



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

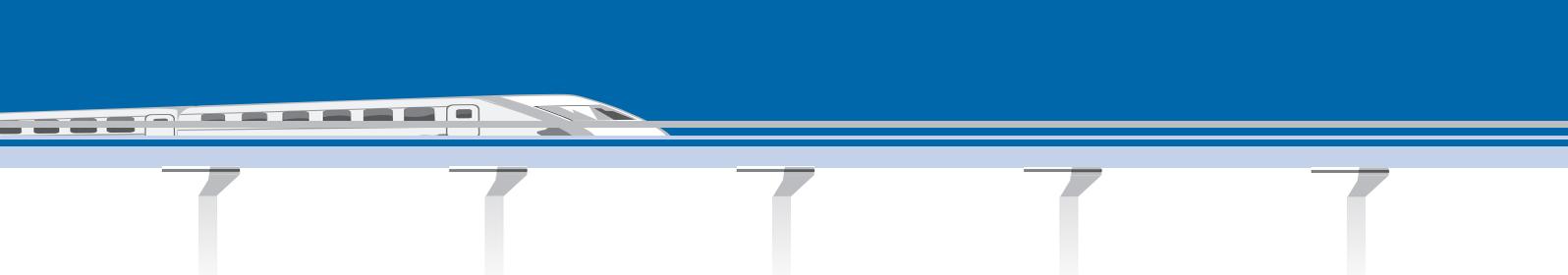
(Incorporated under the laws of the Cayman Islands with limited liability)  
Stock Code : 1378

2019  
INTERIM REPORT



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## Corporate Information

### EXECUTIVE DIRECTORS

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

### NON-EXECUTIVE DIRECTORS

Mr. Yang Congsen  
Mr. Zhang Jinglei  
Mr. Chen Yisong (*Mr. Zhang Hao as his alternate*)

### INDEPENDENT NON-EXECUTIVE DIRECTORS

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

Suite 5108, The Center  
99th Queen's Road Central  
Central  
Hong Kong

### HEAD OFFICE IN THE PRC

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Zouping Economic Development District  
Zouping City  
Shandong Province  
The PRC

### CAYMAN ISLANDS REGISTERED OFFICE

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## Corporate Information

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Shops 1712-1716, 17th Floor  
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Hong Kong

### CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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Royal Bank House – 3rd Floor  
24 Shedden Road, P.O. Box 1586  
Grand Cayman KY1-1110  
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### INVESTOR RELATIONS DEPARTMENT OF THE COMPANY

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### STOCK CODE

1378

### LISTING PLACE

Main Board of The Stock Exchange of Hong Kong Limited

### LISTING DATE

24 March 2011

### NUMBER OF ISSUED SHARES AS AT 30 JUNE 2019

8,570,852,349

### INVESTOR RELATIONS AND MEDIA RELATIONS CONSULTANT

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### FINANCIAL YEAR END

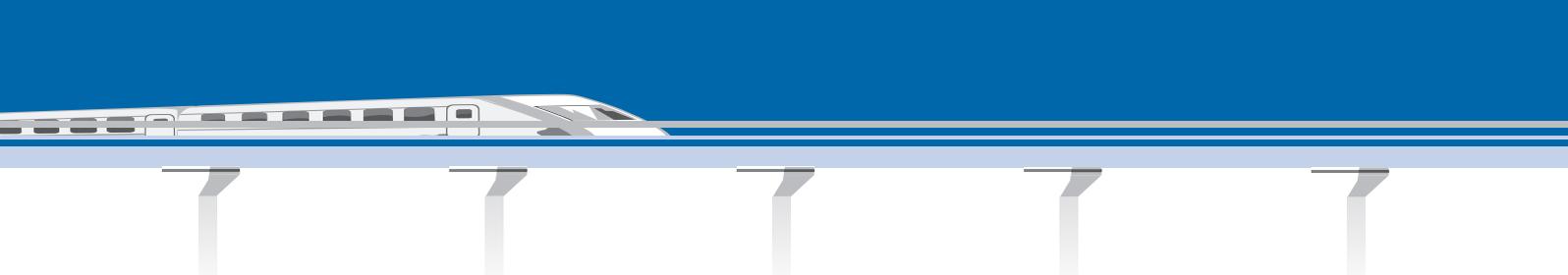
31 December

### FINANCIAL CALENDAR

Interim Results Announcement Date  
23 August 2019

### COMPANY WEBSITE

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



## Financial Highlights

(Unaudited financial data prepared in accordance with the IAS)

### For the six months ended 30 June (RMB'000)

	2019	2018	Change
Revenue	<b>41,430,060</b>	44,326,570	-6.5%
Gross profit	<b>7,642,526</b>	6,511,107	+17.4%
Gross profit margin (%)	<b>18.4</b>	14.7	+3.7 p.p
Net profit margin (%)	<b>6.7</b>	4.4	+2.3 p.p
Net profit attributable to owners of the Company	<b>2,477,037</b>	1,804,265	+37.3%
Basic earnings per share (RMB)	<b>0.287</b>	0.208	+38.0%

### As at 30 June (RMB'000)

	2019	2018	Change
Cash and cash equivalents	<b>25,725,201</b>	36,547,754	-29.6%
Total capital (total equity + total debt)	<b>141,351,002</b>	137,573,308	+2.7%
EBITDA/Interest coverage ratio	<b>3.7</b>	5.0	-1.3 times
Debt/EBITDA (times)	<b>3.6</b>	3.9	-0.3 times
Debt/Total capital (%)	<b>55.5</b>	56.9	-1.4 p.p
Accounts receivable turnover for aluminum products (days)	<b>32</b>	9	+23 days
Accounts payable turnover (days)	<b>70</b>	63	+7 days
Inventory turnover (days)	<b>111</b>	78	+33 days

## Chairman's Statement

To all shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of China Hongqiao Group Limited (the "Company" or "China Hongqiao"), I am pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2019 (the "Period" or "Period under Review").

Global economic growth slowed down in the first half of 2019. Under such background, China's Gross Domestic Product (GDP) recorded a growth of 6.3%. Despite the slowed growth, China's economy maintained a steady development momentum in general, achieving progress while maintaining stability. In the meantime, however, due to the effect of several adverse factors such as the continuous trade tensions, increasingly strict resource and environmental policies and intensified industrial structure adjustment, the businesses and operations of the Group still faces certain uncertainties. The Group will closely monitor the situation and actively seek opportunities to cope with the challenges.

During the Period, the Group continued to implement its business model of "Integration of Aluminum and Electricity", "Integration of Upstream and Downstream Businesses" and "Global Integration", and strived to accelerate the industrial cluster development, optimise cost structure and economies of scale and enhance its leading position in the industry. For domestic business, the Group continued to maintain its business operation steadily, implemented the policies launched by the PRC government thoroughly, including the policy of production restriction in heating season, continued to optimise resources allocation, and enhanced energy-saving and environmental protection measures. For overseas business, the Group continued to develop alumina and bauxite business in Indonesia and Guinea, cultivated new profit growth points, and continued to provide a solid foundation for the Group's long-term development.

During the Period under Review, the Group's revenue amounted to approximately RMB41,430,060,000, representing a year-on-year decrease of approximately 6.5%; gross profit amounted to approximately RMB7,642,526,000, representing a year-on-year increase of approximately 17.4%; net profit attributable to owners of the Company amounted to approximately RMB2,477,037,000, representing a year-on-year increase of approximately 37.3%; basic earnings per share amounted to approximately RMB0.287 (same period in 2018: approximately RMB0.208). The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2019.

To deliver economies of scale, the Group went through years of devoted efforts to form an upstream and downstream full-chain operation pattern for bauxite mining and production and sales of alumina, aluminum products and deeply processed aluminum products. In addition, the Group will also further increase research and development investment, actively communicate with national scientific and research institutions, strive to achieve technology breakthroughs in aluminum industry and aluminum products application, and facilitate the high-quality development of the aluminum processing industry. At the same time, the Group will also strive to realize various of energy conservation and emission reduction plans and improve its environmental protection technologies, so as to achieve a greater contribution to winning the "Blue Sky Defence War".



## Chairman's Statement

Looking forward, the Group will continue to refine its industrial model, build an entire industrial chain for aluminum, actively explore upstream bauxite resources, promote the high-quality development of the aluminum processing industry and maintain the cost advantage toward the goal of achieving high-quality and sustainable development of the Group. Meanwhile, the Group will continue to proactively respond to the PRC government's policy of replacing old growth drivers with new ones and integrate the local thermal power resources through arrangements such as the way of collaborating with joint ventures and associates, to ensure the stable energy supply of the Group. The Group will continuously optimise its financial structure, maintain its steady cash flow and continue its efforts to maximize shareholder interest. At the same time, the Group will continue its efforts to create an efficient, environmental-friendly and clean energy business by actively responding to national policies and devoting additional resources in the areas of energy conservation, emissions reduction, safety and environmental protection.

On behalf of the Board, I would like to extend my sincere gratitude to the Group's management team and all employees for their unrelenting efforts and dedication made in the first half of 2019, as well as to all the shareholders, investors and business partners for their support and trust.

**Zhang Bo**

*Chairman of the Board*

23 August 2019

# Management Discussion and Analysis

## INDUSTRY REVIEW

During the Period under Review, major economies in the world experienced slowed growth due to the impacts of trade frictions. With sluggish manufacturing activities, the downward pressure on economy increased significantly, and the growth rate of primary aluminum consumption in overseas market slowed down. In the meantime, China's primary aluminum consumption market was backed by China's domestic policies and the export of aluminum product. According to Beijing Antaike Information Development Co., Ltd. ("Antaike"), China's primary aluminum consumption was approximately 18.06 million tons in the first half of 2019, representing a year-on-year increase of approximately 0.8% and accounting for approximately 54.7% of global primary aluminum consumption. In the first half of 2019, global primary aluminum consumption was approximately 33.01 million tons, representing a year-on-year increase of approximately 0.5%. (Source: Antaike)

In the first half of 2019, the progress of China's domestic new primary aluminum production capacity slowed down. In the first half of the year, China's primary aluminum production was approximately 17.89 million tons, representing a year-on-year decrease of approximately 0.6% and accounting for approximately 56.3% of global production. Overseas production activities of primary aluminum remained the trend of growing slightly, with global primary aluminum production of approximately 31.78 million tons, representing a year-on-year increase of approximately 0.3%. (Source: Antaike)

During the Period, commodity prices were affected by the weak performance of global macro-economy. International aluminum price continued to decline in the first half of the year while China's domestic aluminum futures price dropped in the first quarter and picked up in the second quarter, operating within a range significantly lower than that of 2018. In the first half of 2019, the average prices of spot-month aluminum and three-month aluminum futures at London Metal Exchange (LME) were approximately US\$1,826/ton and US\$1,849/ton, representing a decrease of approximately 17.3% and approximately 16.3%, respectively, over the same period in 2018. In the first half of 2019, the average prices of spot-month aluminum and three-month aluminum futures at Shanghai Futures Exchange (SHFE) were approximately RMB13,777/ton (including tax) and RMB13,786/ton (including tax), representing a year-on-year decrease of approximately 4.2% and approximately 5.6%, respectively. (Source: Antaike)

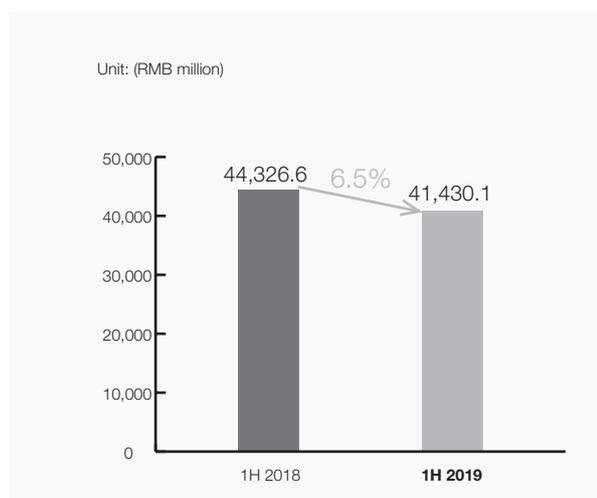
# Management Discussion and Analysis

## BUSINESS REVIEW

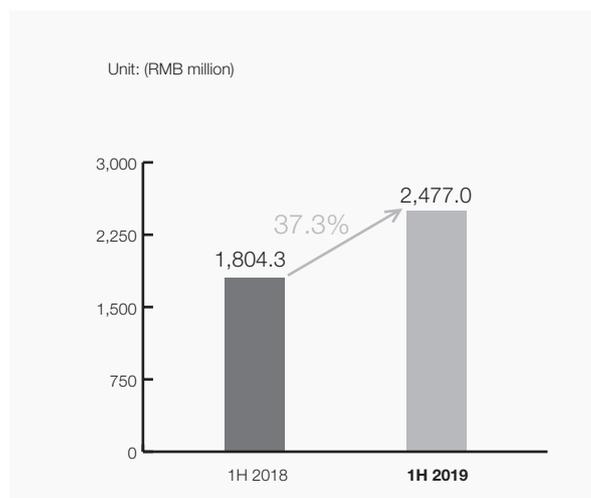
During the Period, the Group's total output of aluminum alloy products amounted to approximately 2,860,000 tons, representing a year-on-year decrease of approximately 10.3%, mainly due to the impact of the PRC government's policy of production restriction in heating season in the first half of 2019 and the Group's replacement for the original production facilities with more advanced production facilities during the Period, which required certain approval processes from relevant departments of the PRC government before putting into operation, resulting in the decrease in the Group's production volume of aluminum alloy products for the Period. The production volume of aluminum fabrication products reached approximately 389,000 tons, representing a year-on-year increase of approximately 66.9% since the Group actively expanded in-depth processing market, resulting in an increase of purchase orders.

The Group's unaudited revenue and net profit attributable to owners of the Company for the six months ended 30 June 2019 and for the same period of 2018 together with comparison figures are as follows:

**Revenue (Unaudited)**



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



The Group's revenue for the six months ended 30 June 2019, decreased by approximately 6.5% to approximately RMB41,430,060,000 as compared with the corresponding period of last year, mainly due to the decrease in the Group's production volume and sales volume of aluminum alloy products for the Period as compared to the corresponding period of last year. During the Period, the sales volume of aluminum alloy products of the Group reached approximately 2,532,000 tons, representing a decrease of approximately 13.9% as compared with approximately 2,942,000 tons for the same period of last year; the sales volume of aluminum fabrication products of the Group reached approximately 314,000 tons, representing an increase of approximately 35.3% as compared with approximately 232,000 tons for the same period of last year; the sales volume of alumina products reached approximately 2,409,000 tons, representing an increase of approximately 32.2% as compared with approximately 1,823,000 tons for the same period of last year. The increase in the sales volume of alumina products was mainly because the self-consumption alumina of the Group decreased and the Group seized the market opportunities and developed the domestic product market, resulting in an increase in the product sales.

## Management Discussion and Analysis

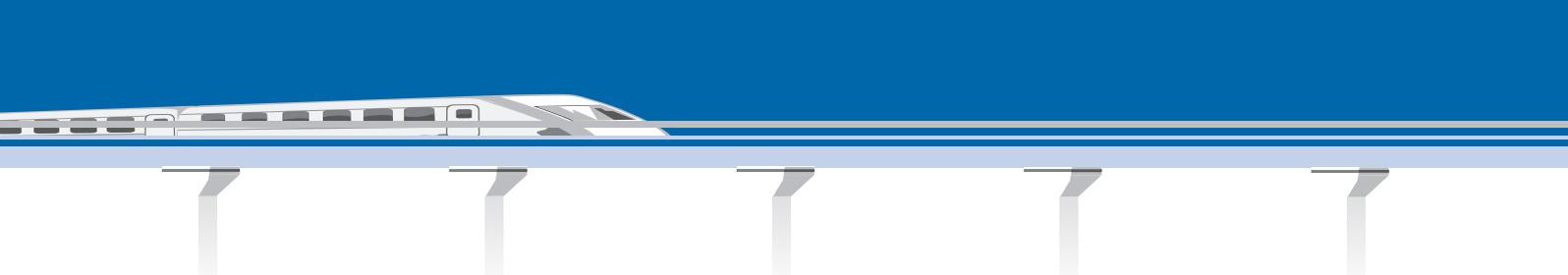
For the six months ended 30 June 2019, net profit attributable to owners of the Company amounted to approximately RMB2,477,037,000, representing a year-on-year increase of approximately 37.3%, mainly due to the loss of approximately RMB648,772,000 on disposal of subsidiaries for the corresponding period of last year. Excluding the aforesaid factor, the Group's operation remained stable during the Period; net profit attributable to owners of the Company arising from regular production and operation activities did not change significantly as compared with the corresponding period of last year.

### FINANCIAL REVIEW

The following table shows the breakdown of revenue by products for the six months ended 30 June 2019 and for the same period of 2018:

Products	For the six months ended 30 June			
	2019		2018	
	Revenue RMB'000	Proportion of sales revenue to total revenue %	Revenue RMB'000	Proportion of sales revenue to total revenue %
Aluminum alloy products	30,428,125	73.4	35,949,981	81.1
Alumina	6,157,040	14.9	4,766,056	10.8
Aluminum fabrication products	4,466,496	10.8	3,347,640	7.6
Steam	378,399	0.9	262,893	0.5
<b>Total</b>	<b>41,430,060</b>	<b>100.0</b>	<b>44,326,570</b>	<b>100.0</b>

The Group's revenue derived from aluminum alloy products for the six months ended 30 June 2019 was approximately RMB30,428,125,000, accounting for approximately 73.4% of the total revenue and representing a decrease as compared with the same period of last year, which was mainly due to the impact of the PRC government's policy of production restriction in heating season and the Group's replacement for the original production facilities with more advanced production facilities during the Period, which required certain approval processes from relevant departments of the PRC government before putting into operation, resulting in the decreases in the production volume and sales volume of aluminum alloy products for the Period as compared with the corresponding period of last year. The revenue derived from alumina amounted to approximately RMB6,157,040,000, accounting for approximately 14.9% of the total revenue and representing an increase as compared with the same period of last year, which was mainly due to a decrease in self-consumption alumina of the Group and an increase in external sales. The revenue derived from aluminum fabrication products amounted to approximately RMB4,466,496,000, accounting for approximately 10.8% of the total revenue and representing an increase as compared with the same period of last year, which was mainly because the Group continued to actively expand the market, leading to an increase in sales volume of aluminum fabrication products.



## Management Discussion and Analysis

### Distribution and selling expenses

For the six months ended 30 June 2019, the Group's distribution and selling expenses were approximately RMB291,648,000, representing an increase of approximately 199.7% as compared with approximately RMB97,301,000 for the corresponding period of last year, which was mainly due to the increase in sales volume of alumina products and aluminum fabrication products.

### Administrative expenses

For the six months ended 30 June 2019, the administrative expenses of the Group amounted to approximately RMB1,556,076,000, which was almost the same as compared to approximately RMB1,599,437,000 for the corresponding period of last year.

### Finance costs

For the six months ended 30 June 2019, the finance costs of the Group were approximately RMB2,923,576,000, representing an increase of approximately 47.4% as compared with approximately RMB1,982,844,000 for the corresponding period of last year, which was mainly due to the increase in total weighted occupation of debts of the Group for the Period as compared with the corresponding period of last year, and the increase in coupon rate as a result of the exercise of issuer's option to adjust the coupon rate of some interest-bearing debts.

### Liquidity and financial resources

As at 30 June 2019, the cash and cash equivalents of the Group were approximately RMB25,725,201,000, as compared with approximately RMB45,380,413,000 as at 31 December 2018. The decrease in cash and cash equivalents was mainly due to the net cash outflows as a result of the operating activities, investment activities and financing activities of the Group.

For the six months ended 30 June 2019, the Group had a net cash outflow from operating activities of approximately RMB4,449,559,000, a net cash outflow from investing activities of approximately RMB5,070,067,000, and a net cash outflow from financing activities of approximately RMB10,137,327,000. The increase in net cash outflow from operating activities was mainly attributable to the Group's continued deepening of cooperation with companies in the local industrial clusters, which led to the increase in accounts receivable and the Group's increased purchase of bauxite for stable supply of the Group's raw materials, which led to an increase in inventory. The increase in the net cash outflow from investment activities was mainly attributable to the increase in capital expenditure and the increased investment in associates. The increase in net cash outflow from financing activities was mainly attributable to the Group's further optimization of debt structure, debt reduction and payment of dividends during the Period.

For the six months ended 30 June 2019, the capital expenditure of the Group amounted to approximately RMB1,789,519,000, mainly for the renovation and upgrading of the environmental protection projects and the payment for the quality guarantee deposits of the pre-construction projects in accordance with relevant contracts.

## Management Discussion and Analysis

As at 30 June 2019, the Group had capital commitment of approximately RMB2,267,982,000 representing capital expenditure for acquiring properties, plants and equipment in the future, primarily for the renovation and upgrading of the environmental protection projects and the payment for the quality guarantee deposits of the pre-construction projects in accordance with relevant contracts, and the construction expenditure of the alumina project.

For the six months ended 30 June 2019, the Group's average turnover days of trade receivables for aluminum products were approximately 32 days, representing an increase of 23 days as compared with approximately 9 days for the corresponding period of last year, which was mainly because the Group granted the premium downstream clients a longer credit period as the Group continued to deepen cooperation with the downstream clients of the aluminum industrial cluster in Binzhou.

For the six months ended 30 June 2019, the Group's turnover days of inventory were approximately 111 days, representing an increase of 33 days as compared with approximately 78 days for the corresponding period of last year, which was mainly due to the Group's increased purchase of bauxite for production use, which led to an increase in inventory balance of the Group. As the international trade frictions escalated, the Group increased the purchase and reserve of raw materials so as to ensure the stable and sufficient supply of the Group's raw materials and diminish the risks relating to shipping safety which may be brought by the international trade frictions. In addition, the Group believes that the increase in purchase volume will also further reduce the Group's procurement cost of raw materials.

### Income tax

The Group's income tax for the first half of 2019 amounted to approximately RMB1,099,670,000, representing a decrease of approximately 3.4% as compared with approximately RMB1,138,162,000 for the corresponding period of last year, mainly attributable to the increase in deferred tax of the Group.

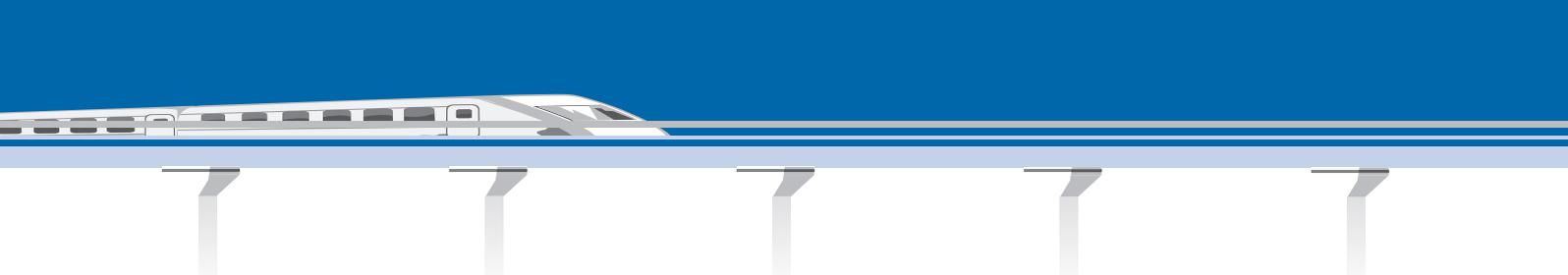
### Net profit attributable to owners of the Company and earnings per share

For the six months ended 30 June 2019, the net profit attributable to owners of the Company was approximately RMB2,477,037,000, representing an increase of approximately 37.3% as compared with approximately RMB1,804,265,000 for the corresponding period of last year.

During the Period, the basic earnings per share of the Company were approximately RMB0.287 (corresponding period of 2018: approximately RMB0.208).

### Interim dividends

The Board did not recommend any interim dividends for the six months ended 30 June 2019 (corresponding period of 2018: nil).



## Management Discussion and Analysis

### Capital structure

The Group has established an appropriate liquidity risk management framework to manage its short, medium and long-term funding needs and to satisfy its liquidity management requirements. As at 30 June 2019, the cash and cash equivalents of the Group amounted to approximately RMB25,725,201,000, 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 stable operation and flexibility of the Group's business. The Group will continue to take effective measures to ensure sufficient liquidity and financial resources to satisfy the business need and maintain a good and stable financial position.

As at 30 June 2019, the total liabilities of the Group amounted to approximately RMB107,505,352,000 (31 December 2018: approximately RMB114,107,395,000). Gearing ratio (total liabilities to total assets) was approximately 63.1% (31 December 2018: approximately 64.6%).

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 a portion of funding for its daily business operation and project construction. As at 30 June 2019, the Group had secured bank borrowings of approximately RMB6,909,240,000 (31 December 2018: approximately RMB9,019,717,000).

As at 30 June 2019, the Group's total bank borrowings were approximately RMB32,066,185,000. The Group maintained a balanced portfolio of loans at fixed interest rates and variable interest rates to manage its interest expenses. As at 30 June 2019, approximately 20.1% of the Group's bank borrowings were subject to fixed interest rates while the remaining approximately 79.9% 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 30 June 2019, debts except bank borrowings of the Group included approximately RMB1,370,008,000 of other borrowings, approximately RMB43,490,509,000 of medium-term notes and bonds as well as approximately RMB1,509,537,000 of convertible bonds with interest rates ranging from 3.84% to 8.69% per annum. Such other borrowings and the issuance of such notes and bonds helped to optimise the Group's debt structure and reduce its financial costs.

As at 30 June 2019, the Group had net current assets of approximately RMB26,058,686,000. The Group will continue to develop other financing channels to optimise the structure of debts. In addition, the Group will sustain its existing production capacity advantage, 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 30 June 2019, the Group's liabilities were mainly denominated in RMB and US Dollars, among which, RMB liabilities accounted for approximately 85.4% of the total liabilities, and US Dollars liabilities accounted for approximately 14.6% of the total liabilities. Cash and cash equivalents were mainly held in RMB and US Dollars, of which approximately 95.4% was held in RMB and approximately 3.9% was held in US Dollars.

## Management Discussion and Analysis

### Implementation of relevant policy for growth driver replacement

The Group proactively responded to the PRC government's policy for growth driver replacement, and through establishing joint ventures or cooperating with relevant growth driver replacement funds, ensured the stable energy supply of the Group. According to the "Proposals Regarding the Construction of the Shandong Growth Driver Replacement Comprehensive Experimental Zone" (山東新舊動能轉換綜合試驗區建設總體方案) approved by the State Council of the PRC in January 2018, Shandong Province, being the comprehensive experimental zone for growth driver replacement, will act as a pilot for further deepening of the structural reform in the supply side, and the acceleration of the modernization of economy. The implementation of relevant proposals for growth driver replacement will promote the further optimization and upgrade of the economy structure. Through establishing joint ventures or cooperating with relevant growth driver replacement funds, the Group's long-term development objectives will be further secured. By holding equity interests in such associate (45%), on one hand, a long-term stable supply mechanism is established to ensure the stable energy supply of the Group; on the other hand, the high efficiency production facilities will bring higher productivity and prudent investment returns for the Group. As at the date of this interim report, the Group has entered into an electricity procurement agreement with the associate. For further relevant details, please refer to note 37 to the unaudited interim condensed consolidated financial information.

### Pledged assets

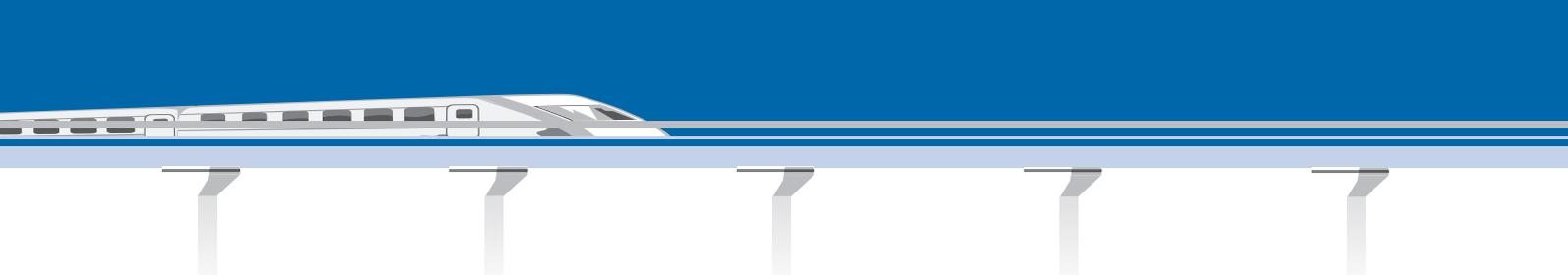
Details of pledged assets of the Group were set out in note 35 to the unaudited interim condensed consolidated financial information.

### Employee and remuneration policy

As at 30 June 2019, the Group had a total number of 45,001 employees, representing a decrease of 2,583 employees as compared with the beginning of the year, which was mainly attributable to the normal employee mobility. During the Period, the total staff costs of the Group amounted to approximately RMB1,835,757,000, representing approximately 4.4% of its total revenue. The remuneration packages of the employees include salaries and various types of benefits. In addition, the Group established a performance-based remuneration system under which the employees may be awarded by additional bonuses. The Group provided training programs for employees to equip them with the requisite skills and knowledge.

### Exposure to foreign exchange risk

The Group collected most of the revenue in RMB and funded most of the expenditure in RMB. Due to the importation of bauxite and production equipment, and as certain bank balances, bank borrowings, convertible bonds and senior notes are denominated in foreign currencies, the Group is exposed to certain currency risks. As at 30 June 2019, the Group's bank balances denominated in foreign currencies were approximately RMB1,186,585,000 and its liabilities denominated in foreign currencies were approximately RMB11,429,619,000. For the six months ended 30 June 2019, the Group recognised foreign exchange loss of approximately RMB30,173,000.



## Management Discussion and Analysis

### Contingent liabilities

As at 30 June 2019, the Group had no significant contingent liabilities.

### EVENTS AFTER THE REPORTING PERIOD

On 15 July 2019 (after trading hours), the Company (as the issuer) and the Subsidiary Guarantors (as guarantors) entered into the purchase agreement with China CITIC Bank International Limited, Barclays Bank PLC, Crédit Agricole Corporate and Investment Bank, Societe Generale Corporate & Investment Banking, ING Bank N.V., Singapore Branch, Orient Securities (Hong Kong) Limited, ABCI Capital Limited, China Securities (International) Corporate Finance Company Limited and CNCB (Hong Kong) Capital Limited (as the initial purchasers), pursuant to which the Company has agreed to issue and the initial purchasers have agreed to purchase the 7.125% senior unsecured notes due 2022 in the principal amount of US\$300 million (the “Notes”). The net proceeds of the Note Issue, after deduction of commission and expenses, amounted to approximately US\$296 million. The Company intends to apply the net proceeds from this offering for refinancing certain existing indebtedness with the remainder for general corporate purposes. The Notes were listed and quoted on SGX-ST. Further details are set out in the announcements of the Company dated 15 July 2019, 16 July 2019 and 25 July 2019.

On 15 July 2019, Shandong Hongqiao New Material Co., Ltd. (“Shandong Hongqiao”), a wholly-owned subsidiary of the Company, repaid the principal amount of the corporate bonds of RMB2,974,000,000 and related interest in accordance with the terms to sell back the bonds as set out in its prospectus on non-public issuance of 2016 corporate bonds (second tranche).

As affected by the rainstorms brought by typhoon “Lekima”, some of the Group’s production workshops were damaged by the rain, which might bring adverse impact on the Group’s production. According to the preliminary assessment by the Group’s management, it was estimated that the Group’s production volume of aluminum products for 2019 will decrease by 200 to 300 thousand tons as a result of such adverse impact. Further assessment of the time for resuming production according to the situation of particular production workshops is required to determine the impact on the Group’s actual production volume. The Group is actively communicating with relevant local government departments, and has arranged relevant technicians of the Group to commence repair works, and is liaising with the insurer in respect of insurance claim, to reduce relevant impact on a best effort basis. As at the date hereof, the floodwater brought by the rainstorms has receded. Save for the aforesaid affected production capacity, the Group’s business operation is in normal condition.

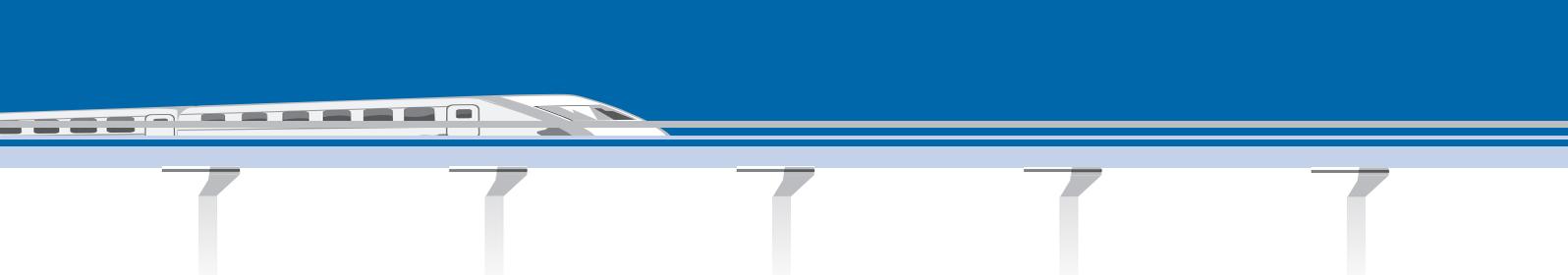
## Supplementary Information

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

As at 30 June 2019, so far as it is known to the Directors and the chief executive of the Company, the following persons (other than the Directors and the chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (the "SFO") (Chapter 571 of the Laws of Hong Kong), or which were required, pursuant to section 336 of the SFO, to be entered in the register referred to therein:

Name of shareholder	Capacity/type of interest	Total number of shares held	Approximate percentage of the total issued share capital as at 30 June 2019 (%)
Shiping Prosperity Private Trust Company <sup>(1)</sup>	Trustee	6,076,513,573 (L)	70.90
China Hongqiao Holdings Limited <sup>(1)</sup> ("Hongqiao Holdings")	Beneficial owner	6,076,513,573 (L)	70.90
CTI Capital Management Limited <sup>(2)</sup>	Beneficial owner	806,640,670 (L)	9.41
CNCB (Hong Kong) Investment Limited <sup>(2)</sup>	Beneficial owner	70,544,156 (L)	0.82
CITIC Limited <sup>(2)</sup>	Interest of a controlled corporation	877,184,826 (L)	10.23
CITIC Group Corporation <sup>(2)</sup>	Interest of a controlled corporation	877,184,826 (L)	10.23

(L) denotes long position



## Supplementary Information

Notes:

- (1) Shipping Prosperity Private Trust Company held these shares as 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 80% interest in CITIC Trust Co., Ltd. and 100% interest in CITIC Industrial Investment Group Corp., Ltd, which held 20% 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 of the Company held by CNCB (Hong Kong) Investment Limited under the SFO.

Save as disclosed above, as at 30 June 2019, so far as it is known to the Directors and the chief executive of the Company, there was no other person (other than the Directors and the chief executive of the Company) had any interests or short positions in the shares or underlying shares of the Company which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to section 336 of the SFO, to be entered in the register referred to therein.

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

As at 30 June 2019, the Directors and chief executive of the Company had the following interests or short positions in the shares, underlying shares and debentures of the Company and 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 entered in the register described in the provisions pursuant to 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 the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

#### **Long positions in the shares of the Company**

<b>Name of director</b>	<b>Capacity/type of interest</b>	<b>Total number of shares held</b>	<b>Approximate percentage in the total issued share capital as at 30 June 2019 (%)</b>
Mr. ZHANG Bo	Beneficial owner	8,870,000 (L)	0.10

## Supplementary Information

Save as disclosed above, as at 30 June 2019, none of the Directors or the chief executive of the Company or any of their spouse or children under the age of 18 had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its holding companies, subsidiaries or 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 entered in the register described in the provisions pursuant to Section 352 of the SFO, or to be notified to the Company and the Stock Exchange pursuant to the Model Code. At no time was the Company or any of its holding companies or subsidiaries a party to any arrangements to enable the Directors or the chief executive of the Company (including their spouse or children under the age of 18) to acquire 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).

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

At no time during the six months ended 30 June 2019 and up to the date of this interim report, was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of 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 was granted any right to subscribe for the equity or debt securities of the Company or any other associated corporate or had exercised any such right.

### **AUDIT COMMITTEE**

The Company has established an audit committee (the "Audit Committee") in compliance with the Corporate Governance Practice Code (the "CG Code") contained in Appendix 14 to the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee is composed of three independent non-executive Directors. An Audit Committee meeting was held on 23 August 2019 to review the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2019. The Audit Committee considers that the interim financial results for the six months ended 30 June 2019 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

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

During the Reporting Period, on 14 January 2019, 16 January 2019, 17 January 2019, 18 January 2019, 25 March 2019, 26 March 2019, 27 March 2019, 28 March 2019, 29 March 2019, 9 April 2019, 10 April 2019, 11 April 2019, 12 April 2019, 22 May 2019, 23 May 2019, 24 May 2019, 27 May 2019 and 29 May 2019, pursuant to the share repurchase mandates granted by the shareholders of the Company at the annual general meetings held on 16 May 2018 and 22 May 2019 respectively, the Company repurchased 620,000 ordinary shares, 2,406,500 ordinary shares, 1,880,000 ordinary shares, 1,060,000 ordinary shares, 8,000,000 ordinary shares, 8,375,000 ordinary shares, 6,174,000 ordinary shares, 10,150,000 ordinary shares, 9,150,000 ordinary shares, 4,500,000 ordinary shares, 4,150,000 ordinary shares, 8,500,000 ordinary shares, 7,000,000 ordinary shares, 6,423,000 ordinary shares, 10,189,000 ordinary shares, 3,798,000 ordinary

## Supplementary Information

shares, 7,517,500 ordinary shares and 4,649,500 ordinary shares of the Company respectively. There were 104,542,500 ordinary shares repurchased in total. On 25 January 2019, 9 April 2019, 24 April 2019, 3 June 2019 and 19 June 2019, the Company cancelled 104,542,500 ordinary shares repurchased in total which accounted for approximately 1.22 % of the total issued shares of the Company as at 30 June 2019.

For the six months ended 30 June 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		Consideration paid (excluding the commissions and other expenses) HK\$
		Highest HK\$	Lowest HK\$	
14 January 2019	620,000	4.80	4.79	2,975,000
16 January 2019	2,406,500	5.05	4.95	12,072,000
17 January 2019	1,880,000	5.07	5.05	9,511,000
18 January 2019	1,060,000	5.05	5.04	5,352,000
25 March 2019	8,000,000	5.65	5.39	44,837,000
26 March 2019	8,375,000	5.71	5.62	47,444,000
27 March 2019	6,174,000	5.77	5.61	35,271,000
28 March 2019	10,150,000	5.89	5.78	59,551,000
29 March 2019	9,150,000	5.92	5.74	53,809,000
9 April 2019	4,500,000	6.53	6.20	28,798,000
10 April 2019	4,150,000	6.68	6.49	27,357,000
11 April 2019	8,500,000	6.75	6.61	57,154,000
12 April 2019	7,000,000	6.76	6.57	46,800,000
22 May 2019	6,423,000	5.50	5.21	34,977,000
23 May 2019	10,189,000	5.56	5.34	55,917,000
24 May 2019	3,798,000	5.54	5.49	20,894,000
27 May 2019	7,517,500	5.51	5.34	41,137,000
29 May 2019	4,649,500	5.57	5.40	25,589,000
<b>Total</b>	<b>104,542,500</b>			<b>609,445,000</b>

For details, please refer to the next day disclosure returns of the Company dated 15 January 2019, 17 January 2019, 18 January 2019, 21 January 2019, 26 March 2019, 27 March 2019, 28 March 2019, 29 March 2019, 1 April 2019, 10 April 2019, 11 April 2019, 12 April 2019, 15 April 2019, 23 May 2019, 24 May 2019, 27 May 2019, 28 May 2019 and 30 May 2019.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months period ended 30 June 2019 and up to the date of this interim report.

### SENIOR NOTES

On 17 April 2018, the Company issued 6.85% senior notes due 2019 in the aggregate principal amount of US\$ 450,000,000 (the “Notes Due 2019”). The Notes Due 2019 matured on 22 April 2019 (the “Maturity Date”), and the Company has redeemed the Notes Due 2019 in full at their principal amount together with interest accrued to the Maturity Date. Please refer to the announcements of the Company dated 13 April 2018, 17 April 2018, 27 April 2018 and 23 April 2019, respectively, for details.

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

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

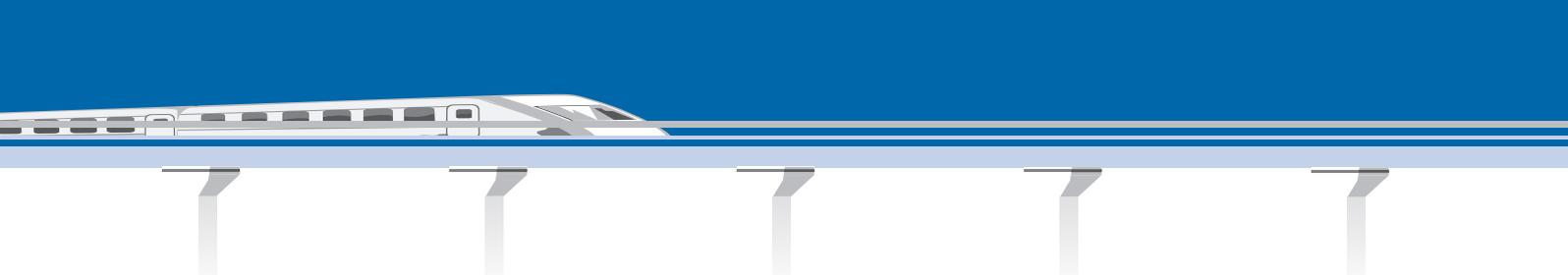
Pursuant to the terms and conditions of the convertible bonds, as the Company declared the payment of the final dividend for the year of 2016 and a special dividend, the conversion price per share was adjusted from HK\$8.16 to HK\$7.71 effective from 7 February 2018. Please refer to the announcement 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.

### CHANGES IN INFORMATION OF DIRECTORS AND CHIEF EXECUTIVE

On 23 May 2019, Mr. Zhang Shiping, the chairman of the Board, an executive Director and a member of each of the remuneration committee and nomination committee of the Company, passed away and ceased to be the chairman of the Board, the executive Director as well as the member of each of the remuneration committee and nomination committee of the Company.



## Supplementary Information

Mr. Zhang Bo, an executive Director and the chief executive officer of the Company, has served as the director of China Hongqiao Investment Limited (中國宏橋投資有限公司) (a wholly-owned subsidiary of the Company) since 23 May 2019, the chairman of the Board and a member of each of the remuneration committee and nomination committee of the Company since 31 May 2019, the chairman of Shandong Hongqiao (a wholly-owned subsidiary of the Company) since 5 June 2019, and the director of Shandong Hongtuo Industrial Company Limited (山東宏拓實業有限公司) (a wholly-owned subsidiary of the Company) since 13 June 2019.

Save as disclosed above, for the six months ended 30 June 2019, 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.

### CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code for securities transactions on terms equivalent to the required standard of the Model Code as set out in Appendix 10 to the Listing Rules.

Having made specific enquiries with the Directors, the Company has confirmed that each of the Directors complied with the required standard set out in the Model Code regarding securities transactions by the Directors throughout the six months ended 30 June 2019 and up to the date of this interim report.

### COMPLIANCE WITH PROVISIONS OF CORPORATE GOVERNANCE CODE

The Company has applied the principals as set out in the CG Code. For the six months period ended 30 June 2019, the Company has complied with the mandatory code provisions of the CG Code, except for the following deviation:

At the Board meeting held on 31 May 2019, the executive Director and the chief executive officer of the Company, Mr. Zhang Bo, was elected by the Board as the chairman of the Board and was appointed as a member of each of the remuneration committee and nomination committee of the Company. Code Provision A.2.1 stipulates that the roles of chairman and chief executive should be separate and should 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 mandatory code provisions of the CG Code by the Company for the six months ended 30 June 2019.

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

The electronic version of this interim report will be available on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [www.hongqiaochina.com](http://www.hongqiaochina.com). The printed version of this interim report will be dispatched to the shareholders on or before 27 September 2019.

# Report on Review of Interim Condensed Consolidated Financial Information



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

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

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

### INTRODUCTION

We have reviewed the interim condensed consolidated financial information of China Hongqiao Group Limited (the “Company”) and its subsidiaries set out on pages 22 to 70, which comprise the condensed consolidated statement of financial position as at 30 June 2019 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and other explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these interim condensed consolidated financial information in accordance with IAS 34. Our responsibility is to express a conclusion on these interim condensed consolidated financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### SCOPE OF REVIEW

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

### CONCLUSION

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

#### SHINEWING (HK) CPA Limited

*Certified Public Accountants*

Pang Wai Hang

Practising Certificate Number: P05044

Hong Kong

23 August 2019

## Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (Unaudited)

For the six months ended 30 June 2019

	Notes	Six months ended 30 June	
		2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
<b>Revenue</b>	5	<b>41,430,060</b>	44,326,570
Cost of sales		<b>(33,787,534)</b>	(37,815,463)
Gross profit		<b>7,642,526</b>	6,511,107
Other income and gains	6	<b>1,880,232</b>	1,046,700
Selling and distribution expenses		<b>(291,648)</b>	(97,301)
Administrative expenses		<b>(1,556,076)</b>	(1,599,437)
Other expenses	7	<b>(1,221,067)</b>	(531,158)
Finance costs	9	<b>(2,923,576)</b>	(1,982,844)
Changes in fair value of derivatives		<b>(24,896)</b>	78,920
Share of profits of associates		<b>376,878</b>	323,774
Loss on disposal of a subsidiary	32	<b>–</b>	(648,772)
<b>Profit before taxation</b>		<b>3,882,373</b>	3,100,989
Income tax expenses	8	<b>(1,099,670)</b>	(1,138,162)
<b>Profit for the period</b>	9	<b>2,782,703</b>	1,962,827
<b>Profit for the period attributable to:</b>			
Owners of the Company		<b>2,477,037</b>	1,804,265
Non-controlling interests		<b>305,666</b>	158,562
		<b>2,782,703</b>	1,962,827
<b>Other comprehensive (expense) income for the period</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange difference arising on translating foreign operations		<b>(746)</b>	33,304
Share of other comprehensive income of associates		<b>3,991</b>	38,573
Other comprehensive income for the period		<b>3,245</b>	71,877
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
Fair value loss on equity instruments at fair value through other comprehensive income		<b>(101,796)</b>	–
Total comprehensive income for the period, net of income tax		<b>2,684,152</b>	2,034,704
<b>Total comprehensive income for the period attributable to:</b>			
Owners of the Company		<b>2,378,777</b>	1,863,152
Non-controlling interests		<b>305,375</b>	171,552
		<b>2,684,152</b>	2,034,704
<b>Earnings per share</b>	11		
– Basic (RMB)		<b>0.287</b>	0.208
– Diluted (RMB)		<b>0.287</b>	0.207

# Interim Condensed Consolidated Statement of Financial Position (Unaudited)

At 30 June 2019

	Notes	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	12	74,090,992	76,361,390
Right-of-use assets	13	5,142,428	–
Intangible assets		21,837	22,673
Prepaid lease payments		–	4,915,054
Investment properties		–	143,606
Deposits paid for acquisition of property, plant and equipment		260,797	206,324
Deferred tax assets		2,143,660	1,865,927
Investment in associates	14	6,525,656	1,895,401
Goodwill	15	608,818	608,818
Financial assets at fair value through other comprehensive income	16	806,374	908,170
		<b>89,600,562</b>	86,927,363
<b>CURRENT ASSETS</b>			
Prepaid lease payments		–	132,414
Inventories	17	22,022,285	19,805,561
Trade receivables	18	10,331,619	6,750,578
Bills receivables	19	10,390,900	11,726,626
Prepayments and other receivables	20	10,308,954	4,747,463
Financial asset at fair value through profit or loss		54	–
Restricted bank deposits	21	1,500,791	1,256,474
Cash and cash equivalents	21	25,725,201	45,380,413
		<b>80,279,804</b>	89,799,529
Non-current assets classified as held for sale	22	539,749	–
		<b>80,819,553</b>	89,799,529
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	23	13,772,339	16,661,437
Other payables and accruals		12,249,913	11,840,680
Bank borrowings – due within one year	24	24,192,377	18,933,735
Lease liabilities	13	23,949	–
Income tax payable		1,528,765	1,460,994
Short-term debentures and notes	26	–	4,000,000
Medium-term debentures and bonds – due within one year	27	2,974,000	1,752,756
Guaranteed notes	28	–	3,078,664
Deferred income		19,524	19,450
		<b>54,760,867</b>	57,747,716

# Interim Condensed Consolidated Statement of Financial Position (Unaudited)

At 30 June 2019

	Notes	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
<b>NET CURRENT ASSETS</b>		<b>26,058,686</b>	32,051,813
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>115,659,248</b>	118,979,176
<b>NON-CURRENT LIABILITIES</b>			
Other payable		122,953	–
Bank borrowings – due after one year	24	7,873,808	11,263,803
Other borrowings – due after one year	25	1,370,008	1,366,569
Lease liabilities	13	66,876	–
Liability component of convertible bonds	29	1,069,868	1,012,052
Derivatives component of convertible bonds	29	439,669	415,195
Deferred tax liabilities		721,369	670,982
Medium-term debentures and bonds – due after one year	27	40,516,509	41,077,258
Deferred income		563,425	553,820
		<b>52,744,485</b>	56,359,679
<b>NET ASSETS</b>		<b>62,914,763</b>	62,619,497
<b>CAPITAL AND RESERVES</b>			
Share capital	30	559,090	566,172
Reserves	31	59,452,566	59,399,189
Equity attributable to owners of the parent		<b>60,011,656</b>	59,965,361
Non-controlling interests		<b>2,903,107</b>	2,654,136
<b>TOTAL EQUITY</b>		<b>62,914,763</b>	62,619,497

# Interim Condensed Consolidated Statement of Changes in Equity (Unaudited)

For the six months ended 30 June 2019

	Attributable to owners of the Company							Total RMB'000	Non- controlling interests RMB'000	Total RMB'000
	Share capital RMB'000	Share premium RMB'000	Investment revaluation reserve RMB'000 (Note 31)	Capital reserve RMB'000 (Note 31)	Translation reserve RMB'000 (Note 31)	Statutory surplus reserve RMB'000 (Note 31)	Retained earnings RMB'000			
At 1 January 2019 (Audited)	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 period	-	-	-	-	-	-	2,477,037	2,477,037	305,666	2,782,703
Other comprehensive (expense) income for the period:										
Fair value loss on equity instruments at fair value through other comprehensive income	-	-	(101,796)	-	-	-	-	(101,796)	-	(101,796)
Exchange difference arising on translating foreign operations	-	-	-	-	(455)	-	-	(455)	(291)	(746)
Share of other comprehensive income of associates	-	-	-	-	3,991	-	-	3,991	-	3,991
Total comprehensive (expense) income for the period	-	-	(101,796)	-	3,536	-	2,477,037	2,378,777	305,375	2,684,152
Capital contribution	-	-	-	-	-	-	-	-	9,000	9,000
Shares repurchased and cancelled (note 30)	(7,082)	(517,769)	-	-	-	-	-	(524,851)	-	(524,851)
Dividend paid (note 10)	-	-	-	-	-	-	(1,807,631)	(1,807,631)	(65,404)	(1,873,035)
	(7,082)	(517,769)	-	-	-	-	(1,807,631)	(2,332,482)	(66,404)	(2,398,886)
At 30 June 2019 (Unaudited)	559,090	19,311,652	(169,732)	783,942	227,201	7,204,845	32,094,658	60,011,656	2,903,107	62,914,763

	Attributable to owners of the Company							Total RMB'000	Non- controlling interests RMB'000	Total RMB'000
	Share capital RMB'000	Share premium RMB'000	Treasury share RMB'000	Capital reserve RMB'000 (Note 31)	Translation reserve RMB'000 (Note 31)	Statutory surplus reserve RMB'000 (Note 31)	Retained earnings RMB'000			
At 31 December 2017, as previously reported	526,966	14,946,158	-	793,349	58,504	5,996,316	28,912,037	51,233,330	1,983,536	53,216,866
Business combination under common control	-	-	-	275,000	-	-	11,386	286,386	234,315	520,701
At 1 January 2018 (Unaudited and restated)	526,966	14,946,158	-	1,068,349	58,504	5,996,316	28,923,423	51,519,716	2,217,851	53,737,567
Profit for the period	-	-	-	-	-	-	1,804,265	1,804,265	158,562	1,962,827
Other comprehensive income for the period:										
Exchange difference arising on translating foreign operations	-	-	-	-	20,314	-	-	20,314	12,990	33,304
Share of other comprehensive income of associates	-	-	-	-	38,573	-	-	38,573	-	38,573
Total comprehensive income for the period	-	-	-	-	58,887	-	1,804,265	1,863,152	171,552	2,034,704
Issue of shares (note 30(a))	41,710	5,079,271	-	-	-	-	-	5,120,981	-	5,120,981
Transaction costs attributable to issue of shares (note 30(a))	-	(60,822)	-	-	-	-	-	(60,822)	-	(60,822)
Issue of shares upon conversion of convertible bonds (note 30(b))	4,495	468,753	-	-	-	-	-	473,248	-	473,248
Shares repurchased but yet cancelled (note 30)	-	-	(77,095)	-	-	-	-	(77,095)	-	(77,095)
Consideration of acquisition	-	-	-	(284,407)	-	-	-	(284,407)	-	(284,407)
Dividend paid (note 10)	-	-	-	-	-	-	(1,697,064)	(1,697,064)	-	(1,697,064)
	46,205	5,487,202	(77,095)	(284,407)	-	-	(1,697,064)	3,474,841	-	3,474,841
At 30 June 2018 (Unaudited)	573,171	20,433,360	(77,095)	783,942	117,391	5,996,316	29,030,624	56,857,709	2,389,403	59,247,112

## Interim Condensed Consolidated Statement of Cash Flows (Unaudited)

For the six months ended 30 June 2019

	For the six month ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<b>OPERATING ACTIVITIES</b>		
Cash (used in) generated from operations	(3,190,222)	6,847,280
Income tax paid	(1,259,337)	(970,331)
<b>NET CASH (USED IN) GENERATED FROM OPERATING ACTIVITIES</b>	<b>(4,449,559)</b>	<b>5,876,949</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment and deposits for acquisition of property, plant and equipment	(1,789,519)	(679,518)
Advance to associates	(2,000,000)	(11,432)
Proceeds from disposal of property, plant and equipment	239,314	99,989
Proceeds from disposal of investment properties	315,590	-
Addition to intangible assets	(1,757)	-
Addition to right-of-use assets	(1,515)	-
Proceeds from the termination of derivatives	-	57
Addition to prepaid land lease payments	-	(856,545)
Net cash outflow arising from acquisition of a subsidiary	(27,900)	(284,407)
Net cash inflow arising from disposal of a subsidiary	-	589,000
Proceed from prior year disposal of a subsidiary	590,000	-
Addition of an associate	(2,250,000)	(96,000)
Repayment from a supplier	-	3,300,000
Interest received	100,037	398,375
Placement of restricted bank deposits	(1,336,121)	(583,903)
Withdrawal of restricted bank deposits	1,091,804	419,950
<b>NET CASH (USED IN) GENERATED FROM INVESTING ACTIVITIES</b>	<b>(5,070,067)</b>	<b>2,295,566</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from issue of new shares	-	5,120,981
Transaction costs attributable to issue of new shares	-	(60,822)
Dividends paid	(1,873,029)	(4,844,722)
Payment on repurchases of shares of the Company	(524,851)	(77,095)
Payment of lease liabilities	(8,270)	-
Proceeds from issuance of medium-term debentures and bonds	2,000,000	6,300,000
Proceeds from issuance of short-term debentures and notes	-	4,000,000
Proceeds from issuance of guaranteed notes	-	2,865,150
Repayment of short-term debentures and notes	(4,000,000)	(3,000,000)
Repayment of medium-term debentures	(1,758,000)	(8,442,000)
Transaction costs on issuance of short-term debentures and notes	-	(46,035)
Transaction costs on issuance of medium-term debentures and notes	(23,600)	(72,505)
Transaction costs on issuance of guaranteed notes	-	(30,793)
Repayment of guaranteed notes	(3,076,901)	(1,845,079)
New bank borrowings	10,229,338	14,399,179
Repayment of bank borrowings	(8,819,321)	(6,248,464)
Interest paid	(2,310,956)	(1,694,894)
Receipt of government grants	19,263	99,100
Contribution from non-controlling interests	9,000	-
<b>NET CASH (USED IN) GENERATED FROM FINANCING ACTIVITIES</b>	<b>(10,137,327)</b>	<b>6,422,001</b>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(19,656,953)</b>	<b>14,594,516</b>
Effect of changes in foreign exchange rates	1,741	5,299
<b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b>	<b>45,380,413</b>	<b>21,947,939</b>
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>		
represented by bank balances and cash	<b>25,725,201</b>	<b>36,547,754</b>

# Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2019

## 1. CORPORATE INFORMATION

China Hongqiao Group Limited (the “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 interim report.

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

The interim condensed consolidated financial information 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. BASIS OF PREPARATION

The interim condensed consolidated financial information of the Group for the six months ended 30 June 2019 have been prepared in accordance with the applicable disclosure provisions of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange and with International Accounting Standard 34 (“IAS 34”) “Interim Financial Reporting” issued by the International Accounting Standards Board (the “IASB”). This interim condensed consolidated financial information should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2018, which have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) issued by the IASB.

## 3. PRINCIPAL ACCOUNTING POLICIES

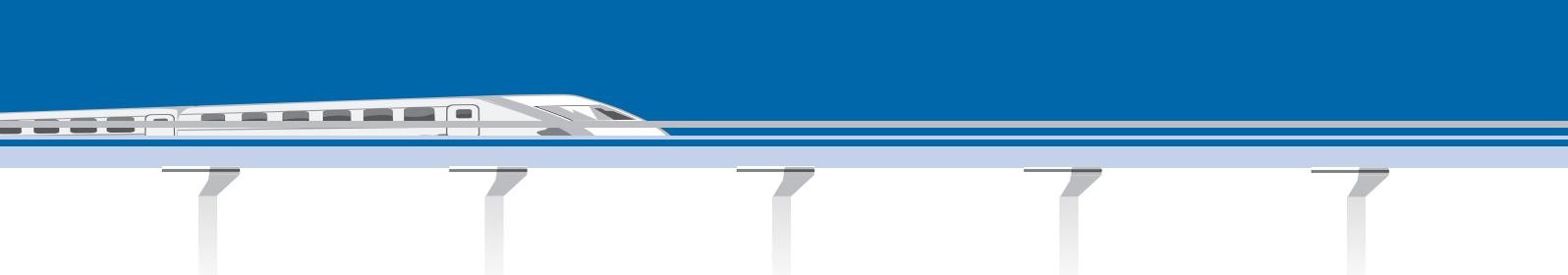
The interim condensed consolidated financial information have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

The accounting policies used in the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2018 except as disclosed below.

### 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.



# Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2019

## 3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

### Non-current assets held for sale (continued)

In the current interim period, the Group has applied, for the first time, the following new and amendments to IFRSs issued by the IASB which are effective for the Group's financial year beginning on 1 January 2019.

IFRS 16	Leases
IFRIC-Int 23	Uncertainty over Income Tax Treatments
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to IFRSs	Annual Improvements to IFRSs 2015-2017 Cycle

The adoption of IFRS 16 resulted in changes in the Group's accounting policies and adjustments to the amounts recognised in the interim condensed consolidated financial information. The new accounting policies are set out in note 4 below. The application of other new and amendments to IFRSs in the current interim period has had no material effects on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these interim condensed consolidated financial information.

### 3.1 Impacts on adoption of IFRS 16 Leases

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating lease and finance lease and requiring the recognition of right-of-use asset and a lease liability for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new accounting policies are described in note 4. The Group has applied IFRS 16 *Leases* modified retrospectively and has not restated comparatives for the 2018 reporting period as permitted under the specific transitional provisions in the standard. Accordingly, certain comparative information may not be comparable as comparative information was prepared under IAS 17 *Leases*.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which arrangements are, or contain, leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC-Int 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

The major impacts of the adoption of IFRS 16 on the Group's interim condensed consolidated financial information are described below.

# Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2019

## 3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

### 3.1 Impacts on adoption of IFRS 16 Leases (continued)

#### The Group as lessee

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as “operating leases” under the principles of IAS 17 Leases (except for lease of low value assets and lease with remaining lease term of twelve months or less). These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of 1 January 2019. The weighted average lessee’s incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 3.57%.

The Group recognises right-of-use assets and measures them at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

#### The Group as lessor

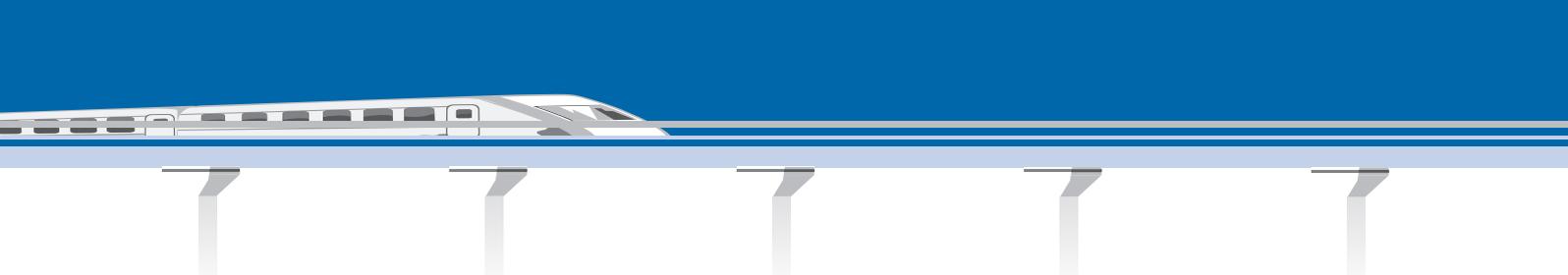
The Group leases some of the properties. The accounting policies applicable to the Group as lessor are not different from those under IAS 17.

The following table summarises the impact of transition to IFRS 16 at 1 January 2019. Line items that were not affected by the adjustments have not been included.

	Notes	Carrying amount previously reported at 31 December 2018 RMB'000 (Audited)	Impact on adoption of IFRS 16 RMB'000	Carrying amount as restated at 1 January 2019 RMB'000 (Unaudited)
Right-of-use assets	(a), (b)	–	5,102,032	5,102,032
Prepaid lease payments	(b)	5,047,468	(5,047,468)	–
Lease liabilities	(a)	–	(54,564)	(54,564)

#### Notes:

- As at 1 January 2019, right-of-use assets were measured at an amount equal to the lease liabilities of approximately RMB54,564,000.
- Prepaid lease payments of approximately RMB5,047,468,000 which represent the prepayment of rentals for land use rights in the PRC and Indonesia were adjusted to right-of-use assets.



## Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2019

### 3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

#### 3.2 Practical expedients applied

On the date of initial application of IFRS 16, the Group has used the following practical expedients permitted by the standard:

- not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Group relied on its assessment made applying IAS 17 and IFRIC-Int 4 *Determining whether an Arrangement contains a Lease*;
- reliance on previous assessments on whether leases are onerous by applying IAS 37 as an alternative to performing an impairment review;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases; and
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application.
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

### 4. CHANGE IN ACCOUNTING POLICIES

#### Leases

##### Definition of a lease

Under IFRS 16, 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) 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.

# Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2019

## 4. CHANGE IN ACCOUNTING POLICIES (CONTINUED)

### Leases (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.

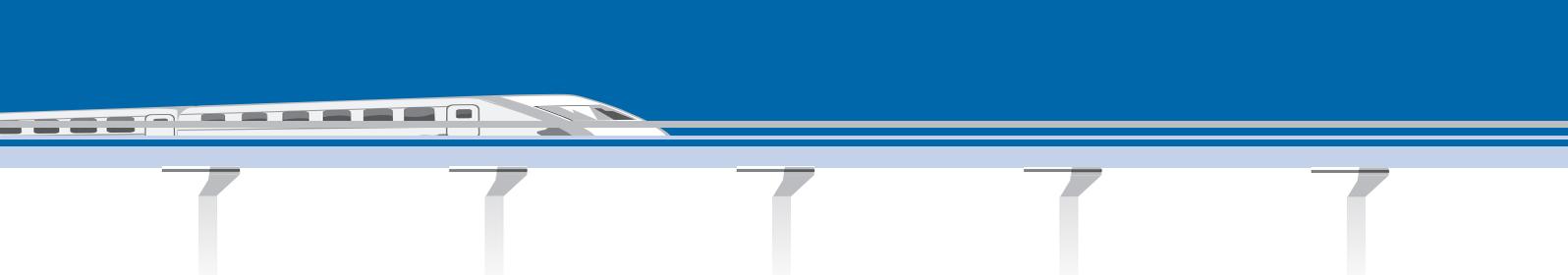
Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments).

The lease liability is presented as a separate line in the interim condensed 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.

Lease liability is remeasured (and with a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.



## Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2019

### 4. CHANGE IN ACCOUNTING POLICIES (CONTINUED)

#### Leases (continued)

##### The Group as lessee (continued)

###### *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. They are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the 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 item on the condensed 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 as described in the “Impairment losses on tangible assets and intangible assets” policy as stated in the Group’s annual consolidated financial statements for the year ended 31 December 2018.

###### *Lease modification*

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

##### The Group as lessor

###### *Lease modification*

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

## Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2019

### 5. REVENUE

An analysis of the Group's revenue is as follows:

	Six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Revenue from sales of aluminum products		
– molten aluminum alloy	29,268,773	33,365,759
– aluminum alloy ingot	1,159,352	2,584,222
– aluminum fabrication	4,466,496	3,347,640
– alumina products	6,157,040	4,766,056
Steam supply income	378,399	262,893
	<b>41,430,060</b>	44,326,570

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

	Six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
<i>Geographical region</i>		
The PRC	39,429,020	43,182,171
India	640,754	272,263
Europe	296,619	14,212
Malaysia	678,495	597,974
Others	385,172	259,950
Total	<b>41,430,060</b>	44,326,570
<i>Type of customers</i>		
Government related	1,114	2,537
Non-government related	41,428,946	44,324,033
Total	<b>41,430,060</b>	44,326,570
<i>Sales channels</i>		
Direct sales	<b>41,430,060</b>	44,326,570

## Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2019

### 6. OTHER INCOME AND GAINS

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Amortisation of deferred income	9,584	8,126
Bank interest income	44,568	16,742
Loan receivable interest income	–	336,914
Imputed interest on receivables arising from disposal of a subsidiary	36,715	–
Other interest income	92,168	44,719
Rental income	6,207	6,485
Gain from sales of scraps materials	176,837	88,315
Gain from sales of slag of carbon anode blocks	427,339	465,558
Gain on bargain purchase (note 33)	3,282	–
Gain on disposal of property, plant and equipment	89,840	168
Gain on disposal of investment properties	241,587	–
Investment gains from derivatives	2,538	2,616
Reversal of impairment of property, plant and equipment	658,974	–
Reversal of impairment of other receivables	13,335	–
Reversal of impairment of inventories	43,025	45,462
Others	34,233	31,595
	<b>1,880,232</b>	<b>1,046,700</b>

### 7. OTHER EXPENSES

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Impairment loss recognised in respect of trade receivables	15,166	16,817
Impairment loss recognised in respect of other receivables	259	–
Impairment loss recognised in respect of property, plant and equipment	1,174,743	–
Impairment loss recognised in respect of goodwill	–	508,486
Write-down of inventories to net realisable value	30,899	5,855
	<b>1,221,067</b>	<b>531,158</b>

## Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2019

### 8. INCOME TAX EXPENSES

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

	<b>Six months ended 30 June</b>	
	<b>2019</b>	2018
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Current tax:		
– Hong Kong Profits Tax	<b>47,350</b>	–
– Indonesia Corporate Tax	<b>71,638</b>	–
– PRC Enterprise Income Tax	<b>1,214,194</b>	1,125,477
	<b>1,333,182</b>	1,125,477
Over provision in previous years:		
– Hong Kong Profits Tax	<b>(6,166)</b>	–
– PRC Enterprise Income Tax	<b>–</b>	(3,926)
	<b>(6,166)</b>	(3,926)
Deferred taxation	<b>(227,346)</b>	16,611
<b>Total income tax expenses</b>	<b>1,099,670</b>	1,138,162

## Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2019

### 9. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging:

	Six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Interest expenses on bank borrowings	904,049	582,703
Interest expenses on other borrowing	49,171	–
Interest expenses on short-term debentures and notes	46,807	87,766
Interest expenses on medium-term debentures and bonds	1,747,337	1,126,972
Interest expenses on guaranteed notes	73,303	87,350
Interest expenses on convertible bonds	101,367	98,053
Interest expenses on lease liabilities	1,542	–
<b>Total finance costs</b>	<b>2,923,576</b>	<b>1,982,844</b>
Amortisation of prepaid lease payments	–	48,686
Amortisation of intangible assets	2,599	3,722
Cost of inventories	33,366,851	37,344,330
Depreciation for property, plant and equipment	3,576,607	3,648,444
Depreciation for investment properties	1,121	3,829
Depreciation of right-of use assets	63,863	–
Foreign exchange loss	30,173	428,949
Research and development expenses	327,852	138
Gross rental income from investment properties	6,207	6,485
Less: direct operating expenses incurred for investment properties that generated rental income during the period	(99)	(110)
	<b>6,108</b>	<b>6,375</b>

# Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2019

## 10. DIVIDENDS

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Dividends recognised as distribution during the period	1,807,631	1,697,064

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

During the six months ended 30 June 2018, a final dividend of HK20 cents per share in respect of the year ended 31 December 2017 has been approved and paid. During the six months ended 30 June 2018, the Company also paid a special dividend of HK20 cents per share and final dividend of HK27 cents per share in respect of the year ended 31 December 2016.

## 11. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<b>Earnings</b>		
Earnings for the purpose of basic earnings per share	2,477,037	1,804,265
Effect of dilutive potential ordinary shares:		
Interest expense on liability component of convertible bonds	–	98,053
Changes in fair values of derivatives component of convertible bonds	–	(78,920)
Exchange loss on translation of liability component of convertible bonds	–	29,024
Earnings for the purpose of diluted earnings per share	2,477,037	1,852,422

# Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2019

## 11. EARNINGS PER SHARE (CONTINUED)

	Six months ended 30 June	
	2019 '000 (Unaudited)	2018 '000 (Unaudited)
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purposes of basic earnings per share	8,630,209	8,693,664
Effect of dilutive potential ordinary shares:		
Convertible bonds	–	256,804
Weighted average number of ordinary shares for the purposes of diluted earnings per share	8,630,209	8,950,468

The computation of diluted earnings per share for the six months ended 30 June 2019 does not assume the conversion of the Company's outstanding convertible bonds since their exercise would result in an increase in earnings per share.

## 12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2019, the Group purchased property, plant and equipment approximately RMB2,071,125,000 (six months ended 30 June 2018: approximately RMB679,518,000), excluding property, plant and equipment acquired from new acquired subsidiaries with carrying amount of approximately RMB421,600,000 (six months ended 30 June 2018: nil), transferred from construction in progress approximately RMB3,188,327,000 (six months ended 30 June 2018: approximately RMB266,072,000), transferred to held for sale with carrying amount of approximately RMB530,973,000 and disposed plant and machinery and motor vehicles with carrying amount of approximately RMB149,474,000 (six months ended 30 June 2018: RMB99,821,000).

During the six months ended 30 June 2019, the Group spent approximately RMB1,423,525,000 (six months ended 30 June 2018: RMB467,808,000) on the construction of its new product lines and power plant.

The depreciation of the Group for the six months ended 30 June 2019 is approximately RMB3,576,607,000 (six months ended 30 June 2018: RMB3,648,444,000).

During the six months ended 30 June 2019, due to the relocation of production capacities programme and the coal consumption reduction alternative work programme introduced by the relevant governmental regulations, the directors of the Company have 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 RMB1,174,743,000 (six months ended 30 June 2018: nil) 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 value-in-use.

## Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2019

### 12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

During the six months ended 30 June 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 will be sold within twelve months from the end of the current interim reporting period, 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 on relevant property, plant and equipment should be recognised. Accordingly, a reversal of provision for impairment of approximately RMB658,974,000 was recognised (six months ended 30 June 2018: nil).

At 30 June 2019, certain of the Group's property, plant and equipment with a net carrying amount of approximately RMB11,818,727,000 (31 December 2018: RMB9,282,147,000) were pledged to secure bank borrowings of the Group (note 35).

Buildings with carrying amount of RMB5,026,162,000 (31 December 2018: RMB5,189,424,000) located in the PRC are in the process of obtaining the property certificates.

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

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

Upon adoption of IFRS 16, on 1 January 2019, the Group recognised right-of-use assets of approximately RMB5,102,032,000 in respect of the leased properties (note 3). As at 30 June 2019, the carrying amounts of right-of-use assets were approximately RMB5,142,428,000 in respect of the leased properties.

During the six months ended 30 June 2019, the Group entered into a number of lease agreements for office premises, factories, crew boats, vessels and crane barges. The leases contain minimum lease payment terms during the contract period. On lease commencement, the Group recognised right-of-use assets of approximately RMB42,989,000.

As at 30 June 2019, certain of the Group's right-of-use assets with a net carrying amount of approximately RMB304,653,000 were pledged to secure bank borrowings of the Group (note 35).

#### (ii) Lease liabilities

Upon adoption of IFRS 16, on 1 January 2019, the Group recognised lease liabilities of approximately RMB54,564,000 (note 3). As at 30 June 2019, the carrying amount of lease liabilities was approximately RMB90,825,000.

During the six months ended 30 June 2019, the Group entered into a number of new lease agreements for office premises, factories, crew boats, vessels and crane barges and recognised lease liabilities of approximately RMB42,989,000.

# Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2019

## 13. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

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

	For the six months ended 30 June 2019 RMB'000
Depreciation of right-of-use assets	63,863
Interest expense on lease liabilities	1,542
Expense relating to short-term leases	160

### (iv) Other

At 30 June 2019, the Group is committed to RMB768,000 for short-term leases.

## 14. INTEREST IN ASSOCIATES

	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
Costs of investments in associates	2,373,140	123,140
Share of profits and other comprehensive income	1,396,299	1,017,309
	<b>3,769,439</b>	1,140,449
Loans to associates	2,756,217	754,952
	<b>6,525,656</b>	1,895,401

The loans to associates of US\$110,000,000 (31 December 2018: US\$110,000,000) are unsecured, interest-free and repayable after one year.

Remaining balance of loans to associates (31 December 2018: nil) are secured by plant and equipment of the associate, interest bearing of 6% per annum and repayable on 20 June 2021.

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

## Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2019

### 15. GOODWILL

	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
<b>Cost</b>		
At beginning and at the end of the financial period/year	1,934,457	1,934,457
<b>Accumulated impairment losses</b>		
At beginning and end of the financial period/year	1,325,639	668,694
Impairment loss recognised during the period/year	–	656,945
At the end of the financial period/year	1,325,639	1,325,639
<b>Carrying amount</b>		
At the end of the financial period/year	608,818	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 2018, the Group recognised an impairment loss of approximately RMB656,945,000 in relation to goodwill arising on acquisition of Shandong Hongchuang Aluminum Industry Holding Company Limited (“Hongchuang”), 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. No impairment loss have been recognised during the six months ended 30 June 2019.



## Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2019

### 16. FINANCIAL ASSET AT FVTOCI

Financial asset at FVTOCI comprise:

	<b>As at 30 June 2019 RMB'000 (Unaudited)</b>	As at 31 December 2018 RMB'000 (Audited)
Equity instrument as at FVTOCI		
– Listed	<b>806,374</b>	908,170

The fair value of this investment is disclosed in note 32.

Investments in listed equity securities represent the Group's investment in Bank of Jinzhou, a company listed in Hong Kong and 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. This investment in equity instrument is not held for trading. Instead, it is held for medium to long-term strategic purposes. Accordingly, the directors of the Company have elected to designate this investment in equity instrument as at FVTOCI as they believe that recognising short-term fluctuations in this investment's fair value in profit or loss would not be consistent with the Group's strategy of holding this investment for long-term purposes and realising its performance potential in the long run.

### 17. INVENTORIES

At 30 June 2019, the carrying amounts of the Group's inventories were net of impairment provision of approximately RMB73,420,000 (31 December 2018: RMB85,546,000).

During the period, inventories previously impaired were sold at profit. As a result, a reversal of provision of approximately RMB43,025,000 (six months ended 30 June 2018: RMB45,462,000) has been recognised and included in other income and gains in the current year.

## Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2019

### 18. TRADE RECEIVABLES

	<b>As at 30 June 2019 RMB'000 (Unaudited)</b>	As at 31 December 2018 RMB'000 (Audited)
Trade receivables	<b>10,353,510</b>	6,757,303
Less: allowance for impairment losses	<b>(21,891)</b>	(6,725)
	<b>10,331,619</b>	6,750,578

The Group allows an average credit period of 90 to 120 days (31 December 2018: 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 presented based on the date of delivery of goods, which approximates the respective revenue recognition dates, at the end of the reporting period.

	<b>As at 30 June 2019 RMB'000 (Unaudited)</b>	As at 31 December 2018 RMB'000 (Audited)
Within 3 months	<b>9,497,898</b>	6,304,751
3-12 months	<b>789,409</b>	438,473
12-24 months	<b>44,065</b>	7,076
24-36 months	<b>247</b>	278
	<b>10,331,619</b>	6,750,578

## Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2019

### 19. BILLS RECEIVABLES

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

	<b>As at 30 June 2019 RMB'000 (Unaudited)</b>	As at 31 December 2018 RMB'000 (Audited)
Within 3 months	5,702,482	6,319,777
3 to 6 months	4,686,418	5,046,349
Over 6 months	2,000	360,500
	<b>10,390,900</b>	11,726,626

### TRANSFERS OF FINANCIAL ASSETS

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

	<b>As at 30 June 2019 RMB'000 (Unaudited)</b>	As at 31 December 2018 RMB'000 (Audited)
Bills receivable endorsed to suppliers with full recourse (note)		
Carrying amount of transferred assets	10,182,475	11,681,840
Carrying amount of trade payables	(9,559,479)	(11,050,300)
Carrying amount of other payables	(622,996)	(631,540)
Net position	-	-

Note:

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

## Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2019

### 20. PREPAYMENTS AND OTHER RECEIVABLES

The balance consists of prepayments and other receivables of:

	<b>As at 30 June 2019 RMB'000 (Unaudited)</b>	As at 31 December 2018 RMB'000 (Audited)
Prepayments to suppliers	1,571,352	1,386,528
Prepayments to an associate (note)	6,000,000	–
Other receivables	2,762,984	3,399,393
	<b>10,334,336</b>	4,785,921
Less: allowance for impairment losses	<b>(25,382)</b>	(38,458)
	<b>10,308,954</b>	4,747,463

Note:

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 of not less than RMB6,000,000,000 for the supply of electricity.

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

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

	<b>As at 30 June 2019 RMB'000 (Unaudited)</b>	As at 31 December 2018 RMB'000 (Audited)
Cash and bank balances	25,725,201	45,380,413
Time deposits	1,500,791	1,256,474
	<b>27,225,992</b>	46,636,887
Less:		
Restricted bank deposits:		
– pledged for bills payable	<b>(1,000,000)</b>	(1,000,000)
– pledged for issuance of letter of credit	<b>(475,791)</b>	(231,474)
– pledged for guarantee issued	<b>(25,000)</b>	(25,000)
Cash and cash equivalents	<b>25,725,201</b>	45,380,413



## Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2019

### 22. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

- a) On 28 February 2019, Shandong Hongchuang Aluminum Holding Co., Ltd \*山東宏創鋁業控股股份有限公司 (“Shandong Hongchuang”), an indirect non wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with 博興縣自然資源和規劃局 (“規劃局”), an independent third party, to dispose of certain of its investment properties in Boxing District (“the Disposal A”). The consideration will be received at the beginning of 2020.

The Disposal A is expected to be completed within twelve months from the end of the current interim reporting period and have been classified as assets held for sales which are separately presented in the interim condensed consolidated statement of financial position. The sales proceeds are expected to exceed the net carrying amounts of the relevant assets and, accordingly, no impairment has been recognised. The Disposal A was negotiated under arm’s length basis and approved by the board of directors’ of the subsidiary.

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

	<b>As at 30 June 2019 RMB’000 (Unaudited)</b>
Investment properties	8,776
Assets classified as held for sale	8,776

# Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2019

## 22. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE (CONTINUED)

- b) On 1 May 2019, Binzhou City Zhanhua District Huihong New Material Co., Ltd. \* (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 (the "Disposal B"), at a consideration of RMB600,000,000. RMB50,000,000 of the consideration was received during the period. The remaining balance of RMB550,000,000 will be received at the end of 2019.

The Disposal B are expected to be completed within twelve months from the end of the current interim reporting period and is therefore classified as assets held for sales in the interim condensed consolidated statement of financial position. The sales proceeds are expected to exceed the net carrying amounts of the relevant assets and accordingly, no impairment has been recognised. The Disposal B was negotiated under arm's length basis and approved by the board of directors' of the subsidiary.

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

	<b>As at 30 June 2019 RMB'000 (Unaudited)</b>
Property, plant and equipment	<b>530,973</b>
Assets classified as held for sale	<b>530,973</b>

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

## 23. TRADE AND BILLS PAYABLES

	<b>As at 30 June 2019 RMB'000 (Unaudited)</b>	As at 31 December 2018 RMB'000 (Audited)
Trade payables	<b>11,722,594</b>	14,661,437
Bills payable	<b>2,049,745</b>	2,000,000
	<b>13,772,339</b>	16,661,437

## Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2019

### 23. TRADE AND BILLS PAYABLES (CONTINUED)

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

	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
Within 6 months	11,455,388	14,333,933
6-12 months	201,323	279,933
1-2 years	23,957	7,330
More than 2 years	41,926	40,241
	<b>11,722,594</b>	14,661,437

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

### 24. BANK BORROWINGS

	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
<b>Current</b>		
Secured bank borrowings	1,465,040	873,104
Unsecured bank borrowings	22,727,337	18,060,631
	<b>24,192,377</b>	18,933,735
<b>Non-current</b>		
Secured bank borrowings	5,444,200	8,146,613
Unsecured bank borrowings	2,429,608	3,117,190
	<b>7,873,808</b>	11,263,803
	<b>32,066,185</b>	30,197,538

## Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2019

### 24. BANK BORROWINGS (CONTINUED)

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

	<b>As at 30 June 2019 RMB'000 (Unaudited)</b>	As at 31 December 2018 RMB'000 (Audited)
Within one year	<b>24,192,377</b>	18,933,735
In the second year	<b>5,962,355</b>	8,482,516
In the third to fifth years, inclusive	<b>1,911,453</b>	2,781,287
	<b>32,066,185</b>	30,197,538

Fixed interest rate borrowings with an aggregate carrying amount of approximately RMB6,446,693,000 (31 December 2018: RMB4,723,090,000) ranged from 3.00% to 7.50% (31 December 2018: 2.70% to 7.50%) per annum as at 30 June 2019.

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\$ and HK\$ at floating rates are calculated based on London Interbank Offered Rate ("LIBOR") and Hong Kong Interbank Offered Rate ("HIBOR") respectively.

The balance of bank borrowings which are guaranteed by a related party was set out in note 37(c).

## Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2019

### 25. OTHER BORROWING

	<b>As at 30 June 2019 RMB'000 (Unaudited)</b>	As at 31 December 2018 RMB'000 (Audited)
Other borrowing, unsecured	<b>1,370,008</b>	1,366,569

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

	<b>As at 30 June 2019 RMB'000 (Unaudited)</b>	As at 31 December 2018 RMB'000 (Audited)
After one year but within two years	<b>1,370,008</b>	1,366,569

The interest rate of the other borrowing of US\$200,000,000 (31 December 2018: US\$200,000,000) is fixed at 7.50% per annum (31 December 2018: 7.50% per annum).

### 26. SHORT-TERM DEBENTURES AND NOTES

	<b>As at 30 June 2019 RMB'000 (Unaudited)</b>	As at 31 December 2018 RMB'000 (Audited)
Short-term debentures and notes	<b>–</b>	4,000,000

## Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2019

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

The details of the unsecured short-term debentures and notes issued during the reporting period are set out as follows:

Debentures	Date of issue	Principal amount RMB'000	Interest rate	Date of maturity
Short-term debentures	5 February 2018	1,000,000	6.00%	7 February 2019
Short-term debentures	14 March 2018	1,000,000	6.25%	16 March 2019
Short-term debentures	22 March 2018	1,000,000	6.20%	26 March 2019
Short-term debentures	2 April 2018	1,000,000	6.50%	4 April 2019

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

### 27. MEDIUM-TERM DEBENTURES AND BONDS

	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
Medium-term debentures and bonds – due within one year	2,974,000	1,752,756
Medium-term debentures and bonds – due after one year	40,516,509	41,077,258
	<b>43,490,509</b>	42,830,014

# Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2019

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

The details of the medium-term debentures and bonds issued and outstanding as at 30 June 2019 and 31 December 2018 are set out as follows:

Debentures	Date of issue	Principal amount RMB'000	Nominal interest rate	Effective interest Rate	Date of maturity
<b>Unlisted</b>					
Medium-term debentures A	14 October 2015	1,000,000	5.50%	5.86%	14 October 2020
Medium-term debentures B	15 December 2015	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
<b>Listed</b>					
Enterprise bonds A	3 March 2014	1,200,000	8.69%	8.91%	3 March 2021
Enterprise bonds B	21 August 2014	1,100,000	7.45%	7.88%	21 August 2021
Enterprise bonds C	26 October 2015	1,000,000	5.26%	5.44%	26 October 2022
Enterprise bonds D	14 January 2016	2,000,000	7.30% (31 December 2018: 4.10%)	7.43% (31 December 2018: 4.33%)	14 January 2021
Enterprise bonds E	14 January 2016	1,000,000	4.88%	5.11%	14 January 2021
Enterprise bonds F	27 January 2016	1,800,000	7.00% (31 December 2018: 4.50%)	7.12% (31 December 2018: 4.73%)	27 January 2021
Enterprise bonds G	24 February 2016	1,200,000	6.70% (31 December 2018: 4.04%)	6.81% (31 December 2018: 4.27%)	24 February 2021
Enterprise bonds H	10 March 2016	3,500,000	6.50% (31 December 2018: 4.27%)	6.61% (31 December 2018: 4.50%)	10 March 2021

## Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2019

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

Debentures	Date of issue	Principal amount RMB'000	Nominal interest rate	Effective interest Rate	Date of maturity
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%	6.40%	22 March 2021
			(31 December 2018: 4.20%)	(31 December 2018: 4.43%)	
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%	6.15%	26 March 2024
Private placement enterprise bond A	2 June 2016	1,758,000	6.05%	6.50%	2 June 2019
Private placement enterprise bond B *	15 July 2016	3,000,000	6.48%	6.75%	15 July 2021

\* On 11 July 2019, the Group has redeemed the private placement enterprises bond B for RMB2,974,000,000 together with interest accrued up to that date.

The total medium-term debentures and bonds are repayable as follows:

	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
Within one year	2,974,000	1,752,756
In the second to fifth year	40,516,509	33,330,745
Over five years	–	7,746,513
	<b>43,490,509</b>	42,830,014

# Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2019

## 28. GUARANTEED NOTES

	<b>As at 30 June 2019 RMB'000 (Unaudited)</b>	<b>As at 31 December 2018 RMB'000 (Audited)</b>
Current liabilities	–	3,078,664

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 are guaranteed by certain subsidiaries of the Group. The 2019 Guaranteed Notes mature on 22 April 2019. The 2019 Guaranteed Notes was redeemed during the period.

## 29. 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 entitle 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.

# Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2019

## 29. CONVERTIBLE BONDS (CONTINUED)

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:

	<b>Liability component of CBs</b>	<b>Derivatives component of CBs</b>	<b>Total</b>
	RMB'000	RMB'000	RMB'000
As at 1 January 2018	1,095,225	991,660	2,086,885
Changes in fair values	–	(397,683)	(397,683)
Effective interest expenses	193,010	–	193,010
Interest paid	(94,039)	–	(94,039)
Conversion into shares of the Company (note 30 (b))	(248,367)	(224,881)	(473,248)
Exchange translation	66,223	46,099	112,322
As at 31 December 2018	1,012,052	415,195	1,427,247
Changes in fair values	–	<b>24,950</b>	<b>24,950</b>
Effective interest expenses	<b>101,367</b>	–	<b>101,367</b>
Interest paid	<b>(41,913)</b>	–	<b>(41,913)</b>
Exchange translation	<b>(1,638)</b>	<b>(476)</b>	<b>(2,114)</b>
As at 30 June 2019	<b>1,069,868</b>	<b>439,669</b>	<b>1,509,537</b>

On 25 January 2018, 70,544,156 ordinary shares of the Company were issued as a result of the conversion of CBs with principal amount of US\$73,600,000. No redemption, purchase or cancellation by the Company has been made in respect of the CBs during the six months ended 30 June 2019.

On 7 February 2018, as a result of the Company's declaration of dividend, the conversion price of the CBs was adjusted from HK\$8.16 to HK\$7.71 per share and on 12 June 2018, as a result of the Company's declaration of dividend, the conversion price of the CBs was further adjusted from HK\$7.71 to HK\$7.53 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 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.

As at 30 June 2019, the principal amount of the CBs that remained outstanding amounted to US\$246,400,000 (31 December 2018: US\$246,400,000) of which a maximum of 267,287,611 (31 December 2018: 255,928,775) 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 7 February 2018, 13 July 2018 and 17 June 2019.

## Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2019

### 29. CONVERTIBLE BONDS (CONTINUED)

At 31 December 2018 and 30 June 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:

	<b>As at 30 June 2019 (Unaudited)</b>	As at 31 December 2018 (Audited)
Share price	<b>HK\$5.51</b>	HK\$4.45
Conversion price	<b>HK\$7.21</b>	HK\$7.53
Expected volatility	<b>49.64%</b>	55.54%
Expected life	<b>3.41 years</b>	3.91 years
Risk free rate	<b>1.70%</b>	2.45%
Expected dividend yield	<b>4.3%</b>	4.4%

### 30. ISSUED CAPITAL

	Number of shares		Share Capital	
	<b>30 June 2019</b>	31 December 2018	<b>30 June 2019 US\$</b>	31 December 2018 US\$
<b>Authorised:</b>				
Ordinary shares of US\$0.01 each	<b>10,000,000,000</b>	10,000,000,000	<b>100,000,000</b>	100,000,000
	<b>30 June 2019</b>	31 December 2018	<b>30 June 2019 US\$</b>	31 December 2018 US\$
<b>Issued and fully paid:</b>				
Ordinary shares of US\$0.01 each	<b>8,570,852,349</b>	8,675,394,849	<b>85,708,523</b>	86,753,948

# Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2019

## 30. ISSUED CAPITAL (CONTINUED)

	Number of shares	Share Capital RMB'000
<b>Issued and fully paid:</b>		
At 1 January 2018	8,057,888,193	526,966
Issue of shares upon share subscription (note (a))	650,000,000	41,710
Issue of shares upon conversion of CBs (note (b))	70,544,156	4,495
Shares repurchased and cancelled	(103,037,500)	(6,999)
At 31 December 2018 and 1 January 2019	8,675,394,849	566,172
Shares repurchased and cancelled	(104,542,500)	(7,082)
At 30 June 2019	8,570,852,349	559,090

Notes:

- (a) On 23 January 2018, 650,000,000 ordinary shares of US\$0.01 each were issued and allotted at a price of HK\$9.6 per share, raising a total proceeds of approximately RMB5,060,159,000, net of share issue expense of approximately RMB60,822,000.
- (b) During the year ended 31 December 2018, CBs with principal amount US\$73,600,000 was converted into 70,544,156 ordinary shares of the Company at par at the conversion price of HK\$8.16 per ordinary share.

The Company does not have any share option scheme.

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

## Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2019

### 30. ISSUED CAPITAL (CONTINUED)

During the current period, 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 HK\$	Share cancelled date
		Highest	Lowest		
		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 period.

### 31. RESERVES

#### (a) Capital reserve

Capital reserve represents (i) the effect of the group reorganization completed in March 2010 and (ii) deemed capital contribution from its equity holders and (iii) amount of consideration paid by Shandong Hongqiao New Material Co., Ltd in excess of the net book value of Chongqing Weiqiao Financial Factoring Co., Ltd. acquired from Weiqiao Chuangye Group Company Limited on 22 January 2018.

# Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2019

## 31. RESERVES (CONTINUED)

### (b) Statutory surplus reserve

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

### (c) Translation reserve

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

### (d) Investment revaluation reserve

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

## 32. FAIR VALUE DISCLOSURES

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

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

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

## Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2019

### 32. FAIR VALUE DISCLOSURES (CONTINUED)

The following table provides the fair value measurement hierarchy of the Group's financial assets and financial liabilities as at 30 June 2019 and 31 December 2018. The valuation techniques and inputs used in the fair value measurements of each financial instruments on a recurring basis are set out below:

Financial instruments	Fair value hierarchy	Fair value as at		Valuation technique and key inputs
		30/6/2019 RMB'000	31/12/2018 RMB'000	
Financial asset at FVTOCI	Level 3 (31 December 2018: level 1)	<b>806,374</b>	908,170	Market approach – by reference to the asset with identical or similar assets in the market. Key inputs: price-to-book ratio of 0.92. (31 December 2018: Quoted bid prices in an active market)
Financial asset at fair value through profit or loss	Level 1	<b>54</b>	–	Quoted bid prices in an active market
Redemption option derivative of CBs	Level 3	<b>109,665</b>	161,740	Binomial option pricing model: Key inputs: risk free rate of 1.70% (31 December 2018: 2.45%), and effective interest rate of 8.67% (31 December 2018: 8.97%) and volatility of 49.64% (31 December 2018: 55.54%)
Conversion option derivative of CBs	Level 3	<b>330,004</b>	253,455	Binomial option pricing model: Key inputs: risk free rate of 1.70% (31 December 2018: 2.45%), and effective interest rate of 8.67% (31 December 2018: 8.97%) and volatility of 49.64% (31 December 2018: 55.54%)

#### 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.

## Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2019

### 33. ACQUISITION OF A SUBSIDIARY

On 31 March 2019, the Group acquired 100% of the equity interest in 濱州鴻博鋁業科技有限公司 (“鴻博鋁業”) from 博興縣瑞豐鋁板有限公司, an independent third party, for a consideration of approximately RMB147,666,000. Approximately RMB36,666,000 of the consideration has been paid during current period. The remaining balances of RMB55,500,000 and RMB55,500,000 will be settled on 31 December 2019 and 30 June 2020 respectively. This acquisition has been accounted for using the acquisition method. The amount of bargain purchase arising as a result of the acquisition was approximately RMB3,282,000. 鴻博鋁業 is engaged in the manufacture and sales of aluminum fabrication. 鴻博鋁業 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 during the period	(36,666)
Consideration payable (included in other payables)	111,000

#### 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 have been excluded from the consideration transferred and have been recognised as an expense in the current period, within the administrative expenses in the condensed consolidated statement of profit or loss and other comprehensive income.

## Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2019

### 33. 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	(111,000)
Net cash outflow on acquisition	27,900

Included in the profit for the period is approximately a loss of approximately RMB20,927,000, attributable to the additional business generated by 鴻博鋁業. Revenue for the six months ended 30 June 2019 includes approximately RMB459,460,000 generated from 鴻博鋁業.

Had the acquisition been completed on 1 January 2019, total revenue of the Group for the six months ended 30 June 2019 would have been approximately RMB41,746,097,000 and profit for the period would have been approximately RMB2,746,475,000. The pro forma information is for illustrative purposes only and is 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 is it intended to be a projection of future results.

### 34. DISPOSAL OF A SUBSIDIARY

On 30 June 2018, 濱州市沾化區匯宏新材料有限公司 (“Zhanhua Huihong New Material”), an indirect wholly-owned subsidiary of the Company, disposed of the entire issued share capital of 濱州市沾化區茂宏新材料有限公司 (“Zhanhua Maohong New Material”), a company directly wholly-owned by Zhanhua Huihong New Material, to an independent third party at a cash consideration of RMB2,950,000,000. RMB590,000,000 of the consideration was received during the six months ended 30 June 2018. The remaining balance of RMB885,000,000, RMB590,000,000 and RMB885,000,000 will be settled on 31 December 2018, 30 June 2019 and 31 December 2019 respectively. The remaining balances in aggregate of RMB2,360,000,000 is guaranteed by the acquirer's associated company which also is one of the major suppliers of the Group. The fair value of the consideration is assessed at net present value and discounted by weighted averaged borrowing costs of the Group.

## Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2019

### 34. DISPOSAL OF A SUBSIDIARY (CONTINUED)

#### Analysis of assets and liabilities over which control was lost:

	RMB'000
Property, plant and equipment	3,182,302
Other receivables	298,828
Cash and cash equivalents	1,000
Net assets disposed of	3,482,130

#### Loss on disposal of a subsidiary

	RMB'000
Consideration received and receivable	2,833,358
Net assets disposed of	(3,482,130)
Loss on disposal of a subsidiary	(648,772)

#### Consideration of the disposal

	RMB'000
Consideration of the disposal	2,833,358
Imputed interest on unsettled consideration	95,431
Less: cash consideration received	(2,065,000)
Consideration receivable (included in other receivables)	863,789
Analysed for reporting purposes as:	
Current assets	863,789

## Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2019

### 34. DISPOSAL OF A SUBSIDIARY (CONTINUED)

#### Net cash inflow arising on disposal

	As at 30 June 2018 RMB'000
Cash consideration received	590,000
Less: cash and cash equivalents disposed of	(1,000)
	589,000

### 35. PLEDGE OF ASSETS

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

	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
Restricted bank deposits (note 21)	1,500,791	1,256,474
Property, plant and equipment (note 12)	11,818,727	9,282,147
Right-of-use assets (i.e. land use right) (note 13)	304,653	–

### 36. COMMITMENTS

	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
Contracted for but not provided		
– Capital investment	14,000	14,000
– property, plant and equipment	2,253,982	794,563
	2,267,982	808,563

# Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2019

## 37. RELATED PARTY TRANSACTIONS

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

(a) During the six months ended 30 June 2019, the directors of the Company are of the view that the following are related parties of the Group:

Name of party	Relationship
山東魏橋創業集團有限公司 ("Weiqiao Chuangye") (note i)	note iii
濱州魏橋科技工業園有限公司 ("Binzhou Industrial Park") (note i)	Controlled by Weiqiao Chuangye
山東銘宏紡織科技有限公司 ("Ming Hong Textile") (note i)	Controlled by Weiqiao Chuangye
鄒平魏橋再生資源利用有限公司 ("Zouping Weiqiao") (note i)	Controlled by Weiqiao Chuangye
凱斯曼秦皇島汽車零部件製造有限公司 ("Caseman")	Controlled by CITIC Group Corporation (note ii)
中信信託有限責任公司 ("中信信託")	Controlled by CITIC Group Corporation (note ii)
China CITIC Bank International ("CITIC Bank")	Controlled by CITIC Group Corporation (note ii)
中信銀行股份有限公司 ("中信銀行")	Controlled by CITIC Group Corporation (note ii)
濱州市公建投資開發有限公司 ("濱州投資")	Controlled by Weiqiao Chuangye
濱州市北海魏橋固廢處置有限公司 ("濱州固廢處置")	Controlled by Weiqiao Chuangye
山東瑞信招標有限公司 ("山東瑞信")	Controlled by Weiqiao Chuangye
PT. Harita Jayaraya ("Harita Jayaraya")	note iv
PT. Lima Srikandi Jaya	Controlled by Harita Jayaraya
PT. Mitra Kemakmuran Line	Controlled by Harita Jayaraya
PT. Antar Sarana Rekasa	Controlled by Harita Jayaraya
沾化金沙供水有限公司 ("Jinsha Water Supply") (note i)	An associate of Weiqiao Chuangye
山東創新炭材料有限公司 ("創新炭材料")	An associate of a wholly-owned subsidiary of the Company
Africa Bauxite Company Ltd ("ABM")	An associate of a wholly-owned subsidiary of the Company
GTS Global Trading Ltd ("GTS")	An associate of a wholly-owned subsidiary of the Company
鄒平濱能能源科技有限公司 ("濱能能源")	An associate of a wholly-owned subsidiary of the Company

### Notes:

- The English names of the above companies are for reference only.
- CTI Capital Management Limited and its related company, CNCB (Hong Kong) Investment Limited, currently holding 877,184,826 shares of the Company, representing 10.23% of the total issued shares of the Company, are both indirect subsidiaries of CITIC Group Corporation and therefore CITIC Group Corporation is a connected person of the Group.
- 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.
- Harita Jayaraya has a significant non-controlling beneficial interest in PT Well Harvest Winning Alumina Refinery, a subsidiary of the Group.

# Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2019

## 37. RELATED PARTY TRANSACTIONS (CONTINUED)

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

	Notes	Six months ended 30 June	
		2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Purchases of water			
– Jinsha Water Supply	(b)	7,418	7,279
– Weiqiao Chuangye	(b)	20,000	–
Industrial waste services expense			
– 濱州固廢處置	(b)	22,913	–
Purchases of bauxite			
– ABM	(a)	–	685,170
– GTS	(a)	7,878,872	2,908,823
Purchases of anode carbon block			
– 創新炭材料	(a)	79,047	–
Sales of steam			
– Binzhou Industrial Park	(b)	8,208	13,031
– Ming Hong Textile	(b)	1,835	2,516
– 濱州投資	(a)	12,787	13,252
Sales of electricity			
– 創新炭材料	(a)	1,159	525
– 濱州固廢處置	(a)	–	91
Sales of molten aluminum alloy			
– Caseman	(b)	1,347,470	–
Legal and professional fee			
– 山東瑞信	(a)	2,621	141

## Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2019

### 37. RELATED PARTY TRANSACTIONS (CONTINUED)

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

	Notes	Six months ended 30 June	
		2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Rental expenses			
– Weiqiao Chuangye	(a)	1,301	1,079
– PT. Lima Srikandi Jaya	(b)	–	–
– Harita Jayaraya	(b)	616	–
– PT. Mitra Kemakmuran Line	(b)	–	–
– PT. Antar Sarana Rekasa	(b)	1,457	–
Bank interest income			
– 中信銀行	(a)	390	–
Interest expenses on bank borrowings			
– CITIC Bank	(a)	78,774	–
– 中信銀行	(a)	186,148	–
Investment and wealth management service			
– 中信信托	(b),(c)	–	–

Notes:

- (a) The related party transactions in respect of (a) above constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules, however, they are exempt from the disclosure requirements in Chapter 14A of the Listing Rules.
- (b) The related party transactions in respect of (b) above constitute connected transactions and the disclosures required by Chapter 14A of the Listing Rules.
- (c) An investment and wealth management cooperation framework agreement was entered on 3 December 2018 and no transaction incurred during the six months ended 30 June 2019 (six months ended 30 June 2018: nil).

# Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2019

## 37. RELATED PARTY TRANSACTIONS (CONTINUED)

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

	<b>As at 30 June 2019 RMB'000 (Unaudited)</b>	As at 31 December 2018 RMB'000 (Audited)
Bank balances		
CITIC Bank (note i)	<b>137,589</b>	93,963
中信銀行 (note ii)	<b>265,828</b>	78,119
Bank borrowings		
CITIC Bank (notes iii and v)	<b>727,618</b>	2,335,191
中信銀行 (notes iv and v)	<b>7,421,156</b>	7,180,666
Loans to associates		
ABM	<b>756,217</b>	754,952
濱能能源	<b>2,000,000</b>	–
Trade payables		
GTS	<b>235,053</b>	264,647
Jinsha Water Supply	<b>1,660</b>	424
Weiqiao Chuangye	<b>5,090</b>	–
創新炭材料	<b>9,649</b>	–
Other payables		
PT. Antar Sarana Rekasa	<b>1,457</b>	–

# Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2019

## 37. RELATED PARTY TRANSACTIONS (CONTINUED)

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

	<b>As at 30 June 2019 RMB'000 (Unaudited)</b>	As at 31 December 2018 RMB'000 (Audited)
Trade receivables		
濱州投資	–	4,563
Ming Hong Textile	66	102
Zouping Weiqiao	–	129
Prepayment		
Jinsha Water Supply	–	7,837
濱能能源	6,000,000	–
Contract liabilities		
Caseman	9,776	17,143

Notes:

- i. The bank balances of CITIC Bank were interest-free.
- ii. The bank balances of 中信銀行 were interest bearing at normal interest rate of 0.3% per annum (31 December 2018: 0.3% per annum).
- iii. The bank borrowings of CITIC Bank were interest bearing at normal interest rates range from 5.9% to 6.5% per annum (31 December 2018: 5.9% to 6.5% per annum).
- iv. The bank borrowings of 中信銀行 was interest bearing at normal interest rate of 4.32% to 5.25% per annum (31 December 2018: 4.32% to 5.25% per annum).
- 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 Rule 14A.90 of the Listing Rules as the transaction terms are in normal commercial terms and are not secured by assets of the Group.

# Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2019

## 37. RELATED PARTY TRANSACTIONS (CONTINUED)

### (b) Compensation of key management personnel

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

	Six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Short term employee benefit	2,728	2,791
Retirement benefits scheme contributions	32	40
	<b>2,760</b>	2,831

### (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:

	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
	Weiqiao Chuangye	299,000

## 38. EVENTS AFTER THE REPORTING PERIOD

On 15 July 2019, the Company issued a 7.125% guaranteed notes with the aggregate principal amount of US\$300,000,000 (the "2022 Guaranteed Notes") which are guaranteed by certain subsidiaries of the Group and the proceed was received on 23 July 2019. The 2022 Guaranteed Notes will be matured on 22 July 2022 and are listed on the Singapore Exchange Securities Trading Limited. Further details are set out in the announcements of the Company dated 15 July 2019, 16 July 2019 and 25 July 2019.