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

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

ANNUAL REPORT 2020

Contents

Financial Highlights

(Prepared in accordance with the IFRS)

COMPARISON OF KEY FINANCIAL FIGURES

Results

	For the year ended 31 December *(RMB'000)*				
	2016	2017 note 1 (restated)	2018	2019	**2020**
Revenue	61,395,578	97,941,916	90,194,924	84,179,288	**86,144,641**
Gross profit	14,196,333	16,380,242	15,400,562	16,464,253	**19,355,188**
Gross profit margin (%)	23.1	16.7	17.1	19.6	**22.5**
Profit before tax	9,764,337	7,116,690	8,335,692	8,771,067	**12,704,350**
Net profit attributable to owners of the Company	6,849,829	5,130,064	5,407,422	6,095,335	**10,495,936**
Net profit margin (%)	11.1	5.4	6.4	7.7	**12.1**
Basic earnings per share (RMB)	0.96	0.6986	0.6218	0.7087	**1.2210**

Assets and liabilities

	As at 31 December *(RMB'000)*				
	2016	2017 note 1 (restated)	2018	2019	**2020**
Total assets	142,521,467	158,684,987	176,726,892	179,604,445	**181,531,000**
Equity	45,688,302	53,737,567	62,619,497	66,015,976	**76,801,670**
Total liabilities	96,833,165	104,947,420	114,107,395	113,588,469	**104,729,330**
Return on equity note 2 (%)	16.6	10.7	9.9	10.0	**14.6**
Current ratio (%)	98	119	156	143	**133**
Accounts receivable turnover (days)	4	5	18	37	**44**
Inventory turnover (days)	114	73	86	112	**114**
Accounts payable turnover (days)	51	48	70	83	**75**

Note 1: Restatement for business combination under common control due to the acquisition of Chongqing Weiqiao Financial Factoring Co., Ltd..

Note 2: Calculated based on average equity.

Corporate Information

EXECUTIVE DIRECTORS

Mr. Zhang Bo *(Chairman, Chief Executive Officer, Authorised Representative)*
Ms. Zheng Shuliang *(Vice Chairman)*
Ms. Zhang Ruilian *(Vice President, Chief Financial Officer)*

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

CHIEF FINANCIAL OFFICER

Ms. Zhang Ruilian

COMPANY SECRETARY

Ms. Zhang Yuexia

AUDIT COMMITTEE

Mr. Han Benwen *(Committee Chairman)*
Mr. Xing Jian
Mr. Dong Xinyi

NOMINATION COMMITTEE

Mr. Xing Jian *(Committee Chairman)*
Mr. Zhang Bo
Mr. Han Benwen

REMUNERATION COMMITTEE

Mr. Han Benwen *(Committee Chairman)*
Mr. Zhang Bo
Mr. Xing Jian

AUTHORISED REPRESENTATIVES

Mr. Zhang Bo
Ms. Zhang Yuexia

PLACE OF BUSINESS IN HONG KONG

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The Center
99th Queen's Road Central
Central
Hong Kong

HEAD OFFICE IN THE PRC

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

CAYMAN ISLANDS REGISTERED OFFICE

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

INTERNATIONAL AUDITOR

SHINEWING (HK) CPA Limited

HONG KONG SHARE REGISTRAR

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

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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24 Shedden Road, P.O. Box 1586
Grand Cayman, KY1-1110
Cayman Islands

INVESTOR RELATIONS DEPARTMENT OF THE COMPANY

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COMPANY WEBSITE

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STOCK CODE

1378.HK

LISTING PLACE

Main Board of The Stock Exchange of Hong Kong Limited

LISTING DATE

24 March 2011

NUMBER OF ISSUED SHARES AS AT 31 DECEMBER 2020

8,878,352,349

INVESTOR RELATIONS AND MEDIA RELATIONS CONSULTANT

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FINANCIAL YEAR END

31 December

FINANCIAL CALENDER

Annual Results Announcement Date
5 March 2021

DATE OF ANNUAL GENERAL MEETING

6 May 2021

EXPECTED DATE OF DIVIDEND PAYMENT

25 June 2021

Chairman's Statement

It is my pleasure to present on behalf of the board (the "Board") of directors (the "Directors") of China Hongqiao Group Limited (the "Company" or "China Hongqiao") the audited consolidated annual results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2020 (the "Year" or the "Year under Review").

In 2020, the global economic, financial and stock markets were strongly impacted by the COVID-19 pandemic ("Pandemic"). During the early stage of the outbreak, with the global stock market experienced a severe drop, the U.S Federal Reserve and the European Central Bank came to the rescue with quantitative easing, while the US and European governments implemented fiscal policies to stimulate the economy. According to the Global Economic Prospects report published by the Organisation for Economic Co-operation and Development (OECD), with global Gross Domestic Product (GDP) declining by 4.2% in 2020, the world economy will take a long time to recover to pre-pandemic levels.

During the Pandemic, the PRC government actively adopted measures to take the lead in controlling the Pandemic, resuming business and production, and achieving remarkable results in economic growth. In 2020, China's GDP increased by 2.3% over the previous year, and it was the only major economy in the world that achieved positive growth, becoming the main force driving the recovery of the global economy.

As for the industry, the uniqueness of the aluminum industry has spared aluminum production from being significantly impacted by the Pandemic. Recently, China's total primary aluminum production capacity has been controlled under the influence of supply-side reform. The trend of tight supply will be maintained in the short term, and the market expects that the increase in demand for aluminum products will drive a further rise in aluminum prices. Benefited from China's rapid prevention and control measures, the Pandemic's impact on the Group's overall operations during the Year was relatively small. However, due to emerging trade frictions, resource and environmental policies, adjustments to industrial structure and other factors, the Group's business and operations will still face some uncertainties.

During the Year, the Group managed to further strengthen the leadership in the aluminum industry by leveraging its core competitive advantages, its business model and proactive business development strategies. Domestically, the Group focused on the material strategy of "Three New (new infrastructure, new material and new applications) and One High (high value-added)", accelerated the construction of aluminum lightweight material bases, and built a world-class full-process automotive lightweight R&D and manufacturing base and a world-class R&D center for lightweight aluminum materials in Shandong province. The Group also accelerated construction of the Yunnan green aluminum innovation industrial park. The project initiated partial production in September 2020, which will help the Group to further reduce production costs, enhance its core competitiveness, as well as effectively reduce its carbon emission and create a more eco-friendly production environment through more use of hydropower clean energy. Additionally, the Group further extended its international cooperation and improved the development of a circular economy by joining hands with Germany's Scholz China GmbH to build the Sino-German Hongqiao Scholz Circular Economy Science & Technology Project, which focuses on secondary aluminum, scrapped vehicle and research and development of recycling technology, and practically contributes to the circular economy. As to overseas business, the bauxite mines projects in Guinea and the construction of phase 2 alumina project in Indonesia have been progressing smoothly.

During the Year under Review, the Group's revenue amounted to approximately RMB86,144,641,000, representing a year-on-year increase of approximately 2.3%; gross profit amounted to approximately RMB19,355,188,000, representing a year-on-year increase of approximately 17.6%; net profit attributable to shareholders of the Company amounted to approximately RMB10,495,936,000, representing a year-on-year increase of approximately 72.2%; and basic earnings per share amounted to approximately RMB1.2210 (same period in 2019: approximately RMB0.7087). During the Year, the Board has approved the payment of an interim dividend of HK15 cents per share for the first time since the Company's listing (same period in 2019: Nil). The Board recommended payment of a final dividend of HK50 cents per share for 2020 (same period in 2019: HK34 cents).

In accordance with its business models of "Integration of Aluminum and Electricity", "Integration of Upstream and Downstream Businesses", "Global Integration", and "Green Smart Integration", the Group continued to accelerate deployment of technological innovation, increase investment in scientific research, and make efforts towards green development and high quality development. During the Year, the Group focused on the development of lightweight materials and the circular economy of secondary aluminum, and joined hands with a number of domestic and overseas partners to extend the downstream of the aluminum industrial chain. At the same time, the Group increased its investment in technological innovation, and cooperated with national research institutions to further increase the technological content of the aluminum industry. The Group received a number of industry and international recognition during the Year. Shandong Hongqiao New Material Co., Ltd. ("Shandong Hongqiao"), a wholly-owned subsidiary of the Company, was awarded as the only energy efficiency leader in the primary aluminum industry by the Ministry of Industry and Information Technology for three consecutive years.

During the Year under Review, the Group further optimised its financial structure through diversified financing, thereby stabilising its sustainable development. To strengthen investor confidence and stabilise the Group's bond prices, Shandong Hongqiao used its own funds to repurchase its issued bonds at the full price in advance during the Year, with the total repurchase amount of approximately RMB2.4 billion.

In the prospect of 2021, the Group believes that the construction industry as well as high-end manufacturing industries such as automobile and aviation will maintain a stable growth due to the development of the economy in China. With energy savings, reduced emissions and low carbon footprints being strongly advocated by the society, aluminum for rail transit and lightweight aluminum for motor vehicles are expected to become key consumption growth for the aluminum processing industry. It is expected that as demand for aluminum in these important fields will continue to maintain growth, the total demand for aluminum will also grow steadily at the same time. The Group has sufficient confidence in the industry's future development. However, as the Pandemic is not yet completely over, there are uncertainties in the world economic development and there will still be certain challenges and opportunities ahead for the aluminum industry.

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 2020, and to our shareholders, investors and business partners for their support and trust.

Mr. Zhang Bo
Chairman of the Board

5 March 2021

INDUSTRY REVIEW

Looking back on the global economic environment in 2020, the uncertainty of world economic growth has increased, due to the adverse effects of the Pandemic, thus the world economy will take a long time to recover to pre-pandemic levels. During the Year, domestic and foreign aluminum prices remained stable in general, showing a trend of internal strength and external weakness. In 2020, the average price of three-month aluminum futures at the London Metal Exchange (LME) was approximately US$1,732/ton, representing a decrease of approximately 4.5% compared with the same period of the previous year. In 2020, the average price of three-month aluminum futures at the Shanghai Futures Exchange (SHFE) was approximately RMB13,762/ton (including value-added tax), representing a decrease of approximately 0.8% compared with the same period last year. (Data source: Beijing Antaike Information Co., Ltd. ("Antaike")).

During the Year under Review, overseas demand for primary aluminum was adversely affected by the Pandemic, and despite the fact that the supply remained stable, demand decreased sharply. On the contrary, domestic demand was strong under the rapid promotion of resumption of business and production, driving the industry to continue de-stocking, resulting in shortage of supply. Domestically, under the influence of supply-side reform in recent years, the total production capacity of the primary aluminum in China is under control, and the momentum of substantial growth in output is suppressed. However, with the development of China's economy and the effect of the new development pattern of internal and external "dual circulation", the consumption has been improving significantly, and the demand for aluminum in the fields of construction, rail transportation, automobile and aviation has been increasing year by year. During the Year, despite the overall average prices of aluminum futures in domestic and overseas markets have decreased compared with the same period last year, however, in terms of spot prices, the surge of aluminum prices in China led to a rebound in overseas aluminum prices, and the price of aluminum at the SHFE increased more than that at the LME. The spot closing price at the LME rose from a lowest of approximately US$1,422/ton in April to a highest of approximately US$2,052/ton in December, representing an increase of approximately 44.3%. The closing price of SHFE contracts for the month rose from a lowest of approximately RMB11,310/ton (including value-added tax) in March to a highest of approximately RMB17,000/ton (including value-added tax) in December, representing an increase of approximately 50.3%. (Source: Antaike)

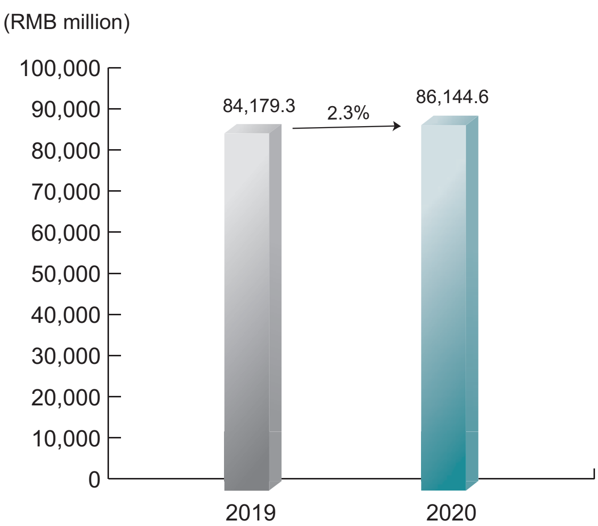
According to statistics from Antaike, the global production volume of primary aluminum in 2020 was approximately 65.32 million tons, representing a year-on-year increase of approximately 2.1%. Global consumption of primary aluminum in 2020 was approximately 63.47 million tons, representing a year-on-year decrease of approximately 2.8%. For the domestic market, the production volume of primary aluminum in China during 2020 was approximately 37.30 million tons, representing a year-on-year increase of approximately 3.8% and accounting for approximately 57.1% of global production volume. Consumption of primary aluminum in China during 2020 was approximately 38.35 million tons, representing a year-on-year increase of approximately 4.7% and accounting for approximately 60.4% of global primary aluminum consumption. (Source: Antaike)

BUSINESS REVIEW

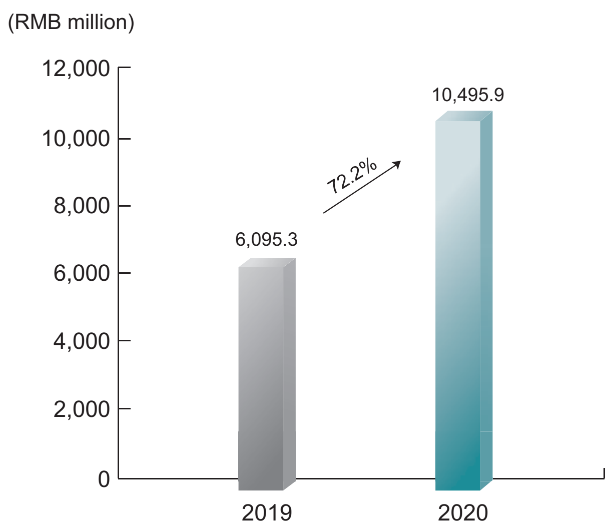
During the Year under Review, the Group's total output of aluminum alloy products and aluminum fabrication products were approximately 5.622 million tons and 0.622 million tons respectively, basically maintained at the similar level as last year.

The Group's revenue and net profit attributable to shareholders of the Company for the year ended 31 December 2020 and 2019 are as follows:

Revenue



Net profit attributable to shareholders of the Company



For the year ended 31 December 2020, the Group's revenue was approximately RMB86,144,641,000, representing a year-on-year increase of approximately 2.3%, mainly due to the increase in the average sales price of aluminum alloy products of the Group during the Year compared with the same period last year, resulting in an increase in revenue from aluminum alloy products; and the increase in sales volume of alumina products, resulting in an increase in revenue from alumina products.

During the Year, the Group's sales volume of aluminium alloy products was approximately 5.060 million tons, maintained at similar level as the same period last year. The average sales price of aluminium alloy products increased by approximately 2.2% to RMB12,501/ton (excluding value-added tax) compared with the same period last year. The Group's sales volume of aluminium fabrication products was 0.601 million tons, representing a decrease of approximately 3.6% compared with the same period last year. The Group's sales volume of alumina products was approximately 6.734 million tons, representing a year-on-year increase of approximately 27.6%. The increase in sales volume of alumina products was mainly because the Group actively seized the opportunities to develop the domestic alumina product market under the premise of satisfying self-consumption alumina, resulting in the increase in sales volume of alumina products.

For the year ended 31 December 2020, net profit attributable to shareholders of the Company amounted to approximately RMB10,495,936,000, representing a year-on-year increase of approximately 72.2%, mainly attributable to (i) an increase in the average sales price of aluminum products during the Year compared to the corresponding period of last year and a decrease in production costs, resulting in an increase in the Group's gross profit; (ii) a decrease in the Group's impairment losses during the Year; and (iii) a decrease in the Group's finance cost and increase in the Group's exchange gains during the 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 2020 and 2019 respectively.

	For the year ended 31 December							
	2020				2019			
Products	Revenue RMB'000	Gross profit RMB'000	Gross profit margin %	Percentage of revenue %	Revenue RMB'000	Gross profit RMB'000	Gross profit margin %	Percentage of revenue %
Aluminum alloy products	**63,257,199**	**15,185,974**	**24.0**	**73.4**	61,891,049	11,813,930	19.1	73.5
Alumina	**13,486,945**	**2,209,688**	**16.4**	**15.7**	12,521,125	2,707,805	21.6	14.9
Aluminum fabrication products	**8,781,080**	**1,934,799**	**22.0**	**10.2**	9,104,598	1,938,363	21.3	10.8
Steam	**619,417**	**24,727**	**4.0**	**0.7**	662,516	4,155	0.6	0.8
Total	**86,144,641**	**19,355,188**	**22.5**	**100.0**	84,179,288	16,464,253	19.6	100.0

For the year ended 31 December 2020, the Group's revenue derived from aluminum alloy products was approximately RMB63,257,199,000, accounting for approximately 73.4% of the revenue of the Group; the revenue of alumina products was approximately RMB13,486,945,000, accounting for approximately 15.7% of the revenue of the Group. The revenue derived from aluminum fabrication products amounted to approximately RMB8,781,080,000, accounting for approximately 10.2% of the total revenue of the Group. The Group's proportion of revenue by product category for the year ended 31 December 2020 has no significant change as compared with the same period last year.

For the year ended 31 December 2020, the Group's overall gross profit margin of the products was approximately 22.5%, which increased by approximately 2.9 percentage points as compared with approximately 19.6% for the corresponding period of last year. Gross profit margin of aluminum alloy products increased, which was mainly due to the increase in average sales price of aluminium alloy products and the decrease in the Group's average purchase price of raw materials such as alumina, bauxite and carbon anode blocks during the Year, which led to the decrease in the cost of aluminum alloy products of the Group. Affected by the drop in the alumina market prices, the Group's gross profit margin for alumina products decreased compared to the same period last year. The gross profit margin for aluminum fabrication products increased slightly compared with the same period of last year. The Group will continue to strengthen the cost control and upgrade the production technology to enhance its market competitiveness.

Distribution and selling expenses

For the year ended 31 December 2020, the Group's distribution and selling expenses were approximately RMB399,894,000, representing a decrease of approximately 10.9% as compared with approximately RMB449,041,000 for the corresponding period of last year, which was mainly due to the increase in the proportion of self-pickup alumina products in the sales contracts of alumina products signed by the Group during the Year, resulting in a corresponding decrease in the transportation costs.

Administrative expenses

For the year ended 31 December 2020, the administrative expenses of the Group amounted to approximately RMB4,052,174,000, representing an increase of approximately 11.1% as compared with approximately RMB3,645,691,000 for the corresponding period of last year, which was mainly due to the increase in the maintenance expenses as a result of the Group's arrangement of centralized maintenance for some production lines during the Year.

Finance costs

For the year ended 31 December 2020, the finance costs of the Group were approximately RMB4,506,236,000, representing a decrease of approximately 13.7% as compared with approximately RMB5,219,595,000 for the corresponding period of last year, which was mainly due to the decrease of weighted total amount of debt of the Group during the Year as compared with the same period last year, and the decrease in the average interest cost of the Group's debts as compared to the same period last year.

Liquidity and capital resources

As at 31 December 2020, the cash and cash equivalents of the Group were approximately RMB45,465,361,000, representing an increase of approximately 8.6% as compared with approximately RMB41,857,116,000 of the cash and cash equivalents as at 31 December 2019. 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 2020, the Group's net cash inflow from operating activities was approximately RMB17,779,077,000, net cash outflow for investing activities was approximately RMB6,973,978,000, and net cash outflow for financing activities was approximately RMB7,149,793,000. The net cash outflow for investing activities was mainly attributable to the cash outflow for acquiring property, plant and equipment. The net cash outflow for financing activities was mainly attributable to the cash outflow for 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 2020, the capital expenditure of the Group amounted to approximately RMB5,267,678,000, 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 2020, the Group had capital commitment of approximately RMB2,205,218,000, 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 2020, the Group's trade receivables amounted to approximately RMB10,335,568,000, which was basically the same as that of approximately RMB10,311,326,000 as at 31 December 2019.

As at 31 December 2020, the Group's inventory was approximately RMB19,717,811,000, representing a decrease of approximately 9.7% from approximately RMB21,846,922,000 as of 31 December 2019, which was mainly due to the decrease in the raw material purchase price of the Group during the Year.

Contingent liability

As at 31 December 2020 and 2019, the Group has no significant contingent liability.

Income tax

The Group's income tax for 2020 amounted to approximately RMB2,259,599,000, representing a decrease of approximately 2.4% as compared to approximately RMB2,315,924,000 for the corresponding period of last year, which was mainly attributable to the compensation for the previously compensable losses of certain subsidiaries of the Company and the provision for deferred income tax assets during the Year.

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

Net profit attributable to shareholders of the Company was approximately RMB10,495,936,000 for the year ended 31 December 2020, representing an increase of approximately 72.2% as compared to approximately RMB6,095,335,000 for the corresponding period of last year.

Basic earnings per share of the Company in 2020 were approximately RMB1.2210 (2019: approximately RMB0.7087).

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, in order requirements. As at 31 December 2020, the cash and cash equivalents of the Group amounted to approximately RMB45,465,361,000 (31 December 2019: approximately RMB41,857,116,000), which were mainly saved in commercial banks. Considering the needs for the Group's normal business operation and the scale of debt repayments, such level of cash and cash equivalents would facilitate in ensuring stability and flexibility of the Group's business operation. 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 2020, the total liabilities of the Group amounted to approximately RMB104,729,330,000 (31 December 2019: approximately RMB113,588,469,000). Gearing ratio (total liabilities to total assets) was approximately 57.7% (31 December 2019: approximately 63.2%), which was further optimized.

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 operation. As at 31 December 2020, the Group had secured bank borrowings of approximately RMB8,453,755,000 (31 December 2019: approximately RMB8,748,738,000).

As at 31 December 2020, the Group's total bank borrowings were approximately RMB34,260,898,000. 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 2020, approximately 12.7% of the Group's bank borrowings were subject to fixed interest rates while the remaining approximately 87.3% were subject to floating interest rates.

The Group aims to maintain a balance between the continuity and flexibility of funding through various debt financing instruments. As at 31 December 2020, debts except bank borrowings of the Group include approximately RMB36,120,076,000 of medium-term notes and bonds, approximately RMB3,242,270,000 of guaranteed notes and approximately RMB1,766,050,000 of convertible bonds, the interest rates of which ranged from 3.84% to 8.69% per annum. Aforesaid notes and bonds help to optimise the Group's debt structure and reduce its financial costs.

As at 31 December 2020, the Group had net current assets of approximately RMB24,082,261,000. The Group will continue to diversify its financing channels and optimize its debt structure. In addition, the Group will sustain its existing production capacity advantages, 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 2020, the Group's liabilities were mainly denominated in RMB and US Dollars, among which, RMB liabilities accounted for approximately 87.4% of the total liabilities, and US Dollars liabilities accounted for approximately 12.6% of the total liabilities. The Group's cash and cash equivalents were mainly held in RMB and US Dollars, of which approximately 97.2% was held in RMB and approximately 2.3% was held in US Dollars.

Pledged assets

The details of the pledged assets of the Group are set out in note 50 to the consolidated financial statement.

Employee and remuneration policy

As at 31 December 2020, the Group had a total number of 42,445 employees, representing a decrease of 1,289 employees as compared with 31 December 2019, which was mainly attributable to the normal employee mobility. During the Year, the total staff costs of the Group amounted to approximately RMB3,369,031,000, representing approximately 3.9% of its revenue. The remuneration packages of the employees include salaries and various types of benefits. In addition, the Group established a performance-based incentive mechanism under which the employees may be awarded by 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 funded most of its capital expenditures in RMB. As the importation of bauxite and production equipment, 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 2020, the Group's bank balances denominated in foreign currencies were approximately RMB1,258,609,000, and liabilities denominated in foreign currencies were approximately RMB9,481,240,000. For the year ended 31 December 2020, the foreign exchange gain of the Group was approximately RMB 320,832,000 (2019: exchange loss approximately RMB178,459,000).

Material acquisitions and disposals of subsidiaries, associates and joint ventures

On 18 March 2020, Zouping County Hongxu Thermal Power Co., Ltd. (鄒平縣宏旭熱電有限公司), an indirect wholly-owned subsidiary of the Company, entered into an assets transfer agreement with Shandong Guoxu New Energy Co., Ltd. (山東國旭新能源有限公司), pursuant to which Zouping County Hongxu Thermal Power Co., Ltd. (鄒平縣宏旭熱電有限公司) conditionally agreed to sell and Shandong Guoxu New Energy Co., Ltd. (山東國旭新能源有限公司) conditionally agreed to purchase the power units with an aggregate installed capacity of 1,320 MW and other relevant ancillary assets, together with all the rights and obligations attached or in relation thereto, at a total consideration of RMB3,000,000,000. Relevant details are set out in the announcement of the Company dated 18 March 2020.

Save as disclosed above, during the year ended 31 December 2020, the Company did not have other material acquisitions or disposals of subsidiaries, associates or joint ventures.

Significant investment held

During the year ended 31 December 2020, the Group did not hold any significant investment which had significant impact on its overall operation.

Future plans for material investments or capital assets

During the year ended 31 December 2020 and as of the date of this annual report, there was no future plan approved by the Group for any material investments or capital assets.

MAJOR RISKS AND UNCERTAINTIES

The Group faces certain risks and uncertainties during its operation, among which, there are certain risks that the Group cannot control. Such risks and uncertainties include factors such as economy conditions of both inside and outside China, credit policy and foreign exchange policies of the PRC, and changes related to laws, regulations and enforcement policies, and the prices and supply of raw materials and aluminum products.

With the growth and expansion of the Group's operations, the potential risks to the Group's business increase as well. In order to identify, assess and control the risks that may create impediments to the Group's success, the Group has implemented a risk management system that covers every key aspect of its business operations, including financial security, production and compliance. As the Group's risk management is a systematic project, each of its department is responsible for identifying and evaluating the risks relating to their area of operations. The Group's audit committee is responsible for overseeing and assessing the Group's risk management policy and supervising the performance of risk management system.

ENVIRONMENTAL PROTECTION POLICY

The Group has established a dedicated environmental protection department. The environmental protection department is responsible for overseeing the environmental protection of the Group as a whole, such as formulating environmental-related guidelines and policies for the Group, paying attention to the latest development in the environmental-related laws, regulations and standards in the PRC, regularly inspecting the production and pollutant discharge facilities of the Group, handling the application for environmental protection permit documents, inspection for the construction projects of the Group and other necessary filings and so on.

During the power generation process, the Group's power plant discharges sewage, emits air pollutants, such as sulphur dioxide, and produces noise. The Group has installed dedusting, desulphurisation and denitrificaiton equipment in its power station to reduce the emission of air pollutants. The Group has also installed water recycling and treatment equipment to minimise the impact of sewage on the environment. The Group's power station has obtained the pollutant emission permits and has satisfied the emission requirements provided by local governments. In addition, the Group has installed sound insulation equipment to reduce the impact of the noise produced in the daily operations of the power station. The Group has implemented and completed the super-low emission's reform of all coal-fired power generation units, which have met the emission level that required for the gas power generation units.

During the manufacturing process of aluminum products, the Group's factory discharges sewage, emits air pollutants and produces noise. The Group has installed equipment for dedusting as well as flue gas desulphurization and purification in the manufacturing facilities to minimise the emission of air pollutant. The Group recycles and reuses aluminum scraps generated during the production process, so as to reduce industrial waste and increase its utilization rate. In addition, the Group has installed sound insulation equipment to reduce the impact of the noise produced in the daily operations of its manufacturing bases.

IN COMPLIANCE WITH LAWS AND REGULATIONS

The Company is established in Cayman Islands, most of the Group's operations are performed in domestic China, while the Company is listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). During the year ended 31 December 2020 and until the date of publishing this annual report, the Group has always been committed to complying with relevant requirements of the laws and regulations in operation respects.

RELATIONSHIPS WITH KEY STAKEHOLDERS

Employees

Human resources are one of the Group's greatest assets and the Group regards the personal development of its employees as highly important. The Group strives to motivate its employees with a clear career path and opportunities for advancement and improvement of their skills. The Group provides pre-employment, on-the-job training and development opportunities to our staff members. The training programmes cover areas such as managerial skills, sales and production, customer services, quality control, working conduct and training of other areas relevant to the industry. The Group will consider carefully about the precious feedbacks in relation to enhancing working efficiency and harmonious working atmosphere. Besides, the Group will provide competitive remunerations for employees. The Group will also grant extra bonus to employees according to their performance, as a recognition and award for employees who have contributed to the Group's growth and development.

Suppliers

The Group has developed long-term cooperative relationships with many suppliers and taken great care to ensure that they can share the Group's commitment to product quality. The Group carefully selects its suppliers and requires them to satisfy certain assessment criteria including track record, experience, financial strength, reputation, ability to produce high-quality products and effectiveness of quality control. The Group also requires suppliers to comply with the Group's anti-bribery policies.

Customers

The Group has established long-term cooperative relationship with many customers by strengthening relationships with the existing customers while cultivating relationships with potential customers. The Group visits and contacts customers so as to keep contact with them. The Group has also established sales and marketing teams covering Shandong Province, Northeastern, Southern, Eastern, Southwest and Northern China, where the customers are located.

FUTURE PROSPECT

In the prospect of 2021, the Group believes that the construction industry as well as high-end manufacturing industries such as automobile and aviation will maintain a stable growth due to the development of the economy in China. With energy savings, reduced emissions and low carbon footprints being strongly advocated by the society, aluminum for rail transit and lightweight aluminum for motor vehicles are expected to become key consumption growth for the aluminum processing industry. It is expected that as demand for aluminum in these important fields will continue to maintain the growth in the short term, therefore, the overall domestic demand for aluminum will also grow steadily at the same time. The Group has sufficient confidence in the industry's future development. However, as the Pandemic is not yet completely over, there are uncertainties in the world economic development and there will still be certain challenges and opportunities ahead for the aluminum industry.

In the future, the Group will continue to manage its existing assets properly, focus on the development of lightweight material and accelerate its extension to the high-end of the industry. At the same time, the Group will continue to fulfill its role as a leader, improve its industrial and supply chains whilst participating in the international division of labour and accelerating international cooperation in production capacity. As always, the Group will strive to maximise shareholders' interests to reward their long-term support.

EVENTS AFTER THE REPORTING PERIOD

Issue of US$300,000,000 5.25% convertible bonds due 2026

On 7 January 2021 (after trading hours), the Company and the subsidiary guarantors entered into the CB 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 US$300,000,000 5.25% convertible bonds due 2026, with an initial conversion price (subject to adjustment) of HK$8.91. The issue of the convertible bonds was completed on 25 January 2021. The convertible bonds were listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") on 26 January 2021. The net proceeds of the issue of the convertible bonds were approximately US$294,000,000, which were or will be used as follows:

50% were used for general corporate purposes. To guarantee the smooth operation and to reduce the financing cost of the Company, the Company used approximately 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).

30% were used for refinancing certain existing indebtedness. In order to optimize the debt structure of the Group, the Company used approximately 30% of the net proceeds to repay the Group's debt due before March 2021.

20% will be used for capital expenditure. In order to increase the proportion of clean energy, the Company will use 20% of the net proceeds for construction of Yunnan green aluminum innovation industrial park project of the Group. As of the date of this annual report, approximately 7% of the net proceeds have been used, and the remaining 13% of the net proceeds are expected to be used up before the end of 2021.

Relevant details are set out in the announcements of the Company dated 8 January 2021 and 27 January 2021.

Placing of existing shares and subscription of new shares

On 10 March 2021 (after trading hours), the controlling shareholder of the Company, China Hongqiao Holdings Limited ("Hongqiao Holdings"), the Company 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 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 placing and subscription were completed on 15 March 2021 and 19 March 2021, respectively.

The net proceeds received by the Company from the subscription amounted to approximately HK$2,324,000,000. The Company intends to use approximately 30% of the net proceeds to construct Yunnan green aluminum innovation industrial park project, approximately 30% of the net proceeds to develop secondary aluminum project and approximately 40% of the net proceeds to replenish the Group's general working capital (including, among others, procurement of raw materials, research and development expenditure and taxation). As of the date of this annual report, the net proceeds have not been utilized.

The relevant details are set out in the announcements of the Company dated 10 March 2021 and 19 March 2021.

Save as disclosed above, up to the date of this annual report, there was no any other important event affecting the Group that has occurred since 31 December 2020.

DIRECTORS

Our Board is responsible and has general powers for the management and development of the Group's business. The table below shows certain information in respect of members of our Board:

Name	Age	Position
Mr. ZHANG Bo	51	Chairman, Executive Director and Chief Executive Officer
Ms. ZHENG Shuliang	74	Vice Chairman and Executive Director
Ms. ZHANG Ruilian	43	Vice President, Chief Financial Officer and Executive Director
Mr. YANG Congsen	51	Non-executive Director
Mr. ZHANG Jinglei	44	Non-executive Director
Mr. LI Zimin	49	Non-executive Director
Mr. ZHANG Hao	47	An alternate Director to Mr. LI Zimin
Ms. SUN Dongdong	44	Non-executive Director
Mr. WEN Xianjun	59	Independent Non-executive Director
Mr. XING Jian	71	Independent Non-executive Director
Mr. HAN Benwen	70	Independent Non-executive Director
Mr. DONG Xinyi	44	Independent Non-executive Director

Executive Directors

Mr. Zhang Bo (張波), aged 51, was appointed as an executive Director and the chief executive officer of the Company on 16 January 2011. He was elected as the chairman of the Board and a member of each of the remuneration committee and nomination committee of the Company on 31 May 2019. He graduated from Shandong Broadcast and Television University (山東廣播電視大學) majoring in financial accounting and obtained a bachelor's degree in economics in August 1996. He also obtained a master degree in software engineering in Wuhan University (武漢大學) in June 2005. He is responsible for the overall strategic planning and operation of the Group. He joined the Group in 2006 and has fourteen years of experience in aluminum industry. He had been the deputy general manager of Shandong Weiqiao Chuangye Group Company Limited (山東魏橋創業集團有限公司) ("Chuangye Group") from April 1998 to February 1999, and successively served as the general manager, executive director, chairman of Weiqiao Textile Company Limited (魏橋紡織股份有限公司) ("Weiqiao Textile", a company listed on the Stock Exchange, stock code: 2698.HK) (including its predecessor) from March 1999 to September 2006, a director of Weihai Weiqiao Textile Company Limited (威海魏橋紡織有限公司) from July 2001 to May 2010, the chairman and general manager of Binzhou Weiqiao Technology Industrial Park Company Limited (濱州魏橋科技工業園有限公司) ("Binzhou Industrial Park") from November 2001 to May 2010, the chairman of Binzhou Aluminum Industry Association from June 2014 to August 2020 and a vice chairman of the International Aluminium Institute from November 2016 to August 2020. Currently, he is the chairman and the general manager of Shandong Weiqiao Aluminum & Power Co., Ltd. (山東魏橋鋁電有限公司) ("Weiqiao Aluminum & Power") since November 2006, a director (since January 2010) and the general manager (from January 2010 to January 2021) and the chairman (since June 2019) of Shandong Hongqiao New Material Co., Ltd. (山東宏橋新型材料有限公司) ("Shandong Hongqiao"), a director of Hongqiao (HK) International Trading Limited (宏橋(香港)國際貿易有限公司) ("Hongqiao (HK) Trading") since April 2012, a director of Hongqiao Investment (Hong Kong) Limited since January 2015, the chairman of Chuangye Group since September 2018, a director of China Hongqiao Investment Limited (中國宏橋投資有限公司) since May 2019, a director and the general manager of Shandong Hongtuo Industrial Company Limited (山東宏拓實業有限公司) since June 2019 and an executive director of Hongqiao International Trading Limited (宏橋國際貿易有限公司) since April 2020. He has been the honorary chairman of Binzhou Aluminum Industry Association since August 2020, a deputy to the vice president of China Non-ferrous Metals Industry Association since March 2015, the chairman of Shandong Aluminium Industry Association since March 2019, the chairman of Binzhou Entrepreneurs Association since January 2020, vice chairman of Binzhou Shiping Charity Foundation (since September 2020) and chairman of Binzhou Charity Federation (since October 2020). He was selected by the State Council as "National Model Worker" in 2010. He is a representative of the twelfth Shandong Provincial People's Congress. Ms. Zheng Shuliang is his mother, and Mr. Yang Congsen is his brother-in-law.

Ms. Zheng Shuliang (鄭淑良), aged 74, was appointed as the vice chairman and an executive Director of the Company on 16 January 2011. She joined the Group in July 2009. She successively held the positions of the section chief, director of metering division of raw materials purchase department and deputy director of raw materials supply department of Chuangye Group (including its predecessor) from November 1996 to June 1999, director of metering department of Chuangye Group from June 1999 to June 2001. She is the mother of Mr. Zhang Bo and the mother-in-law of Mr. Yang Congsen. She is currently a director and the vice chairman of Shandong Hongqiao since January 2010 and a director of Weiqiao Alumina & Power since November 2011 and chairman of Binzhou Shiping Charity Foundation (since September 2020).

Ms. Zhang Ruilian (張瑞蓮), aged 43, was appointed as an executive Director of the Company on 11 December 2017. She graduated from Shandong Economic Management School of Light Industry (山東省輕工業經濟管理學校) and obtained the diploma in accounting in July 1996. She obtained the bachelor's degree in accounting from Beijing Foreign Studies University in July 2019. She joined the Group in June 2006 and has over twenty years of experience in accounting. She is responsible for the supervision of the Group's finance and accounting affairs. She served as the manager of audit department of Chuangye Group from December 2005 to June 2006. She has been the head of financial department of Weiqiao Alumina & Power since June 2006, a director of Weiqiao Alumina & Power since December 2014, the manager of financial department of Shandong Hongqiao since February 2010, a director of Shandong Hongqiao since December 2014, and a director of Hongqiao (HK) Trading since April 2012. She is currently the vice president (since January 2011) and the chief financial officer of the Company (since September 2014).

Non-Executive Directors

Mr. Yang Congsen (楊叢森), aged 51, was appointed as a non-executive Director of the Company on 16 January 2011. He graduated from Ocean University of Qingdao (青島海洋大學) and obtained a junior college diploma in international trade in July 1998. He obtained a master's degree of business administration from Dalian University of Technology (大連理工大學) in July 2006. He joined the Group in January 2007 and has over twenty years of management experiences. He was responsible for the production and operation of the self-owned power plants of the Group and was also the deputy general manager of Weiqiao Alumina & Power prior to the listing of the Company in 2011. He held the positions of the network administrator of human resources division of Chuangye Group (including its predecessor) from October 1997 to December 1999, head of thermal power plant of Chuangye Group from December 1999 to October 2003, and deputy general manager of Chuangye Group from January 2005 to June 2006. He is currently a director of Chuangye Group, a director (since January 2010) and the general manager (since January 2021) of Shandong Hongqiao and a director of Weiqiao Alumina & Power since December 2006. He is the son-in-law of Ms. Zheng Shuliang and the brother-in-law of Mr. Zhang Bo.

Mr. Zhang Jinglei (張敬雷), aged 44, was appointed as a non-executive Director on 16 January 2011. He graduated from Xi'an Engineering College (西安工程學院) and obtained the junior college diploma in proximate analysis in July 1997. He joined the Group in January 2011. He joined Weiqiao Textile (a company listed on the Stock Exchange, stock code: 2698.HK) (including its predecessor) in October 1997, and worked in the sales department of Weiqiao Textile (including its predecessor) from September 1998 to September 2000, and has successively worked at the securities office, production technology section and the capital markets department of Weiqiao Textile since October 2000. He is currently an executive director (since June 2010) and the company secretary (since May 2010) of Weiqiao Textile and a director of Chuangye Group (since September 2018).

Mr. Li Zimin (李子民), aged 49, was appointed as a non-executive Director of the Company on 27 January 2021. He graduated from Beijing Institute of Economics (北京經濟學院) with a bachelor of economics degree majoring in trade and economics in July 1994, graduated from Tsinghua University (清華大學) with a master of business administration degree majoring in business administration in January 2006, and graduated from University of Chinese Academy of Science (中國科學院大學) with a doctorate in management majoring in management science and engineering in 2015. He served as the project supervisor of the asset preservation department and the project manager of the investment management department of CITIC Industrial Trust Investment Corporation (中信興業信託投資公司) (currently known as CITIC Trust Co., Ltd. (中信信託有限責任公司)) from December 1998 to September 2002. He held several positions in CITIC Trust Investment Co., Ltd. (中信信託投資有限責任公司) (currently known as CITIC Trust Co., Ltd. (中信信託有限責任公司)), as the project manager, senior manager and expert of the annuity trust department from September 2002 to February 2005 and as the head of the corporate integrated financial services team of from February 2005 to January 2006. He also successively held various positions in CITIC Trust Co., Ltd. (中信信託有限責任公司), as the general manager of the investment banking department I, the business director, deputy general manager, general manager and vice chairman from January 2006 to October 2020. Since October 2020, he has been the secretary of party committee, vice chairman and general manager of CITIC Trust Co., Ltd. (中信信託有限責任公司). He has also been a director of CTI Capital Management Limited (中信信惠國際資本有限公司) since January 2021.

Mr. Zhang Hao (張浩), aged 47, was appointed as an alternate Director to Mr. Li Zimin on 27 January 2021. He graduated from University of International Business and Economics (對外經濟貿易大學, formerly known as China Institute of Finance (中國金融學院)) with a bachelor of economics degree majoring in international finance in July 1996. He served as a foreign exchange trader and the deputy manager of the treasury department of China CITIC Industrial Bank (中信實業銀行, currently known as China CITIC Bank Corporation Limited (中信銀行股份有限公司, stock code: 998.HK and 601998.SH)) successively from August 1996 to June 2003. He served as a director of the financial market department of Calyon Hong Kong Limited from July 2003 to June 2005, and an executive director of the financial market department of Bear Stearns Asia Limited from July 2005 to June 2008. He also served as the managing director of the financial market department of Standard Chartered Bank (HK) Ltd, from July 2008 to July 2014. From 11 December 2017 to 2 February 2018 and from 31 August 2018 to 27 January 2021, he served as an alternate Director to Mr. Chen Yisong, a former non-executive Director of the Company. Since August 2014, he has served as the chief executive officer and the executive director of CTI Capital Management Limited (中信信惠國際資本有限公司) and also served in CTI Capital Hong Kong Limited (中信信惠國際資本(香港)有限公司), being a wholly-owned subsidiary of CTI Capital Management Limited (中信信惠國際資本有限公司) and holding licenses issued by the Securities and Futures Commission of Hong Kong to carry out regulated activities) as the chief executive officer, executive director, the responsible officer for type 1 (dealing in securities) and type 4 (advising on securities) regulated activities and the licensed representative for type 9 (asset management) regulated activities.

Ms. Sun Dongdong (孫冬冬), aged 44, was appointed as a non-executive Director of the Company on 5 March 2021. She graduated from Shandong Institute of Architectural Engineering (山東建築工程學院) majoring in heating, ventilation and air conditioning engineering in July 1998 and she is a certified senior economist and budget specialist. Ms. Sun successively held various positions in Weiqiao Aluminum & Power, as the chief of the supply section from November 2000 to June 2006, the chief of electrical and mechanical services section of the material supply department from June 2006 to May 2010, the chief of budget audit section from May 2010 to June 2011, the chief of audit supervisory department from June 2011 to March 2018, and the chief of audit department from March 2018 to October 2020. She has been serving as a supervisor of Shandong Hongqiao since June 2019, a supervisor of Weiqiao Aluminum & Power since June 2019, a supervisor of Yunnan Hongqiao New Material Co., Ltd. (雲南宏橋新型材料有限公司) since October 2019, a supervisor of Yunnan Hongtai New Material Co., Ltd. (雲南宏泰新型材料有限公司) since October 2019, a supervisor of Shanghai Helu Equity Investment Management Co., Ltd.(上海和魯股權投資管理有限公司) since November 2019, as well as the chief of audit department of Shandong Hongqiao since October 2020.

Independent Non-Executive Directors

Mr. Wen Xianjun (文献軍), aged 59, was appointed as an independent non-executive Director on 5 March 2021. He graduated from Central South University (中南大學, formerly known as Central South Institute of Mining and Metallurgy (中南礦冶學院)) with a bachelor of engineering degree majoring in metallic materials in July 1984, and graduated from Beijing Non-Ferrous Research Institute (北京有色金屬研究總院) with a master of engineering degree majoring in metallic materials in June 1990. He successively served as an associate engineer of Beijing Non-Ferrous Research Institute (北京有色金屬研究總院) from August 1984 to August 1987, an engineer of the technology department of China National Non-ferrous Metals Industry Corporation (中國有色金屬工業總公司) from July 1990 to June 1992, a deputy director and a senior engineer of Development and Exchange Centre of China Nonferrous Metals Industry Technology (中國有色金屬技術開發交流中心) from September 1992 to January 1996, a deputy director of the investment and operations department and a senior engineer of China National Non-ferrous Metals Industry Corporation (中國有色金屬工業總公司) from February 1996 to April 1998, the deputy head, a director-level consultant and a senior engineer of Industry Administration Department of the State Nonferrous Metals Industry Administration of China (國家有色金屬工業局行業管理司) from May 1998 to December 2000, as well as the director of CPC Central Enterprise Working Committee (中央企業工委) from January 2001 to March 2001. Mr. Wen has also served as an independent director in various listed companies. He served as an independent director of Henan Zhongfu Industrial Co., Ltd. (河南中孚實業股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 600595)) from October 2009 to November 2014, an independent director of Ningxia Orient Tantalum Industry Co., Ltd. (寧夏東方鉭業股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 000962) from March 2011 to October 2014, an independent director of Zhejiang Dongliang New Material Co., Ltd. (浙江棟樑新材股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 002082) from May 2011 to September 2013, an independent director of Jiaozuo Wanfang Aluminum Manufacturing Co., Ltd. (焦作萬方鋁業股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 000612) from July 2013 to October 2014, as well as an independent director of Suzhou Lopsking Aluminium Co. Ltd. (蘇州羅普斯金鋁業股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 002333) from October 2013 to October 2014. He has been serving as an independent director of China Zhongwang Holdings Limited (中國忠旺控股有限公司) (a company listed on the Stock Exchange, stock code: 01333) since July 2008, an independent director of Henan Shenhuo Coal & Power Co., Ltd. (河南神火煤電股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 000933) since May 2020. He also served as the chairman of China Nonferrous Metals Processing Industry Association (中國有色金屬加工工業協會) from October 2010 to October 2017, and has successively served as the deputy head of industry coordination department, head of the aluminum department, and the vice chairman of China Nonferrous Metals Industry Association (中國有色金屬工業協會) since April 2001.

Mr. Xing Jian (邢建), aged 71, was appointed as an independent non-executive Director on 16 January 2011. He graduated from Correspondence Institute of the Party School of the Central Committee of C.P.C. (中共中央黨校函授學院) and obtained a university diploma in economics and management in December 1995. He held the positions of deputy secretary and secretary of Weiqiao Town of Zouping County from August 1982 to October 1985, deputy mayor of Zouping County from October 1985 to February 1987, deputy secretary and county mayor of Gaoqing County from February 1987 to January 1994, director and party secretary of Audit Bureau of Zibo City of Shandong Province from July 1994 to March 1999, deputy commissioner and party secretary of Special Commissioner Office of National Auditing Administration in Jinan from April 1999 to January 2001, deputy director of Head Office Service Bureau of National Auditing Administration from January 2001 to May 2002, director of Building Materials Auditing Bureau of National Auditing Administration from May 2002 to August 2008 and auditor of Social Insurance Auditing Bureau of National Auditing Administration from August 2008 to June 2009.

Mr. Han Benwen (韓本文), aged 70, was appointed as an independent non-executive Director on 16 January 2011. He graduated from Shandong University (山東大學) and obtained a certificate in foreign economy in May 1994. He is a certified public accountant recognised by the Shandong branch of the Chinese Institute of Certified Public Accountants (山東省註冊會計師協會) and is a qualified middle level auditor. He worked in Zouping County Audit Bureau (鄒平縣審計局) as a clerical officer from August 1985 to December 1999 and in Shandong Jianxin Certified Public Accountants Corporation (山東鑒鑫會計師事務所有限公司) (formerly known as Zouping Jianxin Certified Public Accountants Corporation (鄒平鑒鑫有限責任會計師事務所)) as an accountant from December 1999 to February 2007. He has been working in Zouping Hongrui Accounting & Consulting Services Center (鄒平宏瑞會計諮詢服務中心) as an accountant since February 2007.

Mr. Dong Xinyi (董新義), aged 44, was appointed as an independent non-executive Director on 11 December 2017. He graduated from Northwest Institute of Politics and Law (西北政法學院, currently known as Northwest University of Politics and Law (西北政法大學)) in Xi'an, Shanxi Province, the PRC with a bachelor of law degree majoring in international economic law in July 2000; from Korea University in Seoul, Korea with a master of law degree in August 2006 and the degree of doctor of philosophy in law in August 2009, respectively. He served as a clerk at the civil and administrative procuratorial office, the People's Procuratorate of Huangdao District, Qingdao City, Shandong Province from July 2000 to March 2004. He served as the department head of the legal affair department of Sino-Korea Future Urban Development Co., Ltd. (韓中未來城市開發株式會社) in Korea from July 2009 to July 2010. He served as a postdoctoral researcher at Law School of Renmin University of China (中國人民大學) from July 2010 to June 2012. Since July 2012, he has been serving in various positions at Central University of Finance and Economics (中央財經大學, the "CUFE"), including as a teaching staff and an associate professor. He has concurrently been serving as the deputy head of the Research Center for Internet and Informal Finance Laws of CUFE (中央財經大學互聯網金融與民間融資法治研究中心) since May 2015 and the head of Research Center for Technology and Finance Law of CUFE (中央財經大學科技與金融法律研究中心) since June 2017. He has also been the director of Beijing Institute of Financial Services Law (北京市金融服務法學研究會) since December 2014, an attorney at Beijing King & Capital Law Firm (北京市京都律師事務所) since February 2016, and the director of Institute of Securities Law of China Law Society (中國法學會證券法學研究會) since April 2017. He served as a supervisor of Woori Bank (China) Limited (友利銀行(中國)有限公司) from September 2013 to January 2020 and has served as an independent director of Woori Bank (China) Limited (友利銀行(中國)有限公司) since January 2020. He has been a non-executive director of Zhonghao Xiangyu Investment Management Co., Ltd. (中皓翔宇投資管理有限公司) since February 2016, and an independent director of Guangdong Green Precision Components Co., Ltd. (廣東格林精密部件股份有限公司) since September 2016.

SENIOR MANAGEMENT

Mr. Deng Wenqiang (鄧文強), aged 49, is the vice president of the Company. He graduated from Kunming University of Science and Technology (昆明理工大學), obtained a bachelor's degree in non-ferrous metal metallurgy in July 1995 and is a senior engineer in metallurgical engineering. He joined the Group in January 2003. He is responsible for the production and the research and development of aluminum products of the Group. He previously held the positions of workshop director, vice factory director and factory director of Weiqiao Alumina & Power from January 2003 to June 2006, the executive director and manager of Huimin County Huihong New Aluminum Profiles Co., Ltd. (惠民縣滙宏新材料有限公司) from December 2011 to January 2020 and executive director and manager of Binzhou Beihai Huihong New Aluminum Profiles Co., Ltd.(濱州北海匯宏新材料有限公司) from October 2013 to January 2020. He is currently the deputy general manager of Weiqiao Alumina & Power since March 2010 and deputy general manager of Shandong Hongqiao since March 2010. In 2016, he was awarded the First Prize of the China Nonferrous Metals Industry Scientific Technology Award issued by the China Nonferrous Metals Industry Association (中國有色金屬工業協會) and the Nonferrous Metals Society of China (中國有色金屬學會) for his technical development and industrialization application of NEUI600kA efficient aluminum electrolytic cell. He was elected as the representative of the 15th, 16th and 17th People's Congress of Zouping City and the 9th, 10th and 11th People's Congress of Binzhou Municipality.

COMPANY SECRETARY

Ms. Zhang Yuexia (張月霞), aged 45, was appointed as the secretary of the Company on 16 January 2011. She graduated from Binzhou Normal Specialised Postsecondary College (濱州師範專科學校), majoring in foreign trade English, and obtained a junior college degree in July 1998. She has over nineteen years of accounting experience. She held the positions of the manager and section chief of accounting department of Chuangye Group from December 2001 to July 2009 and the deputy head of the securities department of Weiqiao Textile (a company listed on the Stock Exchange, stock code: 2698.HK) from March 2008 to January 2010. She has been serving as the director of Hongqiao Trading since April 2012. She had not served any position in the Group prior to 16 January 2011.

Report of the Directors

The Directors of the Company present the annual report and the audited consolidated financial statements of the Group for the year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The Group is principally engaged in the manufacturing and sales of aluminum products. Currently, the Group's aluminum products consist of molten aluminum alloy, aluminum alloy ingots, aluminum busbars, aluminum alloy processing products and alumina products.

Details of the subsidiaries of the Company are set out in note 57 to the consolidated financial statements.

DIVIDEND POLICY

The Company has adopted a dividend policy, pursuant to which the Company may declare and distribute dividends to the shareholders of the Company to allow shareholders to share the Company's profits and the Company to retain adequate reserves for future growth.

According to the articles of association of the Company (the "Articles of Association"), the declaration of dividends is subject to the discretion of the Board and the approval of the shareholders. In proposing any dividend payment, the Directors shall take into account the Company's operations, earnings, financial condition, cash requirements and availability, capital expenditure and future development requirements as well as any other factors as they may deem relevant at such time. Any declaration, payment and the amount of the dividends will be subject to the Articles of Association and the Companies Law of the Cayman Islands, including the approval of the shareholders. Any future declarations of dividends may or may not reflect the Company's historical declarations of dividends and will be at the absolute discretion of the Directors.

The dividends paid by the Company will also depend upon the availability of dividends received from the Company's subsidiaries in the PRC. PRC laws require that dividends be paid only out of the profit for the year calculated according to PRC accounting principles, which differ in many aspects from generally accepted accounting principles in other jurisdictions, including IFRS. PRC laws also require foreign-invested enterprises to set aside part of their profit for the year as statutory reserves, which are not available for distribution as cash dividends. Distributions from the Company's subsidiaries may also be restricted if they incur debt or losses or pursuant to any restrictive covenants in bank credit facilities or other agreements that the Company or the Company's subsidiaries and associated companies may enter into.

Any dividends declared will be in Hong Kong dollars with respect to the shares of the Company on a per share basis, and the Company will pay such dividends in Hong Kong dollars.

RESULTS AND FINAL DIVIDENDS

The Group's operating results for the year ended 31 December 2020 and the financial position of the Group as at 31 December 2020 are set out on pages 72 to 74 in the audited consolidated financial statements of this annual report.

The Board proposed the payment of a final dividend of HK50 cents per share for the year ended 31 December 2020 (the "2020 Final Dividend"). The 2020 Final Dividend, subject to the approval of the shareholders at the annual general meeting of the Company (the "2020 Annual General Meeting") which will be held on 6 May 2021, will be paid on or before 25 June 2021 to the shareholders whose names appear on the register of members of the Company on 11 June 2021.

The payment of 2020 Final Dividend of HK50 cents per share was proposed, together with the 2020 interim dividend of HK15 cents per share, the total 2020 dividend is HK65 cents per share, representing an increase of approximately 91.2% as compared with the 2019 dividend of HK34 cents per share.

There was no arrangement under which any shareholder of the Company has waived or agreed to waive any dividend during the Year.

CLOSURE OF REGISTER OF MEMBERS

The share register of the Company will be closed from Friday, 30 April 2021 to Thursday, 6 May 2021 (both days inclusive), during which no transfer of shares will be effected. Shareholders of the Company whose names appear on the register of members of the Company on Thursday, 6 May 2021 are entitled to attend and vote at the forthcoming 2020 Annual General Meeting. In order to be entitled to attend the 2020 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 Thursday, 29 April 2021. 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 Monday, 7 June 2021 to Friday, 11 June 2021 (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 Friday, 11 June 2021 are entitled to the 2020 Final Dividend. In order to qualify for the 2020 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 Friday, 4 June 2021. 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.

SUMMARY OF FINANCIAL INFORMATION

A summary of the consolidated results, assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements of the Group for the years ended 31 December 2016, 2017 and 2018, and from the audited consolidated financial statements of the Group for the years ended 31 December 2019 and 2020 on pages 72 to 74 in this annual report, is set out below:

Results

	For the year ended 31 December				
	2016	2017	2018	2019	**2020**
	RMB'000	*RMB'000* (restated)*	*RMB'000*	*RMB'000*	***RMB'000***
Revenue	61,395,578	97,941,916	90,194,924	84,179,288	**86,144,641**
Cost of sales	(47,199,245)	(81,561,674)	(74,794,362)	(67,715,035)	**(66,789,453)**
Gross profit	14,196,333	16,380,242	15,400,562	16,464,253	**19,355,188**
Other income and gains	1,019,222	2,497,598	2,135,396	3,140,517	**2,700,719**
Selling and distribution expense	(164,269)	(270,215)	(371,206)	(449,041)	**(399,894)**
Administrative expenses	(2,080,550)	(2,083,209)	(3,867,211)	(3,645,691)	**(4,052,174)**
Other expenses	(20,063)	(5,678,876)	(706,916)	(2,166,798)	**(616,586)**
Finance costs	(3,345,896)	(4,080,942)	(4,433,389)	(5,219,595)	**(4,506,236)**
Changes in the fair values of financial instruments	25,987	(19,897)	397,683	138,077	**(291,255)**
Share profit of associates	129,012	371,989	429,545	509,345	**514,588**
Gain (loss) on disposal of subsidiaries	4,561	–	(648,772)	–	**–**
Profit before taxation	9,764,337	7,116,690	8,335,692	8,771,067	**12,704,350**
Income tax expenses	(2,948,667)	(1,788,953)	(2,549,440)	(2,315,924)	**(2,259,599)**
Profit for the year	6,815,670	5,327,737	5,786,252	6,455,143	**10,444,751**
Profit (loss) for the year attributable to:					
Owners of the parent	6,849,829	5,130,064	5,407,422	6,095,335	**10,495,936**
Non-controlling interests	(34,159)	197,673	378,830	359,808	**(51,185)**

Assets and liabilities

	As at 31 December				
	2016	2017	2018	2019	**2020**
	RMB'000	*RMB'000* (restated)*	*RMB'000*	*RMB'000*	***RMB'000***
Total assets	142,521,467	158,684,987	176,726,892	179,604,445	**181,531,000**
Total liabilities	96,833,165	104,947,420	114,107,395	113,588,469	**104,729,330**

* Restatement for business combination under common control due to the acquisition of Chongqing Weiqiao Financial Factoring Co., Ltd.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended 31 December 2020 are set out in note 16 to the consolidated financial statements.

BANK AND OTHER BORROWINGS

Details of bank and other debts of the Group as at 31 December 2020 are set out in notes 36, 37, 38, 39 and 40 to the consolidated financial statements.

SHARE CAPITAL, DEBENTURES AND EQUITY-LINKED AGREEMENTS

Details of the changes in share capital of the Company during the year ended 31 December 2020 are set out in note 43 to the consolidated financial statements. Details of the Company's bonds and notes during the year ended 31 December 2020 are set out in notes 38, 39 and 40 to the consolidated financial statements. The Company does not have any share option scheme. Save as disclosed in the section "PLACING OF EXISTING SHARES AND SUBSCRIPTION OF NEW SHARES" below, during the year ended 31 December 2020, the Company has not entered into any other equity-linked agreement, nor there was any equity-linked agreement subsisting at the end of the year.

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.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors is or was interested in any business apart from the Group's business that competes or competed or is or was likely to compete, either directly or indirectly, with the Group's business at any time during the year ended 31 December 2020 and as of the date of this annual report.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year ended 31 December 2020 and up to the date of this annual report, was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the shares in, or debentures of, the Company or any other body corporate or had exercised any such right in the Year.

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 2020 and up to the date of this annual report.

SENIOR NOTES

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.

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.

PLACING OF EXISTING SHARES AND SUBSCRIPTION OF NEW SHARES

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 announcements of the Company dated 25 November 2020 and 2 December 2020.

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

50% will be used for development of production lines for secondary aluminum and light weight materials. To further expand the Group's business and improve its research and development capacity, the Company will use approximately 50% of the net proceeds to develop production lines for secondary aluminum and light weight materials. As of the date of this annual report, approximately 10% of the net proceeds have been used by the Company, and the remaining 40% of the net proceeds are expected to be used up before the end of 2021.

50% were used for replenishment of the Group's general working capital. To guarantee the smooth operation and to reduce the financing cost of the Company, the Company used approximately 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).

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%.

(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%.

(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.

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.

(i) 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.

(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.

(i) 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.

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 ultilised for the uses as described in the announcement of the Company dated 15 August 2017. Please refer to the announcement of the Company 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 announcement of the Company 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.

CHARITABLE DONATIONS

Weiqiao Aluminum & Power, a wholly-owned subsidiary of the Company, donated RMB500,000 in scholarships to Central South University (中南大學) during the year ended 31 December 2020.

RESERVES

Details of changes in the reserves of the Group during the year ended 31 December 2020 are set out in the consolidated statement of changes in equity.

DISTRIBUTABLE RESERVES

Details of distributable reserves of the Company as at 31 December 2020 are set out in note 56 to the consolidated financial statements.

TAX RELIEF

The Directors are not aware of any relief from taxation to which the shareholders are entitled by reason of their holding of the Company's listed securities.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2020, sales to the Group's five largest customers and sales to the Group's largest customer accounted for 59.0% and 39.1% of the Group's total sales for the year ended 31 December 2020 respectively.

During the year ended 31 December 2020, purchases from the Group's five largest suppliers and purchases from the Group's largest supplier accounted for 43.3% and 16.8% of the Group's total purchases for the year ended 31 December 2020 respectively.

None of the Directors, their close associates or any other shareholders (which to the knowledge of the Board own more than 5% of the Company's issued share capital) had any equity interests in the five largest customers or suppliers of the Group during the year ended 31 December 2020.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors an annual confirmation of their independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), and the Board considers each of the independent non-executive Directors to be independent.

EMOLUMENTS OF DIRECTORS, CHIEF EXECUTIVE AND FIVE HIGHEST PAID EMPLOYEES

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. Details in relation to the emoluments of the Directors, chief executive and five highest paid employees for the year ended 31 December 2020 are included in notes 12 and 13 to the consolidated financial statements.

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.

The list of the Directors of the Company as of the date of this annual report 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)*

Non-Executive Directors:

Mr. YANG Congsen
Mr. ZHANG Jinglei
Mr. LI Zimin *(Mr. ZHANG Hao as his alternate)*[(1)]
Ms. SUN Dongdong[(2)]

Independent Non-Executive Directors:

Mr. WEN Xianjun[(3)]
Mr. XING Jian
Mr. HAN Benwen
Mr. DONG Xinyi

Note(1) On 27 January 2021, Mr. Chen Yisong resigned as a non-executive Director, and Mr. Zhang Hao ceased to serve as an alternate Director to Mr. Chen Yisong. On 27 January 2021, Mr. Li Zimin was appointed as a non-executive Director, and Mr. Zhang Hao was appointed as an alternate Director to Mr. Li Zimin.

Note(2) Ms. Sun Dongdong was appointed as a non-executive Director on 5 March 2021.

Note(3) Mr. Wen Xianjun was appointed as an independent non-executive Director on 5 March 2021.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

The biographies of each of the Directors and senior management are set out on page 18 to page 22 in this annual report.

CHANGES IN INFORMATION OF DIRECTOR AND CHIEF EXECUTIVE

On 27 January 2021, Mr. Chen Yisong resigned as a non-executive Director, and Mr. Zhang Hao ceased to serve as an alternate Director to Mr. Chen Yisong. On 27 January 2021, Mr. Li Zimin was appointed as a non-executive Director, and Mr. Zhang Hao was appointed as an alternate Director to Mr. Li Zimin. On 5 March 2021, Ms. Sun Dongdong was appointed as a non-executive Director, and Mr. Wen Xianjun was appointed as an independent non-executive Director.

Mr. Zhang Bo, an executive Director and the chief executive officer of the Company, was appointed as the chairman of Binzhou Entrepreneurs Association on 15 January 2020. He has served as the executive director of Hongqiao International Trading Limited (宏橋國際貿易有限公司) since April 2020. He has ceased to serve as the vice chairman of the International Aluminum Institute since August 2020, has ceased to serve as the chairman of Binzhou Aluminum Industry Association since August 2020, has served as the honorary chairman of Binzhou Aluminum Industry Association since August 2020, has served as the vice chairman of Binzhou Shiping Charity Foundation since September 2020, has served as the chairman of Binzhou Charity Federation since October 2020 and has ceased to serve as the general manager of Shandong Hongqiao since January 2021.

Ms. Zheng Shuliang, an executive Director and vice chairman of the Company, has served as the chairman of Binzhou Shiping Charity Foundation since September 2020.

Mr. Yang Congsen, a non-executive Director, has served as the general manager of Shandong Hongqiao since January 2021.

Mr. Dong Xinyi, an independent non-executive Director, has ceased to be a supervisor of Woori Bank (China) Limited (友利銀行(中國)有限公司) since January 2020 and has served as an independent director of Woori Bank (China) Limited (友利銀行(中國)有限公司) since January 2020.

Save for that disclosed above, for the year ended 31 December 2020 and up to the date of this annual report, there was no other change in the Directors and chief executive of the Company, and the Company is not aware of any other changes in the information of the Directors and chief executive of the Company which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section headed "Connected Transactions" herein, none of the Directors or entities connected with the Directors is or was materially interested, either directly or indirectly, in any other transaction, arrangement or contract of the Company or any of its subsidiaries which was of significance to the business of the Group and subsisted during the year ended 31 December 2020 or at the end of such year.

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

As at 31 December 2020, 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 Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("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 2020 (%)
Shiping Prosperity Private Trust Company (1)	Trustee	6,076,513,573 (L)	68.44
China Hongqiao Holdings Limited (1)	Beneficial owner	6,076,513,573 (L)	68.44
CTI Capital Management Limited (2)	Beneficial owner	806,640,670 (L)	9.09
CNCB (Hong Kong) Investment Limited (2)	Beneficial owner	70,544,156 (L)	0.79
CITIC Limited (2)	Interest of a controlled corporation	877,184,826 (L)	9.88
CITIC Group Corporation (2)	Interest of a controlled corporation	877,184,826 (L)	9.88

Notes:

(1) Shiping Prosperity Private Trust Company held such shares as the trustee.

(2) CITIC Group Corporation held 100% interest in CITIC Polaris Limited, which held 32.53% interest in CITIC Limited, and CITIC Group Corporation also held 100% interest in CITIC Glory Limited, which held 25.60% interest in CITIC Limited, thus CITIC Group Corporation indirectly held 58.13% interest in CITIC Limited. CITIC Limited held 100% interest in CITIC Corporation Limited. CITIC Corporation Limited held 82.26% interest in CITIC Trust Co., Ltd. and 100% interest in CITIC Industrial Investment Group Corp., Ltd, which held 17.74% interest in CITIC Trust Co., Ltd. Thus, CITIC Corporation Limited directly and indirectly held 100% interest in CITIC Trust Co., Ltd.. CITIC Trust Co., Ltd. held 100% interest in CTI Capital Management Limited, and 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% interest in China CITIC Bank Corporation Limited, which held 99.05% interest in CNCB (Hong Kong) Investment Limited and 100% interest in CITIC International Financial Holdings Limited, which held 75% interest in China CITIC Bank International Limited, which in turn held 0.95% in CNCB (Hong Kong) Investment Limited, thus China CITIC Bank Corporation Limited directly and indirectly held 99.7625% interest in CNCB (Hong Kong) Investment Limited. Thus, CITIC Group Corporation and CITIC Limited are deemed to be interested in the shares held by CNCB (Hong Kong) Investment Limited under the SFO.

Save as disclosed above, as at 31 December 2020, 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' AND CHIEF EXECUTIVE OF THE COMPANY'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2020, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to 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 2020 (%)
Mr. ZHANG Bo	Beneficial owner	8,870,000(L)	0.10

Save as disclosed above, as at 31 December 2020, 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.

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 2020.

CONTRACTS OF SIGNIFICANCE

No contract of significance was entered into between the Company or any of its subsidiaries and its controlling shareholder or any of its subsidiaries or for the provision of services to the Company or any of its subsidiaries by its controlling shareholder or any of its subsidiaries during the year ended 31 December 2020.

PERMITTED INDEMNITY PROVISION

According to the Articles of Association, the Directors, secretary and other officers and every auditor for the time being of the Company and the liquidator or trustees (if any) for the time being acting in relation to any of the affairs of the Company, and everyone of them, and everyone of their heirs, executors and administrators, shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their heirs, executors or administrators, shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices or trusts; and none of them shall be answerable for the acts, receipts, neglects or defaults of the other or others of them or for joining in any receipts for the sake of conformity, or for any bankers or other persons with whom any moneys or effects belonging to the Company shall or may be lodged or deposited for safe custody, or for insufficiency or deficiency of any security upon which any moneys of or belonging to the Company shall be placed out on or invested, or for any other loss, misfortune or damage which may happen in the execution of their respective offices or trusts, or in relation thereto; provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of said persons.

The Company has purchased and maintained Directors' and senior management liability insurance for the year ended 31 December 2020, which provides appropriate protection over certain legal actions brought against its Directors and senior management.

CONNECTED TRANSACTIONS

The following transactions disclosed in note 52 to the consolidated financial statements constituted non-exempt continuing connected transactions or connected transactions under Chapter 14A of the Listing Rules, and the Company has complied with all the relevant requirements under Chapter 14A of the Listing Rules.

1. **Supply of water to the Group for production use by Jinsha Water Supply**

   Binzhou City Zhanhua District Huihong Aluminum Profiles Co., Ltd. ("Zhanhua Huihong"), the Company's indirect wholly-owned subsidiary, and Zhanhua Jinsha Water Supply Co., Ltd. ("Jinsha Water Supply"), a connected person of the Company, entered into a production water supply agreement on 29 June 2015 pursuant to which Jinsha Water Supply agreed to supply water to Zhanhua Huihong (including its related party(ies)) for production use, for a term from 1 July 2015 to 31 December 2017(both days inclusive). Pursuant to the renewal mechanism of such agreement, Zhanhua Huihong and Jinsha Water Supply entered into a production water supply agreement (the "Production Water Supply Agreement") on 20 November 2017, for a term from 1 January 2018 to 31 December 2020 (both days inclusive). Pursuant to the renewal mechanism of such agreement, Zhanhua Huihong and Jinsha Water Supply entered into a production water supply agreement (the "Renewed Production Water Supply Agreement") on 1 December 2020, for a term from 1 January 2021 to 31 December 2023 (both days inclusive). The terms and conditions under the Renewed Production Water Supply Agreement are basically the same as those under the Production Water Supply Agreement. The transactions under the Renewed Production Water Supply Agreement are exempt from the disclosure requirements of Chapter 14A of the Listing Rules pursuant to Rule 14A.76 of the Listing Rules.

For the year ended 31 December 2020, the price of the water supplied by Jinsha Water Supply to Zhanhua Huihong is approximately RMB1.748 per ton (excluding the value-added tax) or RMB1.8 per ton (including 3% value-added tax). Jinsha Water Supply is entitled to charge an additional channel fee of no more than RMB0.15 per ton (including 3% value-added tax) based on the water supply distance. The prices were determined with reference to the prices charged by Jinsha Water Supply to other independent third parties for the supply of water on normal commercial terms in its ordinary and usual course of business. If the price is otherwise mandatorily regulated by the PRC government, the mandatory governmental price shall be adopted by the Production Water Supply Agreement.

During the Year, the purchase of production water under the Production Water Supply Agreement by Zhanhua Huihong from Jinsha Water Supply amounted to approximately RMB24,037,000, which was below the annual cap of RMB162,234,000 for the year 2020.

Jinsha Water Supply was held as to 42.00% by Chuangye Group, and on the date of signing the Production Water Supply Agreement, Chuangye Group is owned as to 31.59% by the relevant directors of the Company. Therefore, Jinsha Water Supply was a connected person of the Company. The details of the above continuing connected transaction were disclosed in the announcements of the Company dated 29 June 2015 and 20 November 2017.

2. Provision of investment and wealth management services to the Company by CITIC Trust

The Company and CITIC Trust Co., Ltd. ("CITIC Trust"), a connected person of the Company at the time, entered into an investment and wealth management cooperation framework agreement (the "Investment and Wealth Management Cooperation Framework Agreement") on 3 December 2018 for a term commencing on 3 December 2018 and ending on 31 December 2020, pursuant to which, CITIC Trust (including its subsidiaries) will provide investment products, including but not limited to trust products, monetary funds and asset management plans, and entrusted investment services to the Company (including its subsidiaries) and the two parties may initiate other investment cooperation. Pursuant to the renewal mechanism of the agreement, the Company and CITIC Trust entered into an investment and wealth management cooperation framework agreement (the "Renewed Investment and Wealth Management Cooperation Framework Agreement") on 24 December 2020, for a term commencing on 1 January 2021 and ending on 31 December 2023. Except for the addition of the entrusted services, the terms and conditions of the Renewed Investment and Wealth Management Cooperation Framework Agreement are basically the same as those of the Investment and Wealth Management Cooperation Framework Agreement. The transactions under the Renewed Investment and Wealth Management Cooperation Framework Agreement do not constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The pricing of the above investment products and entrusted investment services shall be jointly determined by the Company and CITIC Trust through negotiation with reference to the prevailing market terms of similar investment products or entrusted investment services offered by other independent financial institutions in the PRC at the time of entering into the specific agreements under the Investment and Wealth Management Cooperation Framework Agreement. The terms and conditions of the investment products and entrusted investment services offered by CITIC Trust (including its subsidiaries) to the Company (including its subsidiaries) shall be no less favourable than the terms and conditions offered by CITIC Trust (including its subsidiaries) to other independent third parties for providing similar investment products or entrusted investment services.

During the Year, the maximum daily investment balance (including accrued investment returns) of the Company in CITIC Trust under the Investment and Wealth Management Cooperation Framework Agreement is RMB2,565,803,000, which was lower than the annual cap of RMB8,000,000,000 for the year 2020.

As at the date of entering into the Investment and Wealth Management Cooperation Framework Agreement, CTI Capital Management Limited (中信信惠國際資本有限公司) and its related company CNCB (Hong Kong) Investment Limited (信銀(香港)投資有限公司), holding 877,184,826 shares of the Company, representing 10.11% of the total issued shares of the Company as at 3 December 2018, were both indirect subsidiaries of CITIC Group Corporation (中國中信集團有限公司) and therefore CITIC Group Corporation (中國中信集團有限公司) was a substantial shareholder and a connected person of the Company. CITIC Trust was also an indirect subsidiary of CITIC Group Corporation (中國中信集團有限公司). Therefore, CITIC Trust was a connected person of the Company as at the date of entering into the Investment and Wealth Management Cooperation Framework Agreement. The details of the above continuing connected transactions were disclosed in the announcement of the Company dated 3 December 2018 and the circular of the Company dated 21 December 2018.

Upon completion of the placing and the subscription by the Company on 2 December 2020, shareholding in the Company of CTI Capital management limited (中信信惠國際資本有限公司) and its related company CNCB (Hong Kong) Investment Limited (信銀(香港)投資有限公司) reduced from 10.23% to 9.88% and, accordingly, CITIC Group Corporation (中國中信集團有限公司) ceased to be a substantial shareholder and a connected person of the Company and thus CITIC Trust ceased to be a connected person of the Company.

3. **Provision of industrial waste services to the Company by Beihai Solid Waste**

On 31 January 2019, the Company and Binzhou City Beihai Weiqiao Solid Waste Disposal Co., Ltd. ("Beihai Solid Waste") entered into an industrial waste service agreement (the "Industrial Waste Service Agreement") for a term commencing on 31 January 2019 and ending on 31 December 2021, pursuant to which Beihai Solid Waste will provide industrial waste collection, transport, storage and disposal services to the Company and its subsidiaries.

The prices of industrial waste collection, transport, storage and disposal services provided by Beihai Solid Waste to the Company are approximately RMB1,129.01 per ton (VAT exclusive) for electrolytic cell residue and approximately RMB3,097.35 per ton (VAT exclusive) for combustible waste for the period from 1 January 2020 to 31 December 2020, which were determined with reference to the market prices of the same or comparable types of services provided by other independent third parties in the PRC and after taking into account the impact of the Pandemic, Beihai Solid Waste activated the emergency disposal mechanism during the Pandemic and offered the Company certain price concessions. The prices of such services provided by Beihai Solid Waste to the Company for the financial year ending 31 December 2021 shall be re-determined by the two parties within one month prior to the end of the previous year through negotiation with reference to the then market prices of the same or comparable types of services provided by other independent third parties in the PRC. Beihai Solid Waste, has agreed that, in principle, the prices of such services provided by Beihai Solid Waste to the Company shall not be higher than the then market prices of the same or comparable types of services provided by other independent third parties in the PRC. If the price is otherwise mandatorily regulated by the PRC government, the mandatory governmental price shall be adopted by the Industrial Waste Service Agreement.

During the Year, the purchase of industrial waste services under the Industrial Waste Service Agreement by the Company from Beihai Solid Waste amounted to RMB183,227,000, which was below the annual cap of RMB205,172,000 for the year 2020.

Beihai Solid Waste is 51.00% owned by Chuangye Group, as at the date of entering into the Industrial Waste Service Agreement, Chuangye Group was held by the relevant Director of the Company as to 31.59%. Therefore, Beihai Solid Waste is a connected person of the Company under the Listing Rules. The details of the above continuing connected transaction were disclosed in the announcement of the Company dated 31 January 2019.

4. **Supply of water for production use by Chuangye Group to Shandong Hongqiao**

On 31 January 2019, Shandong Hongqiao, a wholly-owned subsidiary of the Company, and Chuangye Group, the Company's connected person, entered into a production water supply agreement (the "Production Water Supply Agreement") for a term commencing on 31 January 2019 and ending on 31 December 2021, pursuant to which Chuangye Group will supply water to the production bases of Shandong Hongqiao located in Zouping City and Weiqiao Town for production uses.

The prices of production water supplied by Chuangye Group to Shandong Hongqiao are approximately RMB1.553 per ton (VAT exclusive) for the production water supplied to the production base of Shandong Hongqiao located in Zouping City and approximately RMB1.359 per ton (VAT exclusive) for the production water supplied to the production base of Shandong Hongqiao located in Weiqiao Town for the year ended 31 December 2020, which were determined with reference to the market prices of production water supplied by other independent third parties in Zouping City and Weiqiao Town. The prices of production water supplied by Chuangye Group to Shandong Hongqiao for the financial year ending 31 December 2021 shall be re-determined by the two parties within one month prior to the end of the previous year through negotiation with reference to the then market prices of production water supplied by other independent third parties in Zouping City and Weiqiao Town. Chuangye Group, has agreed that, in principle, the prices of production water supplied by Chuangye Group to Shandong Hongqiao shall not be higher than the then market prices of production water supplied by other independent third parties in Zouping City and Weiqiao Town. If the price is otherwise mandatorily regulated by the PRC government, the mandatory governmental price shall be adopted by the Production Water Supply Agreement.

During the Year, the purchase of production water under the Production Water Supply Agreement by Shandong Hongqiao (including its related party(ies)) from Chuangye Group amounted to approximately RMB36,399,000, which was below the annual cap of RMB46,440,000 for the year 2020.

Shandong Hongqiao is an indirect wholly-owned subsidiary of the Company. As at the date of entering into the Production Water Supply Agreement, Chuangye Group was held by the relevant Director of the Company as to 31.59%. Therefore, Chuangye Group is a connected person of the Company under the Listing Rules. The details of the above continuing connected transaction were disclosed in the announcement of the Company dated 31 January 2019.

5. **Supply of bauxite by Cita Mineral Investindo to Well Harvest Winning**

On 22 May 2019, PT. Well Harvest Winning Alumina Refinery ("Well Harvest Winning"), a non-wholly owned subsidiary of the Company, and PT. Cita Mineral Investindo, Tbk. ("Cita Mineral Investindo"), a connected person of the Company, entered into a bauxite supply agreement (the "Original Bauxite Supply Agreement") for a term commencing on 22 May 2019 and ending on 31 December 2021, pursuant to which Cita Mineral Investindo agreed to supply bauxite to Well Harvest Winning for production use. The price of bauxite supplied by Cita Mineral Investindo to Well Harvest Winning shall be determined in each specific purchase contract with reference to the prices charged by Cita Mineral Investindo to other independent third parties for supply of the same or comparable types of bauxite on normal commercial terms in its ordinary and usual course of business.

On 3 December 2019, Well Harvest Winning and Cita Mineral Investindo entered into a bauxite supply agreement (the "Bauxite Supply Agreement") for a term commencing on effective date and ending on 31 December 2033, pursuant to which, Cita Mineral Investindo shall sell and deliver to Well Harvest Winning, or procure the sale and delivery to Well Harvest Winning of, and Well Harvest Winning shall buy from Cita Mineral Investindo, bauxite. Before the effectiveness of the Bauxite Supply Agreement, the transactions were conducted under the regime disclosed in the announcement of the Company dated 22 May 2019 pursuant to the Original Bauxite Supply Agreement.

According to the Bauxite Supply Agreement, the benchmark selling price of the bauxite supplied by Cita Mineral Investindo to Well Harvest Winning shall be US$31.50 per DMT x IDR Exchange Rate, which was determined with reference to the prices charged by Cita Mineral Investindo to other independent third parties for supply of the same or comparable types of bauxite on normal commercial terms in its ordinary and usual course of business. The actual selling price of the bauxite shall be adjusted on the basis of the benchmark selling price according to the proportion of Al_2O_3 and SiO and the grain size of bauxite. Such pricing basis above shall be reviewed annually on or before every anniversary of the Bauxite Supply Agreement and subject to mutual agreement by the parties, be amended to reflect any change in the inflation rate(s) published by the index(es) commonly used to determine inflation in commodity prices.

During the Year, the purchase of bauxite under the Original Bauxite Supply Agreement by Well Harvest Winning from Cita Mineral Investindo amounted to US$35,713,000, which was below the annual cap of US$43,707,000 (equivalent to approximately HK$343,078,000) for the year 2020.

Well Harvest Winning is a non-wholly owned subsidiary of the Company and it is held as to 30% by Cita Mineral Investindo. As the relevant percentage ratios (as defined under Rule 14A.09 of the Listing Rules) in respect to Well Harvest Winning exceeded 10% for the year ended 31 December 2018, Well Harvest Winning ceased to be an insignificant subsidiary of the Company under Rule 14A.09 of the Listing Rules, and therefore Cita Mineral Investindo could not meet the conditions for the exemption under Rule 14A.09 of the Listing Rules and became a connected person of the Company under the Listing Rules. The details of the above continuing connected transaction were disclosed in the announcements of the Company dated 22 May 2019 and 3 December 2019.

6. Lease of office unit by Harita Jayaraya to Well Harvest Winning

Well Harvest Winning, a wholly-owned subsidiary of the Company, and PT. Harita Jayaraya ("Harita Jayaraya"), a connected person of the Company, entered into an office unit lease agreement (the "Office Unit Lease Agreement") on 29 June 2012 for a term commencing on 1 July 2012 and ending on 31 December 2014, pursuant to which Harita Jayaraya agreed to lease the office unit to Well Harvest Winning for operation use, and it was later amended by the 1st, 2nd and 3rd addendum of Office Unit Lease Agreement. On 1 February 2019, Well Harvest Winning and Harita Jayaraya entered into the 4th addendum of Office Unit Lease Agreement to extend the term of the Office Unit Lease Agreement for a term commencing on 1 January 2019 and ending on 31 December 2020.

The monthly rental for the office unit payable by Well Harvest Winning to Harita Jayaraya under the Office Unit Lease Agreement shall be IDR230,000/m^2 (ie. IDR211,370,000 (equivalent to approximately HK$116,000) in total) (excluding VAT), which was determined based on arm's length negotiations between the two parties with reference to the prevailing market rental for similar properties located at similar locations in South Jakarta, Indonesia.

During the Year, Well Harvest Winning made the lease payments of US$201,000 to Harita Jayaraya under the Office Unit Lease Agreement. The right-of-use assets under the Office Unit Lease Agreement were approximately US$0.

Well Harvest Winning is a non-wholly owned subsidiary of the Company and it is held as to 30% by Cita Mineral Investindo, which is in turn held as to 90.96% by Harita Jayaraya. As the relevant percentage ratios (as defined under Rule 14A.09 of the Listing Rules) in respect of Well Harvest Winning exceeded 10% for the year ended 31 December 2018, Well Harvest Winning ceased to be an insignificant subsidiary of the Company under Rule 14A.09 of the Listing Rules and therefore Harita Jayaraya could not meet the conditions for the exemption under Rule 14A.09 of the Listing Rules and became a connected person of the Company under the Listing Rules. The details of the above connected transaction were disclosed in the announcements of the Company dated 22 May 2019 and 6 June 2019.

7. Lease of crew boat by Mitra Kemakmuran Line to Well Harvest Winning

On 22 May 2019, Well Harvest Winning, a wholly-owned subsidiary of the Company, and PT. Mitra Kemakmuran Line ("Mitra Kemakmuran Line"), a connected person of the Company, entered into a crew boat lease agreement (the "Crew Boat Lease Agreement") for a term commencing on 22 May 2019 and ending on 31 December 2021, pursuant to which Mitra Kemakmuran Line agreed to lease the crew boat to Well Harvest Winning for staff transport.

The monthly rental for the crew boat payable by Well Harvest Winning to Mitra Kemakmuran Line under the Crew Boat Lease Agreement shall be IDR30,000,000 (equivalent to approximately HK$16,000) (excluding VAT) for the period from 22 May 2019 to 31 December 2019, IDR40,000,000 (equivalent to approximately HK$22,000) (excluding VAT) for the year ending 31 December 2020 and IDR50,000,000 (equivalent to approximately HK$27,000) (excluding VAT) for the year ending 31 December 2021, which was determined based on arm's length negotiations between the two parties with reference to the prevailing market rental for similar crew boats in Kendawangan, West Kalimantan Province, Indonesia.

During the Year, Well Harvest Winning made the lease payments of US$0 to Mitra Kemakmuran Line under the Crew Boat Lease Agreement. The right-of-use assets under the Crew Boat Lease Agreement were approximately US$34,000.

Well Harvest Winning is a non-wholly owned subsidiary of the Company and it is held as to 30% by Cita Mineral Investindo, which is in turn held as to 90.96% by Harita Jayaraya. Mitra Kemakmuran Line is a subsidiary of Harita Jayaraya. As the relevant percentage ratios (as defined under Rule 14A.09 of the Listing Rules) in respect of Well Harvest Winning exceeded 10% for the year ended 31 December 2018, Well Harvest Winning ceased to be an insignificant subsidiary of the Company under Rule 14A.09 of the Listing Rules and therefore Mitra Kemakmuran Line could not meet the conditions for the exemption under Rule 14A.09 of the Listing Rules and became a connected person of the Company under the Listing Rules. The details of the above connected transaction were disclosed in the announcements of the Company dated 22 May 2019 and 6 June 2019.

8. Lease of vessels by Antar Sarana Rekasa to Well Harvest Winning

Well Harvest Winning, a wholly-owned subsidiary of the Company, and PT. Antar Sarana Rekasa ("Antar Sarana Rekasa"), a connected person of the Company, entered into a vessel lease agreement (the "Vessel Lease Agreement") on 16 January 2017 for a term commencing on 1 January 2017 and ending on 31 December 2019, pursuant to which Antar Sarana Rekasa agreed to lease the vessels to Well Harvest Winning for transporting chemicals. On 22 May 2019, Well Harvest Winning and Antar Sarana Rekasa entered into an addendum of Vessel Lease Agreement to extend the term of the Vessel Lease Agreement for a term commencing on 1 January 2020 and ending on 31 December 2021.

The monthly rental for each of the two vessels payable by Well Harvest Winning to Antar Sarana Rekasa under the Vessel Lease Agreement shall be IDR750,000,000 (ie. IDR1,500,000,000 (equivalent to approximately HK$820,000) in total) (excluding VAT), which was determined based on arm's length negotiations between the two parties with reference to the prevailing market rental for similar vessels in Kendawangan, West Kalimantan Province, Indonesia.

During the Year, Well Harvest Winning made the lease payments of US$1,246,000 to Antar Sarana Rekasa under the Vessel Lease Agreement. The right-of-use assets under the Vessel Lease Agreement were approximately US$1,174,000.

Well Harvest Winning is a non-wholly owned subsidiary of the Company and it is held as to 30% by Cita Mineral Investindo, which is in turn held as to 90.96% by Harita Jayaraya. Antar Sarana Rekasa is owned as to 34% by Lima Srikandi Jaya which is a subsidiary of Harita Jayaraya. As the relevant percentage ratios (as defined under Rule 14A.09 of the Listing Rules) in respect of Well Harvest Winning exceeded 10% for the year ended 31 December 2018, Well Harvest Winning ceased to be an insignificant subsidiary of the Company under Rule 14A.09 of the Listing Rules and therefore Antar Sarana Rekasa could not meet the conditions for the exemption under Rule 14A.09 of the Listing Rules and became a connected person of the Company under the Listing Rules. The details of the above connected transaction were disclosed in the announcements of the Company dated 22 May 2019 and 6 June 2019.

9. Lease of crane barge by Lima Srikandi Jaya to Well Harvest Winning

On 22 May 2019, Well Harvest Winning, a wholly-owned subsidiary of the Company, and PT. Lima Srikandi Jaya ("Lima Srikandi Jaya"), a connected person of the Company, entered into a crane barge lease agreement (the "Crane Barge Lease Agreement"), for a term commencing on 22 May 2019 and ending on 31 December 2021, pursuant to which Lima Srikandi Jaya agreed to lease the crane barge to Well Harvest Winning for loading goods.

The daily rental for the crane barge payable by Well Harvest Winning to Lima Srikandi Jaya under the Crane Barge Lease Agreement shall be IDR60,000,000 (equivalent to approximately HK$33,000) (excluding VAT), which was determined based on arm's length negotiations between the two parties with reference to the prevailing market rental for similar crane barges in Kendawangan, West Kalimantan Province, Indonesia.

During the Year, Well Harvest Winning made the lease payments of US$0 to Lima Srikandi Jaya under the Crane Barge Lease Agreement. The right-of-use assets under the Crane Barge Lease Agreement were approximately US$8,000.

Well Harvest Winning is a non-wholly owned subsidiary of the Company and it is held as to 30% by Cita Mineral Investindo, which is in turn held as to 90.96% by Harita Jayaraya. Lima Srikandi Jaya is a subsidiary of Harita Jayaraya. As the relevant percentage ratios (as defined under Rule 14A.09 of the Listing Rules) in respect of Well Harvest Winning exceeded 10% for the year ended 31 December 2018, Well Harvest Winning ceased to be an insignificant subsidiary of the Company under Rule 14A.09 of the Listing Rules and therefore Lima Srikandi Jaya could not meet the conditions for the exemption under Rule 14A.09 of the Listing Rules and became a connected person of the Company under the Listing Rules. The details of the above connected transaction were disclosed in the announcements of the Company dated 22 May 2019 and 6 June 2019.

Save as disclosed above, other transactions set out in Note 52 to the consolidated financial statements did not constitute continuing connected transactions or connected transactions of the Company under Chapter 14A of the Listing Rules, or exempt from the reporting, announcement, annual review and independent shareholders' approval requirements. The Directors confirm that the Company has complied with the relevant disclosure requirements under Chapter 14A of the Listing Rules.

INDEPENDENT NON-EXECUTIVE DIRECTORS AND AUDITOR'S CONFIRMATION

The independent non-executive Directors have reviewed the above continuing connected transactions of the Group and have confirmed that these transactions have been entered into:

(i) in the ordinary and usual course of business of the Group;

(ii) on normal commercial terms or better; and

(iii) according to the agreements governing them on terms that are fair and reasonable and in the interests of the Company's shareholders as a whole.

The auditors of the Company have provided a letter to the Board confirming that, for the year ended 31 December 2020, nothing has come to their attention that causes them to believe that the above continuing connected transactions:

(i) have not been approved by the Board;

(ii) were not, in all material respects, in accordance with the pricing policies of the Group (for those transactions involving the provision of goods or services by the Group);

(iii) were not entered into, in all material respects, in accordance with the agreements governing such transactions; or

(iv) have exceeded the respective annual caps.

RETIREMENT BENEFIT SCHEME

Details of the retirement benefit scheme of the Group are set out in note 53 to the consolidated financial statements.

DIRECTORS' SECURITIES TRANSACTIONS

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

Having made specific enquiry of all the Directors, the Company confirmed that each of the Directors has complied with the required standards set out in the Model Code and the code of conduct of the Company regarding directors' securities transactions throughout the year ended 31 December 2020 and up to the date of this annual report.

COMPLIANCE WITH PROVISIONS OF THE CG CODE

The Company has applied the principles as set out in the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 to the Listing Rules. For the year ended 31 December 2020, 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 2020.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the public float as approved by the Stock Exchange and as permitted under the Listing Rules during the Year and up to the date of this annual report.

DEED OF NON-COMPETITION

Each of the controlling shareholders has confirmed to the Company of his/her compliance with the deed of non-competition provided to the Company under the Deed of Non-Competition (as defined in the Company's prospectus dated 14 March 2011). The independent non-executive Directors have reviewed the status of compliance and confirmed that all the undertakings under the Deed of Non-Competition have been complied with by the controlling shareholders.

AUDIT COMMITTEE

The Company has established the audit committee (the "Audit Committee") in compliance with the CG Code 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 5 March 2021 to review the annual results and the consolidated financial statements of the Group for the year ended 31 December 2020. The Audit Committee considered that the financial results of the Group for the year ended 31 December 2020 were in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

BUSINESS REVIEW

Business review of the Group during the Year is set out in Management Discussion and Analysis on page 9 of the annual report.

INTERNATIONAL AUDITOR

SHINEWING (HK) CPA Limited ("SHINEWING HK") was the Company's international auditor for the year ended 31 December 2020. A resolution for the re-appointment of SHINEWING HK as the international auditor of the Company will be proposed at the 2020 Annual General Meeting.

On behalf of the Board
Mr. Zhang Bo
Chairman
Shandong, the People's Republic of China

5 March 2021

CORPORATE GOVERNANCE

China Hongqiao is convinced that good corporate governance can create values for the Company and its shareholders as a whole. The Board is committed to strengthening its corporate governance to ensure that the Company conducts its business in an honest, transparent and responsible manner and to promoting the development of the Company and the interest of the shareholders.

The Company has applied the principles as set out in the CG Code.

For the year ended 31 December 2020, the Company has complied with the code provisions of 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 of the CG Code by the Company for the year ended 31 December 2020.

DIRECTORS' SECURITIES TRANSACTIONS

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

Having made specific enquiry of all the Directors, the Company confirmed that each of the Directors has complied with the required standards set out in the Model Code and the code of conduct of the Company regarding directors' securities transactions throughout the year ended 31 December 2020 and up to the date of this annual report.

THE BOARD

As of the date of this annual report, the Board comprised three 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)*

Non-executive Directors
Mr. YANG Congsen
Mr. ZHANG Jinglei
Mr. LI Zimin *(Mr. ZHANG Hao as his alternate)*[(1)]
Ms. SUN Dongdong[(2)]

Independent Non-executive Directors
Mr. WEN Xianjun[(3)]
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.

Notes:

(1) On 27 January 2021, Mr. Chen Yisong resigned as a non-executive Director and Mr. Zhang Hao ceased to act as an alternate Director to Mr. Chen Yisong. On 27 January 2021, Mr. Li Zimin was appointed as a non-executive Director and Mr. Zhang Hao was appointed as an alternate Director to Mr. Li Zimin.

(2) Ms. Sun Dongdong was appointed as a non-executive Director on 5 March 2021.

(3) Mr. Wen Xianjun was appointed as an independent non-executive Director on 5 March 2021.

Deities of the Board

The Board is responsible for leading, controlling and overseeing the Group's business strategic decisions and performance. The Board has established subordinate Board committees and has delegated to these Board committees various responsibilities as set out in their respective terms of reference. All Directors have carried out their duties in good faith and in compliance with the standards of applicable laws and regulations, and have acted in the interests of the Company and its shareholders at all times.

The Board is also responsible for the corporate governance duties contained in provision D.3.1 of the CG Code, including but not limited to:

(i) to develop and review the Company's policies and practices on corporate governance;

(ii) to review and monitor the training and continuous professional development of Directors and senior management;

(iii) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(iv) to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors; and

(v) to review the Company's compliance with the CG Code and disclosure in the corporate governance report.

The Board has performed the above corporate governance duties for the year ended 31 December 2020. The Board has reviewed the Company's compliance with the CG Code for the year ended 31 December 2020 and this corporate governance report.

Delegation of management function of the Board

The Board takes responsibility for all major matters of the Company, including the approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflicts of interest), financial information and other significant financial and operational matters.

All Directors have full and timely access to all relevant information as well as the advice and services provided by the company secretary of the Company, with a view to ensure that the Board procedures and all applicable rules and regulations are followed. Each Director is normally able to seek independent professional advice in appropriate circumstances at the Company's expense upon making request to the Board.

The day-to-day management, administration and operation of the Company are delegated to the chief executive officer and the senior management of the Company. The delegated functions and work tasks are periodically reviewed by the Board.

Responsibilities of the Management

The chief executive officer of the Company shall be accountable to the Board and responsible for managing the production and business operations of the Company and organising the implementation of resolutions of the Board; organising the implementation of the Company's annual business plans and investment plans; drafting the plan for the internal management setup of the Company; drafting the basic management system of the Company; formulating basic rules of the Company; proposing appointment or dismissal of the vice presidents and chief financial officer of the Company; appointing or dismissing executives other than those to be appointed or dismissed by the Board; and exercising other functions and powers conferred in the Articles of Association and by the Board.

The company secretary of the Company shall be accountable to the Board and responsible for ensuring the compliance of the Board with all applicable laws and regulations. The company secretary of the Company shall also keep minutes of general meetings and meetings of the Board and its committees.

Appointment and re-election of Directors

The procedures and process of appointment, re-election and removal of Directors are set out in the Articles of Association. The nomination committee of the Board (the "Nomination Committee") is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of Directors, monitoring the appointment of Directors and assessing the independence of independent non-executive Directors.

Each of the Directors has entered into a service contract with the Company for a period of three years. Unless terminated by not less than one month's notice in writing served by either the Directors or the Company, the contract will be automatically renewed until terminated in accordance with the terms of the service contract. The appointments of the Directors are subject to the provisions of retirement and rotation of Directors under the Articles of Association. At the 2019 annual general meeting of the Company on 22 May 2020, Ms. Zheng Shuliang, Ms. Zhang Ruilian, Mr. Yang Congsen, Mr. Zhang Jinglei, Mr. Chen Yisong (Mr. Zhang Hao as his alternate), Mr. Xing Jian, Mr. Han Benwen and Mr. Dong Xinyi were re-elected as the Directors.

In accordance with the Articles of Association, all the Directors are subject to retirement by rotation at least once every three years. Any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting after his appointment and be eligible for re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

Induction training and development

The Company provides induction training programme for all new Directors which, taking into account their experience and background, is designed to enhance their knowledge and understanding of the Group's culture and operations as well as their relevant roles and responsibilities.

Development and training of Directors is an ongoing process so that they can perform their duties appropriately. All Directors are encouraged to attend relevant training courses at the Company's expense. From 1 January 2020 to 31 December 2020, all Directors have been required to provide the Company with their training records, and relevant records have been maintained by the company secretary of the Company. All Directors including Mr. Zhang Bo, Ms. Zheng Shuliang, Ms. Zhang Ruilian, Mr. Yang Congsen, Mr. Zhang Jinglei, Mr. Chen Yisong (Mr. Zhang Hao as his alternate), Mr. Xing Jian, Mr. Han Benwen, Mr. Dong Xinyi and the company secretary of the Company Ms. Zhang Yuexia attended the training courses or continuing study programmes in relation to corporate governance and management to further enhance their knowledge and skills.

Performance evaluation

The Board recognises the importance and benefits of conducting regular evaluations of its performance to ensure improvement in its functioning. During the year 2020, the Board had conducted the evaluation of its performance.

Number of meetings and Directors' attendance

CG Code provision A.1.1 prescribes that at least four regular Board meetings should be held in each year at approximately quarterly intervals with active participation of a majority of Directors, either in person or through other electronic means of communication. The Company has adopted the practice of holding Board meetings regularly for at least four times a year at approximately quarterly intervals.

During the year ended 31 December 2020, seven Board meetings were held by the Directors either in person or through other electronic means of communication and the attendance records of individual Directors at the Board meetings and general meetings are set out below:

Name of Directors	Number of Board Meetings Attended/Held	Number of General Meetings Attended/Held
Executive Directors:		
Mr. ZHANG Bo	7/7	1/1
Ms. ZHENG Shuliang	6/7	1/1
Ms. ZHANG Ruilian	6/7	1/1
Non-Executive Directors:		
Mr. YANG Congsen	6/7	1/1
Mr. ZHANG Jinglei	6/7	1/1
Mr. CHEN Yisong	5/7	1/1
Mr. ZHANG Hao *(an alternate director to Mr. CHEN Yisong)*	0/7	0/1
Independent Non-Executive Directors:		
Mr. XING Jian	7/7	1/1
Mr. HAN Benwen	7/7	1/1
Mr. DONG Xinyi	6/7	1/1

During the year ended 31 December 2020, the chairman of the Board held one meeting with independent non-executive Directors without the presence of other Directors.

PRACTICES AND CONDUCT OF MEETINGS

Annual meeting schedules and draft agenda of each meeting are normally made available to Directors in advance.

Notices of regular Board meetings are served to all Directors at least 14 days before the meetings. For other Board and committee meetings, reasonable notice is generally given. Board papers together with all appropriate, complete and reliable information are sent to all Directors at least 3 days before each Board meeting or committee meeting to keep the Directors apprised of the latest developments, financial position of the Company and to enable them to make informed decisions. Each Director also has separate and independent access to the senior management whenever necessary.

The senior management of the Company including chief executive officer and chief financial officer attend all regular Board meetings and where necessary, other Board and committee meetings to advise on business developments, financial and accounting matters, statutory and regulatory compliance, corporate governance and other major aspects of the Company. The company secretary of the Company is responsible for taking and keeping minutes of all Board meetings and committee meetings. Draft minutes are normally circulated to Directors for comment within a reasonable time after each meeting, and the final version is open for Directors' inspection.

The Articles of Association contain provisions requiring Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Since the listing date on 24 March 2011, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise.

The Company has received written annual confirmation from each independent non-executive Director of his independence pursuant to the requirements of the Listing Rules. The Company considers all independent non-executive Directors to be independent in accordance with the independence guidelines set out in the Listing Rules.

With reference to the guidelines as set out in Rule 3.13 of the Listing Rules, the Company confirms the independence of all the independent non-executive Directors.

TERMS OF OFFICE OF NON-EXECUTIVE DIRECTORS

Each of the non-executive Directors and independent non-executive 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 relevant appointments are subject to the provisions of retirement and rotation of Directors under the Articles of Association.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The chairman and chief executive officer of the Company is Mr. Zhang Bo. The chairman provides leadership for the Board, and is responsible for ensuring that the Board works effectively and performs its responsibilities, and that all key and appropriate issues are discussed by it in a timely manner. He is also responsible for the strategic management of the Group and for formulating its overall corporate direction and focus. The chief executive officer is responsible for the management of Company business and the Group's overall operation. The chairman and chief executive officer shall have clearly defined roles and duties as detailed in the Company's code of corporate governance.

Though code provision A.2.1 of the CG Code stipulates that the duties of the chairman and chief executive officer should be differentiated and shall not be held by the same person, Mr. Zhang Bo is both chairman and chief executive officer of the Company. The Board is of the opinion that this arrangement will not affect the balance of power and duties between the Board and the management. The Board comprises of highly experienced and talented members who meet regularly to discuss matters affecting the Company's operations. Through the Board's operation, a balance between power and duties can be maintained. The Board believes that this arrangement facilitates stable and consistent leadership and enables the Company to make and implement decisions in an efficient and effective manner. The Board believes that the appointment of Mr. Zhang Bo as chairman and chief executive officer will benefit the business development and management of the Company and improve coordination between the Board and the senior management.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The Company has established a formal and transparent procedure for formulating policies on remuneration of the Directors and the senior management of the Group. Details of the remuneration of each of the Directors, chief executive and five highest paid employees for the year ended 31 December 2020 are set out in notes 12 and 13 to the consolidated financial statements.

Remuneration paid to the senior management (excluding the Directors) by bands for the year ended 31 December 2020 is set out below:

Remuneration bands	Number of individuals
HK$1,000,000 to HK$1,500,000 (approximately RMB866,000 to RMB1,299,000)	1

SUBORDINATE COMMITTEES OF THE BOARD

- Audit Committee
- Remuneration committee (the “Remuneration Committee”)
- Nomination Committee

Each committee may decide upon all matters within its terms of reference and authority.

A. AUDIT COMMITTEE

The Audit Committee was established on 16 January 2011. At present, the Audit Committee is comprised of three independent non-executive Directors.

The composition of the Audit Committee

Mr. HAN Benwen *(Chairman of the Audit Committee)*
Mr. XING Jian
Mr. DONG Xinyi

Roles and functions

The primary duties of the Audit Committee are to assist the Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of the Group, overseeing the audit process and performing other duties and responsibilities as assigned by the Board.

The Company's annual results for the year ended 31 December 2020 have been reviewed by the Audit Committee.

The work of the Audit Committee for the year ended 31 December 2020 primarily included reviewing the Group's annual report for the year ended 31 December 2019 and interim report for the six months ended 30 June 2020, and reviewing the effectiveness of the risk management and internal control system and internal audit function of the Company.

Attendance Records of Members at Meetings

During the year ended 31 December 2020, the Audit Committee held two meetings, and the attendance record of members of the Audit Committee at the Audit Committee meetings are set out below:

Name of Directors	Number of Meetings Attended/Held
Mr. HAN Benwen	2/2
Mr. XING Jian	2/2
Mr. DONG Xinyi	2/2

B. REMUNERATION COMMITTEE

The Remuneration Committee was established on 16 January 2011. At present, the Remuneration Committee is comprised of an executive Director and two independent non-executive Directors.

The composition of the Remuneration Committee

Mr. HAN Benwen *(Chairman of the Remuneration Committee)*
Mr. ZHANG Bo
Mr. XING Jian

Roles and functions

The primary duties of the Remuneration Committee include (but without limitation): (i) to make recommendations to the Board on the Company's policy and structure for the Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy; (ii) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives; (iii) to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management, which should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment; and (iv) to make recommendations to the Board on the remuneration of non-executive Directors.

The Remuneration Committee normally meets at least once a year for reviewing the remuneration policy and structure, the annual remuneration packages of the executive Directors and the senior management and other related matters.

The work of the Remuneration Committee for the year ended 31 December 2020 primarily included evaluating the performance of the executive Directors, reviewing the remuneration policy of the Company, and reviewing remuneration of the Directors for the year ended 31 December 2020 and making recommendations to the Board.

Attendance Records of Members at Meetings

During the year ended 31 December 2020, the Remuneration Committee held one meeting to fulfill the duties as required aforesaid and the attendance record of members of the Remuneration Committee at the Remuneration Committee meetings are set out below:

Name of Directors	Number of Meetings Attended/Held
Mr. HAN Benwen	1/1
Mr. ZHANG Bo	1/1
Mr. XING Jian	1/1

C. NOMINATION COMMITTEE

The Nomination Committee was established on 16 January 2011. At present, the Nomination Committee is comprised of an executive Director and two independent non-executive Directors.

The composition of the Nomination Committee

Mr. XING Jian *(Chairman of the Nomination Committee)*
Mr. ZHANG Bo
Mr. HAN Benwen

Roles and functions

The primary duties of the Nomination Committee include: (i) to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy; (ii) to identify individuals suitably qualified to become the Directors and select or make recommendations to the Board on the selection of individuals nominated for directorships; (iii) to assess the independence of independent non-executive Directors; and (iv) to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive officer of the Company.

The work of the Nomination Committee for the year ended 31 December 2020 primarily included reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board, assessing the independence of the independent non-executive Directors, and making recommendations to the Board for its consideration regarding the re-election of retiring Directors at the Company's annual general meeting.

Attendance Records of Members at Meetings

During the year ended 31 December 2020, the Nomination Committee held one meeting, and the attendance record of members of the Nomination Committee at the Nomination Committee meetings are set out below:

Name of Directors	Number of Meeting Attended/Held
Mr. XING Jian *(Chairman of the Nomination Committee)*	1/1
Mr. ZHANG Bo	1/1
Mr. HAN Benwen	1/1

Nomination Policy and Diversity Policy

The procedures for nomination, appointment, re-election and dismissal of Directors are set out in the Articles of Association. After performing due diligence and taking into consideration of the qualification and biography of the director candidates, the Nomination Committee will make recommendation to the Board for consideration and approval.

The Company has adopted board diversity policy according to provision A.5.6 of the CG Code. The Nomination Committee reviews the structure, size and diversity of the composition of the Board regularly to ensure that the Board has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company. Where vacancies on the Board exist, the Nomination Committee will carry out the selection process by making reference to the gender, age, cultural and educational background, skills, experience, professional knowledge, personal integrity and time commitments and independence of the independent non-executive Director, the Company's needs and other relevant statutory requirements and regulations.

As of the date of this annual report, the Board consisted of eleven Directors, including three female Directors and professionals in law and accounting, and the Board has achieved diversity in its membership in terms of gender, professional background and skill, etc.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2020.

The Board is responsible for presenting a balanced, clear and understandable assessment of the Company's performance in annual and interim reports and other financial disclosures required by the Listing Rules.

The senior management of the Company has provided sufficient explanation and information to the Board as necessary to enable the Board to make an informed assessment of the financial and other information of the Company put before it for approval.

The Directors, having made appropriate enquiries, are not aware of any material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

EXTERNAL AUDITOR

The external auditors are responsible for presenting independent opinions on the financial statements of the Company according to the results of their auditing work, and reporting to the Company on the same.

The remuneration paid to the external auditors of the Company in respect of audit services and non-audit services for the year ended 31 December 2020 amounted to RMB4,200,000 (inclusive of value-added tax) and RMB2,220,000, respectively. For non-audit services, RMB280,000 was performed by an affiliate firm of SHINEWING HK.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for the effectiveness of the risk management and internal control system, and make annual reviews on the effectiveness of such systems. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Company has established its internal audit functions. Relevant procedures have been designed for safeguarding assets against unauthorised use or disposal, controlling excessive capital expenditure, maintaining proper accounting records, and the reliability of financial information used in the operations or for publication. The Audit Committee is responsible for the internal audit. Qualified management personnel of the Company will maintain and monitor the internal control system on a going concern basis.

The Group has in place a relatively comprehensive risk management and internal control system and clearly defines the responsibility and authority of each business unit, department and management member. It implements the reporting and approval procedures and accountability system of each business segment to realise compliance in operations and monitor and control each segment effectively. Each business unit identifies risks that may hinder the realisation of business objectives and coordinates with the management members to analyse and evaluate the materiality of such risks. The finance department is responsible for monitoring and controlling financial risks and making recommendations on potential risks identified during the approval procedures. Other management departments identify and make judgment on various circumstances as well as monitor and assess potential risk factors within the scope of their responsibility and authority. If necessary, they can consult professionals at any time and report issues to the Board according to internal management procedures. Before making any material decisions, the Board has to make proper assessment on the potential risks involved and the level of risks.

The Board and its Audit Committee hear reporting of the management with regard to risk management and internal control on an annual basis; they also work together to review the effectiveness of the relevant systems and identify any monitoring and control errors and material procedural defects. If any material defects in internal control are found, the management and the Board have to make active responses and resolve the problems arose in the most appropriate way and, at the same time, review the existing systems and procedures to seek improvement and take remedial measures.

The Company understands its responsibilities under Part XIVA of the SFO and the Listing Rules, and has set up procedures and internal control measures for processing and disclosing inside information. It will make public disclosure on inside information as soon as reasonably practicable and strictly comply with the Guidelines on Disclosure of Inside Information issued by the Securities and Futures Commission when handling matters involving inside information, strictly prohibiting unauthorised use of confidential or insider information.

The Directors bear the duty to continue to pay attention to the production and operation conditions and financial position of the Company as well as existing and potential material issues and their impacts; they shall actively investigate and obtain information required for decision making. After finding out and learning about matters required to be disclosed, the relevant personnel shall make timely reports to the management and the responsible Directors, judge and verify the relevant information and materials, make internal assessment on the matters involved and preliminary suggestions and seek professional advice if necessary. After carrying out relevant internal procedures, the Company will confirm the information disclosure arrangement and ensure the truthfulness, accuracy, completeness, timeliness and fairness of the disclosed information and ensure that such information is free of false representation, materially misleading statement or omission.

The Board has reviewed the risk management and internal control system of the Group for the year ended 31 December 2020, which covers financial, operational, compliance procedural and risk management functions, and considers them efficient and adequate. Upon review, the Board was also of the view that there were adequate resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting function.

AMENDMENTS TO ARTICLES OF ASSOCIATION

There was no material change made to the Articles of Association by the Company for the year ended 31 December 2020.

COMPANY SECRETARY

All Directors have access to the advice and services of the company secretary of the Company, Ms. Zhang Yuexia. The company secretary of the Company reports to the chairman on Board governance matters, and is responsible for ensuring that Board procedures are followed, and for facilitating communications among Directors as well as with the shareholders and the management. For the year ended 31 December 2020, the company secretary of the Company undertook over 15 hours of professional training to update her skills and knowledge.

SHAREHOLDERS' RIGHTS

The Company is liable for securing shareholders' interests. The Company maintains contact with its shareholders through annual general meetings or other general meetings, and encourages shareholders to attend those meetings.

Notice of general meeting is sent by mail to the registered shareholders of the Company. Agenda and proposed resolutions are set out in the notice of general meeting.

A proxy form for use at a general meeting is enclosed with the notice of general meeting. Shareholders who do not intend or are unable to be present at the meeting should fill out the form and return the same to the share registrar and transfer office of the Company, so as to appoint a representative, another shareholder or the chairman of the meeting as their proxy.

According to the Articles of Association, any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an extraordinary general meeting to be convened by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of such failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Shareholders or investors can contact the Company in the following ways to make enquiry or to provide suggestions:

Contact Person:	Ms. Wong Yuting
Tel:	(852) 2815 1080
Postal Address:	Suite 5108 The Center 99th Queen's Road Central Central Hong Kong

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company attaches great importance to the communication with shareholders, investors and each of the stakeholders. Since the Company was listed in March 2011, the management team has been maintaining close contact with the capital market proactively and is committed to establishing an effective and diverse communication platform. The Company has a website which contains detailed corporate information, including but not limited to annual and interim reports, announcements and circulars, promotional materials, the latest information and business introduction, the latest corporate data and development plans. Meanwhile, in the manner of overseas roadshows, reverse roadshows for investor and media, talks and conference calls with institutional investors and analysts, close communication with investors is made.

In order to provide timely, transparent and fair disclosure to shareholders and investors, the Company has complied with the Listing Rules and published all its price-sensitive information, announcements, interim and annual results in a timely manner. The annual reports, accounts and interim reports contain the details of the Company's activities, and such reports and accounts will be delivered to shareholders and investors. The annual and interim reports of the Company are available on the website of the Stock Exchange and the Company's website.

信永中和
ShineWing

SHINEWING (HK) CPA Limited
43/F., Lee Garden One
33 Hysan Avenue
Causeway Bay, Hong Kong

TO THE SHAREHOLDERS OF CHINA HONGQIAO GROUP LIMITED
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of China Hongqiao Group Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out on pages 72 to 202, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS (Continued)

Key audit matters identified in our audit are summarised as follows:

- Transactions with related parties and disclosure;
- Estimated allowance on inventories;
- Impairment assessment of goodwill;
- Impairment assessment of property, plant and equipment;
- Impairment assessment of interest in an associate; and
- Impairment assessment of loan to an associate.

TRANSACTIONS WITH RELATED PARTIES AND DISCLOSURE

Refer to note 52 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
The Group had significant amount of trade and non-trade transactions with related parties. We have identified this as a key audit matter because it is essential to monitor these transactions by the directors of the Company closely. It is also essential to disclose all these transactions properly in accordance with the requirements of relevant accounting standards and The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.	Our procedures were designed to verify and identify material related party relationship through enquiry and searches. We have also scrutinised the accounting ledgers and bank ledgers to ensure material transactions with related parties are properly reflected in the Group's accounting records.

KEY AUDIT MATTERS (Continued)

ESTIMATED ALLOWANCE ON INVENTORIES

Refer to note 24 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
As at 31 December 2020, the carrying amount of the inventories was approximately RMB19,717,811,000. The carrying amount of and the allowance for inventories are reviewed by the management periodically, which involves significant degree of judgements and estimates on the net realisable value. We have identified the carrying amount of the inventories as a key audit matter since the carrying amount of inventories was significant to the current assets and the assessment on the allowance for inventories involves significant judgements and estimates made by the management.	Our procedures in relation to the carrying amount of inventories were designed to review the judgements and estimates made by the management on the assessment on the allowance for inventories as at 31 December 2020. We have reviewed the utilisation of inventories and sales contracts awarded and entered into among the Group and the customers. We have also reviewed the subsequent selling prices of the inventories after 31 December 2020 and compared with their carrying amounts to consider whether the inventories were stated at lower of their costs or net realisable values.

IMPAIRMENT ASSESSMENT OF GOODWILL

Refer to note 22 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
As at 31 December 2020, the carrying amount of goodwill was approximately RMB278,224,000. An impairment loss on goodwill of approximately RMB330,594,000 was recognised for the year ended 31 December 2020. Management's assessment on impairment of goodwill is a judgemental process which requires estimates concerning the forecast future cash flows associated with the relevant cash-generating units, the discount rates and the growth rate of revenue and costs to be applied in determining the value-in-use and fair value less costs of disposal. The selection of valuation models, adoption of key assumptions and input data and changes in these assumptions and input to valuation models may result in significant financial impact. The extent of judgment and the size of the goodwill resulted in this matter being identified as a key audit matter.	In order to address this matter in our audit, we obtained management's impairment assessment and valuation report prepared by their valuation specialist and challenged the reasonableness of the selection of valuation models, adoption of key assumptions and input data and changes in adoption of key assumptions and input data. In particular, we reviewed the future cash flow forecast prepared by management and compared with available cash flow forecast. We also challenged the appropriateness of the assumptions, including the sales growth rates and gross margin, against latest market expectations. We also challenged the discount rates employed in the calculation of value-in-use by reviewing its basis of calculation and comparing its input data to market sources.

KEY AUDIT MATTERS (Continued)

IMPAIRMENT ASSESSMENT OF PROPERTY, PLANT AND EQUIPMENT

Refer to note 16 to the consolidated financial statements.

The key audit matter

As at 31 December 2020, the carrying amount of property, plant and equipment amounted to approximately RMB64,750,361,000. An impairment loss on property, plant and equipment of approximately RMB162,283,000 was recognised for the year ended 31 December 2020.

We have identified the impairment assessment of the property, plant and equipment as a key audit matter since the carrying amount of property, plant and equipment was significant to the consolidated financial statements and significant judgments and estimates have been used by the management and independent valuer in determining the recoverable amount of property, plant and equipment.

How the matter was addressed in our audit

We performed physical inspection of major property, plant and equipment, with specific focus on those suspended property, plant and equipment.

We obtained valuation report for property, plant and equipment from the Group and considered the objectivity, independence and expertise of the valuer. We assessed the appropriateness of the valuation methodologies and challenged the reasonableness of methodologies and the use of market data and assumptions, such as cash flow projects and discount rates applied in determining the fair value less cost of disposal.

We also performed calculation check on the provision of impairment loss for the year ended 31 December 2020.

IMPAIRMENT ASSESSMENT OF INTEREST IN AN ASSOCIATE

Refer to note 20 to the consolidated financial statements.

The key audit matter

As at 31 December 2020, the carrying amount of the Group's interest in Zouping Binneng Energy Technology Co., Ltd * ("Binneng Energy")鄒平濱能能源科技有限公司 amounted to approximately RMB2,650,994,000.

We have identified the impairment assessment of interest in Binneng Energy as a key audit matter since the assessment on the impairment involves significant judgements and estimates made by the management.

How the matter was addressed in our audit

Our procedures were designed to assess the management's process for identifying the existence of impairment indicators for the interest in Binneng Energy and to challenge the reasonableness of the recoverable amount, including projections of cash flows, discount rate and growth rates applied, and future prospects of Binneng Energy.

KEY AUDIT MATTERS (Continued)

IMPAIRMENT ASSESSMENT OF LOAN TO AN ASSOCIATE

Refer to note 21 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
During the year ended 31 December 2020, the Group had a loan provided to Binneng Energy at carrying amount of RMB2,000,000,000. The loan provided to Binneng Energy is assessed for impairment individually and involves significant management judgment in assessing the expected credit loss, based on the historical credit loss experience, forward-looking factors specific to the associate and economic environment and the net realisable value of the underlying collateral received. We have identified the impairment assessment of loan to Binneng Energy as a key audit matter since the assessment on the impairment involves significant judgements and estimates made by the management.	Our procedures were designed to evaluate management's assessment of the credit quality of Binneng Energy by examining the Group's internal credit rating, repayment history, Binneng Energy's financial information and other relevant information, and checking the existence and recoverable amount of the collateral and the charge over the collateral.

* The English translation is for reference only

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS OF THE COMPANY AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion, solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

- Conclude on the appropriateness of the Company's directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Pang Wai Hang.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Pang Wai Hang
Practising Certificate Number: P05044

5 March 2021

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2020

	Notes	2020 RMB'000	2019 RMB'000
Revenue	5	**86,144,641**	84,179,288
Cost of sales		**(66,789,453)**	(67,715,035)
Gross profit		**19,355,188**	16,464,253
Other income and gains	7	**2,700,719**	3,140,517
Selling and distribution expenses		**(399,894)**	(449,041)
Administrative expenses		**(4,052,174)**	(3,645,691)
Other expenses	8	**(616,586)**	(2,166,798)
Finance costs	9	**(4,506,236)**	(5,219,595)
Changes in fair values of financial instruments	33	**(291,255)**	138,077
Share of profits of associates	20	**514,588**	509,345
Profit before taxation		**12,704,350**	8,771,067
Income tax expenses	10	**(2,259,599)**	(2,315,924)
Profit for the year	11	**10,444,751**	6,455,143
Attributable to:			
Owners of the Company		**10,495,936**	6,095,335
Non-controlling interests		**(51,185)**	359,808
		10,444,751	6,455,143
Other comprehensive (expense) income for the year			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of financial statements of foreign operations		**(253,876)**	55,098
Share of other comprehensive income of associates		**(108,703)**	16,836
		(362,579)	71,934
Items that will not be reclassified subsequently to profit or loss:			
Fair value loss on equity instruments at fair value through other comprehensive income		**(57,297)**	(618,831)
Total comprehensive income for the year, net of income tax		**10,024,875**	5,908,246
Total comprehensive income (expense) for the year attributable to			
Owners of the Company		**10,175,062**	5,525,864
Non-controlling interests		**(150,187)**	382,382
		10,024,875	5,908,246
Earnings per share	15		
– Basic (RMB)		**1.2210**	0.7087
– Diluted (RMB)		**1.2210**	0.6979

Consolidated Statement of Financial Position

As at 31 December 2020

	Notes	2020 RMB'000	2019 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	16	**64,750,361**	71,019,374
Right-of-use assets	17	**5,646,551**	5,152,415
Intangible assets	18	**27,429**	24,884
Investment properties	19	**4,053**	–
Deposits paid for acquisition of property, plant and equipment		**571,608**	513,617
Deferred tax assets	41	**2,886,026**	2,084,454
Interests in associates	20	**6,681,222**	4,723,329
Loan to an associate	21	**–**	2,000,000
Goodwill	22	**278,224**	608,818
Financial asset at amortised cost	28	**2,499,000**	–
Financial assets at fair value through other comprehensive income	23	**633,652**	289,339
Prepayment	27	**119,260**	–
		84,097,386	86,416,230
CURRENT ASSETS			
Inventories	24	**19,717,811**	21,846,922
Trade receivables	25	**10,335,568**	10,311,326
Bills receivables	26	**9,157,692**	11,139,775
Prepayments and other receivables	27	**9,126,270**	6,075,312
Loan to an associate	21	**2,000,000**	–
Financial assets at fair value through profit or loss	29	**–**	2,005
Other financial asset	30	**–**	819
Income tax recoverable		**88,814**	–
Restricted bank deposits	31	**1,542,098**	1,423,967
Cash and cash equivalents	31	**45,465,361**	41,857,116
		97,433,614	92,657,242
Non-current assets classified as held for sale	32	**–**	530,973
		97,433,614	93,188,215
CURRENT LIABILITIES			
Trade and bills payables	34	**13,377,069**	18,215,656
Other payables and accruals	35	**12,105,674**	13,379,843
Bank borrowings – due within one year	36	**22,777,400**	29,054,849
Other borrowing – due within one year	37	**–**	1,391,446
Other financial liabilities	30	**4,942**	3,300
Lease liabilities	17	**25,080**	28,874
Income tax payable		**2,268,635**	1,727,235
Medium-term debentures and bonds – due within one year	38	**22,774,698**	1,495,784
Deferred income	42	**17,855**	22,330
		73,351,353	65,319,317
NET CURRENT ASSETS		**24,082,261**	27,868,898
TOTAL ASSETS LESS CURRENT LIABILITIES		**108,179,647**	114,285,128

	Notes	2020 RMB'000	2019 RMB'000
NON-CURRENT LIABILITIES			
Bank borrowings – due after one year	36	**11,483,498**	3,519,628
Lease liabilities	17	**58,609**	61,859
Liability component of convertible bonds	40	**1,215,939**	1,150,555
Derivatives component of convertible bonds	40	**550,111**	279,937
Deferred tax liabilities	41	**900,344**	721,545
Medium-term debentures and bonds – due after one year	38	**13,345,378**	38,529,229
Guaranteed notes	39	**3,242,270**	3,457,313
Deferred income	42	**581,828**	549,086
		31,377,977	48,269,152
NET ASSETS		**76,801,670**	66,015,976
CAPITAL AND RESERVES			
Share capital	43	**579,318**	559,090
Reserves	44	**70,616,819**	62,605,028
Equity attributable to owners of the Company		**71,196,137**	63,164,118
Non-controlling interests		**5,605,533**	2,851,858
TOTAL EQUITY		**76,801,670**	66,015,976

The consolidated financial statements on pages 72 to 202 were approved and authorised recognised for issue by the board of directors on 5 March 2021 and are signed on its behalf by:

Zhang Bo
Director

Zhang Ruilian
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2020

	Attributable to owners of the Company									
	Share capital RMB'000	Share premium RMB'000	Investment revaluation reserve RMB'000 (Note 44(d))	Capital reserve RMB'000 (Note 44(a))	Translation reserve RMB'000 (Note 44(c))	Statutory surplus reserve RMB'000 (Note 44(b))	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2020	559,090	19,311,652	(686,767)	789,317	273,025	8,214,211	34,703,590	63,164,118	2,851,858	66,015,976
Profit (loss) for the year	-	-	-	-	-	-	10,495,936	10,495,936	(51,185)	10,444,751
Other comprehensive (expense) income for the year:										
Fair value loss on equity instruments at fair value through other comprehensive income	-	-	(57,297)	-	-	-	-	(57,297)	-	(57,297)
Exchange differences arising on translation of financial statements of foreign operations	-	-	-	-	(154,874)	-	-	(154,874)	(99,002)	(253,876)
Share of other comprehensive income of associates	-	-	-	-	(108,703)	-	-	(108,703)	-	(108,703)
Total comprehensive (expense) income	-	-	(57,297)	-	(263,577)	-	10,495,936	10,175,062	(150,187)	10,024,875
Capital contribution	-	-	-	-	-	-	-	-	2,910,080	2,910,080
Share of capital reserve of an associate	-	-	-	300	-	-	-	300	-	300
Partial disposal of a subsidiary (note 48)	-	-	-	-	-	-	-	-	937	937
Issue of shares (note 43)	20,228	1,597,426	-	-	-	-	-	1,617,654	-	1,617,654
Transfer of reserves	-	-	-	-	-	1,427,569	(1,427,569)	-	-	-
Dividend paid (note 14)	-	-	-	-	-	-	(3,760,997)	(3,760,997)	(7,155)	(3,768,152)
	20,228	1,597,426	-	300	-	1,427,569	(5,188,566)	(2,143,043)	2,903,862	760,819
At 31 December 2020	579,318	20,909,078	(744,064)	789,617	9,448	9,641,780	40,010,960	71,196,137	5,605,533	76,801,670

	Attributable to owners of the Company									
	Share capital RMB'000	Share premium RMB'000	Investment revaluation reserve RMB'000 (Note 44(d))	Capital reserve RMB'000 (Note 44(a))	Translation reserve RMB'000 (Note 44(c))	Statutory surplus reserve RMB'000 (Note 44(b))	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2019	566,172	19,829,421	(67,936)	783,942	223,665	7,204,845	31,425,252	59,965,361	2,654,136	62,619,497
Profit for the year	–	–	–	–	–	–	6,095,335	6,095,335	359,808	6,455,143
Other comprehensive (expense) income for the year:										
Fair value loss on equity instruments at fair value through other comprehensive income	–	–	(618,831)	–	–	–	–	(618,831)	–	(618,831)
Exchange differences arising on translation of financial statements of foreign operations	–	–	–	–	32,524	–	–	32,524	22,574	55,098
Share of other comprehensive income of associates	–	–	–	–	16,836	–	–	16,836	–	16,836
Total comprehensive (expense) income	–	–	(618,831)	–	49,360	–	6,095,335	5,525,864	382,382	5,908,246
Capital contribution	–	–	–	–	–	–	–	–	10,000	10,000
Change in ownership interest in subsidiaries (note 49)	–	–	–	5,375	–	–	–	5,375	(81,345)	(75,970)
Shares repurchased and cancelled (note 43)	(7,082)	(517,769)	–	–	–	–	–	(524,851)	–	(524,851)
Transfer of reserves	–	–	–	–	–	1,009,366	(1,009,366)	–	–	–
Dividend paid (note 14)	–	–	–	–	–	–	(1,807,631)	(1,807,631)	(113,315)	(1,920,946)
	(7,082)	(517,769)	–	5,375	–	1,009,366	(2,816,997)	(2,327,107)	(184,660)	(2,511,767)
At 31 December 2019	559,090	19,311,652	(686,767)	789,317	273,025	8,214,211	34,703,590	63,164,118	2,851,858	66,015,976

Consolidated Statement of Cash Flows

For the year ended 31 December 2020

	2020 RMB'000	2019 RMB'000
OPERATING ACTIVITIES		
Profit before taxation	**12,704,350**	8,771,067
Adjustments for:		
Interest income	**(620,602)**	(422,460)
Finance costs	**4,506,236**	5,219,595
Share of profits of associates	**(514,588)**	(509,345)
Depreciation of property, plant and equipment	**6,687,620**	7,218,007
Depreciation of investment properties	**135**	1,121
Depreciation of right-of-use assets	**208,905**	190,791
Loss (gain) on disposal of property, plant and equipment	**206,046**	(21,631)
Gain on disposal of investment properties	**–**	(379,542)
Loss (gain) on fair values changes of financial instruments	**291,255**	(138,077)
Gain on bargain purchase	**–**	(3,282)
Gain on partial disposal of a subsidiary	**(1,406)**	–
Amortisation of intangible assets	**4,463**	3,789
Amortisation of deferred income	**(107,050)**	(22,746)
Reversal of impairment of property, plant and equipment	**–**	(968,480)
Reversal of impairment of inventories	**(88,975)**	(69,366)
Reversal of impairment of other receivables	**–**	(13,335)
Impairment loss recognised in respect of inventories	**106,227**	94,400
Impairment loss recognised in respect of trade receivables	**185**	276
Impairment loss recognised in respect of other receivables	**17,297**	15,577
Impairment loss recognised in respect of goodwill	**330,594**	–
Impairment loss recognised in respect of property, plant and equipment	**162,283**	1,727,404
Impairment loss recognised in respect of right-of-use assets	**–**	3,449
Write-off of property, plant and equipment	**–**	292,479
Write-off of inventories	**–**	33,213
Unrealised foreign exchange gain, net	**(270,410)**	–
Operating cash flows before movements in working capital	**23,622,565**	21,022,904
Decrease (increase) in inventories	**2,064,523**	(1,833,787)
Increase in trade receivables	**(28,757)**	(3,427,340)
Decrease in bills receivables	**1,982,083**	594,566
Increase in prepayments and other receivables	**(2,157,876)**	(1,479,636)
(Decrease) increase in trade and bills payables	**(4,832,940)**	1,224,219
(Decrease) increase in other payables and accruals	**(440,735)**	659,359
Cash generated from operations	**20,208,863**	16,760,285
Income tax paid	**(2,429,786)**	(2,218,823)
NET CASH FROM OPERATING ACTIVITIES	**17,779,077**	14,541,462

Consolidated Statement of Cash Flows (Continued)

For the year ended 31 December 2020

	2020 RMB'000	2019 RMB'000
INVESTING ACTIVITIES		
Advance to an associate	–	(2,000,000)
Purchase of financial assets at FVTOCI	(397,604)	–
Transaction costs on purchase of financial assets at FVTOCI	(4,006)	–
Purchase of property, plant and equipment and deposits for acquisition of property, plant and equipment	(5,267,678)	(3,228,462)
Placement of restricted bank deposits	(1,532,713)	(1,415,257)
Net cash outflow arising on acquisition of a subsidiary	–	(83,400)
Net cash outflow arising on partial disposal of a subsidiary	(261)	–
Proceeds from disposal of property, plant and equipment	2,171,550	362,022
Proceeds from disposal of investment properties	–	462,321
Proceeds from disposal of right-of-use assets	42,021	–
Proceeds from disposal of non-current assets classified as held for sale	10,127	–
Addition to right-of-use assets	(854,700)	(125,683)
Proceed from prior year disposal of a subsidiary	–	1,475,000
Addition to intangible assets	(7,008)	(5,994)
Interest received	601,341	359,103
Withdrawal of restricted bank deposits	1,414,582	1,247,764
Repayment on prior year acquisition of a subsidiary	(55,500)	–
Purchases of financial assets at FVTPL	–	(1,100,000)
Purchases of financial assets at amortised cost	(1,499,000)	–
Proceeds from disposal of financial assets at FVTPL	2,005	100,000
Addition of associates	(106,142)	(2,310,121)
Capital injection to associates	(1,490,992)	–
NET CASH USED IN INVESTING ACTIVITIES	(6,973,978)	(6,262,707)

	2020 RMB'000	2019 RMB'000
FINANCING ACTIVITIES		
Proceeds from bank borrowings	**40,557,963**	22,908,164
Proceeds from placing of shares	**1,644,087**	–
Proceeds from issuance of medium-term debentures and bonds	**–**	2,600,000
Proceeds from guaranteed notes	**–**	3,474,890
Receipt of government grants	**135,317**	20,892
Transaction costs attributable to placing of shares	**(26,433)**	–
Transaction costs on issuance of medium-term debentures and bonds	**–**	(29,000)
Transaction costs on issue of guaranteed notes	**–**	(46,568)
Payment on repurchase of shares	**–**	(524,851)
Repayment of lease liabilities	**(35,452)**	(26,192)
Repayment of guaranteed notes	**–**	(3,076,901)
Interest expense paid	**(4,676,697)**	(4,779,292)
Repayment of short-term debentures and notes	**–**	(4,000,000)
Repayment of bank borrowings	**(38,730,824)**	(20,566,105)
Repayment of other borrowing	**(1,399,600)**	–
Repayment of medium-term debentures and bonds	**(3,760,086)**	(5,783,636)
Acquisition of additional interests in subsidiaries	**–**	(75,970)
Contribution from non-controlling interests	**2,910,080**	10,000
Dividends paid	**(3,768,148)**	(1,920,945)
NET CASH USED IN FINANCING ACTIVITIES	**(7,149,793)**	(11,815,514)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**3,655,306**	(3,536,759)
Effect of changes in foreign exchange rates	**(47,061)**	13,462
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**41,857,116**	45,380,413
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		
represented by bank balances and cash	**45,465,361**	41,857,116

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 note 57.

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 Indonesia is denoted in Indonesia Rupiah ("IDR") and the functional currency of subsidiaries established in 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 Amendments to References to the Conceptual Framework in IFRSs and 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 2020.

Amendments to IFRS 3	Definition of a Business
Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform

Except as described below, the application of the Amendments to References to the Conceptual Framework in IFRSs and 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.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (Continued)

2.1 Amendments to IFRS 3, *Definition of a Business*

The amendments clarify the definition of a business and provide further guidance on how to determine whether a transaction represents a business combination. In addition, the amendments introduce an optional "concentration test" that permits a simplified assessment of whether an acquired set of activities and assets is an asset rather than business acquisition, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The Group has applied the amendments prospectively to transactions for which the acquisition date is on or after 1 January 2020. These amendments had no impact on the consolidated financial statements in the current year.

2.2 Amendments to IFRS 9, IAS 39 and IFRS 7, *Interest Rate Benchmark Reform*

Amendments to IFRS 9, IAS 39 and IFRS 7 address the effects of interbank offered rate reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

These amendments had no impact on the consolidated financial statements of the Group as it does not have any interest rate hedge relationships.

2.3 Amendments to IAS 1 and IAS 8, *Definition of Material*

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity". The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

The application of these amendments in the current year had no impact on the consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (Continued)

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[5]
Amendments to IFRS 3	Reference to Conceptual Framework[3]
Amendment to IFRS 16	COVID-19 Related Rent Concessions[4]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[5]
Amendments to IAS 16	Property, plant and equipment: Proceeds before Intended Use[3]
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract[3]
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest rate Benchmark Reform-Phase 2[1]
Amendment to IFRSs	Annual improvement to IFRSs 2018 – 2020 cycle[3]

1 Effective for annual periods beginning on or after 1 January 2021.
2 Effective for annual periods beginning on or after a date to be determined.
3 Effective for annual periods beginning on or after 1 January 2022.
4 Effective for annual periods beginning on or after 1 June 2020.
5 Effective for annual periods beginning on or after 1 January 2023.

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 IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. 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.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (Continued)

New and amendments to IFRSs issued but not yet effective (Continued)

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*, 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 2020, the application of the amendments will not result in change in the classification of the Group's liabilities.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (Continued)

New and amendments to IFRSs issued but not yet effective (Continued)

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 *Inventories*.

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.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB. In addition, the consolidated financial statements include the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for other financial asset and liabilities that are measured at fair values, at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. Details of fair value measurement are explained in the accounting policies set out below.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. If a subsidiary prepares its financial statements using accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that subsidiary's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

Control is achieved where the Group has: (i) the power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the Group's returns. When the Group has less than a majority of the voting rights of an investee, power over the investee may be obtained through: (i) a contractual arrangement with other vote holders; (ii) rights arising from other contractual arrangements; (iii) the Group's voting rights and potential voting rights; or (iv) a combination of the above, based on all relevant facts and circumstances.

The Group reassess whether it controls an investee if facts and circumstances indicate that there are changes to one or more of these elements of control stated above.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

Consolidation of a subsidiary begins when the Group obtains control of the subsidiary and cease when the Group loses control of the subsidiary.

Income and expenses of subsidiaries are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income of subsidiaries are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in capital reserve and attributed to owners of the Company.

When the Group loses control of a subsidiary, it (i) derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost, (ii) derecognises the carrying amount of any non-controlling interests in the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them), and (iii) recognises the aggregate of the fair value of the consideration received and the fair value of any retained interest, with any resulting difference being recognised as a gain or loss in profit or loss attributable to the Group. When assets and liabilities of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets and liabilities (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 *Financial Instruments* or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

Goodwill is measured as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the Group's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the aggregate of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a gain on bargain purchase.

Non-controlling interests, unless as required by another standards, are measured at acquisition-date fair value except for non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured either at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets on a transaction-by-transaction basis.

Goodwill

Goodwill arising from a business combination is carried at cost less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGUs") (or groups of CGUs) that is expected to benefit from the synergies of the combination.

A CGU (or groups of CGUs) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the CGU (or groups of CGUs) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro rata basis based on the carrying amount of each asset in the unit (or groups of CGUs). Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

The Group's policy for goodwill relating to an associate that included in the carrying amount of the investment is set out in "interests in associates" below.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interests in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

The Group's interests in associates are accounted for in the consolidated financial statements using the equity method. Under the equity method, interests in associates are initially recognised at cost. The Group's share of the profit or loss and changes in the other comprehensive income of the associates are recognised in profit or loss and other comprehensive income respectively after the date of acquisition. If the Group's share of losses of an associate equals or exceeds its interest in the associate, which determined using the equity method together with any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group discontinues recognising its share of further losses. Additional losses are provided for, and a liability is recognised, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

If an associate uses accounting policies other than those of the Group for like transactions and events in similar circumstances, adjustments are made to make the associate's accounting policies conform to those of the Group when the associate's financial statements are used by the Group in applying the equity method.

An interest in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment, any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of the associate is recognised as goodwill and is included in the carrying amount of the investment.

Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognised in profit or loss in the period in which the investment is acquired.

The requirements of IAS 36 *Impairment of Assets* are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's interest in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount (higher of value-in-use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interests in associates (Continued)

When the investment ceases to be an associate upon the Group losing significant influence over the associate, the Group discontinues to apply equity method and any retained interest is measured at fair value at that date which is regarded as its fair value on initial recognition as a financial asset in accordance with IFRS 9. Any difference between the fair value of any retained interest and any proceeds from disposing of a part interest in the associate and the carrying amount of the investment at the date the equity method was discontinued is recognised in profit or loss. Any amount previously recognised in other comprehensive income in relation to that investment is reclassified to profit or loss or retained earnings on the same basis as it would have been required if the investee had directly disposed of the related assets or liabilities.

When the Group's ownership interest in an associate is reduced, but the Group continues to apply the equity method, the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest is reclassified to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Gains and losses resulting from transactions between the Group and its associate are recognised in consolidated financial statements only to the extent of unrelated investors' interests in the associate. The Group's share in the associate's gains or losses resulting from these transactions is eliminated.

The Group applies IFRS 9, including the impairment requirements, to long-term interests in an associate to which the equity method is not applied and which form part of the net investment in the investee. In applying IFRS 9 to long-term interests, the Group does not take into account adjustments to their carrying amount required by IAS 28 (i.e. adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28).

Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Such classification requires the asset or disposal group must be available for immediate sale in its present condition subject to terms that are usual and customary for sales of such asset and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs of disposal.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition

Revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Group uses a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

The Group recognised revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to customers.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

- the Group's performance creates and enhances an asset that the customer controls as the asset is created and enhanced; or

- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct goods or service.

Revenue is measured based on the consideration specified in a contract with a customer, excludes amounts collected on behalf of third parties, discounts and sales related taxes.

Contract liabilities

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration from the customer. A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Contract liabilities (Continued)

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

The Group recognised revenue from the following major sources:

- sales of aluminum products
- steam supply income

Sales of goods

Revenue from sales of aluminum products is recognised at a point in time when the control of the goods is transferred to the customers. Control of the goods is considered transferred to customers at the time of delivery.

Revenue from sales of steam are recognised at a point in time and based on water consumption derived from meter readings.

Revenue from sales of electricity are recognised at a point in time and based on electricity consumption derived from meter readings.

Leasing

Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasing (Continued)

The Group as lessee (Continued)

Lease liabilities

At the commencement date, the Group measures lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted by using the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments).

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Right-of-use assets

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs, less lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. They are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Group presents right-of-use assets as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

The Group as lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences arising on a monetary item that forms part of the Company's net investment in a foreign operation, in which case, such exchange differences are recognised in other comprehensive income and accumulated in equity and will be reclassified from equity to profit or loss on disposal of the foreign operation. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss. In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates that do not result in the Group losing significant influence), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and retranslated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

Retirement benefits costs and termination benefits

Payments to defined contribution plans including included state-managed retirement benefit schemes and Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before taxation as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on either (i) the same taxable entity; or (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 *Income Taxes* requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment (Continued)

Ownership interests in leasehold land and buildings

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to allocate the cost of items of property, plant and equipment other than construction in progress less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Owned investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment properties (Continued)

If an item of property, plant and equipment and right-of-use assets becomes an investment property when there is a change in use, as supported by observable evidence, the carrying amount of that item at the date of transfer is the deemed cost for subsequent accounting for that property as an item of investment property.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

Internally-generated intangible assets-research and development expenditure

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets (Continued)

Internally-generated intangible assets – research and development expenditure (Continued)

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible asset is measured on the same basis as intangible assets acquired separately.

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Intangible asset acquired in a business combination

Intangible asset acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are calculated using the first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash at banks and on hand and short-term time deposits with a maturity of three months or less.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

Investments in subsidiaries

Investments in subsidiaries are stated on the statement of financial position of the Company at cost less accumulated impairment loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("FVTOCI"), and FVTPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

Financial assets at amortised cost (debt instruments)

The Group measures financial assets subsequently at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Financial assets at amortised cost (debt instruments) (Continued)

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding the expected credit losses ("ECL"), through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial assets other than purchased or originated credit impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit impaired (see below). For financial assets that have subsequently become credit impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit impaired financial instrument improves so that the financial asset is no longer credit impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Interest income is recognised in profit or loss and is included in the "other income and gains" line item (note 7).

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Equity instruments as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

- The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the “other income and gains” line item. Fair value is determined in the manner described in note 46.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or

- on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or

- it is a derivative.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9

The Group recognises a loss allowance for ECL on investments in debt instruments that are measured at amortised cost. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables. The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, including other receivables, bills receivables, restricted bank deposits, cash and cash equivalents, loan to an associate and financial asset at amortised cost, the Group measures the loss allowance equal to 12-month ECL, unless when there has a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular debtor, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets(Continued)

Significant increase in credit risk (Continued)

- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 180 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if (i) the financial instrument has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when the asset has external credit rating of "investment grade" in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of "performing". Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

The Group considers that default has occurred when a financial asset is more than 180 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets(Continued)

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over three years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, e.g. when the counterparty has been placed under liquidation.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Measurement and recognition of ECL(Continued)

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is 1) contingent consideration of an acquirer in a business combination to which IFRS 3 applies, 2) held for trading, or 3) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative.

Financial liabilities at FVTPL are stated at fair value with any gains or losses arising on changes in fair value recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liabilities and is included in the "changes in fair values of financial instruments" line item in profit or loss.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or 3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities (Continued)

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Modification of financial liabilities

A substantial modification of the terms of an existing financial liability or a part of it (whether or not attributable to the financial difficulty of the Group) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The Group considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. Accordingly, such exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. The exchange or modification is considered as non-substantial modification when such difference is less than 10 per cent.

Non-substantial modifications of financial liabilities

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.

Convertible bonds

Convertible bonds issued by the Group that contain both liability and derivatives (which are not closely related to the host liability component) are classified separately into respective items on initial recognition. Conversion option and redemption option that will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments are classified as derivatives components. At the date of issue, both the liability and derivatives components are recognised at fair value.

In subsequent periods, the liability component of the convertible loan bonds notes is carried at amortised cost using the effective interest method. The derivative component is measured at fair value with changes in fair value recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Convertible bonds (Continued)

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and derivative components in proportion to their relative fair values. Transaction costs relating to the derivative components are charged to profit or loss immediately. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible bonds using the effective interest method.

Impairment losses on property, plant and equipment, right-of-use assets and intangible assets (other than impairment of goodwill set out in accounting policy of goodwill above)

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGU, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or the CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value-in-use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or the CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or the CGU) in prior years. A reversal of an impairment loss is recognised as income immediately.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair value measurement

When measuring fair value for the purpose of impairment assessment, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Specifically, the Group categorised the fair value measurements into three levels, based on the characteristics of inputs, as follow:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

At the end of the reporting period, the Group determines whether transfer occur between levels of the fair value hierarchy for assets and liabilities which are measured at fair value on recurring basis by reviewing their respective fair value measurement.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the amounts of assets, liabilities, revenue and expenses reported and disclosures made in the consolidated financial statements. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised and disclosures made in the consolidated financial statements.

Ownership of the land and buildings

Despite the Group has paid the full purchase consideration as detailed in note 16, formal titles of certain of the Group's rights to the use of the land and buildings were not yet granted from the relevant government authorities. Despite the fact that the Group has not obtained the relevant legal title, the directors of Company determine to recognise these lands and buildings on the ground that they expect the legal titles being obtained in the future should have no major difficulties and the Group is in substance controlling these lands and buildings. In the opinion of the directors of Company, the absence of formal title to these lands and buildings does not impair the value of the relevant assets to the Group.

Controls in subsidiaries

As per note 57 to the consolidated financial statements, Shandong Hongchuang Aluminum Industry Holding Company Limited ("Hongchuang") is a subsidiary of the Group even through the Group has only a 28.18% ownership interest in Hongchuang. Hongchuang is a public limited company incorporated in the PRC and its shares are listed on the Shenzhen Stock Exchange. The Group has had 28.18% ownership interest since May 2017 and the remaining 71.82% of the ownership interests are held by numerous shareholders that are unrelated to the Group.

The directors of the Company assessed the Group's control over Hongchuang on the basis of its practical ability to direct the relevant activities unilaterally. In making their judgement, the directors of the Company consider that the Group holds significantly more voting rights than any other voting right holders or organised group of voting right holders, and the other shareholdings are widely dispersed, so the Group has the control over Hongchuang.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Critical judgements in applying accounting policies (Continued)

Withholding tax provision on profit appropriation

The Group provides for withholding taxes of 10% on certain of its PRC subsidiaries' distributable profits generated from 1 January 2011 onwards in compliance with the PRC Corporate Tax Law. The Group has provided for such withholding taxes on the basis that the Group is expected to appropriate in the foreseeable future the profits which the PRC subsidiaries generate. As at 31 December 2020, the amounts provided for withholding tax was approximately RMB627,965,000 (2019: RMB403,299,000). Further details are given in note 41 to the consolidated financial statements.

Related party transactions

As per note 52 to the consolidated financial statements, the directors of the Company considered various entities, which are either associates of the Group or companies controlled or significantly influenced by a controlling shareholder of the Company, are related parties of the Group.

The directors of the Company regularly review and assess the list of entities and personnels that may fall within the definition of related parties under IAS 24 *Related Party Disclosures* and their transactions with the Group. In making their judgement, the directors of the Company consider both the legal and practical aspects in whether these entities are defined as related parties of the Group.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use / fair value less costs of disposal of the CGUs to which the goodwill is allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the CGUs and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The future cash flow is estimated based on past performance and expectation for market development, including but not limited to the impacts of COVID-19 pandemic. Estimating the fair value less costs of disposal requires the Group to make estimates on the blockage discount factor to be applied in selling its entire interests in the CGUs and transaction costs involved. The carrying amount of goodwill at 31 December 2020 was approximately RMB278,224,000 (2019: RMB608,818,000), net of accumulated impairment losses of approximately RMB1,656,233,000 (2019: RMB1,325,639,000). Further details are given in note 22.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Deferred tax assets

Deferred tax assets are recognised for unused tax losses and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of deferred tax assets relating to recognised tax losses and decelerated tax depreciation at 31 December 2020 were approximately RMB660,633,000 (2019: RMB44,049,000) and approximately RMB404,978,000 (2019: RMB1,192,626,000), respectively. The amount of unrecognised tax losses at 31 December 2020 was approximately RMB767,238,000 (2019: RMB4,940,575,000). Further details are contained in note 41.

PRC Corporate Income Tax ("PRC CIT")

The Group's operating subsidiaries in Mainland China are subject to PRC CIT. As a result of the fact that certain matters relating to PRC CIT have not been confirmed by the relevant local tax authorities, objective estimates based on currently enacted tax laws, regulations and other related policies are required in determining the provision for PRC CIT to be made. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact the income tax expense and tax provision in the period in which the differences realised.

Carrying amount of property, plant and equipment

At the end of the reporting period, the directors of the Company review the carrying amount of its property, plant and equipment of approximately RMB64,750,361,000 (2019: RMB71,019,374,000), net of accumulated impairment of property, plant and equipment of approximately RMB1,979,715,000 (2019: RMB5,587,687,000) and identify if there is indication that those assets many suffer an impairment loss. Accordingly, the recoverable amount of the property, plant and equipment is estimated in order to determine the extent of the impairment loss. The recoverable amounts of the relevant property, plant and equipment have been determined on the basis of their fair values less costs of disposal or value-in-use. The estimates of the recoverable amounts of the property, plant and equipment require the use of assumptions such as cash flow projections and discount rates. The selection of valuation models, adoption of key assumptions and input data and changes in these assumptions and input to valuation models may result in significant financial impact.

Based on the directors' assessment of recoverable amount of each CGU and with reference to fair values of certain property, plant and equipment assessed by independent valuer, impairment loss on property, plant and equipment of approximately RMB162,283,000 (2019: RMB1,727,404,000), no write-off of property, plant and equipment (2019: RMB292,479,000) and no reversal of impairment of property, plant and equipment (2019: RMB968,480,000) was recognised for the year ended 31 December 2020.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Estimated useful life of property, plant and equipment

At the end of each reporting period, the directors of the Company review the estimated useful life of property, plant and equipment. The estimated useful life reflects the directors' estimates of the periods that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment. The residual values reflect the directors' estimated amount that the Group would currently obtain from disposal of the assets, after deducting the estimated costs of disposal, if the assets were already of the age and in the condition expected at the end of its useful life. The carrying amounts of property, plant and equipment as at 31 December 2020 are RMB64,750,361,000 (2019: RMB71,019,374,000).

Impairment of trade receivables

The Group uses a provision matrix to calculate the ECL for trade receivables. The provision rates are based on internal credit ratings and days past due as groupings of various debtors that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking information are considered. Due to the unprecedented nature of the COVID-19 pandemic, its effect on the Group's customers and their ability to meet their financial obligations to the Group is difficult to predict. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional impairment charge to the consolidated statement of profit or loss and other comprehensive income.

As at 31 December 2020, the carrying amount of trade receivables was approximately RMB10,335,568,000 (2019: RMB10,311,326,000), net of allowance for impairment loss of approximately RMB7,186,000 (2019: RMB7,001,000).

Impairment assessment of interest in an associate

The carrying amount of the interest in an associate is tested for impairment as a single asset. Determining whether interest in an associate is impaired requires an identification of impairment indicators and an estimation of the recoverable amount of the interest in an associate. The Group identifies impairment indicators by considering the market and economic environment in which the associate operates and the financial performance of the associate. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the associate and apply a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2020, the carrying amount of interest in an associate was RMB2,650,944,000 (2019: RMB2,204,748,000). No impairment loss has been recognised in profit or loss during the years ended 31 December 2020 and 2019.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Impairment assessment of loan to an associate

The impairment assessment of loan to an associate is based on (i) assumptions about ECL and (ii) the net realisable value of the underlying collateral received. The Group uses judgement in making assumptions and selecting the inputs to the ECL calculation including the associates historical credit loss experience and forward-looking information at the end of the reporting period. Changes in assumption and selection of data inputs by result in significant change in carrying amount of the loan to associate. As at 31 December 2020, the carrying amount of loan to an associate amounted to RMB2,000,000,000 (2019: RMB2,000,000,000). No impairment loss has been recognised in profit or loss during the years ended 31 December 2020 and 2019.

Estimated allowance on inventories

The Group's management assesses periodically whether net realisable values of inventories have been higher than their costs. For different types of inventories, it requires the exercise of accounting estimates on subsequent sales, costs of conversion and selling expenses to calculate its net realisable value. It is reasonably possible that outcomes would be significantly affected if there is a significant change in circumstances, including the Group's business and the external environment. As at 31 December 2020, the carrying amount of inventories and accumulated allowance for inventories was approximately RMB19,717,811,000 (2019: RMB21,846,922,000), net of allowance of impairment loss of approximately RMB127,832,000 (2019:RMB110,580,000) and no write-off of inventories (2019: RMB33,213,000) has been recognised in profit or loss.

Fair value of derivatives component of convertible bonds

The management of the Group uses their judgments in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. For derivatives financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instruments. If the inputs and estimates applied in the model are different, the carrying amount of these derivatives may change. The carrying amounts of derivatives component of convertible bonds of approximately RMB550,111,000 (2019: RMB279,937,000) as at 31 December 2020 are set out in note 40.

5. REVENUE

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

	2020 RMB'000	2019 RMB'000
Revenue from sales of aluminum products		
– molten aluminum alloy	**59,363,115**	59,341,583
– aluminum alloy ingots	**3,894,084**	2,549,466
– aluminum fabrication	**8,781,080**	9,104,598
– alumina	**13,486,945**	12,521,125
Steam supply income	**619,417**	662,516
	86,144,641	84,179,288

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

	2020 RMB'000	2019 RMB'000
Geographical region		
The PRC	**82,342,173**	80,224,507
India	**839,287**	1,102,616
Europe	**715,969**	369,731
Malaysia	**650,694**	1,334,050
Southeast Asia	**614,070**	568,581
North America	**557,596**	324,380
Others	**424,852**	255,423
Total	**86,144,641**	84,179,288
Type of customers		
Government related	**2,481**	2,341
Non-government related	**86,142,160**	84,176,947
Total	**86,144,641**	84,179,288
Sales channels		
Direct sales	**86,144,641**	84,179,288

6. 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. 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	
	2020 **RMB'000**	2019 RMB'000
PRC	**70,745,770**	74,813,770
Indonesia	**6,615,199**	6,461,285
	77,360,969	81,275,055

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:

	2020 **RMB'000**	2019 RMB'000
Customer A	**33,645,435**	30,033,675

7. OTHER INCOME AND GAINS

	2020 RMB'000	2019 RMB'000
Bank interest income	**166,393**	122,338
Other interest income	**214,838**	176,144
Investment income	**105,802**	2,026
Interest income from an associate	**133,569**	62,000
Imputed interest on receivables arising from disposal of a subsidiary	**–**	57,926
Gain from sales of raw materials and scraps materials	**696,089**	430,739
Gain from sales of slag of carbon anode blocks	**654,964**	701,401
Gain on bargain purchase (note 47)	**–**	3,282
Gain on disposal of property, plant and equipment	**–**	21,631
Gain on disposal of investment properties	**–**	379,542
Gain on partial disposal of a subsidiary (note 48)	**1,406**	–
Reversal of impairment of property, plant and equipment (note (i))	**–**	968,480
Reversal of impairment of inventories (note (iii))	**88,975**	69,366
Reversal of impairment of other receivables	**–**	13,335
Amortisation of deferred income (note 42)	**107,050**	22,746
Value-added tax ("VAT") income (note (ii))	**–**	2,053
Foreign exchange gain, net	**320,832**	–
Rental income for investment properties under operating lease that lease payments are fixed	**–**	6,207
Other tax refunded (note (iv))	**63,849**	–
Others	**146,952**	101,301
	2,700,719	3,140,517

Notes:

(i) During the year ended 31 December 2019, due to the relocation of production capacities programme, certain of previous impaired property, plant and equipment resumed its production and certain property, plant and equipment previously impaired were sold within twelve months from the end of 2019, the directors of the Company conducted a review of the related property, plant and equipment and determined that a reversal of provision for impairment loss of approximately RMB968,480,000 on relevant property, plant and equipment was recognised. The recoverable amounts of the assets were either fair values less costs of disposals or value-in-use. Details of the directors' review are set out in note 8.

(ii) Pursuant to the VAT reform, entities engaged in the finance lease business were eligible for refund of VAT that was in excess of 3% actual VAT rate. The amount represented such VAT refund income received by a subsidiary of the Company who is engaged in finance lease business.

(iii) A reversal of allowance for inventories of approximately RMB88,975,000 has been recognised as the corresponding inventories were either sold at profit or used.

(iv) In August 2019, the Group suffered heavy losses due to severe natural disasters caused by serious typhoon in the PRC and then were successfully claimed and received other tax refunded from the PRC local tax authority of approximately RMB63,849,000 in 2020.

8. OTHER EXPENSES

	2020 RMB'000	2019 RMB'000
Impairment loss recognised in respect of property, plant and equipment (note (i))	**162,283**	1,727,404
Impairment loss recognised in respect of right-of-use assets	**–**	3,449
Impairment loss recognised in respect of goodwill (note 22)	**330,594**	–
Impairment loss recognised in respect of other receivables	**17,297**	15,577
Impairment loss recognised in respect of trade receivables	**185**	276
Write-down of inventories to net realisable value	**106,227**	94,400
Write-off of property, plant and equipment (note (ii))	**–**	292,479
Write-off of inventories (note (ii))	**–**	33,213
	616,586	2,166,798

Notes:

(i) During the year ended 31 December 2020, due to the coal consumption reduction alternative work programme introduced by the relevant governmental regulations, the directors of the Company have suspended certain plant and equipment and conducted a review of the Group's property, plant and equipment and determined that a number of those assets were impaired. Accordingly, impairment loss of approximately RMB162,283,000 have been recognised in respect of the Group's property, plant and equipment. The recoverable amounts of relevant property, plant and equipment was determined on the basis of their fair value less costs of disposal.

During the year ended 31 December 2019, due to (i) the relocation of production capacities programme and the coal consumption reduction alternative work programme introduced by the relevant governmental authorities; and (ii) the serious typhoon happened in the PRC, the directors of the Company had suspended certain property, plant and equipment and conducted a review of the Group's property, plant and equipment and determined that a number of those assets were impaired. Accordingly, impairment loss of RMB1,727,404,000 was recognised in respect of the Group's property, plant and equipment. The recoverable amounts of relevant property, plant and equipment was determined on the basis of their value-in-use.

When any indicators of impairment or reversal of impairment are identified, property, plant and equipment are reviewed for impairment or reversal of impairment based on each CGU. The CGU is an individual plant or entity. The carrying values of these individual plants or entities were compared to the recoverable amounts of the CGUs, which were based on fair values less costs of disposal or value-in-use. Value-in-use calculations use pre-tax cash flow projections based on financial budgets approved by management covering a four-year period. Cash flows beyond the four-year period are extrapolated using zero growth rate until the end of the expected useful lives of relevant plants and machineries. Other key assumptions applied in the impairment tests include the expected product price, demand for the products, product cost and related expenses. Management determined these key assumptions based on past performance and their expectations on market development. Further, the Group adopts a pre-tax rate of ranging from 12.7% to 14.0% (2019: ranging from 12.7% to 14.0%) that reflects specific risks related to the CGUs as discount rates. The assumptions above are used in analysing the recoverable amounts of the CGUs within operating segments. Market comparable approach is used to measure fair value less costs of disposal. The fair value measurement of the property, plant and equipment is categorised within level 2 of the fair value hierarchy.

The valuation carried out on 31 December 2020 and 2019 was performed by Wanlong (Shanghai) Assets Assessment Co, Ltd ("Wanlong"), an independent qualified professional valuer not connected with the Group. Wanlong has appropriate qualifications and has recent experience in the valuation of similar properties in the relevant locations.

(ii) During the year ended 31 December 2019, due to the serious typhoon happened in the PRC, certain property, plant and equipment and inventory were damaged. The directors of the Company conducted a review of the Group's property, plant and equipment and inventory and determined that a number of those assets with carrying amounts of approximately RMB445,584,000 were written-off. After net-off by insurance claims of approximately RMB153,105,000, the net loss on write-off of property, plant and equipment of approximately RMB292,479,000 and loss on write-off of inventories of approximately RMB33,213,000 were recognised.

9. FINANCE COSTS

	2020 **RMB'000**	2019 RMB'000
Interest expenses on bank borrowings	**1,762,740**	1,872,047
Interest expenses on other borrowing	**63,960**	102,833
Interest expenses on short-term debentures and notes	**–**	46,900
Interest expenses on medium-term debentures and bonds	**2,184,942**	2,883,997
Interest expenses on guaranteed notes	**261,003**	100,235
Interest expenses on convertible bonds	**229,958**	210,102
Interest expenses on lease liabilities	**3,633**	3,481
	4,506,236	5,219,595

10. INCOME TAX EXPENSES

	2020 **RMB'000**	2019 RMB'000
Current tax:		
– PRC Enterprise Income Tax ("EIT")	**2,842,822**	2,325,832
– Indonesia Corporate Income Tax	**39,550**	139,426
– Withholding tax paid	**–**	9,391
Under provision in prior year		
– Hong Kong Profits Tax	**–**	9,239
	2,882,372	2,483,888
Deferred taxation (note 41)	**(622,773)**	(167,964)
Total income tax expenses for the year	**2,259,599**	2,315,924

No provision for Hong Kong Profits Tax was made for the years ended 31 December 2020 and 2019 as there were no assessable profits generated during the year.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards. During the years ended 31 December 2020 and 2019, two PRC subsidiaries was recognised by the PRC government as "High and New Technology Enterprise" and complied the requirements of tax concession policies of the western development respectively and was eligible to a preferential tax rate of 15% (2019: 15%).

The subsidiaries incorporated in BVI, Singapore and Guinea had no assessable profits since their incorporation.

Under the Government Regulation (in Lieu of Law) No. 1 of 2020 issued, corporate income tax rate was reduced from the current rate of 25% to 22% for fiscal year 2020 and 2021 and to 20% starting fiscal year 2022. A subsidiary operating in Indonesia is subject to corporate income tax rate of Indonesia at 22% (2019: 25%) for the year ended 31 December 2020.

10. INCOME TAX EXPENSES (Continued)

An Indonesia withholding income tax of 10% levied on the Company when the Indonesia subsidiary paid dividend out of profits earned to the Company in 2019. No withholding tax paid was made as there was no dividend paid for the year ended 31 December 2020.

Under the prevailing CIT Law and its relevant regulations, any dividends paid by the Company's PRC subsidiaries from their earnings derived after 1 January 2008 to the Company's Hong Kong subsidiaries are subject to PRC dividend withholding tax of 5% or 10%, depending on the applicability of the Sino-Hong Kong tax treaty. Deferred taxation has not been provided for in the consolidated financial statements in respect of undistributed profits of relevant PRC subsidiaries in 2008, 2009 and 2010 as the management confirmed that profits generated by the relevant PRC subsidiaries will not be distributed in the foreseeable future. Starting from 1 January 2011, certain profits generated by the relevant PRC subsidiaries are subject to PRC dividend withholding tax. The PRC dividend withholding tax rate was changed from 5% to 10% due to the applicability of the Sino-Hong Kong tax treaty during the year ended 31 December 2015. An amount of deferred tax liability of approximately RMB224,666,000 (2019: RMB78,605,000) is recognised in respect of the PRC subsidiaries' undistributed profits.

The tax charge for the year can be reconciled to the profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2020 **RMB'000**	2019 RMB'000
Profit before taxation	**12,704,350**	8,771,067
Tax at the domestic income tax rate of 25% (note i)	**3,176,088**	2,192,767
Tax effect of income not taxable for tax purpose	**(86,935)**	(90,833)
Tax effect of expenses not deductible for tax purpose	**284,295**	118,807
Tax effect of tax losses not recognised	**37,921**	374,303
Utilisation of tax losses previously not recognised	**(1,081,260)**	(86,928)
Underprovision in respect of prior years	**–**	9,239
Effect of different tax rates of subsidiaries operating in other jurisdiction	**(26,937)**	501
Effect of income tax on concessionary rate	**(7,785)**	(12,545)
Tax effect of share of profits of associates	**(128,647)**	(127,336)
Tax effect of withholding tax on undistributed profits of PRC subsidiaries	**224,666**	78,605
Withholding tax paid	**–**	9,391
Tax effect of super deduction from research and development expenses	**(131,807)**	(150,047)
Income tax expenses for the year	**2,259,599**	2,315,924

Note i: The domestic tax rate (which is the PRC EIT) in the jurisdiction where the operation of the Group is substantially based is used.

Details of the deferred taxation are set out in note 41.

11. PROFIT FOR THE YEAR

	2020 RMB'000	2019 RMB'000
Profit for the year has been arrived at after charging:		
Directors' and chief executive's emoluments (note 12)	**3,972**	4,666
Salaries and allowances (excluding directors' and chief executive's emoluments)	**3,224,730**	3,367,504
Retirement benefit scheme contributions (excluding directors' and chief executive's emoluments)	**140,329**	125,646
Total staff costs	**3,369,031**	3,497,816
Auditor's remuneration	**4,200**	4,200
Amortisation of intangible assets	**4,463**	3,789
Cost of inventories recognised as an expense	**65,934,553**	66,909,563
Depreciation of property, plant and equipment	**6,687,620**	7,218,007
Depreciation of investment properties	**135**	1,121
Depreciation of right-of-use assets	**208,905**	190,791
Foreign exchange losses, net	**–**	178,459
Loss on disposal of property, plant and equipment	**206,046**	–
Research and development expenses (note)	**702,971**	800,251
Gross rental income from investment properties	**–**	6,207
Less: direct operating expenses incurred for investment properties that generated rental income during the year	**–**	(99)
	–	6,108

Note: Included in research and development expenses was staff cost of approximately RMB119,374,000 (2019: RMB127,697,000) which has been included in staff costs disclosure above.

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The emoluments paid or payable to each of the 9 (2019: 10) directors and the chief executive were as follows:

	Non-executive directors			Non-executive directors			Independent non-executive directors			
	Zheng Shuliang RMB'000	Zhang Bo RMB'000	Zhang Ruilian RMB'000	Yang Congsen RMB'000	Zhang Jinglei RMB'000	Chen Yisong (Zhang Hao as his alternate) [2] RMB'000	Xing Jian RMB'000	Han Benwen RMB'000	Dong Xinyi RMB'000	Total RMB'000
FOR THE YEAR ENDED 31 DECEMBER 2020										
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company and its subsidiary undertakings										
Fees	500	800	500	600	300	300	200	200	200	3,600
Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company and its subsidiary undertakings										
Other emoluments										
– Salaries and allowances	45	134	83	98	-	-	-	-	-	360
– Retirement benefit scheme contributions	-	4	4	4	-	-	-	-	-	12
	545	938	587	702	300	300	200	200	200	3,972

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (Continued)

	Executive directors				Non-executive directors			Independent non-executive directors			
	Zhang Shiping ("Mr Zhang") [1]	Zheng Shuliang	Zhang Bo	Zhang Ruilian	Yang Congsen	Zhang Jinglei	Chen Yisong (Zhang Hao as his alternate) [2]	Xing Jian	Han Benwen	Dong Xinyi	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
FOR THE YEAR ENDED 31 DECEMBER 2019											
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company and its subsidiary undertakings											
Fees	625	500	800	500	600	300	300	200	200	200	4,225
Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company and its subsidiary undertakings											
Other emoluments											
– Salaries and allowances	35	48	136	83	99	–	–	–	–	–	401
– Retirement benefit scheme contributions	–	–	14	13	13	–	–	–	–	–	40
	660	548	950	596	712	300	300	200	200	200	4,666

1. Passed away on 23 May 2019.
2. Resigned on 27 January 2021.

None of the directors waived or agreed to waive any emoluments during the years ended 31 December 2020 and 2019.

There were no emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking.

Zhang Bo is also the chief executive of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive.

No emoluments were paid by the Group to any director as an inducement to join or upon joining the Group, or as compensation for loss of office during the years ended 31 December 2020 and 2019.

13. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, two (2019: two) were directors and the chief executive of the Company whose emoluments are included in the disclosures in note 12 above. The emoluments of the remaining three (2019: three) individuals were as follows:

	2020 RMB'000	2019 RMB'000
Salaries and other benefits	**2,926**	2,863
Retirement benefits scheme contributions	**97**	95
	3,023	2,958

Their emoluments were within the following bands:

	No. of employee	
	2020	2019
Nil to HK$1,000,000 (approximately RMB866,000)	**1**	2
HK$1,000,001 to HK$1,500,000 (approximately RMB866,000 to RMB1,299,000)	**2**	1
HK$1,500,001 to HK$2,000,000 (approximately RMB1,299,000 to RMB1,732,000)	**–**	–
HK$2,000,001 to HK$2,500,000 (approximately RMB1,732,000 to RMB2,165,000)	**–**	–
	3	3

14. DIVIDENDS

	2020 RMB'000	2019 RMB'000
Dividends recognised as distribution during the year	**3,760,997**	1,807,631

Subsequent to the end of the reporting period, a final dividend of HK50 cents per share in respect of the year ended 31 December 2020 has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting.

During the current year, 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 have been approved and paid.

During the year ended 31 December 2019, a final dividend of HK24 cents per share in respect of the year ended 31 December 2018 has been approved and paid.

15. 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:

	2020 **RMB'000**	2019 RMB'000
Earnings		
Earnings for the purpose of basic earnings per share	**10,495,936**	6,095,335
Effect of dilutive potential ordinary shares:		
Interest expense on liability component of convertible bonds	**–**	210,102
Changes in fair values of derivatives component of convertible bonds	**–**	(140,558)
Exchange loss on translation of convertible bonds	**–**	20,456
Earnings for the purpose of diluted earnings per share	**10,495,936**	6,185,335

	2020 **'000**	2019 '000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**8,596,057**	8,600,287
Effect of dilutive potential ordinary shares:		
Convertible bonds	**–**	262,059
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**8,596,057**	8,862,346

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.

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Plant and machinery RMB'000	Furniture and fixtures RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
COST						
At 1 January 2019	36,268,906	69,764,670	74,488	79,987	6,541,389	112,729,440
Additions	3,051	55,581	12,934	8,965	3,347,531	3,428,062
Additions from new acquired subsidiary (note 47)	–	377,627	3,167	876	39,930	421,600
Transfer	3,325,155	3,465,091	–	–	(6,790,246)	–
Disposals	(132,643)	(2,265,722)	–	(10,756)	–	(2,409,121)
Write-offs	–	(673,493)	–	–	–	(673,493)
Reclassified as held for sale	–	–	–	–	(897,995)	(897,995)
Exchange realignment	76,659	26,953	205	201	15,866	119,884
At 31 December 2019 and 1 January 2020	39,541,128	70,750,707	90,794	79,273	2,256,475	112,718,377
Additions	41,858	100,405	2,003	1,399	4,650,696	4,796,361
Transfer	1,612,505	1,340,542	–	–	(2,953,047)	–
Transfer to investment properties (note 19)	(3,278)	–	–	–	–	(3,278)
Disposal of a subsidiary (note 48)	(1,550)	(718)	–	(5)	(9,027)	(11,300)
Disposals	(687,838)	(11,211,238)	–	(6,151)	–	(11,905,227)
Exchange realignment	(307,226)	(109,430)	(826)	(788)	(1,090)	(419,360)
At 31 December 2020	40,195,599	60,870,268	91,971	73,728	3,944,007	105,175,573
ACCUMULATED DEPRECIATION AND IMPAIRMENT						
At 1 January 2019	7,896,834	27,434,785	55,053	41,475	939,903	36,368,050
Provided for the year	1,527,698	5,668,104	11,033	11,172	–	7,218,007
Impairment loss recognised in profit or loss (note 8(i))	743,724	952,775	22	581	30,302	1,727,404
Reversal of impairment loss	(32,384)	(759,086)	(12)	(81)	(176,917)	(968,480)
Eliminated on disposals	(72,067)	(1,986,477)	–	(10,186)	–	(2,068,730)
Eliminated on write-offs	–	(227,909)	–	–	–	(227,909)
Reclassified as held for sale	–	–	–	–	(367,022)	(367,022)
Exchange realignment	11,556	5,863	171	93	–	17,683
At 31 December 2019 and 1 January 2020	10,075,361	31,088,055	66,267	43,054	426,266	41,699,003
Provided for the year	1,509,509	5,158,694	10,229	9,188	–	6,687,620
Impairment loss recognised in profit or loss (note 8(i))	67,808	94,241	215	19	–	162,283
Transfer to investment properties (note 19)	(2,143)	–	–	–	–	(2,143)
Disposal of a subsidiary (note 48)	(117)	(107)	–	–	–	(224)
Eliminated on disposals	(575,870)	(7,446,358)	–	(5,403)	–	(8,027,631)
Exchange realignment	(61,360)	(31,127)	(743)	(466)	–	(93,696)
At 31 December 2020	11,013,188	28,863,398	75,968	46,392	426,266	40,425,212
CARRYING VALUES						
At 31 December 2020	29,182,411	32,006,870	16,003	27,336	3,517,741	64,750,361
At 31 December 2019	29,465,767	39,662,652	24,527	36,219	1,830,209	71,019,374

16. PROPERTY, PLANT AND EQUIPMENT (Continued)

The above items of property, plant and equipment, except for construction in progress, are depreciated on a straight-line basis at the following rates per annum:

Buildings	20-30 years
Plant and machinery	5-20 years
Furniture and fixtures	5-14 years
Motor vehicles	10 years

The buildings are situated in PRC and held under medium lease term.

At 31 December 2020, certain of the Group's buildings with a net carrying amount of approximately RMB12,203,099,000 (2019: RMB11,121,259,000) were pledged to secure bank borrowings of the Group (note 36).

There are properties with a carrying amount of approximately RMB4,681,319,000 (2019: RMB4,488,324,000) located in the PRC of which the Group is in the process of obtaining the ownership certificates. In the opinion of the directors of the Company, there is no legal barrier or otherwise for the Group to obtain the relevant title ownership certificates for these buildings from the relevant PRC authority.

17. LEASES

(i) Right-of-use assets

	Land use rights RMB'000	Properties RMB'000	Vessels, crew boats and crane barge RMB'000	Total RMB'000
COST				
As at 1 January 2019	5,047,468	54,564	–	5,102,032
Additions	125,683	36,145	21,899	183,727
Transfer from investment properties	59,706	–	–	59,706
Exchange realignment	730	117	773	1,620
At 31 December 2019 and 1 January 2020	5,233,587	90,826	22,672	5,347,085
Additions	735,440	25,980	–	761,420
Disposals	(56,477)	–	–	(56,477)
Disposal of a subsidiary (note 48)	(10,690)	–	–	(10,690)
Transfer to investment properties (note 19)	(4,312)	–	–	(4,312)
Exchange realignment	(1,912)	(176)	(1,684)	(3,772)
At 31 December 2020	5,895,636	116,630	20,988	6,033,254
ACCUMULATED DEPRECIATION AND IMPAIRMENT				
As at 1 January 2019	–	–	–	–
Impairment loss recognised in profit or loss	3,449	–	–	3,449
Depreciation for the year	168,773	16,610	5,408	190,791
Exchange realignment	229	36	165	430
At 31 December 2019 and 1 January 2020	172,451	16,646	5,573	194,670
Depreciation for the year	176,034	24,641	8,230	208,905
Eliminated on disposals	(14,456)	–	–	(14,456)
Disposal of a subsidiary (note 48)	(298)	–	–	(298)
Transfer to investment properties (note 19)	(1,259)	–	–	(1,259)
Exchange realignment	–	(132)	(727)	(859)
At 31 December 2020	332,472	41,155	13,076	386,703
CARRYING VALUES				
At 31 December 2020	5,563,164	75,475	7,912	5,646,551
At 31 December 2019	5,061,136	74,180	17,099	5,152,415

17. LEASES (Continued)

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

As at 31 December 2020, right-of-use assets of RMB5,563,164,000 (2019: RMB5,061,136,000) represents land use rights located in the PRC and Indonesia for a period of 20 to 70 years. As at 31 December 2020, the Group is still in a process of obtaining the land certificate with the carrying amount of approximately RMB599,505,000 (2019: RMB981,668,000). In the opinion of the directors of the Company, based on the advice from the Group's external legal adviser, the absence of the land certificate does not impair its carrying value to the Group.

The Group has lease arrangements for office premises, factories, vessels, crew boats and crane barges. The lease terms are generally ranged from 2 to 20 years (2019: 2 to 20 years).

At 31 December 2020, certain of the Group's right-of-use assets with a net carrying amount of approximately RMB293,636,000 (2019: RMB300,980,000) were pledged to secure bank borrowings of the Group (note 36).

(ii) Lease liabilities

	2020 RMB'000	2019 RMB'000
Non-current	**58,609**	61,859
Current	**25,080**	28,874
	83,689	90,733

Amounts payable under lease liabilities

	2020 RMB'000	2019 RMB'000
Within one year	**25,080**	28,874
After one year but within two years	**12,308**	17,338
After two years but within five years	**10,203**	6,937
After five years	**36,098**	37,584
	83,689	90,733
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(25,080)**	(28,874)
Amount due for settlement after 12 months	**58,609**	61,859

During the year ended 31 December 2020, the Group entered into a new lease agreement in respect of factory and recognised lease liability of approximately RMB25,980,000.

During the year ended 31 December 2019, the Group entered into a number of new lease agreements in respect of office premises, factories, crew boats, vessels and crane barges and recognised lease liability of approximately RMB58,044,000.

17. LEASES (Continued)

(iii) Amounts recongised in profit or loss

	Year ended 31 December 2020 RMB'000	Year ended 31 December 2019 RMB'000
Interest expense on lease liabilities	**3,633**	3,481
Expense relating to short-term leases	**–**	176

(iv) Others

During the year ended 31 December 2020, the total cash outflow for leases amounted to approximately RMB35,452,000 (2019:RMB26,192,000).

18. INTANGIBLE ASSETS

	Patents RMB'000
COST	
At 1 January 2019	**26,595**
Additions	**5,994**
Acquired on acquisition of a subsidiary (note 47)	**6**
At 31 December 2019 and 1 January 2020	**32,595**
Additions	**7,008**
At 31 December 2020	**39,603**
ACCUMULATED AMORTISATION	
At 1 January 2019	**3,922**
Provided for the year	**3,789**
At 31 December 2019 and 1 January 2020	**7,711**
Provided for the year	**4,463**
At 31 December 2020	**12,174**
CARRYING VALUES	
At 31 December 2020	**27,429**
At 31 December 2019	**24,884**

Above patents were acquired from third parties and purchased as part of a business combination in prior years and in current year.

The above intangible assets have finite useful lives. Such intangible assets are amortised on a straight-line basis over ranged from 10 to 20 years.

19. INVESTMENT PROPERTIES

	RMB'000
COST	
At 1 January 2019	**156,472**
Disposals	**(93,152)**
Reclassified as right-of-use assets (note 17)	**(63,320)**
At 31 December 2019 and 1 January 2020	**–**
Transfer from owner-occupied properties (note 16)	**1,135**
Transfer from right-of-use assets (note 17)	**3,053**
At 31 December 2020	**4,188**
ACCUMULATED DEPRECIATION	
At 1 January 2019	**12,866**
Provided for the year	**1,121**
Eliminated on disposals	**(10,373)**
Reclassified as right-of-use assets (note 17)	**(3,614)**
At 31 December 2019 and 1 January 2020	**–**
Provided for the year	**135**
At 31 December 2020	**135**
CARRYING VALUES	
At 31 December 2020	**4,053**
At 31 December 2019	**–**

During the year ended 31 December 2020, the Group has transferred a property with carrying amounts of approximately RMB1,135,000 and RMB3,053,000 from property, plant and equipment and right-of-use assets respectively to investment properties due to the change in use, which evidenced by inception of an operating lease to another party.

The fair value of the Group's investment properties as at 31 December 2020 was approximately RMB7,800,000. The fair value has been arrived at with reference to a valuation carried out by ZhongJing Minxin (Beijing) Assets Appraisal Co., Ltd., an independent qualified professional valuer, not connected to the Group. The fair value was determined with reference to recent market prices for similar properties in similar locations and conditions. In estimating the fair value of the properties, the highest and best use of the properties is their current use. The above investment properties are depreciated on a straight-line basis over the terms of the lease of 5 years.

The fair value hierarchy as at 31 December 2020 of the investment properties of the Group are at Level 3. There were no transfers between fair value hierarchies during the year.

19. INVESTMENT PROPERTIES (Continued)

The following table gives information about how the fair values of the investment properties as at 31 December 2020 were determined (in particular, the valuation techniques and inputs used):

	Fair value hierarchy	Fair value as at 31 December 2020 RMB'000	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of key inputs and significant unobservable inputs to fair value
Investment properties	Level 3	7,800	Income approach - by reference to capitalised income derived from committed tenancies	Prevailing market rents	The higher the prevailing market rent, the lower the fair value

20. INTERESTS IN ASSOCIATES

	2020 RMB'000	2019 RMB'000
Costs of investments in associates	**4,036,695**	2,433,261
Share of profits and other comprehensive income, net of dividends received	**1,926,788**	1,522,686
	5,963,483	3,955,947
Loan to an associate	**717,739**	767,382
	6,681,222	4,723,329

The loan to an associate of US$110,000,000, equivalent to approximately RMB717,739,000, (2019: US$110,000,000, equivalent to approximately RMB767,382,000) is unsecured, interest-free and repayable after one year.

The Group's payable balances with the associates are disclosed in note 52.

As at 31 December 2020 and 2019, the Group had interests in the following material associates:

Name of entity	Form of entity	Country of incorporation/ registration	Principal place of operation	Class of shares held	Proportion of ownership interest or participating shares held by the Group		Proportion of voting power held		Principal activities
					2020	2019	**2020**	2019	
Société à Responsabilité Limitée Unipersonnelle ("SMB")	Incorporated	Guinea	Guinea	Ordinary	**22.5%**	22.5%	**22.5%**	22.5%	Mineral exploration
Winning Alliance Ports SA ("WAP")	Incorporated	Guinea	Guinea	Ordinary	**22.5%**	22.5%	**22.5%**	22.5%	Port operation
Africa Bauxite Mining Company Ltd. ("ABM")	Incorporated	BVI	Singapore	Ordinary	**25%**	25%	**25%**	25%	Trading of bauxite
Zhongheng Xieli Investment Co., Ltd. * 中衡協力投資有公司	Established	PRC	PRC	Ordinary	**20%**	20%	**20%**	20%	Inactive
GTS Global Trading Pte. Ltd. ("GTS")	Incorporated	Singapore	Singapore	Ordinary	**25%**	25%	**25%**	25%	Trading of bauxite
Shandong Innovation Carbon New Material Co., Ltd. ("Innovation Carbon New Material") * 山東創新炭材料有限公司	Incorporated	PRC	PRC	Ordinary	**20%**	20%	**20%**	20%	Trading of carbon
Winning Consortium Railway Pte. Ltd.	Incorporated	Singapore	Singapore	Ordinary	**29%**	29%	**29%**	29%	Railway design and construction
Shandong Weiqiao Luhui Renewable Resources Technology Co., Ltd. * 山東魏橋綠匯再生資源科技有限公司	Incorporated	PRC	PRC	Ordinary	**20%**	20%	**20%**	20%	Magnesium sulfite utilisation

20. INTERESTS IN ASSOCIATES (Continued)

As at 31 December 2020 and 2019, the Group had interests in the following material associates: (Continued)

Name of entity	Form of entity	Country of incorporation/ registration	Principal place of operation	Class of shares held	Proportion of ownership interest or participating shares held by the Group		Proportion of voting power held		Principal activities
					2020	2019	**2020**	2019	
Shandong Weiqiao Kuaike Environmental Protection Technology Co., Ltd. * 山東魏橋快刻環保科技有限公司	Incorporated	PRC	PRC	Ordinary	**40%**	40%	**40%**	40%	Green facilities innovation
Zouping Binneng Energy Technology Co., Ltd. ("Binneng Energy") *鄒平濱能能源科技有限公司	Incorporated	PRC	PRC	Ordinary	**45%**	45%	**45%**	45%	Trading of electricity
Beijing Honghua Zhida Technology Development Co., Ltd. * ("Honghua Zhida") 北京宏華智達科技發展有限公司	Incorporated	PRC	PRC	Ordinary	**45%**	45%	**45%**	45%	Technology promotion and development
Shandong Zhilu High Performance Alloy Material Co., Ltd. * 山東智鋁高性能合金材料有限公司	Incorporated	PRC	PRC	Ordinary	**35%**	35%	**35%**	35%	Trading of light alloy materials
Shandong Weiqiao Haiyi Environmental Protection Technology Co., Ltd. ("Weiqiao Haiyi") * 山東魏橋海逸環保科技有限公司	Incorporated	PRC	PRC	Ordinary	**30%**	–	**30%**	–	Waste recycling
Suzhou Aojie Auto Technology Co., Ltd. * ("Suzhou Aojie") 蘇州奧傑汽車技術股份有限公司	Incorporated	PRC	PRC	Ordinary	**14.13%**	–	**20% (note)**	–	Design and consulting service of motor vehicles
Winning Consortium Simandou Railway Pte. Ltd.	Incorporated	Singapore	Singapore	Ordinary	**25%**	–	**25%**	–	Railway operation
Winning Consortium Simandou Pte. Ltd.	Incorporated	Singapore	Singapore	Ordinary	**25%**	–	**25%**	–	Trading of iron ore
Winning Consortium Simandou Ports Pte. Ltd.	Incorporated	Singapore	Singapore	Ordinary	**25%**	–	**25%**	–	Ports operation

Note: The Group is able to exercise significant influence over Suzhou Aojie because it has the power to appoint one out of the five directors of that company under the provisions stated in the Articles of Association of that company.

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

20. INTERESTS IN ASSOCIATES (Continued)

The summarised financial information in respect of the associates that are material to the Group and accounted for using equity method is set out below:

ABM

	2020 RMB'000	2019 RMB'000
Current assets	**8,283,257**	8,628,495
Non-current assets	**630**	–
Current liabilities	**(2,113,492)**	(2,205,178)
Non-current liabilities	**(717,739)**	(767,382)
Revenue	**6,232,162**	7,973,956
Profit for the year	**187,841**	1,738,509
Other comprehensive (expense) income for the year	**(391,121)**	70,302
Total comprehensive (expense) income for the year	**(203,280)**	1,808,811

The reconciliation of the summarised financial information presented above to the carrying amount of the interest in the associate is set out below:

	2020 RMB'000	2019 RMB'000
Net assets of the associate	**5,452,656**	5,655,935
Proportion of the Group's ownership interest in ABM	**25%**	25%
Carrying amount of the Group's interest in ABM	**1,363,164**	1,413,984

Binneng Energy

	2020 RMB'000	2019 RMB'000
Non-current assets	**12,667,702**	13,149,116
Current assets	**2,555,801**	1,082,218
Non-current liabilities	**(6,250,000)**	(4,500,000)
Current liabilities	**(3,082,405)**	(4,831,895)
Revenue	**9,757,846**	2,267,211
Profit (loss) for the year and total comprehensive income (expense) for the year	**991,660**	(100,561)
Elimination of unrealised profits	**(18,810)**	–

20. INTERESTS IN ASSOCIATES (Continued)

The summarised financial information in respect of the associates that are material to the Group and accounted for using equity method is set out below: (Continued)

Binneng Energy (Continued)

The reconciliation of the summarised financial information presented above to the carrying amount of the interest in the associate is set out below:

	2020 RMB'000	2019 RMB'000
Net assets of the associate	**5,891,098**	4,899,439
Proportion of the Group's ownership interest in Binneng Energy	**45%**	45%
Carrying amount of the Group's interest in Binneng Energy	**2,650,994**	2,204,748

The financial information and carrying amount, in aggregate, of the Group's interests in associates that are not individually material and are accounted for using the equity method are set out below:

	2020 RMB'000	2019 RMB'000
The Group's share of profit	**39,252**	107,521
The Group's share of other comprehensive expense	**(10,923)**	(740)
The Group's share of total comprehensive income	**28,329**	106,781
Elimination of realised profits	**939**	12,449

	2020 RMB'000	2019 RMB'000
Carrying amount of the Group's interests in immaterial associates	**1,949,325**	337,215

The Group has stopped recognising its share of losses of certain associates when applying the equity method. The unrecognised share of those associates, both for the year and cumulatively, are set out below:

	2020 RMB'000	2019 RMB'000
Unrecognised share of profits of associates for the year	**–**	7,805

21. LOAN TO AN ASSOCIATE

	2020 RMB'000	2019 RMB'000
Non-current portion		
Loan to an associate	**–**	2,000,000
Current portion		
Loan to an associate	**2,000,000**	–

The balance of loan to an associate is secured by plant and equipment of the associate, bearing interest at 6% (2019: 6%) per annum and repayable on 20 June 2021.

22. GOODWILL

	2020 RMB'000	2019 RMB'000
COST		
At beginning and the end of the financial year	**1,934,457**	1,934,457
IMPAIRMENT		
At beginning of the financial year	**1,325,639**	1,325,639
Impairment loss recognised during the year	**330,594**	–
At the end of the financial year	**1,656,233**	1,325,639
CARRYING AMOUNT		
At 31 December	**278,224**	608,818

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

During the year ended 31 December 2020, the Group recognised an impairment loss of approximately RMB330,594,000 (2019: nil) in relation to goodwill arising on acquisition of Hongchuang and Binzhou Municipal Beihai Xinhe New Material Co., Ltd. * ("Beihai Xinhe"), resulting in the carrying amount of the CGU being written down to its recoverable amount. The impairment loss of goodwill was resulted from decline in quoted share price of Hongchuang and decrease in value-in-use of Beihai Xinhe. No impairment loss has been recognised during the year ended 31 December 2019.

22. GOODWILL (Continued)

Impairment test on goodwill

For the purposes of impairment testing, goodwill has been allocated to the following CGUs.

	2020 RMB'000	2019 RMB'000
Manufacture and selling of aluminum products in Beihai, the PRC (Unit A)	–	231,351
Manufacture and selling of aluminum products in Binzhou, the PRC (Unit B)	80,418	80,418
Manufacture and selling of aluminum products in Boxing, the PRC (Hongchuang)	197,806	297,049
	278,224	608,818

For the purpose of impairment assessment, property, plant and equipment, intangible assets and right-of-use assets (including allocation of corporate assets) that generate cash flows together with the related goodwill are also included in the respective CGU.

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

The basis of the recoverable amounts of the above CGUs and their major underlying assumptions are summarised below:

Unit A

The recoverable amount of this unit is RMB9,058,100,000 and has been determined based on a value-in-use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a 3-year period, and pre-tax discount rate of 21.33% (2019: 21.33%). Unit A's cash flows beyond the 3-year period are extrapolated using a zero growth rate. The financial budgets estimated are consistent with the track record of the Group's projections. Senior management believes that this growth rate is justified as it is within the long-term growth rate of the industry. The Group is the pioneer of aluminum manufacturing industry technology which has reduced the cost and time of production, and these industrial products qualify for major products of the Group.

Other key assumptions for the value-in-use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the unit's past performance and management's expectations for the market development including but not limited to the impacts of COVID-19 pandemic. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of Unit A to exceed the aggregate recoverable amount of Unit A.

During the year ended 31 December 2020, the Group recognised an impairment loss of approximately RMB231,351,000 (2019: nil) in relation to goodwill arising on acquisition of Unit A.

22. GOODWILL (Continued)

The basis of the recoverable amounts of the above CGUs and their major underlying assumptions are summarised below: (Continued)

Unit B

The recoverable amount of this unit has been determined based on a value-in-use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a 3-year period, and a pre-tax discount rate of 21.33% (2019: 21.33%). Unit B's cash flows beyond the 3-year period are extrapolated using a zero growth rate. The financial budgets estimated are consistent with the track record of the Group's projections. Senior management believes that this growth rate is justified as it is within the long-term growth rate of the industry. The Group is the pioneer of aluminum manufacturing industry technology which has reduced the cost and time of production, and these industrial products qualify for major products of the Group.

Other key assumptions for the value-in-use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the unit's past performance and management's expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of Unit B to exceed the aggregate recoverable amount of Unit B.

During the year ended 31 December 2020, the Group determines that there are no impairment to be recognised in relation to goodwill arising on acquisition of Unit B.

Hongchuang

The recoverable amount of this CGU approximates to RMB706,702,000 (2019: RMB730,347,000) has been determined based on fair value less costs of disposal, which is determined by reference to the quoted share price of Hongchuang, and a blockage discount factor of 5.26% (2019: 5.57%) and relevant transaction costs.

The key assumption for the fair value less costs of disposal is the blockage factor applied to the quoted share price of Hongchuang, where management considered that the normal daily trading volume for the shares is not sufficient to absorb the quantity of shares held by the Group and therefore placing orders to sell the Group's interest in Hongchuang in a single transaction might affect the quoted price. In determining the blockage factor, management mainly takes into accounts the relevant rules and regulations in shares transactions and historical transaction records in the Shenzhen Stock Exchange.

The fair value hierarchy as at 31 December 2020 and 2019 of Hongchuang are at Level 2. There were no transfers between fair value hierarchies during the year.

During the year ended 31 December 2020, the Group recognised an impairment loss of approximately RMB99,243,000 (2019: nil) in relation to goodwill arising on acquisition of Hongchuang.

Following the impairment loss recognised, the recoverable amount of Hongchuang was equal to the carrying amount. Therefore, any adverse movement in a key assumption would lead to further impairment.

If the quoted share price was decreased by 5%, while other parameters remain constant, the recoverable amount of Hongchuang would be reduced to approximately RMB671,367,000 and a further impairment loss of approximately RMB35,335,000 in relation to goodwill arising on acquisition of Hongchuang would be recognised.

23. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVEINCOME ("FVTOCI")

Financial assets at FVTOCI comprise:

	2020 RMB'000	2019 RMB'000
Equity instruments as at FVTOCI		
Listed	**633,652**	289,339

The fair value of these investments is disclosed in note 46.

Investments in listed equity securities represent the Group's investment in Bank of Jinzhou and Weihai City Commercial Bank Co., Ltd, companies listed in Hong Kong, of approximately RMB250,596,000 (2019: RMB289,339,000) and RMB383,056,000 (2019: nil) respectively.

Bank of Jinzhou engaged in the provision of corporate and retail deposits, loans and advances, payment and settlement services, finance leasing as well as other banking services as approved by the China Banking Regulatory Commission. Weihai City Commercial Bank Co., Ltd engaged in the provision of corporate and retail deposits, loans and advances, payment and settlement services.

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

24. INVENTORIES

	2020 RMB'000	2019 RMB'000
Raw materials	**13,181,335**	14,292,339
Work in progress	**6,015,670**	6,995,936
Finished goods	**520,806**	558,647
	19,717,811	21,846,922

During the year, the allowance for inventories of approximately RMB106,227,000 (2019: RMB94,400,000) has been recognised and included in other expenses.

During the year, inventories previously impaired were sold at profit or used. As a result, a reversal of provision of approximately RMB88,975,000 (2019: RMB69,366,000) has been recognised and included in other income and gains in the current year.

25. TRADE RECEIVABLES

	2020 RMB'000	2019 RMB'000
Trade receivables	**10,342,754**	10,318,327
Less: allowance for impairment losses	**(7,186)**	(7,001)
	10,335,568	10,311,326

At as 31 December 2020, the gross amount of trade receivable arising from contracts with customers amounted to approximately RMB10,342,754,000 (2019: RMB10,318,327,000).

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. Due to the financial uncertainty arising from COVID-19, the Group has increased the ECL for trade receivable based on their judgment as to the impact of COVID-19 on the trade receivable portfolio.

The Group has a policy of allowing average credit period of 90 days to its trade customers.

	2020 RMB'000	2019 RMB'000
Within 3 months	**8,691,846**	8,561,127
3 to 12 months	**1,642,343**	1,748,274
12 to 24 months	**1,379**	1,925
	10,335,568	10,311,326

Before accepting any new customer, the Group will internally assess the credit quality of the potential customer and define appropriate credit limits.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

25. TRADE RECEIVABLES (Continued)

The Group recognised lifetime ECL for trade receivables based on individually significant customer or the ageing of customers collectively that are not individually significant. As at 31 December 2020, lifetime ECL of approximately RMB7,186,000 (2019: RMB7,001,000) has been made in respect of trade receivables with gross amount of RMB7,186,000 (2019: RMB7,001,000) as they are determined to be credit impaired which aged over 3 years. For the remaining balance of approximately RMB10,335,568,000 (2019: RMB10,311,326,000), the Group determines the ECL based on a provision matrix grouped by the past due status of these receivables. However, no loss allowance was made on these receivables as the identified impairment loss is immaterial.

The provision matrix of trade receivables is set out below:

For the year ended 31 December 2020

	Trade receivables days past due						
	Current	**1-3 months past due**	**3-12 months past due**	**12-24 months past due**	**24-36 months past due**	**More than 36 months past due**	**Total**
ECL rate	**0%**	**0.00065%**	**0.00059%**	**0.57035%**	**100%**	**100%**	
Gross carrying amount (RMB'000)	**9,783,898**	**539,230**	**12,440**	**–**	**–**	**7,186**	**10,342,754**
Lifetime ECL (RMB'000)	**–**	**–**	**–**	**–**	**–**	**7,186**	**7,186**

For the year ended 31 December 2019

	Trade receivables days past due						
	Current	1-3 months past due	3-12 months past due	12-24 months past due	24-36 months past due	More than 36 months past due	Total
ECL rate	0%	0.00050%	0.00044%	0.20902%	100%	100%	
Gross carrying amount (RMB'000)	9,791,682	506,380	13,264	–	–	7,001	10,318,327
Lifetime ECL (RMB'000)	–	–	–	–	–	7,001	7,001

The movement in the allowance for impairment of trade receivables is set out below:

	2020 RMB'000	2019 RMB'000
At 1 January	**7,001**	6,725
Impairment loss recognised	**185**	276
At 31 December	**7,186**	7,001

26. BILLS RECEIVABLES

	2020 RMB'000	2019 RMB'000
Bills receivables	**9,157,692**	11,139,775

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

	2020 RMB'000	2019 RMB'000
Within 3 months	**5,824,650**	6,343,124
3 to 6 months	**3,031,787**	4,416,395
Over 6 months	**301,255**	380,256
	9,157,692	11,139,775

TRANSFERS OF FINANCIAL ASSETS

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

	2020 RMB'000	2019 RMB'000
Bills receivables endorsed to suppliers with full recourse (note)		
Carrying amount of transferred assets	**8,962,654**	11,129,710
Carrying amount of trade payables	**(8,929,069)**	(10,898,559)
Carrying amount of other payables	**(33,585)**	(231,151)
Net position as at 31 December	**–**	–

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

The Group measures the loss allowance for bills receivables at an amount equal to 12-month ECL. As the Group's historical credit loss experience does not indicate significant difficulties in recovering these bills receivables before their due dates, no additional loss allowance was provided on the Group's bills receivables for the years ended 31 December 2020 and 2019.

27. PREPAYMENTS AND OTHER RECEIVABLES

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

	2020 **RMB'000**	2019 RMB'000
Prepayments to suppliers	**1,401,177**	967,864
Prepayments to an associate (note (ii))	**3,617,585**	2,438,457
Value-added tax recoverable	**1,173,192**	954,990
CIT refundable	**54,862**	63,050
Prepayment for acquisition of right-of-use assets	**119,260**	–
Receivables arising from dealing with futures	**294,480**	123,094
Receivables arising from disposal of plant and equipment(note (iii))	**1,500,000**	–
Receivables arising from disposal of non-current assets classified as held for sale (note 32)	**389,873**	–
Receivables from dealing with investment	**–**	1,000,000
Insurance recoverable	**–**	150,567
Factoring receivables (note (i))	**466,918**	219,944
Interest receivables	**23,226**	3,965
Dividend receivables	**28,009**	8,355
Others	**234,945**	185,726
	9,303,527	6,116,012
Less: allowance for impairment losses	**(57,997)**	(40,700)
	9,245,530	6,075,312
Analysed as		
Current	**9,126,270**	6,075,312
Non-current	**119,260**	–
	9,245,530	6,075,312

Notes:

(i) The factoring receivables will be received within one year and carrying interest rate of 10% per annum.

(ii) On 21 June 2019, the Group entered into an electricity procurement agreement with an associate of the Group, pursuant to which the Group agreed to provide a prepayment to the associate for the supply of electricity.

(iii) On 18 March 2020, the Group has entered into a sales and purchase agreement with an independent third party agreed to dispose power unit and its related assets and liabilities located in Zouping, at a cash consideration of RMB3,000,000,000. The transaction was completed and part of the consideration of RMB1,500,000,000 has been received during the year ended 31 December 2020. The balance in aggregate of RMB1,500,000,000 is guaranteed by the acquirer's wholly-owned subsidiary which also is one of the major suppliers of the Group. Subsequent to the reporting period, the remaining balance of RMB1,500,000,000 was received in February 2021.

27. PREPAYMENTS AND OTHER RECEIVABLES (Continued)

The Group recognised lifetime ECL and 12-month ECL for other receivables based on individually significant customers as follows:

For the year ended 31 December 2020

	Weighted average expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000	Net carrying amount RMB'000
Other receivables-Default	**N/A**	**29,515**	**(29,515)**	**–**
Other receivables-Doubtful	**6.10%**	**466,918**	**(28,482)**	**438,436**
Other receivables-Performing	*****	**2,441,018**	**–**	**2,441,018**
		2,937,451	**(57,997)**	**2,879,454**

For the year ended 31 December 2019

	Weighted average expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000	Net carrying amount RMB'000
Other receivables-Default	N/A	26,844	(26,844)	–
Other receivables-Doubtful	6.30%	219,944	(13,856)	206,088
Other receivables-Performing	*	1,444,863	–	1,444,863
		1,691,651	(40,700)	1,650,951

* For the remaining balance of other receivables, it has low risk of default or has not been significantly increased in credit risk since initial recognition. The directors of the Company consider the ECL is immaterial.

27. PREPAYMENTS AND OTHER RECEIVABLES (Continued)

The movement in the impairment allowance for other receivables during the year are as follows:

	2020 RMB'000	2019 RMB'000
At 1 January	40,700	38,458
Reversal of impairment loss	–	(13,335)
Impairment loss recongised	17,297	15,577
At 31 December	57,997	40,700

28. FINANCIAL ASSET AT AMORTISED COST

	2020 RMB'000	2019 RMB'000
Financial asset at amortised cost		
Collective investment trust (note)	2,499,000	–

Note: The collective investment trust represents asset income trust with 2,499,000,000 units at RMB1 per unit issued by CITIC Trust Co., Ltd. ("CITIC Trust") *中信信托有限責任公司 and will be matured on 3 January 2022. The asset income trust carries fixed interest rate of 7.22% per annum.

* The English name of the above company is for reference only.

29. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVTPL")

	2020 RMB'000	2019 RMB'000
Financial assets at FVTPL		
Collective investment trust	–	2,005

30. OTHER FINANCIAL ASSET/LIABILITIES

	2020 RMB'000	2019 RMB'000
Other financial asset		
Capped forward contract	–	819
Other financial liabilities		
Capped forward contract	1,848	–
Interest rate swaps contracts	3,094	3,300
	4,942	3,300

Major terms of the capped forward contract are as follows:

Years ended 31 December 2020 and 2019

Notional amount	Maturity	Exchange rate
US$10,000,000	20 July 2022	Buy US$/Sell RMB at 6.90 to 7.01

Major terms of the interest rate swaps are as follows:

Year ended 31 December 2020

Notional amount	Maturity	Swaps
US$14,000,000	9 April 2021	From 0.45% per annum to 1-Month US$-LIBOR
US$24,500,000	14 April 2021	From 0.52% per annum to 1-Month US$-LIBOR
US$55,000,000	28 April 2023	From 0.58% per annum to 1-Month US$-LIBOR
US$20,000,000	14 April 2021	From 3.25% per annum to 1-Month US$-LIBOR
US$25,000,000	14 April 2021	From 3.25% per annum to 1-Month US$-LIBOR

Year ended 31 December 2019

Notional amount	Maturity	Swaps
US$ 20,000,000	14 April 2021	From 3.25% per annum to 1-Month US$-LIBOR
US$ 25,000,000	14 April 2021	From 3.25% per annum to 1-Month US$-LIBOR

31. CASH AND CASH EQUIVALENTS AND RESTRICTED BANK DEPOSITS

	2020 RMB'000	2019 RMB'000
Cash and bank balances	**45,465,361**	41,857,116
Restricted bank deposits	**1,542,098**	1,423,967
	47,007,459	43,281,083
Less:		
Restricted bank deposits:		
– pledged for bills payable	**(1,027,301)**	(1,002,928)
– pledged for issuance of letter of credit	**(200,581)**	(117,472)
– pledged for guarantee issued	**(314,216)**	(299,060)
– other restricted bank balances	**–**	(4,507)
Cash and cash equivalents	**45,465,361**	41,857,116

Cash and cash equivalents are principally RMB-denominated deposits placed with banks in the PRC. The RMB is not freely convertible into other currencies, however, under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB into other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at respective short-term deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

Bank balances and time deposits carry interest at market rates which ranged from 0.05% to 1.50% (2019: 0.05% to 1.50%) per annum.

Restricted bank deposits represents deposits pledged to banks to secure short-term banking facilities granted to the Group and guarantees issued by the Group. The restricted bank deposits carry fixed interest rate ranged from 0.05% to 1.55% (2019: 0.05% to 1.55%) per annum.

Details of impairment assessment of bank balances and restricted bank deposits are set out in note 46.

32. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

On 1 May 2019, Binzhou City Zhanhua District Huihong New Material Co., Ltd. * ("Zhanhua Huihong") 濱州市沾化區匯宏新材料有限公司, an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with an independent third party, to dispose of certain of its construction in process of property, plant and equipment in Binzhou City Zhanhua District, at a consideration of RMB600,000,000. RMB10,127,000 (2019: RMB200,000,000) of the consideration was received during the year ended 31 December 2020. Subsequent to the reporting period, the remaining balance of RMB389,873,000 was received in February 2021.

32. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE (Continued)

The disposal was expected to be completed within twelve months from the end of 2019 and was therefore classified as assets held for sales in the consolidated statement of financial position for the year ended 31 December 2019. The sales proceeds were equal to the net carrying amounts of the relevant assets and accordingly, no impairment was recognised. The disposal was negotiated under arm's length basis and approved by the board of directors' of the subsidiary.

During the year ended 31 December 2020, the disposal was completed and the legal title of the property, plant and equipment has been transferred.

Major classes of assets as at the end of the current year are as follows:

	2020 RMB'000	2019 RMB'000
Property, plant and equipment	**–**	530,973
Assets classified as held for sale	**–**	530,973

* The English name of the above company is for reference only

33. CHANGES IN FAIR VALUES OF FINANCIAL INSTRUMENTS

	2020 RMB'000	2019 RMB'000
Changes in fair values of arising from:		
– capped forward contract	**(2,667)**	819
– interest rate swaps contracts	**206**	(3,300)
– derivatives component of convertible bonds (note 40)	**(288,794)**	140,558
	(291,255)	138,077

34. TRADE AND BILLS PAYABLES

	2020 RMB'000	2019 RMB'000
Trade payables to third parties	**10,997,877**	15,820,689
Trade payables to an associate	**251,263**	203,267
Trade payables to related parties	**41,754**	52,858
	11,290,894	16,076,814
Bills payables	**2,086,175**	2,138,842
	13,377,069	18,215,656

34. TRADE AND BILLS PAYABLES (Continued)

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

	2020 RMB'000	2019 RMB'000
Within 6 months	**10,773,004**	15,609,824
6 to 12 months	**53,043**	422,080
1 to 2 years	**430,815**	10,658
More than 2 years	**34,032**	34,252
	11,290,894	16,076,814

The average credit period on purchases of goods is six months. The trade payables are non-interest bearing and are normally settled on a term of to six months. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

Bills payables were bills of acceptance with maturity of less than one year.

35. OTHER PAYABLES AND ACCRUALS

	2020 RMB'000	2019 RMB'000
Payables on property, plant and equipment	**4,370,139**	4,773,991
Retention payables	**1,503,546**	2,055,531
Accrued payroll and welfare (note (i))	**664,795**	611,247
Contract liabilities (note (ii))	**1,248,332**	2,381,094
Dividend payables	**10**	6
Interest payable	**1,473,016**	1,662,187
Other taxes payables	**2,206,457**	1,152,044
Consideration payable (note 47)	**–**	55,500
Construction claim payable (note 54)	**–**	60,000
Others	**639,379**	628,243
	12,105,674	13,379,843

Notes:

(i) Included in the accrued payroll and welfare as at 31 December 2020 were accrued directors payroll and welfare of approximately RMB3,700,000 (2019: RMB4,225,000). The amount is unsecured, non-interest bearing and repayable on demand.

(ii) Contract liabilities include advances received to deliver goods.

The significant decrease in contract liabilities in 2020 were mainly due to decrease in the number of contracts.

Revenue recongised during the year ended 31 December 2020 that was included in the contract liabilities at the beginning of the year is approximately RMB2,381,094,000 (2019: RMB720,185,000). There was no revenue recognised in the current year that related to performance obligations that were satisfied in a prior year.

36. BANK BORROWINGS

	2020 RMB'000	2019 RMB'000
Current		
Secured bank borrowings (note (iii))	**2,993,512**	8,342,748
Unsecured bank borrowings	**19,783,888**	20,712,101
	22,777,400	29,054,849
Non-current		
Secured bank borrowings (note (iii))	**5,460,243**	405,990
Unsecured bank borrowings (note (i))	**6,023,255**	3,113,638
	11,483,498	3,519,628
	34,260,898	32,574,477

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

	2020 RMB'000	2019 RMB'000
Within one year	**22,777,400**	29,054,849
In the second year	**5,908,546**	2,221,874
In the third to fifth years, inclusive	**4,518,748**	1,297,754
Over fifth years	**1,056,204**	–
	34,260,898	32,574,477

	2020 RMB'000	2019 RMB'000
Amounts shown under current liabilities	**22,777,400**	29,054,849
Amounts shown under non-current liabilities	**11,483,498**	3,519,628
	34,260,898	32,574,477

The exposure of the Group's fixed-rate bank borrowings denominated in RMB at interest rate ranged from 2.45% to 8.00% (2019: 3.40% to 7.00%) per annum and the contractual maturity dates (or reset dates) are as follows:

	2020 RMB'000	2019 RMB'000
Fixed-rate borrowings:		
Within one year	**4,341,943**	11,874,602

36. BANK BORROWINGS (Continued)

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

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

	2020	2019
Effective interest rate:		
Fixed-rate borrowings	**2.45% to 8.00%**	3.40% to 7.00%
Variable-rate borrowings	**4.35% to 6.09%**	4.57% to 6.09%

The Group's borrowings that are denominated in currencies other the functional currencies of the relevant group entities are set out below:

	2020 **RMB'000**	2019 RMB'000
US$	**4,472,920**	5,219,214

Notes:

(i) Bank borrowings of approximately RMB1,299,000,000 (2019: RMB299,000,000) are guaranteed by a related party was set out in note 52.

(ii) As at the end of the reporting period, the Group has the following undrawn borrowing facilities:

	2020 **RMB'000**	2019 RMB'000
Floating rate		
– expiring within one year	**20,769,432**	19,332,311

(iii) Secured bank borrowings of the Group are secured by the Group's property, plant and equipment and right-of-use assets which were set out in notes 16 and 17 respectively.

37. OTHER BORROWING

	2020 RMB'000	2019 RMB'000
Other borrowing, unsecured		
Amount shown under current liabilities	–	1,391,446

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

	2020 RMB'000	2019 RMB'000
Within one year	–	1,391,446

The interest rate of the other borrowing of US$200,000,000, which was fixed at 7.50% per annum, was fully settled during the year ended 31 December 2020.

38. MEDIUM-TERM DEBENTURES AND BONDS

	2020 RMB'000	2019 RMB'000
Medium-term debentures and bonds-due within one year	**22,774,698**	1,495,784
Medium-term debentures and bonds-due after one year	**13,345,378**	38,529,229
	36,120,076	40,025,013

38. MEDIUM-TERM DEBENTURES AND BONDS (Continued)

The details of the unsecured medium-term debentures and bonds issued and outstanding as at 31 December 2020 and 2019 are set out as follows:

Debentures	Date of issue	Principal amount RMB'000	Nominal interest Rate	Effective interest Rate	Date of maturity
Unlisted					
Medium-term debentures A	14 October 2015	Nil (2019: 1,000,000)	5.50%	5.86%	14 October 2020
Medium-term debentures B	15 December 2015	Nil (2019: 500,000)	5.20%	5.88%	15 December 2020
Medium-term debentures C	25 October 2016	1,000,000	3.87%	4.21%	16 October 2021
Medium-term debentures D	3 November 2016	2,000,000	3.84%	4.18%	4 November 2021
Medium-term debentures E	5 January 2017	1,000,000	5.20%	5.55%	6 January 2022
Medium-term debentures F	10 January 2017	1,000,000	5.20%	5.55%	11 January 2022
Medium-term debentures G	17 January 2017	1,000,000	5.20%	5.55%	19 January 2022
Medium-term debentures H	2 March 2018	1,000,000	7.50%	7.85%	6 March 2021
Medium-term debentures I	18 April 2018	1,000,000	7.30%	7.65%	19 April 2021
Medium-term debentures J	20 April 2018	1,300,000	6.75%	7.09%	23 April 2021
Medium-term debentures K	25 April 2018	1,000,000	6.73%	7.07%	27 April 2021
Medium-term debentures L	26 April 2018	1,000,000	6.90%	7.24%	27 April 2021
Medium-term debentures M	24 May 2018	1,000,000	7.47%	7.82%	25 May 2021
Medium-term debentures N	13 August 2018	1,000,000	7.40%	7.67%	16 August 2021
Medium-term debentures O	23 August 2018	500,000	7.47%	7.75%	27 August 2021
Medium-term debentures P	12 July 2019	600,000	7.00%	7.24%	12 July 2022
Listed					
Enterprise bonds A	3 March 2014	1,149,960	8.69%	8.91%	3 March 2021
Enterprise bonds B	21 August 2014	1,056,362	7.45%	7.88%	21 August 2021
Enterprise bonds C	26 October 2015	214	6.26%	5.44%	26 October 2022
Enterprise bonds D	14 January 2016	1,064,213 (2019: 1,999,950)	7.30%	7.43%	14 January 2021
Enterprise bonds E	14 January 2016	521,956 (2019: 1,000,000)	4.88%	5.11%	14 January 2021
Enterprise bonds F	27 January 2016	953,695 (2019: 1,800,000)	7.00%	4.73%	27 January 2021
Enterprise bonds G	24 February 2016	1,198,240	6.70%	4.27%	24 February 2021
Enterprise bonds H	10 March 2016	3,500,000	6.50%	4.50%	10 March 2021
Enterprise bonds I	10 March 2016	500,000	4.83%	5.06%	10 March 2021
Enterprise bonds J	22 March 2016	2,000,000	6.30%	4.43%	22 March 2021
Enterprise bonds K	17 October 2016	7,800,000	4.00%	4.16%	17 October 2023
Enterprise bonds L	26 March 2019	2,000,000	6.00%	6.22%	26 March 2024
Private placement enterprise bond B	15 July 2016	26,000	6.80%	4.73%	3 March 2021

38. MEDIUM-TERM DEBENTURES AND BONDS (Continued)

Debentures A, B, C, D, E, F, G, H, I, J, K, L, M, N, O and P were issued to various independent third parties according to the approvals issued by NAFMII and enterprise bonds A, B and C were issued according to the approvals issued by National Development and Reform Commission and listed on Shanghai Stock Exchange while enterprise bonds D, E, F, G, H, I, J, K, L, private placement enterprise bond B were issued under the approval of China Securities Regulatory Commission. During the year ended 31 December 2020, the Group has redeemed the debentures A and B for RMB1,500,000,000 together with interest accrued up the that date.

According to the terms and conditions of private placement enterprise bonds B, the interest rate is 6.48% per annum for 3 years, up to 15 July 2019. At the end of the third year, on 14 July 2019, the bonds holders have a right to redeem all or part of the bonds at a redemption price equal to 100% of the principal plus accrued and unpaid interest and the Group has a right to adjust the interest rate of the private placement enterprise bonds from a range of-300 to 300 basis points (both figures inclusive), and keep the new interest rate for the last year. During the year ended 31 December 2020, no private placement enterprises bonds B has been redeemed (2019: RMB2,974,000,000 together with interest accrued up the that date).

According to the terms and conditions of enterprise bonds A, the interest rate of the enterprise bonds is 8.69% per annum for the 5 years, up to 3 March 2019. At the end of the fifth year, on 3 March 2019, the bonds holders have a right to redeem all or part of the bonds at a redemption price equal to 100% of the principal plus accrued and unpaid interest and the Group has a right to adjust upward the interest rate of the enterprise bonds from a range of 1 to 100 basis points (both figures inclusive). During the year ended 31 December 2020, no enterprises bonds A has been redeemed (2019: RMB50,040,000 together with interest accrued up the that date).

According to the terms and conditions of enterprise bonds B, the interest rate of the enterprise bonds is 7.45% per annum for the 3 years, up to 21 August 2017. At the end of the third year and fifth year, on 21 August 2017 and 2019, the bonds holders have a right to redeem all or part of the bonds at a redemption price equal to 100% of the principal plus accrued and unpaid interest and the Group has a right to adjust upward the interest rate of the enterprise bonds from a range of 1 to 100 basis points (both figures inclusive).

According to the terms and conditions of enterprise bonds C, the interest rate of the enterprise bonds is 5.26% per annum for the 4 years, up to 26 October 2019. At the end of the fourth year, on 26 October 2019, the bonds holders have a right to redeem all or part of the bonds at a redemption price equal to 100% of the principal plus accrued and unpaid interest and the Group has a right to adjust upward the interest rate of the enterprise bonds from a range of 1 to 100 basis points (both figures inclusive). During the year ended 31 December 2020, no enterprises bonds C has been redeemed (2019: RMB999,786,000 together with interest accrued up the that date).

Enterprise bonds D and E are different categories of the same tranche. The interest rate of the enterprise bonds D is 7.30% per annum for the 3 years, up to 14 January 2019. At the end of the third year, on 14 January 2019, the bonds holders have a right to redeem all or part of the bonds at a redemption price equal to 100% of the principal plus accrued and unpaid interest and the Group has a right to adjust the interest rate of the enterprise bonds. The interest rate of the enterprise bonds E is 4.88% per annum for the 5 years, up to 14 January 2021, with no right to redeem the bonds or adjust the interest rate. During the year ended 31 December 2020, the Group has redeemed the enterprises bonds D and E for RMB935,737,000 and RMB478,044,000 (2019: RMB50,000 and nil) together with interest accrued up the that date, respectively.

38. MEDIUM-TERM DEBENTURES AND BONDS (Continued)

According to the terms and conditions of enterprise bonds F, the interest rate of the enterprise bonds is 7.00% per annum for the 3 years, up to 27 January 2019. At the end of the third year, on 27 January 2019, the bonds holders have a right to redeem all or part of the bonds at a redemption price equal to 100% of the principal plus accrued and unpaid interest and the Group has a right to adjust the interest rate of the enterprise bonds. During the year ended 31 December 2020, the Group has redeemed the enterprises bonds F for RMB846,305,000 (2019: RMB50,000) together with interest accrued up the that date.

According to the terms and conditions of enterprise bonds G, the interest rate of the enterprise bonds is 6.70% per annum for the 3 years, up to 24 February 2019. At the end of the third year, on 24 February 2019, the bonds holders have a right to redeem all or part of the bonds at a redemption price equal to 100% of the principal plus accrued and unpaid interest and the Group has a right to adjust the interest rate of the enterprise bonds. During the year ended 31 December 2020, no enterprises bonds G has been redeemed (2019: RMB1,760,000 together with interest accrued up the that date).

Enterprise bonds H and I are different categories of the same tranche, the interest rate of the enterprise bonds H is 6.50% per annum for the 3 years, up to 10 March 2019. At the end of the third year, on 10 March 2019, the bonds holders have a right to redeem all or part of the bonds at a redemption price equal to 100% of the principal plus accrued and unpaid interest and the Group has a right to adjust the interest rate of the enterprise bonds. The interest rate of the enterprise bonds I is 4.83% per annum for the 5 years, up to 10 March 2021, with no right to redeem the bonds or adjust the interest rate.

According to the terms and conditions of enterprise bonds J, the interest rate of the enterprise bonds is 6.30% per annum for the 3 years, up to 22 March 2019. At the end of the third year, on 22 March 2019, the bonds holders have a right to redeem all or part of the bonds at a redemption price equal to 100% of the principal plus accrued and unpaid interest and the Group has a right to adjust the interest rate of the enterprise bonds.

According to the terms and conditions of enterprise bonds K, the interest rate of the enterprise bonds is 4.00% per annum for the 5 years, up to 17 October 2021. At the end of the fifth year, on 17 October 2021, the bonds holders have a right to redeem all or part of the bonds at a redemption price equal to 100% of the principal plus accrued and unpaid interest and the Group has a right to adjust the interest rate of the enterprise bonds.

According to the terms and conditions of enterprise bonds L the interest rate of the enterprise bonds is 6.00% per annum for the 3 years, up to 26 March 2022. At the end of the third year, on 26 March 2022, the bonds holders have a right to redeem all or part of the bonds at a redemption price equal to 100% of the principal plus accrued and unpaid interest and the Group has a right to adjust the interest rate of the enterprise bonds.

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

38. MEDIUM-TERM DEBENTURES AND BONDS (Continued)

The total medium-term debentures and bonds are repayable as follows:

	2020 RMB'000	2019 RMB'000
Within one year	**22,774,698**	1,495,784
In the second to fifth year	**13,345,378**	38,529,229
	36,120,076	40,025,013

39. GUARANTEED NOTES

	2020 RMB'000	2019 RMB'000
Non-current liabilities	**3,242,270**	3,457,313

On 17 April 2018, the Company issued 6.85% guaranteed notes with the aggregate principal amount of US$450,000,000 (equivalent to approximately RMB2,865,150,000) (the "2019 Guaranteed Notes") which were guaranteed by certain subsidiaries of the Group. The 2019 Guaranteed Notes matured on 22 April 2019. The 2019 Guaranteed Notes were listed on the Singapore Exchange Securities Trading Limited.

According to the terms and conditions of the 2019 Guarantee Notes, at any time or from time to time prior to the maturity date, the 2019 Guaranteed Notes may/will be redeemed by the Company at a redemption price set forth below.

Period	**Redemption price**
Prior to 22 April 2019	100% of the principal amount, plus the applicable premium as of, plus accrued and unpaid interest, if any, to (but not including) the redemption date (notes i & ii)
Prior to 22 April 2019	106.85% of the principal amount, plus accrued and unpaid interest (note iii)

Notes:

(i) Applicable premium means with respect to a note at any redemption date, the greater of (i) 100% of the principal amount and (ii) the excess of (A) the present value at such redemption date of the principal amount of the 2019 Guaranteed Notes on 22 April 2019, plus all required remaining scheduled interest payments due on the 2019 Guaranteed Notes through 22 April 2019 (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equal to the adjusted treasury rate as disclosed in the offering circular plus 100 basis points, over (B) the principal amount on redemption date.

(ii) At any time prior to 22 April 2019, the Company may at its option redeem the 2019 Guaranteed Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount plus the applicable premium as of, plus accrued and unpaid interest, if any, to the redemption date.

39. GUARANTEED NOTES (Continued)

Notes: (Continued)

(iii) At any time prior to 22 April 2019, the Company may redeem up to 35% of the 2019 Guaranteed Notes, at a redemption price of 106.85% of the principal amount, plus accrued and unpaid interest, if any, to the redemption date in each case, using the net cash proceeds from sales of certain equity offerings.

The carrying amount of the 2019 Guaranteed Notes on date of issuance was net of issue expenses of US$4,837,000 (equivalent to approximately RMB30,793,000) and the effective interest rate of the 2019 Guaranteed Notes is 9.06% per annum.

On 22 April 2019, the Company redeemed the 2019 Guaranteed Notes in full at their principal amount together with interests accrued to the maturity date.

On 22 July 2019, the Company issued 7.125% guaranteed notes with the aggregate principal amount of US$300,000,000 (equivalent to approximately RMB2,060,310,000) (the "2022 Guaranteed Notes") which were guaranteed by certain subsidiaries of the Group. The 2022 Guaranteed Notes will be matured on 22 July 2022. The 2022 Guaranteed Notes are listed on the Singapore Exchange Securities Trading Limited.

According to the terms and conditions of the 2022 Guarantee Notes, at any time or from time to time prior to the maturity date, the 2022 Guaranteed Notes may/will be redeemed by the Company at a redemption price set forth below.

Period	Redemption price
Prior to 22 July 2022	100% of the principal amount, plus the applicable premium as of, plus accrued and unpaid interest, if any, to (but not including) the redemption date (notes i & ii)
Prior to 22 July 2022	107.125% of the principal amount, plus accrued and unpaid interest (note iii)

Notes:

(i) Applicable premium means with respect to a note at any redemption date, the greater of (i) 100% of the principal amount and (ii) the excess of (A) the present value at such redemption date of the principal amount of the 2022 Guaranteed Notes on 22 July 2022, plus all required remaining scheduled interest payments due on the 2022 Guaranteed Notes through 22 July 2022 (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equal to the adjusted treasury rate as disclosed in the offering circular plus 100 basis points, over (B) the principal amount on redemption date.

(ii) At any time prior to 22 July 2022, the Company may at its option redeem the 2022 Guaranteed Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount plus the applicable premium as of, plus accrued and unpaid interest, if any, to the redemption date.

(iii) At any time prior to 22 July 2022, the Company may redeem up to 35% of the 2022 Guaranteed Notes, at a redemption price of 107.125% of the principal amount, plus accrued and unpaid interest, if any, to the redemption date in each case, using the net cash proceeds from sales of certain equity offerings.

39. GUARANTEED NOTES (Continued)

The carrying amount of the 2022 Guaranteed Notes on date of issuance was net of issue expenses of US$4,000,000 (equivalent to approximately RMB27,471,000) and the effective interest rate of the 2022 Guaranteed Notes is 7.63% per annum.

The estimated fair value of the early redemption right was insignificant at initial recognition.

On 24 September 2019, the Company issued 7.375% guaranteed notes with the aggregate principal amount of US$200,000,000 (equivalent to approximately RMB1,414,580,000) (the “2023 Guaranteed Notes”) which were guaranteed by certain subsidiaries of the Group. The 2023 Guaranteed Notes will be matured on 2 May 2023. The 2023 Guaranteed Notes are listed on the Singapore Exchange Securities Trading Limited.

According to the terms and conditions of the 2023 Guarantee Notes, at any time or from time to time prior to the maturity date, the 2023 Guaranteed Notes may/will be redeemed by the Company at a redemption price set forth below.

Period	**Redemption price**
Prior to 2 May 2023	100% of the principal amount, plus the applicable premium as of, plus accrued and unpaid interest, if any, to (but not including) the redemption date (notes i & ii)
Prior to 2 May 2023	107.375% of the principal amount, plus accrued and unpaid interest (note iii)

Notes:

(i) Applicable premium means with respect to a note at any redemption date, the greater of (i) 100% of the principal amount and (ii) the excess of (A) the present value at such redemption date of the principal amount of the 2023 Guaranteed Notes on 2 May 2023, plus all required remaining scheduled interest payments due on the 2023 Guaranteed Notes through 2 May 2023 (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equal to the adjusted treasury rate as disclosed in the offering circular plus 100 basis points, over (B) the principal amount on redemption date.

(ii) At any time prior to 2 May 2023, the Company may at its option redeem the 2023 Guaranteed Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount plus the applicable premium as of, plus accrued and unpaid interest, if any, to the redemption date.

(iii) At any time prior to 2 May 2023, the Company may redeem up to 35% of the 2023 Guaranteed Notes, at a redemption price of 107.375% of the principal amount, plus accrued and unpaid interest, if any, to the redemption date in each case, using the net cash proceeds from sales of certain equity offerings.

The carrying amount of the 2023 Guaranteed Notes on date of issuance was net of issue expenses of US$2,700,000 (equivalent to approximately RMB19,097,000) and the effective interest rate of the 2023 Guaranteed Notes is 7.81% per annum.

The estimated fair value of the early redemption right was insignificant at initial recognition.

40. CONVERTIBLE BONDS

On 28 November 2017, the Company issued convertible bonds ("CBs") bearing interest at 5.0% per annum, which were due on 28 November 2022 with an aggregate principal amount of US$320,000,000. The CBs were denominated in US$ and entitled the holders to convert them into ordinary shares of the Company at a conversion price of HK$8.16 per share with fixed exchange rate of HK$7.8212 equal to US$1.00 at any time on or after 8 January 2018 and thereafter up to the close of business on the tenth day prior to the maturity date or if such bonds shall have been called for redemption by the holders before maturity date, then up to and including the close of business on a date no later than 10 days prior to the date fixed for redemption thereof. Unless previously redeemed, converted, purchased and cancelled, all convertible bonds outstanding on maturity date shall be repaid by the Company at its principal amount outstanding on maturity date plus accrued interest. The Company may, at the option of the holders, on giving not more than 60 days and not less than 30 days prior to the date that is three years from 28 November 2017, redeem the outstanding CBs in whole or in part at 106% of the principal amount and accrued interest to the respective dates fixed for redemption. At the issue date, the CBs were bifurcated into liability and derivative components. The effective interest rate of the liability component is 21.817% per annum.

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

	Liability component of CBs RMB'000	**Derivatives component of CBs** RMB'000	**Total** RMB'000
As at 1 January 2019	1,012,052	415,195	1,427,247
Changes in fair values	–	(140,558)	(140,558)
Effective interest expenses	210,102	–	210,102
Interest paid	(86,755)	–	(86,755)
Exchange realignment	15,156	5,300	20,456
At 31 December 2019 and 1 January 2020	**1,150,555**	**279,937**	**1,430,492**
Changes in fair values	**–**	**288,794**	**288,794**
Effective interest expenses	**229,958**	**–**	**229,958**
Interest paid	**(86,733)**	**–**	**(86,733)**
Exchange realignment	**(77,841)**	**(18,620)**	**(96,461)**
As at 31 December 2020	**1,215,939**	**550,111**	**1,766,050**

40. CONVERTIBLE BONDS (Continued)

No redemption, purchase or cancellation by the Company has been made in respect of the CBs during the years ended 31 December 2020 and 2019.

On 17 June 2019, as a result of the Company's declaration of dividend, the conversion price of the CBs was adjusted from HK$7.53 to HK$7.21 per share. Save for this alteration, all other terms and conditions of the outstanding CBs remained unchanged. The relevant ordinary resolution was duly passed at the special general meeting.

On 15 June 2020, as a result of the Company's declaration of dividend, the conversion price of the CBs was adjusted from HK$7.21 to HK$6.51 per share and on 16 November 2020, as a result of the Company's declaration of dividend, the conversion price of the CBs was adjusted from HK$6.51 to HK$6.31 per share and on 1 December 2020, as a result of the Company's share placing, the conversion price of the CBs was adjusted from HK$6.31 to HK$6.29 per share. Save for this alteration, all other terms and conditions of the outstanding CBs remained unchanged. The relevant ordinary resolution was duly passed at the special general meeting.

As at 31 December 2020, the principal amount of the CBs that remained outstanding amounted to US$246,400,000 (2019: US$246,400,000) of which a maximum of 306,382,143 (2019: 267,287,611) shares may fall to be issued upon their conversions, subject to adjustments provided in the terms of the CBs. Details of the terms of the CBs are set out in announcements of the Company dated 15 August 2017, 2 November 2017, 28 November 2017, 7 February 2018 and 13 July 2018, 17 June 2019, 15 June 2020, 16 November 2020 and 1 December 2020.

At 31 December 2020 and 2019, the fair values of the derivatives component was valued by Grant Sherman Appraisal Limited, an independent qualified professional valuer not connected with the Group. The fair values of the derivatives component of convertible bonds were estimated at the date of issue and the end of reporting period, respectively using the Binomial model. The changes in fair value of the derivatives component of convertible bonds were recognised in the consolidated profit or loss. The inputs into the model were as follows:

	At 31 December 2020	At 31 December 2019
Share price	**HK$7.10**	HK$4.70
Conversion price	**HK$6.29**	HK$7.21
Expected volatility	**40.49%**	41.71%
Expected life	**1.91 years**	2.91 years
Risk free rate	**0.12%**	1.59%
Expected dividend yield	**2.09%**	4.98%

41. DEFERRED TAXATION

The following is the analysis of the deferred tax assets (liabilities), before set off certain deferred tax assets against deferred liabilities of the same taxable entity, for the financial reporting purposes:

	2020 RMB'000	2019 RMB'000
Deferred tax assets	**2,886,026**	2,084,454
Deferred tax liabilities	**(900,344)**	(721,545)
	1,985,682	1,362,909

The deferred tax assets (liabilities) recognised by the Group and the movements thereon during the year are as follows:

	Decelerated tax depreciation RMB'000	Tax losses RMB'000	Income tax facility RMB'000	Undistributed profits of PRC subsidiaries RMB'000	Unrealised profit on intra-group sales RMB'000	Deferred income RMB'000	Provisions RMB'000	Consideration receivables from disposal of a subsidiary RMB'000	Fair value increase on non-current assets arising from business combination RMB'000	Estimated liabilities for employee benefits RMB'000	Total RMB'000
At 1 January 2019	1,037,038	186,040	96,333	(324,694)	364,481	137,120	26,504	14,481	(346,288)	3,930	1,194,945
Credited (charged) to profit or loss	155,588	(141,991)	(29,677)	(78,605)	240,694	(464)	6,888	(14,481)	28,042	1,970	167,964
At 31 December 2019 and 1 January 2020	1,192,626	44,049	66,656	(403,299)	605,175	136,656	33,392	–	(318,246)	5,900	1,362,909
(Charged) credited to profit or loss	(787,648)	616,584	(39,240)	(224,666)	1,051,337	(15,952)	(24,596)	–	45,867	1,087	622,773
At 31 December 2020	404,978	660,633	27,416	(627,965)	1,656,512	120,704	8,796	–	(272,379)	6,987	1,985,682

At the end of the reporting period, the Group has unused tax losses of approximately RMB3,409,770,000 (2019: RMB5,116,771,000) available for offset against future profits. A deferred tax asset has been recognised in respect of approximately RMB2,642,532,000 (2019: RMB176,196,000) of such losses. No deferred tax asset has been recognised in respect of the remaining losses approximately RMB767,238,000 (2019: RMB4,940,575,000) due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of approximately RMB760,818,000 (2019: RMB4,934,210,000) that will expire within next five years. The remaining unrecognised tax losses of approximately RMB6,420,000 (2019: RMB6,365,000) may be carried forward indefinitely.

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised was approximately RMB49,200,234,000 (2019: RMB40,484,956,000). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

42. DEFERRED INCOME

	2020 RMB'000	2019 RMB'000
Government grants		
– Current liabilities	**17,855**	22,330
– Non-current liabilities	**581,828**	549,086
	599,683	571,416

As at 31 December 2020, the Group received government subsidies of approximately RMB135,317,000 (2019: RMB20,892,000) towards certain environment protection and construction projects. The amount has been treated as deferred income. The amount is transferred to income over the useful lives of plant and machineries. This policy has resulted in a credit to income in the current period of approximately RMB107,050,000 (2019: RMB22,746,000). As at 31 December 2020, balances of approximately RMB599,683,000 (2019: RMB571,416,000) remain to be amortised.

43. SHARE CAPITAL

	Number of shares		Share Capital	
	2020	2019	**2020 US$**	2019 US$
Authorised:				
Ordinary shares of US$0.01 each	**10,000,000,000**	10,000,000,000	**100,000,000**	100,000,000

	2020	2019	**2020 US$**	2019 US$
Issued and fully paid:				
Ordinary shares of US$0.01 each	**8,878,352,349**	8,570,852,349	**88,783,523**	85,708,523

	Number of shares	**Share Capital** RMB'000
Issued and fully paid:		
At 1 January 2019	8,675,394,849	566,172
Shares repurchased and cancelled	(104,542,500)	(7,082)
At 31 December 2019 and 1 January 2020	**8,570,852,349**	**559,090**
Issue of shares upon share subscription (note)	**307,500,000**	**20,228**
At 31 December 2020	**8,878,352,349**	**579,318**

43. SHARE CAPITAL (Continued)

Note: 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 RMB1,617,654,000, net of share issue expense of approximately RMB26,433,000.

The Company does not have any share option scheme.

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

During the year ended 31 December 2019, the Company repurchased its own shares through the Stock Exchange as follows:

Date of repurchase	No. of ordinary share of US$0.01 each	Price per share		Aggregate consideration paid	Share cancelled date
		Highest	Lowest		
		HK$	HK$	HK$	
14-Jan-19	620,000	4.80	4.79	2,975,000	25-Jan-19
16-Jan-19	2,406,500	5.05	4.95	12,072,000	25-Jan-19
17-Jan-19	1,880,000	5.07	5.05	9,511,000	25-Jan-19
18-Jan-19	1,060,000	5.05	5.04	5,352,000	25-Jan-19
25-Mar-19	8,000,000	5.65	5.39	44,837,000	9-Apr-19
26-Mar-19	8,375,000	5.71	5.62	47,444,000	9-Apr-19
27-Mar-19	6,174,000	5.77	5.61	35,271,000	9-Apr-19
28-Mar-19	10,150,000	5.89	5.78	59,551,000	9-Apr-19
29-Mar-19	9,150,000	5.92	5.74	53,809,000	9-Apr-19
9-Apr-19	4,500,000	6.53	6.20	28,798,000	24-Apr-19
10-Apr-19	4,150,000	6.68	6.49	27,357,000	24-Apr-19
11-Apr-19	8,500,000	6.75	6.61	57,154,000	24-Apr-19
12-Apr-19	7,000,000	6.76	6.57	46,800,000	24-Apr-19
22-May-19	6,423,000	5.50	5.21	34,977,000	3-Jun-19
23-May-19	10,189,000	5.56	5.34	55,917,000	3-Jun-19
24-May-19	3,798,000	5.54	5.49	20,894,000	3-Jun-19
27-May-19	7,517,500	5.51	5.34	41,137,000	19-Jun-19
29-May-19	4,649,500	5.57	5.40	25,589,000	19-Jun-19

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year (2019: nil).

44. RESERVES

(a) Capital reserve

Capital reserve represents (i) the effect of the group reorganisation completed in March 2010; (ii) deemed capital contribution from its equity holders; (iii) amount of consideration paid by Shandong Hongqiao New Material Co., Ltd * ("Shandong Hongqiao")山東宏橋新型材料有限公司in excess of the net book value of Chongqing Weiqiao Financial Factoring Co., Ltd. * ("Chongqing Weiqiao")重慶魏橋金融保理有限公司acquired from Weiqiao Chuangye Group Company Limited * ("Weiqiao Chuangye")山東魏橋創業集團有限公司in 2018; (iv) difference between the carrying amount of non-controlling interests acquired and the consideration paid for acquisition of addition interest in subsidiaries; and (v) share of capital reserve of an associate from Shandong Innovation Carbon New Material Co., Ltd.* ("Innovation Carbon New Material")山東創新炭材料有限公司.

(b) Statutory surplus reserve

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

(c) Translation reserve

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

(d) Investment revaluation reserve

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

* The English names of the above companies are for reference only

45. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which comprising the bank borrowings, other borrowing, medium-term debentures and bonds, guaranteed notes and convertible bonds as disclosed in notes 36, 37, 38, 39 and 40, and net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital as disclosed in note 43, share premium and reserves in the consolidated statement of financial position.

Management of the Group reviews the capital structure on a regular basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management, the Group will balance its overall capital structure through the payment of dividends, raise of new capital and share buy-backs as well as the issuance of new debt.

46. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2020 **RMB'000**	2019 RMB'000
Financial assets		
Financial assets at amortised cost (including cash and cash equivalents)	**73,879,173**	68,380,707
Financial assets at FVTPL		
– Financial asset at FVTPL	**–**	2,005
– Other financial asset	**–**	819
Financial assets at FVTOCI		
– Equity instruments at FVTOCI	**633,652**	289,339
Financial liabilities		
Financial liabilities at FVTPL		
– Derivatives component of convertible bonds	**550,111**	279,937
– Other financial liabilities	**4,942**	3,300
Financial liabilities at amortised cost	**96,950,826**	106,751,898

46. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, bills receivables, other receivables, restricted bank deposits, cash and cash equivalents, trade and bills payables, other payables and accruals, other financial liabilities, bank borrowings, other borrowing, medium-term debentures and bonds, guaranteed notes and liability component of convertible bonds. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(c) Market risk

(i) Currency risk

A subsidiary of the Company has foreign currency sales, which expose the Group to foreign currency risk. Approximately 2.36% of the Group's sales is denominated in currencies other than the functional currency of the group entity making the sale. In addition, the Company has intra-group balance with a subsidiary denominated in foreign currency which also expose the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Assets		Liabilities	
	2020	2019	**2020**	2019
	RMB'000	RMB'000	**RMB'000**	RMB'000
US$	**1,294,789**	1,638,511	**14,366,626**	20,844,916
Hong Kong Dollar ("HK$")	**163,430**	79,264	**–**	–
IDR	**68,691**	26,994	**–**	–

46. FINANCIAL INSTRUMENTS (Continued)

(c) Market risk (Continued)

(i) Currency risk (Continued)

Sensitivity analysis

The Group is mainly exposed to US$, HK$ and IDR.

The following table details the Group's sensitivity to a 5% (2019: 5%) increase and decrease in RMB against the relevant foreign currencies 5% (2019: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of reporting period for a 5% change in foreign currency rate.

A positive number below indicates an increase in post-tax profit where RMB strengthen 5% (2019: 5%) against the relevant currency. For a 5% (2019: 5%) weakening of RMB against the relevant currency, there would be an equal and opposite impact on the profit and the balances below would be negative.

	2020 **RMB'000**	2019 RMB'000
Effect on post-tax profit:		
US$ (note (i))	**490,098**	720,610
HK$ (note (ii))	**(6,129)**	(2,972)
IDR (note (iii))	**(2,576)**	(1,012)

Notes:

(i) This is mainly attributable to the exposure outstanding on US$ of cash and cash equivalents, trade receivables, prepayments and other receivables, trade and other payables, bank borrowings, other borrowing, convertible bonds and guaranteed notes at year end.

(ii) This is mainly attributable to the exposure outstanding on HK$ of cash and cash equivalents, prepayments and other receivables at year end.

(iii) This is mainly attributable to the exposure outstanding on IDR of cash and cash equivalents at year end.

In the opinion of the directors of the Company, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

46. FINANCIAL INSTRUMENTS (Continued)

(c) Market risk (Continued)

(ii) Interest rate risk

The Group's fair value interest rate risk relates primarily to its fixed-rate bank borrowings, liability component of convertible bonds, medium-term debentures and bonds, other borrowing and guaranteed notes. The Group aims at keeping borrowings at fixed rates.

The cash flow interest rate risk of the Group relates primarily to the restricted bank deposits, bank balances, floating interest rate bank borrowings and pay fixed and receive floating interest rate swaps, and mainly concentrated on the fluctuation of interest rate quoted from the PBOC, LIBOR and HIBOR on the bank borrowings.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of each reporting period. For floating interest rate bank borrowings, restricted bank deposits and bank balances, the analysis is prepared assuming the amount of liabilities and assets outstanding at the end of each reporting period was outstanding for the whole year. A 25 basis points increase or decrease is used which represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points higher/lower and all other variables were held constant:

	2020 RMB'000	2019 RMB'000
Increase (decrease) in profit for the year:		
As a result of increase in interest rate	**(34,211)**	(38,876)
As a result of decrease in interest rate	**34,211**	38,876

This is mainly attributable to the Group's exposure to interest rates on its interest bearing restricted bank deposits and bank balances and variable-rate bank borrowings after adjusting for the estimated effect capitalisation of borrowing costs.

46. FINANCIAL INSTRUMENTS (Continued)

(c) Market risk (Continued)

(iii) Other price risk

The Group is exposed to equity price risk through its investment in financial assets at FVTOCI. The Group's equity price risk is mainly concentrated on equity instrument operating in consultancy service industry sector quoted in the Stock Exchange.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risk at the end of the reporting period.

If the price of the respective equity instrument had been 10% (2019: 10%) higher/lower, other comprehensive income for the year ended 31 December 2020 would increase/decrease by approximately RMB63,365,000 (2019: RMB28,934,000) as a result of the changes in fair value of financial assets at FVTOCI.

(d) Credit risk

As at 31 December 2020, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position

The credit risk of our Group mainly arises from loan to an associate, trade receivables, bills receivables, other receivables, restricted bank deposits and bank balances. The carrying amounts of these balances represent our Group's maximum exposure to credit risk in relation to financial assets.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL on an individual basis for customer with significant balances and/ or collectively by using a provision matrix, estimated based on historical credit loss experience, as well as the general economic conditions of the industry in which the debtors operate. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

For other non-traded related receivables, the Group has assessed whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime rather than 12-month ECL.

Management considered loan to an associate to be low credit risk and thus the impairment provision recognised during the year was limited to 12-month ECL.

The credit risk on liquid funds and financial assets at amortised cost are limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

46. FINANCIAL INSTRUMENTS (Continued)

(d) Credit risk (Continued)

The Group's exposure to credit risk

In order to minimise credit risk, the Group has tasked its management to develop and maintain the Group's credit risk grading to categorise exposures according to their degree of risk of default. The credit rating information is supplied by the management uses the Group's own days past due to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group's current credit risk grading framework comprises the following categories:

		Basis for recognising ECL	
Category	**Description**	**Trade receivables**	**Other financial assets**
Performing	For financial assets where there has low risk of default or has not been a significant increase in credit risk since initial recognition and that are not credit impaired (refer to as Stage 1)	Lifetime ECL (simplified approach)	12-month ECL
Doubtful	For financial assets where there has been a significant increase in credit risk since initial recognition but that are not credit impaired (refer to as Stage 2)	Lifetime ECL – not credit impaired	Lifetime ECL – not credit impaired
Default	Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred (refer to as Stage 3)	Lifetime ECL – credit impaired	Lifetime ECL – credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

46. FINANCIAL INSTRUMENTS (Continued)

(d) Credit risk (Continued)

The tables below detail the credit quality of the Group's financial assets as well as the Group's maximum exposure to credit risk.

For the year ended 31 December 2020

	Internal credit rating	12-month or lifetime ECL	Gross carrying amount RMB'000	Loss allowance RMB'000	Net carrying amount RMB'000
Trade receivables (note 1)	Performing	Lifetime ECL (simplified approach)	**10,335,568**	**–**	**10,335,568**
Trade receivables	Default	Lifetime ECL – credit impaired	**7,186**	**(7,186)**	**–**
Bills receivables (note 2)	Performing	12-month ECL	**9,157,692**	**–**	**9,157,692**
Other receivables	Performing	12-month ECL	**2,441,018**	**–**	**2,441,018**
Other receivables	Doubtful	Lifetime ECL – not credit impaired	**466,918**	**(28,482)**	**438,436**
Other receivables	Default	Lifetime ECL – credit impaired	**29,515**	**(29,515)**	**–**
Financial asset at amortised cost	Performing	12-month ECL	**2,499,000**	**–**	**2,499,000**
Loan to an associate	Performing	12-month ECL	**2,000,000**	**–**	**2,000,000**
				(65,183)	

46. FINANCIAL INSTRUMENTS (Continued)

(d) Credit risk (Continued)

For the year ended 31 December 2019

	Internal credit rating	12-month or lifetime ECL	Gross carrying amount RMB'000	Loss allowance RMB'000	Net carrying amount RMB'000
Trade receivables (note 1)	Performing	Lifetime ECL (simplified approach)	10,311,326	–	10,311,326
Trade receivables	Default	Lifetime ECL – credit impaired	7,001	(7,001)	–
Bills receivables (note 2)	Performing	12-month ECL	11,139,775	–	11,139,775
Other receivables	Performing	12-month ECL	1,444,863	–	1,444,863
Other receivables	Doubtful	Lifetime ECL – not credit impaired	219,944	(13,856)	206,088
Other receivables	Default	Lifetime ECL – credit impaired	26,844	(26,844)	–
Loan to an associate	Performing	12-month ECL	2,000,000	–	2,000,000
				(47,701)	

Notes:

1. For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors are credit-impaired, the Group determines the expected credit losses on these items by using a provision matrix, grouped by past due status. The identified impairment loss is immaterial.

2. The credit risk on bills receivables is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies and thus the impairment provision recognised during the year was limited to 12-month ECL.

46. FINANCIAL INSTRUMENTS (Continued)

(d) Credit risk (Continued)

The Group has concentration of credit risk as 14% (2019: 9%) and 47% (2019: 43%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively.

The Group has concentration of credit risk in respect of bank's acceptance bills receivables as the Group's largest bills receivables from bank represented 11% (2019: 17%) of the total bills receivables as at 31 December 2020. In addition, the Group's bills receivables from the top five major banks represented 32% (2019: 59%) of the total bills receivables as at 31 December 2020.

The credit risk on bank balances and restricted bank deposits is limited because such amounts are placed with various banks with good credit ratings. Other than disclosed above, the Group does not have any other significant concentration of credit risk

(e) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the directors of the Company, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements.

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group relies on cash generated from operating activities as a significant source of liquidity. Other than the cash generated from operating activities, the Group's management is responsible for obtaining funding from other sources, including guaranteed notes, convertible bonds, bank borrowings, other borrowing, medium-term debentures and bonds and issue of new shares. The management also monitors the recognisation of bank borrowings and ensures compliance with loan covenants.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are at floating rate, the undiscounted amount is derived based on the interest rate at the end of each reporting period.

46. FINANCIAL INSTRUMENTS (Continued)

(e) Liquidity risk management (Continued)

	On demand or less than 6 months RMB'000	6 to 12 months RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At 31 December 2020							
Non-derivative financial liabilities							
Fixed-rate bank borrowings	2,550,920	5,135,063	3,961	12,104	–	7,702,048	7,478,070
Floating-rate bank borrowings	4,133,110	12,321,347	5,918,645	4,600,340	2,679,024	29,652,466	26,782,828
Medium-term debentures and bonds	17,869,391	5,965,935	4,059,560	10,196,164	–	38,091,050	36,120,076
Trade and bills payables	13,377,069	–	–	–	–	13,377,069	13,377,069
Other payables (exclude contract liabilities and other tax payables)	8,650,885	–	–	–	–	8,650,885	8,650,885
Lease liabilities	16,040	11,839	14,273	14,542	48,679	105,373	83,689
Guaranteed notes	124,829	126,898	2,276,079	1,427,994	–	3,955,800	3,242,270
Convertible bonds	42,571	43,277	1,794,816	–	–	1,880,664	1,215,939
	46,764,815	23,604,359	14,067,334	16,251,144	2,727,703	103,415,355	96,950,826

	On demand or less than 6 months RMB'000	6 to 12 months RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At 31 December 2019							
Non-derivative financial liabilities							
Fixed-rate bank borrowings	9,619,807	9,646,986	402,678	13,093	–	19,682,564	19,023,340
Floating-rate bank borrowings	7,103,956	3,968,252	1,414,170	498,756	2,801,801	15,786,935	13,551,137
Fixed-rate other borrowing	49,680	1,399,955	–	–	–	1,449,635	1,391,446
Medium-term debentures and bonds	1,192,103	2,699,190	26,291,198	15,300,460	–	45,482,951	40,025,013
Trade and bills payables	18,215,656	–	–	–	–	18,215,656	18,215,656
Other payables (exclude contract liabilities and other tax payables)	9,846,705	–	–	–	–	9,846,705	9,846,705
Lease liabilities	16,073	16,073	19,431	11,399	51,529	114,505	90,733
Guaranteed notes	124,829	126,898	251,726	3,704,763	–	4,208,216	3,457,313
Convertible bonds	42,571	43,277	85,848	1,795,051	–	1,966,747	1,150,555
	46,211,380	17,900,631	28,465,051	21,323,522	2,853,330	116,753,914	106,751,898

46. FINANCIAL INSTRUMENTS (Continued)

(e) Liquidity risk management (Continued)

The amounts included above of floating interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period

(f) Fair value measurements of financial instruments

Fair value measurement recognised in the consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured at fair value at the end of each reporting period for recurring and non-recurring measurement, grouped into Levels 1 to 3 based on the degree to which the fair value is observable in accordance to the Group's accounting policy.

	31 December 2020			
	Level 1 RMB'000	**Level 2 RMB'000**	**Level 3 RMB'000**	**Total RMB'000**
Financial assets at FVTOCI				
Listed equity instruments	**633,652**	**–**	**–**	**633,652**
Financial liabilities at FVTPL				
Derivatives component of convertible bonds	**–**	**–**	**550,111**	**550,111**
Derivative financial liabilities				
– Capped forward contract	**–**	**1,848**	**–**	**1,848**
– Interest rate swap contracts	**–**	**3,094**	**–**	**3,094**
	–	**4,942**	**550,111**	**555,053**

	31 December 2019			
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets at FVTPL				
Collective investment trust	–	–	2,005	2,005
Derivative financial asset				
– Capped forward contract	–	819	–	819
Financial assets at FVTOCI				
Listed equity instrument	289,339	–	–	289,339
	289,339	819	2,005	292,163
Financial liabilities at FVTPL				
Derivatives component of convertible bonds	–	–	279,937	279,937
Derivative financial liabilities				
– Interest rate swap contracts	–	3,300	–	3,300
	–	3,300	279,937	283,237

There were no transfers between levels of fair value hierarchy in the current and prior years.

46. FINANCIAL INSTRUMENTS (Continued)

(f) Fair value measurements of financial instruments (Continued)

Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis

The valuation techniques and inputs used in the fair value measurements of each financial instrument on a recurring basis are set out below:

Financial instruments	Fair value hierarchy	Fair value as at 31.12.2020 RMB'000	Fair value as at 31.12.2019 RMB'000	Valuation technique and key inputs
Financial asset at FVTPL	Level 3	**–**	2,005	Market multiples – Based on average P/E multiple peers and discount for lack of marketability
Financial assets at FVTOCI	Level 1	**633,652**	289,339	Quoted bid prices in an active market
Capped forward contract	Level 2	**(1,848)**	819	Discounted cash flows – Based on forward contracts exchange rates (from observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties)
Interest rate swaps contracts	Level 2	**3,094**	3,300	Discounted cash flows – Based on forward interest rates (from observable forward interest rates at the end of the reporting period and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties)
Redemption option derivative of convertible bonds	Level 3	**40,496**	128,516	Binomial option pricing model: Key observable inputs: risk free rate of 0.12% (2019: 1.59%) and effective interest rate of 6.31% (2019: 8.86%) Key unobservable inputs: volatility of 40.49% (2019: 41.71%)
Conversion option derivative of convertible bonds	Level 3	**509,615**	151,421	Binomial option pricing model: Key observable inputs: risk free rate of 0.12% (2019: 1.59%) and effective interest rate of 6.31% (2019: 8.86%) Key unobservable inputs: volatility of 40.49% (2019: 41.71%)

46. FINANCIAL INSTRUMENTS (Continued)

(f) Fair value measurements of financial instruments (Continued)

Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

The fair value of financial asset at FVTPL was determined using the income approach and the significant unobservable inputs included discount rates and average P/E multiple peers. The lower the discount rates and higher the average P/E multiple peers, the higher will be the fair value.

Reconciliation of Level 3 fair value measurements of financial asset at FVTPL on recurring basis:

	RMB'000
At 1 January 2019	–
Purchases	2,005
Balance at 31 December 2019	2,005
Disposal	(2,005)
Balance at 31 December 2020	–

Fair value measurements and valuation process

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

46. FINANCIAL INSTRUMENTS (Continued)

(f) Fair value measurements of financial instruments (Continued)

Fair values of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

Management has assessed that the fair values of cash and cash equivalents, restricted bank deposits, trade receivables, bills receivables, financial assets included in other receivables, trade and bills payables, financial liabilities included in other payables and accruals, bank borrowings-due within one year, other borrowing-due within one year and guaranteed notes due within one year approximate to their carrying amounts largely due to the short term maturities of these instruments. Except as detailed in the following table, the directors of the company consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

	31 December 2020		31 December 2019	
	Carrying amount RMB'000	**Fair value RMB'000**	Carrying amount RMB'000	Fair value RMB'000
Financial liabilities				
Listed				
Medium-term bonds-due after one year	**9,755,504**	**9,720,304**	24,198,294	24,182,540
Guaranteed notes	**3,242,270**	**3,115,001**	3,457,313	3,067,750
Unlisted				
Medium-term bonds-due after one year	**3,589,874**	**3,425,271**	14,330,935	13,845,774
Bank borrowings-due after one year	**11,483,498**	**9,152,703**	3,519,628	3,460,646
Liability component of convertible bonds	**1,215,939**	**1,575,167**	1,150,555	1,143,260

46. FINANCIAL INSTRUMENTS (Continued)

(f) Fair value measurements of financial instruments (Continued)

Fair values of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required) (Continued)

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

	As at 31 December 2020			
	Level 1 RMB'000	**Level 2 RMB'000**	**Level 3 RMB'000**	**Total RMB'000**
Financial liabilities at amortised cost:				
Medium-term bonds-due after one year-listed	**9,720,304**	**–**	**–**	**9,720,304**
Medium-term bonds-due after one year-unlisted	**–**	**3,425,271**	**–**	**3,425,271**
Bank borrowings-due after one year	**–**	**9,152,703**	**–**	**9,152,703**
Liability component of convertible bonds	**–**	**1,575,167**	**–**	**1,575,167**
Guaranteed notes	**3,115,001**	**–**	**–**	**3,115,001**
	12,835,305	**14,153,141**	**–**	**26,988,446**

	As at 31 December 2019			
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial liabilities at amortised cost:				
Medium-term bonds-due after one year-listed	24,182,540	–	–	24,182,540
Medium-term bonds-due after one year-unlisted	–	13,845,774	–	13,845,774
Bank borrowings-due after one year	–	3,460,646	–	3,460,646
Liability component of convertible bonds	–	1,143,260	–	1,143,260
Guaranteed notes	3,067,750	–	–	3,067,750
	27,250,290	18,449,680	–	45,699,970

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- The fair value of listed medium-term bonds due after one year and guaranteed notes are included in Level 1 of the fair value hierarchy. The fair value of the financial liabilities included in Level 1 above has been determined using the quoted bid prices in an active market.

- The fair value of unlisted medium-term bonds, bank borrowings due after one year and liability component of convertible bonds are included in Level 2 of the fair value hierarchy. The fair values of the financial liabilities included in the Level 2 category above have been calculated by discounting the expected future cash flows using rates currently available for instruments on similar terms, credit risk and remaining maturities.

47. ACQUISITION OF A SUBSIDIARY

In March 2019, the Group acquired 100% of the equity interest in Hongbo Aluminum Industry Technology Company Limited * ("Hongbo Aluminum Industry") 濱州鴻博鋁業科技有限公司 from Boxing Ruifeng Aluminum Plate Company Limited *博興縣瑞豐鋁板有限公司, an independent third party, at a consideration of approximately RMB147,666,000. Approximately RMB92,166,000 of the consideration was paid during the year ended 31 December 2019 and the remaining balance of RMB55,500,000 was settled during the year ended 31 December 2020. This acquisition was accounted for using the acquisition method. The amount of bargain purchase arising as a result of the acquisition was approximately RMB3,282,000. Hongbo Aluminum Industry is engaged in the manufacture and sales of aluminum fabrication. Hongbo Aluminum Industry was acquired so as to continue the expansion of the Group's aluminum products operations.

Consideration of the acquisition:

	RMB'000
Cash consideration	147,666
Less: cash consideration paid	(147,666)
Consideration payable (included in other payables)	–

Assets acquired and liabilities recognised at the date of acquisition are as follows:

	RMB'000
Property, plant and equipment	421,600
Intangible assets	6
Inventories	245,658
Trade receivables	132,241
Bill receivables	7,715
Prepayments and other receivables	99,661
Cash and cash equivalents	8,766
Trade payables	(328,862)
Other payables and accruals	(435,745)
Income tax payable	(92)
	150,948

Acquisition-related costs amounting to RMB240,000 was excluded from the consideration transferred and was recognised as an expense in the year ended 31 December 2019, within the administrative expenses in the consolidated statement of profit or loss and other comprehensive income.

47. ACQUISITION OF A SUBSIDIARY (Continued)

Gain on bargain purchase:

	RMB'000
Consideration of the acquisition	147,666
Less: net assets acquired	(150,948)
Gain on bargain purchase	(3,282)

Net cash outflow arising on acquisition:

	RMB'000
Cash consideration	147,666
Less: cash and cash equivalent acquired	(8,766)
consideration payable	(55,500)
Net cash outflow on acquisition	83,400

Included in the profit for the year was approximately a loss of approximately RMB26,402,000, attributable to the additional business generated by Hongbo Aluminum Industry. Revenue for the year ended 31 December 2019 includes approximately RMB803,292,000 generated from Hongbo Aluminum Industry.

Had the acquisition been completed on 1 January 2019, total revenue of the Group for the year ended 31 December 2019 would have been approximately RMB84,495,325,000 and profit for the year would have been approximately RMB6,418,915,000. The pro forma information was for illustrative purposes only and was not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2019, nor was it intended to be a projection of future results.

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

48. 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 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 were 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:

	RMB'000
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	(19,954)
Net assets disposed of	3,657
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	(937)
Gain on partial disposal of a subsidiary	1,406
Net cash outflow arising on disposal:	
Cash and cash equivalents disposed of	(261)

* The English name of the above company is for reference only.

49. CHANGES IN OWNERSHIP INTEREST IN SUBSIDIARIES

During the year ended 31 December 2019, the Group had the following changes in its ownership interest in subsidiaries that did not result in a loss of control.

Acquisition of additional interest in subsidiaries

a) In October 2019, the Group acquired an additional 40% issued shares of Shanghai Helu Equity Investment Company Limited * ("Shanghai Helu Equity Investment")上海和魯股權投資管理有限公司, increasing its ownership interest to 100%. Cash consideration of approximately RMB24,048,000 was paid to the non-controlling shareholders. The carrying value of the net assets of Shanghai Helu Equity Investment was approximately RMB70,187,000. A schedule of the effect of acquisition of additional interest is as follow:

	2019 RMB'000
Carrying amount of non-controlling interest acquired	28,075
Consideration paid for acquisition of additional interest in Shanghai Helu Equity Investment	(24,048)
Difference recognised in capital reserve within equity	4,027

b) In September 2019, the Group acquired an additional 10% issued shares of Chongqing Weiqiao, increasing its ownership interest to 65%. Cash consideration of approximately RMB51,922,000 was paid to the non-controlling shareholders. The carrying value of the net assets of Chongqing Weiqiao was approximately RMB532,700,000. A schedule of the effect of acquisition of additional interest is as follow:

	2019 RMB'000
Carrying amount of non-controlling interest acquired	53,270
Consideration paid for acquisition of additional interest in Chongqing Weiqiao	(51,922)
Difference recognised in capital reserve within equity	1,348

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

50. PLEDGE OF ASSETS

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

	2020 RMB'000	2019 RMB'000
Restricted bank deposits (note 31)	**1,542,098**	1,423,967
Property, plant and equipment (note 16)	**12,203,099**	11,121,259
Right-of-use assets (note 17)	**293,636**	300,980

51. COMMITMENTS

	2020 RMB'000	2019 RMB'000
Capital expenditure in respect of acquisition of property, plant and equipment		
– Contracted for but not provided	**2,205,218**	2,292,296

52. RELATED PARTY TRANSACTIONS

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

(a) During the year, the directors of the Company are of the view that the following are related parties of the Group:

Name of party	Relationship
Weiqiao Chuangye	note iii
Binzhou Weiqiao Technology Industrial Park Company Limited (“Binzhou Industrial Park”)濱州魏橋科技工業園有限公司(note i)	Controlled by Weiqiao Chuangye
Shandong Minghong Textile Technology Company Limited (“Ming Hong Textile”)山東銘宏紡織科技有限公司(note i)	Controlled by Weiqiao Chuangye
KSM Castings Qinhuangdao Co., Ltd (“Caseman”) 凱斯曼秦皇島汽車零部件製造有限公司	note v
CITIC Trust	Controlled by CITIC Group Corporation (note ii)
China CITIC Bank International (“CITIC Bank”)	Controlled by CITIC Group Corporation (note ii)
China CITIC Bank (“China CITIC Bank”)中信銀行股份有限公司	Controlled by CITIC Group Corporation (note ii)
Binzhou City Construction Investment Development Co. Ltd. (“Binzhou Investment”)濱州市公建投資開發有限公司(note i)	Controlled by Weiqiao Chuangye
Binzhou City Beihai Weiqiao Solid Waste Disposal Co., Ltd. (“Beihai Solid Waste”)濱州市北海魏橋固廢處置有限公司(note i)	Controlled by Weiqiao Chuangye
Shandong Ruixin Tendering Co., Ltd (“Shandong Ruixin”) 山東瑞信招標有限公司(note i)	Controlled by Weiqiao Chuangye
PT. Harita Jayaraya (“Harita Jayaraya”)	note iv
PT. Cita Mineral Investindo, Tbk.	note iv
PT. Antar Sarana Rekasa	Controlled by Harita Jayaraya
Zhanhua Jinsha Water Supply Co., Ltd. (“Jinsha Water Supply”) 沾化金沙供水有限公司(note i)	An associate of Weiqiao Chuangye
Innovation Carbon New Material	An associate of a wholly-owned subsidiary of the Company
ABM	An associate of a wholly-owned subsidiary of the Company
GTS	An associate of a wholly-owned subsidiary of the Company
WAP	An associate of a wholly-owned subsidiary of the Company
SMB	An associate of a wholly-owned subsidiary of the Company
Binneng Energy	An associate of a wholly-owned subsidiary of the Company

52. RELATED PARTY TRANSACTIONS (Continued)

(a) (Continued)

Notes:

i. The English names of the above companies are for reference only.

ii. As at 31 December 2020, CTI Capital Management Limited and its related company, CNCB (Hong Kong) Investment Limited, holding 877,184,826 (31 December 2019: 877,184,826) shares of the Company, representing 9.88% (31 December 2019: 10.23%) of the total issued shares of the Company as at 31 December 2020, are both indirect subsidiaries of CITIC Group Corporation. Therefore, CITIC Group Corporation is a connected person of the Group for the year ended 31 December 2019. On 2 December 2020, the Group issued 307,500,000 ordinary shares of US$0.01, therefore the shareholding of CITIC Group Corporation is below 10% and no longer be the related party of the Group since then.

iii. Mr. Zhang Bo, the director of the Company, has a significant non-controlling beneficial interest in Weiqiao Chuangye, and is also the director of Weiqiao Chuangye.

iv. Harita Jayaraya has a significant non-controlling beneficial interest in PT Well Harvest Winning Alumina Refinery, a subsidiary of the Group.

v. On 13 December 2019, CITIC Industrial Investment Ningbo Co., Ltd ("Industrial Ningbo"), an indirect wholly-owned subsidiary of CITIC Group Corporation, entered into a share transfer agreement with an independent third party to sell 57.89% equity interest in CITIC Dicastal Co., Ltd, an immediate holding company of Caseman. Since then, Caseman was no longer being the related party to the Group.

52. RELATED PARTY TRANSACTIONS (Continued)

(a) (Continued)

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

	Notes	2020 RMB'000	2019 RMB'000
Purchases of water			
Jinsha Water Supply	(b)	**(24,037)**	(19,160)
Weiqiao Chuangye	(b)	**(36,399)**	(44,623)
Industrial waste expenses			
Beihai Solid Waste	(b)	**(183,227)**	(169,814)
Purchases of bauxite			
GTS	(h)	**(8,149,746)**	(12,330,052)
PT. Cita Mineral Investindo, Tbk.	(b)	**(246,420)**	(237,072)
Purchase of electricity			
Binneng Energy	(h)	**(9,580,417)**	(2,266,852)
Purchases of anode carbon block			
Innovation Carbon New Material	(h)	**(650,379)**	(248,095)
Sales of steam			
Binzhou Industrial Park	(a)	**10,354**	17,518
Ming Hong Textile	(a)	**3,611**	3,797
Binzhou Investment	(a)	**25,838**	21,087
Sales of electricity			
Innovation Carbon New Material	(h)	**–**	5,528
Sales of molten aluminum alloy			
Caseman	(f)	**–**	2,890,663
Legal and professional fee			
Shandong Ruixin	(a)	**(7,615)**	(4,767)
Sales of raw materials			
Beihai Solid Waste	(a)	**–**	575
Lease payment			
Weiqiao Chuangye	(a), (c), (g)	**(6,353)**	(2,614)
PT. Lima Srikandi Jaya	(b), (e)	**–**	(29)
Harita Jayaraya	(b), (d)	**(1,387)**	(1,410)
PT. Mitra Kemakmuran Line	(b), (e)	**–**	(133)
PT. Antar Sarana Rekasa	(b), (e)	**(8,597)**	(8,715)
Bank interest income			
China CITIC Bank	(a)	**410**	569
Interest income from an associate			
Binneng Energy	(h)	**133,569**	62,000
Interest expenses on bank borrowings			
CITIC Bank	(a)	**(28,901)**	(97,944)
China CITIC Bank	(a)	**(301,473)**	(370,233)
Purchases of collective investment trust			
CITIC Trust	(b)	**(2,499,000)**	(1,100,000)
Investment income			
CITIC Trust	(b)	**89,663**	2,026

52. RELATED PARTY TRANSACTIONS (Continued)

(a) (Continued)

Notes:

(a) The related party transactions in respect of (a) above constitute connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules, however, they are exempt from the disclosure requirements in Chapter 14A of the Listing Rules in accordance with the provisions such as Rule 14A.76 of the Listing Rules.

(b) The related party transactions in respect of (b) above constitute connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules and have complied with the disclosure requirements of Chapter 14A of the Listing Rules.

(c) For the year ended 31 December 2018, the Group entered into a twenty-five-year lease in respect of certain properties from Weiqiao Chuangye. The amount of rent payable by the Group under the lease is approximately RMB237,000 per month. As at 31 December 2020, the carrying amount of such lease liabilities is approximately RMB43,003,000 (2019: RMB44,236,000).

(d) For the year ended 31 December 2019, the Group entered into a two-year lease in respect of certain properties in Indonesia. The amount of rent payable by the Group under the lease is approximately RMB101,000 per month. As at 31 December 2020, the carrying amount of such lease liabilities is nil (2019: RMB1,124,000).

(e) For the year ended 31 December 2019, the Group entered into three leases ranging from 2 to 3 years in respect of vessels, crew boats and crane barge in Indonesia. The amount of rent payable by the Group under these leases are in aggregate approximately RMB752,000 per month. As at 31 December 2020, the carrying amount of such lease liabilities is approximately RMB7,654,000 (2019: RMB16,706,000).

(f) On 13 December 2019, Industrial Ningbo, an indirect wholly-owned subsidiary of CITIC Group Corporation, entered into a share transfer agreement with an independent third party to sell 57.89% equity interest in CITIC Dicastal Co., Ltd, an immediate holding company of Caseman. Since then, Caseman was no longer being the related party to the Group.

(g) For the year ended 31 December 2020, the Group entered into a three-year-lease in respect of certain properties from Weiqiao Chuangye. The amount of rent payable by the Group under the lease is approximately RMB766,000 per month. As at 31 December 2020, the carrying amount of such lease liabilities is approximately RMB22,550,000 (2019: nil).

(h) The related party transactions in respect of (h) above do not constitute connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules.

52. RELATED PARTY TRANSACTIONS (Continued)

(a) (Continued)

The following balances were outstanding at the end of the year:

	2020 RMB'000	2019 RMB'000
Bank balances		
CITIC Bank (note i)	–	194,744
China CITIC Bank (note ii)	–	95,075
Bank borrowings		
CITIC Bank (notes iii and v)	–	(732,501)
China CITIC Bank (notes iv and v)	–	(6,435,000)
Loans to associate		
ABM	717,739	767,382
Binneng Energy	2,000,000	2,000,000
Trade payables		
GTS	(84,839)	(127,236)
Innovation Carbon New Material	(166,424)	(76,031)
Jinsha Water Supply	(2,599)	(2,624)
Weiqiao Chuangye	(8,974)	(11,292)
PT. Cita Mineral Investindo, Tbk.	(30,181)	(38,942)
Trade receivables		
Ming Hong Textile	119	114
Receivables from financial institution		
CITIC Trust	–	1,000,000
Financial assets at FVTPL		
CITIC Trust	–	2,005
Prepayment		
Binneng Energy	3,617,585	2,438,457
Contract liabilities		
Caseman (note f)	–	(19,928)

52. RELATED PARTY TRANSACTIONS (Continued)

(a) (Continued)

Notes:

i. The bank balances of CITIC Bank were interest-free.

ii. The bank balances of China CITIC Bank were interest bearing at normal interest rate of 0.3% per annum for the years ended 31 December 2020 and 2019.

iii. The bank borrowings of CITIC Bank were interest bearing at normal interest rates ranged from 5.9% to 6.5% per annum for the year ended 31 December 2019.

iv. The bank borrowings of China CITIC Bank was interest bearing at normal interest rate of 4.32% to 5.25% per annum for the year ended 31 December 2019.

v. The related party transactions constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules, however, they are fully exempt from the disclosure requirements in Chapter 14A.90 of the Listing Rules as the transaction terms are in normal commercial terms and are not secured by assets of the Group.

(b) Compensation of key management personnel

	2020 RMB'000	2019 RMB'000
Short term employee benefit	**4,133**	4,798
Retirement benefits scheme contributions	**20**	64
	4,153	4,862

Further details of the directors' and chief executive's emoluments are included in note 12 to the consolidated financial statements.

(c) Guarantees and security

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

	2020 RMB'000	2019 RMB'000
Weiqiao Chuangye	**1,299,000**	299,000

53. RETIREMENT BENEFIT SCHEME

As stipulated by rules and regulations in the PRC, subsidiaries in the PRC are required to contribute to a state-managed retirement plan for all its employees at a certain percentage of the basic salaries of its employees. The state-managed retirement plan is responsible for the entire pension obligations payable to all retired employees. Under the state-managed retirement plan, the Group has no further obligations for the actual pension payments or post-retirement benefits beyond the annual contributions.

During the year ended 31 December 2020, the total cost charged to consolidated statement of profit or loss and other comprehensive income of approximately RMB140,341,000 (2019: RMB125,686,000) represents contributions payable to these schemes by the Group in respect of the respective accounting period.

54. LITIGATION

China Sixth Metallurgical Construction Co., Ltd. * ("China Sixth Metallurgical") 中國有色金屬工業第六冶金建設有限公司, a subsidiary of China Aluminum International Engineering Corporation Limited *中鋁國際工程股份有限公司, prosecuted the Group in November 2019 in relation to default of construction cost and relevant interest expenses in aggregation of approximately RMB224,880,000. The litigation involved four construction contracts which covered the period from April 2012 to June 2016 and January 2015 to January 2017 respectively. Such cases were accepted by the local courts in December 2019 and the Group negotiated with China Sixth Metallurgical for possible settlement. In January 2020, China Sixth Metallurgical cancelled the prosecutions against the Group and the Group paid approximately RMB60,000,000 to China Sixth Metallurgical as an out of court settlement.

55. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the consolidated statement of cash flows as cash flows from financing activities.

			Non-cash changes				
	1 January 2020 RMB'000	Financing cash flows RMB'000	Additions RMB'000	Finance costs incurred RMB'000	Foreign exchange movements RMB'000	Fair value change RMB'000	31 December 2020 RMB'000
Bank borrowings	32,574,477	1,827,139	–	–	(140,718)	–	34,260,898
Other borrowing	1,391,446	(1,399,600)	–	–	8,154	–	–
Lease liabilities	90,733	(35,452)	25,980	3,633	(1,205)	–	83,689
Liability component of CBs	1,150,555	–	–	143,225	(77,841)	–	1,215,939
Derivatives component of CBs	279,937	–	–	–	(18,620)	288,794	550,111
Medium-term debentures and bonds	40,025,013	(3,760,086)	–	(144,851)	–	–	36,120,076
Guaranteed notes	3,457,313	–	–	16,703	(231,746)	–	3,242,270
Interest payable	1,662,187	(4,676,697)	–	4,487,526	–	–	1,473,016
	80,631,661	(8,044,696)	25,980	4,506,236	(461,976)	288,794	76,945,999

			Non-cash changes				
	1 January 2019 RMB'000	Financing cash flows RMB'000	Adoption of IFRS16 RMB'000	Finance costs incurred RMB'000	Foreign exchange movements RMB'000	Fair value change RMB'000	31 December 2019 RMB'000
Bank borrowings	30,197,538	2,342,059	–	–	34,880	–	32,574,477
Other borrowing	1,366,569	–	–	–	24,877	–	1,391,446
Lease liabilities	–	(26,192)	112,608	3,481	836	–	90,733
Liability component of CBs	1,012,052	–	–	123,347	15,156	–	1,150,555
Derivatives component of CBs	415,195	–	–	–	5,300	(140,558)	279,937
Short-term debentures and notes	4,000,000	(4,000,000)	–	–	–	–	–
Medium-term debentures and bonds	42,830,014	(3,212,636)	–	407,635	–	–	40,025,013
Guaranteed notes	3,078,664	351,421	–	22,405	4,823	–	3,457,313
Interest payable	1,778,752	(4,779,292)	–	4,662,727	–	–	1,662,187
	84,678,784	(9,324,640)	112,608	5,219,595	85,872	(140,558)	80,631,661

56. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2020 RMB'000	2019 RMB'000
Non-current assets			
Plant and equipment		**61**	112
Right-of-use assets		**8,997**	17,101
Investment in subsidiaries		**11,199,239**	11,199,239
Other receivables		**717,739**	767,382
Amounts due from subsidiaries	(i)	**10,739,771**	14,153,063
Financial assets at fair value through other comprehensive income		**633,652**	289,339
		23,299,459	26,426,236
Current assets			
Trade receivables		**–**	1,639,563
Prepayment and other receivables		**1,435**	1,527
Amount due from immediate holding company	(ii)	**27**	27
Other financial asset		**–**	819
Income tax recoverable		**82,496**	–
Cash and cash equivalents		**194,544**	284,309
		278,502	1,926,245
Current liabilities			
Trade payables		**–**	34,681
Other payables		**99,582**	118,342
Lease liabilities		**5,990**	8,098
Bank borrowings-due within one year		**1,562,364**	2,105,577
Other borrowing-due within one year		**–**	1,391,446
Other financial liabilities		**4,942**	3,300
Income tax payable		**–**	37,224
		1,672,878	3,698,668
Net current liabilities		**(1,394,376)**	(1,772,423)
Total assets less current liabilities		**21,905,083**	24,653,813
Non-current liabilities			
Lease liabilities		**2,835**	8,927
Amount due to a subsidiary	(ii)	**63,589**	–
Bank borrowings-due after one year		**1,174,482**	1,098,461
Liability component of convertible bonds		**1,215,939**	1,150,555
Guaranteed notes		**3,242,270**	3,457,313
Derivative component of convertible bonds		**550,111**	279,937
		6,249,226	5,995,193
Net assets		**15,655,857**	18,658,620
Capital and reserves			
Share capital		**579,318**	559,090
Reserves	(iii)	**15,076,539**	18,099,530
Total equity		**15,655,857**	18,658,620

56. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Notes:

(i) The amounts due from subsidiaries are unsecured and repayable after one year. Except for balances of approximately RMB4,682,789,000 (2019: RMB5,915,937,000) carrying interest at fixed rate ranged from 5% to 8% (2019: 5% to 8%) per annum, the remaining balances are interest-free. The fair value of interest-free portion is estimated at approximately RMB6,056,982,000 (2019: RMB8,237,126,000) by using the effective interest rate of 4.9% per annum.

(ii) The amounts due from (to) immediate holding company / a subsidiary are unsecured, interest-free and repayable on demand.

(iii) Movement in reserves

	Share premium RMB'000	Share reserve[1] RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2019	19,829,421	3,193,854	(4,363,074)	18,660,201
Profit and total comprehensive income for the year	–	–	1,764,729	1,764,729
Dividend paid	–	–	(1,807,631)	(1,807,631)
Share repurchase and cancelled	(517,769)	–	–	(517,769)
At 31 December 2019 and 1 January 2020	**19,311,652**	**3,193,854**	**(4,405,976)**	**18,099,530**
Loss and total comprehensive expense for the year	**–**	**–**	**(859,420)**	**(859,420)**
Dividend paid	**–**	**–**	**(3,760,997)**	**(3,760,997)**
Issue of shares upon share subscription	**1,597,426**	**–**	**–**	**1,597,426**
At 31 December 2020	**20,909,078**	**3,193,854**	**(9,026,393)**	**15,076,539**

1. Share reserve represented capitalisation of amount due to a related party in previous year.

57. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Details of the Company's principal subsidiaries as at 31 December 2020 and 2019 are as follows:

Name of subsidiaries	Place and date of incorporation/ establishment	Class of shares held	Paid up issued/ registered ordinary share capital	Proportion of ownership interest held by the Company				Proportion of voting power held by the Group		Principal activities
				Directly		Indirectly				
				2020 %	2019 %	2020 %	2019 %	2020 %	2019 %	
China Hongqiao Investment Limited	British Virgin Islands ("BVI")	Ordinary Shares	US$200	**100**	100	**-**	–	**100**	100	Investment holding
Hongqiao Investment (Hong Kong) Limited ("Hongqiao Investment")	Hong Kong	Ordinary Shares	HK$10,100	**-**	–	**100**	100	**100**	100	Investment holding
PT Well Harvest Winning Alumina Refinery	Jakarta, Indonesia	Ordinary Shares	IDR2,334,000,000,000	**61**	61	**-**	–	**61**	61	Manufacture and sale of alumina
Hongqiao (HK) International Trading Limited (formerly known as Hongqiao International Trading Limited)	Hong Kong	Ordinary Shares	HK$10,000,000	**-**	–	**100**	100	**100**	100	Inactive
Shandong Hongqiao	PRC	Ordinary Shares	US$1,533,120,000	**-**	–	**100**	100	**100**	100	Manufacture and sale of aluminum products
Zouping Hongli Thermal Power Co., Ltd. * 鄒平縣宏利熱電有限公司	PRC	Ordinary Shares	RMB1,817,065,373	**-**	–	**100**	100	**100**	100	Production and sale of electricity
Zhouping Hongmao New Material Technology Co., Ltd. * 鄒平縣宏茂新材料科技有限公司	PRC	Ordinary Shares	RMB1,500,000,000	**-**	–	**100**	100	**100**	100	Manufacture and sale of aluminum products
Zhouping Hongzheng New Material Technology Co., Ltd * 鄒平縣宏正新材料科技有限公司	PRC	Ordinary Shares	RMB700,000,000	**-**	–	**100**	100	**100**	100	Manufacture and sale of aluminum products
Shandong Weiqiao Aluminum & Power Co., Ltd. * ("Shandong Weiqiao") 山東魏橋鋁電有限公司	PRC	Ordinary Shares	RMB13,000,000,000	**-**	–	**100**	100	**100**	100	Manufacture and sale of aluminum products
Zouping County Hongxu Thermal Power Co., Ltd., *("Hongxu Power") 鄒平縣宏旭熱電有限公司	PRC	Ordinary Shares	RMB8,200,000,000	**-**	–	**100**	100	**100**	100	Production and sale of electricity
Zouping Huiju New Material Technology Co., Ltd. *鄒平縣匯聚新材料科技有限公司	PRC	Ordinary Shares	RMB459,293,189/ RMB500,000,000	**-**	–	**100**	100	**100**	100	Research and development, sale of bauxite, manufacture and sale of aluminum products

57. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (Continued)

Details of the Company's principal subsidiaries as at 31 December 2020 and 2019 are as follows: (Continued)

Name of subsidiaries	Place and date of incorporation/ establishment	Class of shares held	Paid up issued/ registered ordinary share capital	Proportion of ownership interest held by the Company				Proportion of voting power held by the Group		Principal activities
				Directly		Indirectly				
				2020 %	2019 %	2020 %	2019 %	2020 %	2019 %	
Zouping Huicai New Material Technology Co., Ltd. *鄒平縣匯才新材料科技有限公司	PRC	Ordinary Shares	RMB3,700,000,000	-	–	100	100	100	100	Research and development, sale of bauxite, manufacture and sale of aluminum products
Zouping Huisheng New Material Technology Co., Ltd. *鄒平縣匯盛新材料科技有限公司	PRC	Ordinary Shares	RMB5,900,000,000	-	–	100	100	100	100	Research and development, sale of bauxite, manufacture and sale of aluminum products
Zouping Huimao New Mateiral Technology Co., Ltd. *鄒平縣匯茂新材料科技有限公司	PRC	Ordinary Shares	RMB5,500,000,000	-	–	100	100	100	100	Research and development, sale of bauxite, manufacture and sale of aluminum products
Huimin Huihong New Material Co., Ltd. * 惠民縣匯宏新材料有限公司	PRC	Ordinary Shares	RMB5,000,000,000	-	–	100	100	100	100	Manufacture and sale of aluminum products
Zhanhua Huihong New Material	PRC	Ordinary Shares	RMB3,000,000,000	-	–	100	100	100	100	Manufacture and sale of aluminum products
Yangxin New Material Co., Ltd. * 陽信縣匯宏新材料有限公司	PRC	Ordinary Shares	RMB1,000,000,000	-	–	100	100	100	100	Manufacture and sale of aluminum products
Binzhou Beihai New Material Co., Ltd. * 濱州北海匯宏新材料有限公司	PRC	Ordinary Shares	RMB3,500,000,000	-	–	100	100	100	100	Manufacture and sale of aluminum products
Binzhou Hongnuo New Material Co. Ltd. * 濱州市宏諾新材料有限公司	PRC	Ordinary Shares	RMB1,500,000,000	-	–	100	100	100	100	Manufacture and sale of aluminum products
Shandong Hongqiao Financial Leasing Co., Ltd. *山東宏橋融資租賃有限公司	PRC	Ordinary Shares	US$200,000,000	-	–	100	100	100	100	Financial leasing
Shandong Hongfan Industrial Co., Ltd. * 山東宏帆實業有限公司	PRC	Ordinary Shares	RMB1,000,000,000	-	–	100	100	100	100	Manufacture and sale of aluminum products

57. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (Continued)

Details of the Company's principal subsidiaries as at 31 December 2020 and 2019 are as follows: (Continued)

Name of subsidiaries	Place and date of incorporation/ establishment	Class of shares held	Paid up issued/ registered ordinary share capital	Proportion of ownership interest held by the Company				Proportion of voting power held by the Group		Principal activities
				Directly		Indirectly				
				2020 %	2019 %	2020 %	2019 %	2020 %	2019 %	
Binzhou Hongzhan Aluminum Technology Co., Ltd. *濱州宏展鋁業科技有限公司	PRC	Ordinary Shares	RMB200,000,000	-	–	100	100	100	100	Manufacture and sale of aluminum products
Zouping Hongfa Aluminum Technology Co., Ltd. *鄒平宏發鋁業科技有限公司	PRC	Ordinary Shares	RMB700,000,000	-	–	100	100	100	100	Manufacture and sale of aluminum products
Shandong Hongbin International Business Co., Ltd. *山東宏濱國際商貿有限公司	PRC	Ordinary Shares	RMB30,000,000	-	–	100	100	100	100	Manufacture and sale of aluminum products
Binzhou Municipal Beihai Xinhe New Material Co., Ltd. * ("Beihai Xinhe") 濱州市北海信和新材料有限公司	PRC	Ordinary Shares	RMB2,100,000,000	-	–	100	100	100	100	Manufacture and sale of aluminum products
Hongchuang (Note i)	PRC	Ordinary Shares	RMB926,400,000	-	–	28.18	28.18	28.18	28.18	Manufacture and sale of aluminum products
Chongqing Weiqiao	PRC	Ordinary Shares	RMB500,000,000	-	–	65	55	65	55	Provision of financing
Yunnan Hongtai New Material Co., Ltd * 雲南宏泰新型材料有限公司	PRC	Ordinary Shares	RMB12,000,000,000	-	–	75	75	75	75	Manufacture and sale of aluminum products
Yunnan Hongqiao New Material Co., Ltd. * 雲南宏橋新型材料有限公司	PRC	Ordinary Shares	RMB1,000,000,000	-	–	100	100	100	100	Manufacture and sale of aluminum products
Shandong Weiqiao Lightweight Material Co., Ltd. *山東魏橋輕量化材料有限公司	PRC	Ordinary Shares	RMB100,000,000	-	–	100	100	100	100	Manufacture and sale of aluminum products

* For identification purpose only

Notes:

i: This entity is considered to be a subsidiary of the Company despite the Company only indirectly holds 28.18% equity interest therein as the Group holds significantly more voting rights than any other voting right holders or organised group of voting right holders, and the other shareholdings are widely dispersed, so the Group has the control over Hongchuang.

ii: New subsidiaries incorporated during the year

The above table lists the subsidiaries of the Group which, in the opinion of the directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

57. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (Continued)

The following subsidiaries had issued approximately RMB36,120,076,000 (2019: RMB40,025,013,000) of debt securities at the end of the year:

	Total and held by third parties	
	2020	2019
	RMB'000	RMB'000
Shandong Hongqiao	**20,346,968**	24,177,708
Shandong Weiqiao	**15,773,108**	15,847,305

At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. All these subsidiaries operate in the PRC and Singapore. The principal activities of these subsidiaries are summarised as follows:

Principal activities	**Principal place of business**	**Number of subsidiaries**	
		2020	2019
Sales of aluminum products	The PRC	**11**	14
Sales of metal products	The PRC	**1**	1
Sales of scrap materials	The PRC	**1**	1
Capital investor	The PRC	**1**	1
Various trading business	The PRC	**2**	2
Energy enhancement solution services	The PRC	**1**	1
Delivery service	The PRC	**1**	1
Reclamation and utilisation of waste	The PRC	**5**	–
Wholesale of bauxite, alumina and aluminum products	The PRC	**2**	–
Sales of alumina	Singapore	**1**	1
Sales of alumina	BVI	**1**	1
Sales of alumina	Guinea	**1**	1
Sales of electricity	The PRC	**5**	4
		33	28

57. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (Continued)

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interest held by non-controlling interests		Proportion of voting rights held by non-controlling interests		(Loss) profit attributable to non-controlling interests RMB'000		Accumulated non-controlling interests RMB'000	
		2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
Hongchuang and its subsidiaries	PRC	**71.82%**	71.82%	**71.82%**	71.82%	**(122,450)**	196,604	**1,045,709**	1,168,159

Summarised financial information in respect of the Group's subsidiaries that has non-controlling interests that are material to the Group is set out below. The summarised financial information below represents amounts before intergroup eliminations.

Hongchuang and its subsidiaries

	2020 RMB'000	2019 RMB'000
Current assets	**1,139,314**	1,345,512
Non-current assets	**1,268,755**	1,348,204
Current liabilities	**(939,863)**	(1,053,679)
Non-current liabilities	**(12,192)**	(13,529)
Equity attributable to owners of the Company	**410,305**	458,349
Non-controlling interest	**1,045,709**	1,168,159
Revenue	**2,367,055**	2,878,283
Expenses	**(2,537,549)**	(2,604,538)
(Loss) profit for the year	**(170,494)**	273,745
(Loss) profit attributable to owners of the Company	**(48,044)**	77,141
(Loss) profit attributable to the non-controlling interest	**(122,450)**	196,604
(Loss) profit and total comprehensive (expense) income for the year	**(170,494)**	273,745
Total comprehensive (expense) income attributable to owners of the Company	**(48,044)**	77,141
Total comprehensive (expense) income attributable to the non-controlling interest	**(122,450)**	196,604
Total comprehensive (expense) income for the year	**(170,494)**	273,745
Net cash inflows (outflows) from operating activities	**56,354**	(112,505)
Net cash (outflows) inflows from investing activities	**(67,513)**	169,851
Net cash outflows from financing activities	**(2,523)**	(18,054)
Net cash (outflows) inflows	**(13,682)**	39,292

58. MAJOR NON-CASH TRANSACTION

During the year ended 31 December 2020, the Group transferred plant and equipment and right-of-use assets of approximately RMB1,135,000 and RMB3,053,000 respectively to investment properties.

During the year ended 31 December 2020, the Group purchased a collective investment trust which issued by CITIC Trust at a consideration of RMB1,000,000,000. The consideration was settled from the receivables from financial institution which was included in prepayment and other receivables as at 31 December 2019.

During the year ended 31 December 2020, the Group recognised capital reserve of RMB300,000 which represented capital injection in an associate.

During the year ended 31 December 2020, the Group entered into new arrangement in respect of office premises. Right-of-use assets and lease liabilities of approximately RMB25,980,000 were recognised at the commencement of the lease.

During the year ended 31 December 2019, the Group entered into new arrangements in respect of office premises, factories, crew boats, vessels and crane barges. Right-of-use assets and lease liabilities of RMB112,608,000 were recognised at the commencement of the leases.

59. EVENT AFTER THE REPORTING PERIOD

In January 2021, the Company issued a convertible bonds bearing interest at 5.25% per annum which will be due on 25 January 2026 with the aggregate principal amount of US$300,000,000 (the “2026 CBs”) which are guaranteed by certain subsidiaries of the Group. The 2026 CBs are listed on Singapore Exchange Securities Trading Limited. Further details are set out in the announcements of the Company dated 8 January 2021 and 27 January 2021.