year.

FINAL DIVIDEND

The Board proposed the payment of a final dividend of HK60 cents per share for the year ended 31 December 2021 (the “**2021 Final Dividend**”). The 2021 Final Dividend, subject to the approval of the shareholders at the annual general meeting of the Company (the “**2021 Annual General Meeting**”) which will be held on Wednesday, 18 May 2022, will be paid on or before Friday, 17 June 2022 to the shareholders whose names appear on the register of members of the Company on Tuesday, 31 May 2022.

The payment of 2021 Final Dividend of HK60 cents per share was proposed. Together with the paid 2021 interim dividend of HK45 cents per share, the total 2021 dividend is HK105 cents per share, representing an increase of approximately 61.5% as compared with the 2020 dividend of HK65 cents per share.

CLOSURE OF REGISTER OF MEMBERS

The share register of the Company will be closed from Thursday, 12 May 2022 to Wednesday, 18 May 2022 (both days inclusive), during which no transfer of shares will be effected. Shareholders of the Company whose names appear on the register of members of the Company on Wednesday, 18 May 2022 are entitled to attend and vote at the forthcoming 2021 Annual General Meeting. In order to be entitled to attend the 2021 Annual General Meeting and vote at the meeting, all completed share transfer forms accompanying with the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, not later than 4:30 p.m. on Wednesday, 11 May 2022. The address of Computershare Hong Kong Investor Services Limited is Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

The share register of the Company will be closed from Wednesday, 25 May 2022 to Tuesday, 31 May 2022 (both days inclusive), during which no transfer of shares will be effected. Shareholders of the Company whose names appear on the register of members of the Company on Tuesday, 31 May 2022 are entitled to the 2021 Final Dividend. In order to qualify for the 2021 Final Dividend, all completed share transfer forms accompanying with the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, not later than 4:30 p.m. on Tuesday, 24 May 2022. The address of Computershare Hong Kong Investor Services Limited is Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

AUDIT COMMITTEE

The Company has established the audit committee (the “**Audit Committee**”) in compliance with the Code on Corporate Governance Practices (the “**CG Code**”) as set out in Appendix 14 to the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee is composed of three independent non-executive Directors. The Audit Committee meeting was held on 18 March 2022 to review the annual results and the consolidated financial statements of the Group for the year ended 31 December 2021. The Audit Committee considered that the financial results of the Group for the year ended 31 December 2021 were in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2021 and up to the date of this results announcement.

SENIOR NOTES

- (1) On 15 July 2019, the Company issued 7.125% senior unsecured notes due 2022 in the aggregate principal amount of US\$300,000,000. The net proceeds from the notes issue, after deducting the underwriting discounts and commission and other expenses payable in connection with this offering, were approximately US\$296,000,000. The notes were listed and quoted on the SGX-ST. The net proceeds were used by the Company as described in the announcement of the Company dated 16 July 2019. Please refer to the announcements of the Company dated 15 July 2019, 16 July 2019 and 25 July 2019 for details.
- (2) On 24 September 2019, the Company issued 7.375% senior unsecured notes due 2023 in the aggregate principal amount of US\$200,000,000. The net proceeds from the notes issue, after deducting the underwriting discounts and commission and other expenses payable in connection with this offering, were approximately US\$197,300,000. The notes were listed and quoted on the SGX-ST. The net proceeds were used by the Company as described in the announcement of the Company dated 25 September 2019. Please refer to the announcements of the Company dated 24 September 2019, 25 September 2019 and 4 October 2019 for details.

- (3) On 1 June 2021, the Company issued 6.25% senior unsecured notes due 2024 in the aggregate principal amount of US\$500,000,000. The net proceeds from the notes issue, after deducting the underwriting discounts and commission and other expenses payable in connection with this offering, were approximately US\$493,900,000. The notes were listed and quoted on the SGX-ST. The proceeds were used by the Company as described in the announcement of the Company dated 1 June 2021. Please refer to the announcements of the Company dated 1 June 2021 and 10 June 2021 for details.

PLACING OF EXISTING SHARES AND SUBSCRIPTION OF NEW SHARES

- (1) In order to raise further capital and broaden the Company's shareholder and capital base, on 25 November 2020, the Company, Hongqiao Holdings, and the placing agents entered into the placing and subscription agreement. Pursuant to the placing and subscription agreement, the placing agents agreed to place 307,500,000 shares of the Company held by Hongqiao Holdings to independent placees at the placing price of HK\$6.30 per share, and Hongqiao Holdings agreed to subscribe for and the Company agreed to allot and issue 307,500,000 new shares of the Company to Hongqiao Holdings at the subscription price of HK\$6.30 per share. The subscription shares are ordinary shares of the Company with an aggregate nominal value of US\$3,075,000. The net subscription price, after deduction of fees and expenses, is approximately HK\$6.20 per subscription share. The closing price of the ordinary shares of the Company on 24 November 2020, being the last trading day immediately before the date of the placing and subscription agreement, was HK\$7.32. The placing and the subscription were completed on 27 November 2020 and 2 December 2020, respectively. Relevant details are set out in the Company's announcements dated 25 November 2020 and 2 December 2020 and the next day return dated 2 December 2020.

The net proceeds from the subscription amounted to approximately HK\$1.9 billion, which were used as follows:

50% was used for development of production lines for secondary aluminum and lightweight materials. To further expand the Group's business and improve its research and development capacity, the Company used 50% of the net proceeds to develop production lines for secondary aluminum and lightweight materials.

50% was used for replenishment of the Group's general working capital. To guarantee the smooth operations and to reduce the financing cost of the Company, the Company used 50% of the net proceeds to replenish the general working capital of the Group (including, among others, procurement of raw materials, research and development expenditure and taxation).

- (2) In order to raise further capital and broaden the Company's shareholder and capital base at the same time, on 10 March 2021, the Company, Hongqiao Holdings, and the placing agents entered into the placing and subscription agreement. Pursuant to the placing and subscription agreement, the placing agents agreed to place 243,000,000 shares of the Company held by Hongqiao Holdings to independent placees at the placing price of HK\$9.72 per share, and Hongqiao Holdings agreed to subscribe for and the Company agreed to allot and issue 243,000,000 new shares of the Company to Hongqiao Holdings at the subscription price of HK\$9.72 per share. The subscription shares are ordinary shares of the Company with an aggregate nominal value of US\$2,430,000. The net subscription price, after deduction of fees and expenses, is approximately HK\$9.56 per subscription share, which represented a discount of approximately 10.99% to the closing price of the ordinary shares of the Company of HK\$10.92 per share as quoted on the Stock Exchange on 10 March 2021, being the date of the placing and subscription agreement. The placing and the subscription were completed on 15 March 2021 and 19 March 2021, respectively. Relevant details are set out in the Company's announcements dated 10 March 2021, 19 March 2021 and the next day return dated 19 March 2021.

The net proceeds from subscription amounted to approximately HK\$2,324,000,000, which were used as follows:

30% for capital expenditure for Yunnan Green Aluminum Innovation Industrial Park project: as of the date of this results announcement, the Company used 30% of the net proceeds (approximately HK\$697,200,000) for construction of the Yunnan Green Aluminum Innovation Industrial Park project.

30% for capital expenditure for secondary aluminum project: as of the date of this results announcement, the Company used 30% of the net proceeds (approximately HK\$697,200,000) to develop secondary aluminum projects.

40% for general corporate purposes: as of the date of this results announcement, the Company used 40% of the net proceeds (approximately HK\$929,600,000) to replenish the general working capital of the Group (among others, procurement of raw materials, research and development expenditure and taxation).

CORPORATE BONDS OF SHANDONG HONGQIAO

(1) On 12 September 2013, the Company's subsidiary, Shandong Hongqiao, obtained the "Approval for the Issue of 2013 Corporate Bonds by Shandong Hongqiao New Material Co., Ltd. (Fa Gai Cai Jin [2013] No. 1654)" (《關於山東宏橋新型材料有限公司發行2013年公司債券核准的批覆》) from the National Development and Reform Commission of the PRC, approving Shandong Hongqiao to issue the corporate bonds of not more than RMB2,300,000,000 in the PRC.

(i) On 3 March 2014, Shandong Hongqiao completed the issuance of 2014 domestic corporate bonds (first tranche), with an offering size of RMB1,200,000,000, for a term of 5+2 years (7-year fixed rate bonds, with the issuer's option to adjust the coupon rate and the investors' entitlement to sell back at the end of the fifth year), carrying an interest of 8.69% per annum. Pursuant to the terms entitling the investor to sell back the bonds as set out in the bond prospectus, during the sale-back period from 12 February 2019 to 18 February 2019, the sale-back amount of the bond holders is RMB50,040,000. After the completion of the sale-back, the remaining amount of the bonds is RMB1,149,960,000, and the coupon rate is still 8.69%.

The bonds matured on 3 March 2021 and Shandong Hongqiao has redeemed the bonds in full based on its remaining aggregate principal amount and the interest accrued to the maturity date.

(ii) On 21 August 2014, Shandong Hongqiao completed the issuance of 2014 domestic corporate bonds (second tranche), with an offering size of RMB1,100,000,000, for a term of 3+2+2 years (7-year fixed rate bonds, with the issuer's option to adjust the coupon rate and the investors' entitlement to sell back at the end of the third and fifth year), carrying interest of 7.45% per annum. Pursuant to the terms entitling the investor to sell back the bonds as set out in the bond prospectus, during the sale-back period from 1 August 2017 to 7 August 2017, the sale-back amount of the bond holders is RMB743,638,000. On 1 August 2017, Shandong Hongqiao resold the repurchased bonds above, for a resold amount of RMB700,000,000. After the completion of the resold, the remaining amount of the bonds is RMB1,056,362,000 and the coupon rate is still 7.45%. Pursuant to the terms entitling the investor to sell back the bonds as set out in the bond prospectus, during the sale-back period from 31 July 2019 to 6 August 2019, the sale-back amount of the bond holders is RMB427,471,000. On 21 August 2019, Shandong Hongqiao resold the repurchased bonds above, for a resold amount of RMB427,471,000. After the completion of the resold, the remaining amount of the bonds is RMB1,056,362,000 and the coupon rate is still 7.45%.

The bonds matured on 21 August 2021 and Shandong Hongqiao has redeemed the bonds in full based on its remaining aggregate principal amount and the interest accrued to the maturity date.

(2) On 11 January 2016, Shandong Hongqiao obtained the “No-objection Letter to the Listing and Transfer of Corporate Bonds Issued by Shandong Hongqiao New Material Co., Ltd. by Non-public Issuance (Shang Zheng Han [2016] No. 42)” (《關於對山東宏橋新型材料有限公司非公開發行公司債券掛牌轉讓無異議的函》) from the Shanghai Stock Exchange, approving Shandong Hongqiao to issue the corporate bonds by non-public issuance of not more than RMB6,000,000,000 in the PRC.

(i) The domestic corporate bonds of RMB3,000,000,000 non-publicly issued by Shandong Hongqiao on 2 June 2016 were due and settled on 2 June 2019.

(ii) On 15 July 2016, Shandong Hongqiao completed the non-public issuance of 2016 domestic corporate bonds (second tranche), with an offering size of RMB3,000,000,000, for a term of 3+2 years (5-year fixed rate bonds, with the issuer’s option to adjust the coupon rate and the investors’ entitlement to sell back at the end of the third year), carrying interest of 6.48% per annum. Pursuant to the terms entitling the investor to sell back the bonds as set out in the bond prospectus, during the sale-back period from 17 June 2019 to 21 June 2019, the sale-back amount of the bond holders is RMB2,974,000,000. After the completion of the sale-back, the remaining amount of the bonds is RMB26,000,000 and the coupon rate increases to 6.80%.

The bonds matured on 15 July 2021 and Shandong Hongqiao has redeemed the bonds in full based on its remaining aggregate principal amount and the interest accrued to the maturity date.

(3) On 25 November 2015, Shandong Hongqiao obtained the “Approval for the Public Issuance of Corporate Bonds to Eligible Investors by Shandong Hongqiao New Material Co., Ltd. (Zheng Jian Xu Ke [2015] No. 2732)” (《關於核准山東宏橋新型材料有限公司向合格投資者公開發行公司債券的批覆》) from the China Securities Regulatory Commission, approving Shandong Hongqiao to issue the corporate bonds of not more than RMB6,000,000,000 in the PRC.

(i) On 14 January 2016, Shandong Hongqiao completed the issuance of 2016 domestic corporate bonds (first tranche) (type 1), with an offering size of RMB2,000,000,000 for a term of 3+2 years (5-year fixed rate bonds, with the issuer’s option to adjust the coupon rate and the investors’ entitlement to sell back at the end of the third year), carrying interest of 4.10% per annum. Pursuant to the terms entitling the investor to sell back the bonds as set out in the bond prospectus, during the sale-back period from 30 November 2018 to 4 December 2018, the sale-back amount of the bond holders is RMB50,000. After the completion of the sale-back, the remaining amount of the bonds is RMB1,999,950,000, and the coupon rate increases to 7.30%.

To strengthen investors’ confidence and maintain the stability of corporate bond prices, the board of directors of Shandong Hongqiao passed a resolution in relation to the repurchase of the bonds (at 50% of the remaining principal amount of the bonds, the repurchase price is the par value plus accrued interest) on 16 November 2020. During the bond repurchase registration period from 8 December 2020 to 10 December 2020, the principal registered for repurchase by bond holders was RMB935,737,000. On 23 December 2020, Shandong Hongqiao completed the repurchase. After the completion of the repurchase, the remaining amount of the bonds is RMB1,064,213,000, and the coupon rate is still 7.30%.

The bonds matured on 14 January 2021. Shandong Hongqiao has redeemed the bonds in full based on its remaining aggregate principal amount and the interest accrued to the maturity date.

- (ii) On 14 January 2016, Shandong Hongqiao completed the issuance of 2016 domestic corporate bonds (first tranche) (type 2), with an offering size of RMB1,000,000,000, for a term of 5 years, carrying an interest of 4.88% per annum.

To strengthen investors' confidence and maintain the stability of corporate bond prices, the board of directors of Shandong Hongqiao passed a resolution in relation to the repurchase of the bonds (at 50% of the remaining principal amount of the bonds, the repurchase price is the par value plus accrued interest) on 16 November 2020. During the bond repurchase registration period from 8 December 2020 to 10 December 2020, the principal registered for repurchase by bond holders was RMB478,044,000. On 23 December 2020, Shandong Hongqiao completed the repurchase. After the completion of the repurchase, the remaining amount of the bonds is RMB521,956,000, and the coupon rate is still 4.88%.

The bonds matured on 14 January 2021. Shandong Hongqiao has redeemed the bonds in full based on its remaining aggregate principal amount and the interest accrued to the maturity date.

- (iii) On 27 January 2016, Shandong Hongqiao completed the issuance of 2016 domestic corporate bonds (second tranche), with an offering size of RMB1,800,000,000, for a term of 3+2 years (5-year fixed rate bonds, with the issuer's option to adjust the coupon rate and the investors' entitlement to sell back at the end of the third year), carrying interest of 4.50% per annum. Pursuant to the terms entitling the investor to sell back the bonds as set out in the bond prospectus, during the sale-back period from 14 December 2018 to 18 December 2018, the sale-back amount of the bond holders is RMB0. After the completion of the sale-back, the remaining amount of the bonds is RMB1,800,000,000, and the coupon rate increases to 7.00%.

To strengthen investors' confidence and maintain the stability of corporate bond prices, the board of directors of Shandong Hongqiao passed a resolution in relation to the repurchase of the bonds (at 50% of the remaining principal amount of the bonds, the repurchase price is the par value plus accrued interest) on 16 November 2020. During the bond repurchase registration period from 8 December 2020 to 10 December 2020, the principal registered for repurchase by bond holders was RMB846,305,000. On 23 December 2020, Shandong Hongqiao completed the repurchase. After the completion of the repurchase, the remaining amount of the bonds is RMB953,695,000, and the coupon rate is still 7.00%.

To strengthen investors' confidence and maintain the stability of corporate bond prices, the board of directors of Shandong Hongqiao passed a resolution in relation to the repurchase of the bonds (at 100% of the remaining principal amount of the bonds, the repurchase price is the par value plus accrued interest) on 11 December 2020. During the bond repurchase registration period from 6 January 2021 to 8 January 2021, the principal registered for repurchase by bond holders was RMB697,010,000. On 20 January 2021, Shandong Hongqiao completed the repurchase. After the completion of the repurchase, the remaining amount of the bonds is RMB256,685,000, and the coupon rate is still 7.00%.

The bonds matured on 27 January 2021. Shandong Hongqiao has redeemed the bonds in full based on its remaining aggregate principal amount and the interest accrued to the maturity date.

(iv) On 24 February 2016, Shandong Hongqiao completed the issuance of 2016 domestic corporate bonds (third tranche), with an offering size of RMB1,200,000,000, for a term of 3+2 years (5-year fixed rate bonds, with the issuer's option to adjust the coupon rate and the investors' entitlement to sell back at the end of the third year), carrying interest of 4.04% per annum. Pursuant to the terms entitling the investor to sell back the bonds as set out in the bond prospectus, during the sale-back period from 8 January 2019 to 10 January 2019, the sale-back amount of the bond holders is RMB1,760,000. After the completion of the sale-back, the remaining amount of the bonds is RMB1,198,240,000, and the coupon rate increases to 6.70%.

To strengthen investors' confidence and maintain the stability of corporate bond prices, the board of directors of Shandong Hongqiao passed a resolution in relation to the repurchase of the bonds (at 100% of the remaining principal amount of the bonds, the repurchase price is the par value plus accrued interest) on 11 December 2020. During the bond repurchase registration period from 6 January 2021 to 8 January 2021, the principal registered for repurchase by bond holders was RMB1,031,557,000. On 20 January 2021, Shandong Hongqiao completed the repurchase. After the completion of the repurchase, the remaining amount of the bonds is RMB166,683,000, and the coupon rate is still 6.70%.

The bonds matured on 24 February 2021. Shandong Hongqiao has redeemed the bonds in full based on its remaining aggregate principal amount and the interest accrued to the maturity date.

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

(i) On 11 June 2021, Shandong Hongqiao completed the issuance of 2021 domestic corporate bonds (first tranche) (type 1), with an offering size of RMB500,000,000, for a term of 1+1 years (2-year fixed rate bonds, with the issuer's option to adjust the coupon rate and the investors' entitlement to sell back at the end of the first year), carrying an interest of 4.90% per annum.

(ii) On 11 June 2021, Shandong Hongqiao completed the issuance of 2021 domestic corporate bonds (first tranche) (type 2), with an offering size of RMB500,000,000, for a term of 2+1 years (3-year fixed rate bonds, with the issuer's option to adjust the coupon rate and the investors' entitlement to sell back at the end of the second year), carrying an interest of 5.60% per annum.

(iii) On 20 August 2021, Shandong Hongqiao completed the issuance of 2021 domestic corporate bonds (second tranche), with an offering size of RMB1,000,000,000, for a term of 1+1+1 years (3-year fixed rate bonds, with the issuer's option to adjust the coupon rate and the investors' entitlement to sell back at the end of the first and second years), carrying an interest of 4.16% per annum.

CORPORATE BONDS OF WEIQIAO ALUMINUM & POWER

- (1) On 8 October 2015, the Company's subsidiary, Shandong Weiqiao Aluminum & Power Co., Ltd. (“**Weiqiao Aluminum & Power**”) received the “Approval for the Issue of Corporate Bonds by Shandong Weiqiao Aluminum & Power Co., Ltd. (Fa Gai Cai Jin [2015] No. 2249)” (《關於山東魏橋鋁電有限公司發行公司債券核准的批覆》) from the National Development and Reform Commission of the PRC approving Weiqiao Alumina & Power to issue the corporate bonds of no more than RMB1,000,000,000 in the PRC.
 - (i) On 26 October 2015, Weiqiao Alumina & Power completed the issuance of 2015 corporate bonds in the PRC, with an offering size of RMB1,000,000,000, for a term of 4+3 years (7-year fixed rate bonds, with the issuer's option to adjust the coupon rate and the investors' entitlement to sell back at the end of the fourth year), carrying interest of 5.26% per annum. Pursuant to the terms entitling the investor to sell back the bonds as set out in the bond prospectus, during the sale-back period from 30 September 2019 to 11 October 2019, the sale-back amount of the bond holders is RMB999,786,000. After the completion of the sale-back, the remaining amount of the bonds is RMB214,000 and the coupon rate increases to 6.26%.
- (2) On 14 January 2016, Weiqiao Alumina & Power received the “Approval for the Public Issuance of Corporate Bonds to Eligible Investors by Shandong Weiqiao Aluminum & Power Co., Ltd. (Zheng Jian Xu Ke [2016] No. 102)” (《關於核准山東魏橋鋁電有限公司向合格投資者公開發行公司債券的批覆》) from the China Securities Regulatory Commission, approving Weiqiao Alumina & Power to issue the corporate bonds of no more than RMB6,000,000,000 in the PRC.
 - (i) On 10 March 2016, Weiqiao Alumina & Power completed the issuance of 2016 domestic corporate bonds (first tranche) (type 1), with an offering size of RMB3,500,000,000, for a term of 3+2 years (5-year fixed rate bonds, with the issuer's option to adjust the coupon rate and the investors' entitlement to sell back at the end of the third year), carrying interest of 4.27% per annum. Pursuant to the terms entitling the investor to sell back the bonds as set out in the bond prospectus, during the sale-back period from 21 January 2019 to 25 January 2019, the sale-back amount of the bond holders is RMB0. After the completion of the sale-back, the remaining amount of the bonds is RMB3,500,000,000, and the coupon rate increases to 6.50%.

To strengthen investors' confidence and maintain the stability of corporate bond prices, the board of directors of Weiqiao Aluminum & Power passed a resolution in relation to the repurchase of the bonds (at 50% of the remaining principal amount of the bonds, the repurchase price is the par value plus accrued interest) on 13 January 2021. During the bond repurchase registration period from 1 February 2021 to 3 February 2021, the principal registered for repurchase by bond holders was RMB1,646,833,400. On 24 February 2021, Weiqiao Aluminum & Power completed the repurchase. After the completion of the repurchase, the remaining amount of the bonds is RMB1,853,166,600, and the coupon rate is still 6.50%.

The bonds matured on 10 March 2021. Weiqiao Aluminum & Power redeemed the bonds in full based on its remaining aggregate principal amount and the interest accrued to the maturity date.

- (ii) On 10 March 2016, Weiqiao Alumina & Power completed the issuance of 2016 domestic corporate bonds (first tranche) (type 2), with an offering size of RMB500,000,000, for a term of 5 years, carrying an interest of 4.83% per annum.

To strengthen investors' confidence and maintain the stability of corporate bond prices, the board of directors of Weiqiao Aluminum & Power passed a resolution in relation to the repurchase of the bonds (at 50% of the remaining principal amount of the bonds, the repurchase price is the par value plus accrued interest) on 13 January 2021. During the bond repurchase registration period from 1 February 2021 to 3 February 2021, the principal registered for repurchase by bond holders was RMB238,900,700. On 24 February 2021, Weiqiao Aluminum & Power completed the repurchase. After the completion of the repurchase, the remaining amount of the bonds is RMB261,099,300, and the coupon rate is still 4.83%.

The bonds matured on 10 March 2021. Weiqiao Aluminum & Power redeemed the bonds in full based on its remaining aggregate principal amount and the interest accrued to the maturity date.

- (iii) On 22 March 2016, Weiqiao Alumina & Power completed the issuance of 2016 domestic corporate bonds (second tranche), with an offering size of RMB2,000,000,000, for a term of 3+2 years (5-year fixed rate bonds, with the issuer's option to adjust the coupon rate and the investors' entitlement to sell back at the end of the third year), carrying interest of 4.20% per annum. Pursuant to the terms entitling the investor to sell back the bonds as set out in the bond prospectus, during the sale-back period from 1 February 2019 to 14 February 2019, the sale-back amount of the bond holders is RMB0. After the completion of the sale-back, the remaining amount of the bonds is RMB2,000,000,000, and the coupon rate increases to 6.30%.

To strengthen investors' confidence and maintain the stability of corporate bond prices, the board of directors of Weiqiao Aluminum & Power passed a resolution in relation to the repurchase of the bonds (at 50% of the remaining principal amount of the bonds, the repurchase price is the par value plus accrued interest) on 13 January 2021. During the bond repurchase registration period from 1 February 2021 to 3 February 2021, the principal registered for repurchase by bond holders was RMB944,674,100. On 24 February 2021, Weiqiao Aluminum & Power completed the repurchase. After the completion of the repurchase, the remaining amount of the bonds is RMB1,055,325,900, and the coupon rate is still 6.30%.

The bonds matured on 22 March 2021. Weiqiao Aluminum & Power redeemed the bonds in full based on its remaining aggregate principal amount and the interest accrued to the maturity date.

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

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

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

On 26 March 2019, Weiqiao Alumina & Power completed the issuance of 2019 domestic corporate bonds (first tranche), with an offering size of RMB2,000,000,000, for a term of 3+2 years (5-year fixed rate bonds, with the issuer’s option to adjust the coupon rate and the investors’ entitlement to sell back at the end of the third year), carrying interest of 6.00% per annum. Pursuant to the terms entitling the investor to sell back the bonds as set out in the bond prospectus, during the sale-back period from 1 March 2022 to 3 March 2022, the sale-back amount of the bond holders is RMB878,058,200. After completion of the sale-back, the remaining amount of the bonds is RMB1,121,941,800 and the coupon rate decreases to 4.40%.

ADJUSTMENT OF THE PRINCIPAL AMOUNT AND THE CONVERSION PRICE OF 5.0% CONVERTIBLE BONDS DUE 2022

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

On 25 January 2018, CNCB (Hong Kong) Investment Limited converted the convertible bonds for 23% of the initial principal amount held by it into 70,544,156 shares of the Company at the initial conversion price of HK\$8.16 per share. Please refer to the Company's announcement dated 15 August 2017 and the next day disclosure return dated 25 January 2018, respectively, 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 of 2016 and a special dividend, the conversion price per share was adjusted from HK\$8.16 to HK\$7.71 effective from 7 February 2018. Please refer to the announcement of the Company dated 7 February 2018 for details.

Pursuant to the terms and conditions of the convertible bonds, as the Company declared the payment of the final dividend for the year of 2017, the conversion price per share was adjusted from HK\$7.71 to HK\$7.53 effective from 12 June 2018. Please refer to the announcement of the Company dated 13 July 2018 for details.

Pursuant to the terms and conditions of the convertible bonds, as the Company declared the payment of the final dividend for the year of 2018, the conversion price per share was adjusted from HK\$7.53 to HK\$7.21 effective from 17 June 2019. Please refer to the announcement of the Company dated 17 June 2019 for details.

Pursuant to the terms and conditions of the convertible bonds, as the Company declared the payment of the final dividend for the year of 2019, the conversion price per share was adjusted from HK\$7.21 to HK\$6.51 effective from 15 June 2020. Please refer to the announcement of the Company dated 15 June 2020 for details.

Pursuant to the terms and conditions of the convertible bonds, as the Company declared the payment of the interim dividend for the year of 2020, the conversion price per share was adjusted from HK\$6.51 to HK\$6.31 effective from 16 November 2020. Please refer to the announcement of the Company dated 16 November 2020 for details.

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

Pursuant to the terms and conditions of the convertible bonds, as the Company declared the payment of the final dividend for the year of 2020, the conversion price per share was adjusted from HK\$6.29 to HK\$6.04 effective from 15 June 2021. Please refer to the announcement of the Company dated 11 June 2021 for details.

Pursuant to the terms and conditions of the convertible bonds, as the Company declared the payment of the interim dividend for the year of 2021, the conversion price per share was adjusted from HK\$6.04 to HK\$5.79 effective from 15 November 2021. Please refer to the announcement of the Company dated 25 November 2021 for details.

ADJUSTMENT OF THE PRINCIPAL AMOUNT AND THE CONVERSION PRICE OF 5.25% CONVERTIBLE BONDS DUE 2026

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

INTRODUCTION OF THE STRATEGIC INVESTOR

On 30 April 2021, the Company, Hongqiao Investment (Hong Kong) Limited (“**Hongqiao Investment (HK)**”) and Shandong Hongqiao, both being indirect subsidiaries of the Company, entered into the capital contribution agreement with CCB Financial Asset Investment Company Limited (建信金融資產投資有限公司) (“**CCB Investment**”), pursuant to which CCB Investment has agreed to subscribe for new capital in Shandong Hongqiao in the aggregate amount of RMB1.0 billion (together with two other previous investors, namely Sanya Changzhe Hongji Venture Capital Fund Partnership (Limited Partnership) (三亞長浙宏基創業投資基金合夥企業 (有限合夥)) and Sanya Changzhe Hongye Venture Capital Fund Partnership (Limited Partnership) (三亞長浙宏葉創業投資基金合夥企業 (有限合夥)), a total amount of RMB3.8 billion); meanwhile, Hongqiao Investment (HK) has agreed to contribute capital of RMB3.0 billion from the distributable profits of Shandong Hongqiao simultaneously to Shandong Hongqiao. The total amount involved in the aforesaid capital increase was RMB6.8 billion. Upon completion of the capital increase, Shandong Hongqiao is held as to approximately 94.52% by Hongqiao Investment (HK) and as to approximately 5.48% in aggregate by the investors, respectively. The Company has fully utilised the net proceeds from the capital increase for the purposes as described in the announcement of the Company dated 3 May 2021. For details, please refer to the announcement of the Company dated 3 May 2021.

DIRECTORS' SECURITIES TRANSACTIONS

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

Having made specific enquiry of all the Directors, the Company confirmed that each of the Directors had complied with the required standards set out in the Model Code and the code of conduct of the Company regarding directors' securities transactions throughout the year ended 31 December 2021 and up to the date of this results announcement.

COMPLIANCE WITH PROVISIONS OF THE CG CODE

The Company has applied the principles as set out in the CG Code. For the year ended 31 December 2021, the Company has complied with the code provisions as set out in the CG Code, except for the following deviation:

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

Save as disclosed above, there was no non-compliance of other code provisions as set out in the CG Code by the Company for the year ended 31 December 2021.

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

This results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.hongqiaochina.com. The annual report will be dispatched to shareholders on or before 13 April 2022 and will be available on the Company's website and the website of the Stock Exchange at the same time.

ACKNOWLEDGEMENT

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

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

Hong Kong, the People's Republic of China
18 March 2022

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