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

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

**(Stock Code: 1378)**

## ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

**RESULTS HIGHLIGHTS**

- Revenue decreased by approximately 7.9% to approximately RMB90,194,924,000 as compared with the previous year
- Gross profit decreased by approximately 6.0% to approximately RMB15,400,562,000 as compared with the previous year
- Net profit attributable to shareholders of the Company increased by approximately 5.4% to approximately RMB5,407,422,000 as compared with the previous year
- Basic earnings per share decreased by approximately 11.0% as compared with the previous year and were approximately RMB0.6218 per share
- Proposed final dividend of HK24.0 cents per share, representing an increase of 20.0% as compared with the same period of last year

The board ("Board") of directors (the "Directors") of China Hongqiao Group Limited (the "Company" or "China Hongqiao") is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively as the "Group") for the year ended 31 December 2018 (the "Year" or the "Year under Review").

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*FOR THE YEAR ENDED 31 DECEMBER 2018*

| | *Notes* | **2018** **RMB'000** | 2017 RMB'000 (Restated) |
|---|---|---|---|
| Revenue | *4* | **90,194,924** | 97,941,916 |
| Cost of sales | | **(74,794,362)** | (81,561,674) |
| Gross profit | | **15,400,562** | 16,380,242 |
| Other income and gains | | **2,135,396** | 2,497,598 |
| Selling and distribution expenses | | **(371,206)** | (270,215) |
| Administrative expenses | | **(3,867,211)** | (2,083,209) |
| Other expenses | | **(706,916)** | (5,678,876) |
| Finance costs | | **(4,433,389)** | (4,080,942) |
| Changes in fair value of derivatives | | **397,683** | (19,897) |
| Share of profits of associates | | **429,545** | 371,989 |
| Loss on disposal of a subsidiary | *12* | **(648,772)** | – |
| **Profit before taxation** | | **8,335,692** | 7,116,690 |
| Income tax expenses | *6* | **(2,549,440)** | (1,788,953) |
| **Profit for the year** | | **5,786,252** | 5,327,737 |
| **Attributable to:** | | | |
| Owners of the Company | | **5,407,422** | 5,130,064 |
| Non-controlling interests | | **378,830** | 197,673 |
| | | **5,786,252** | 5,327,737 |
| **Other comprehensive income (expense) for the year** | | | |
| *Items that may be reclassified subsequently to profit or loss:* | | | |
| Exchange difference arising on translating foreign operations | | **147,321** | (102,409) |
| Share of other comprehensive income (expense) of associates | | **75,295** | (38,910) |
| | | **222,616** | (141,319) |
| *Items that will not be reclassified subsequently to profit or loss:* | | | |
| Fair value loss on equity instruments at fair value changes through other comprehensive income | | **(67,936)** | – |
| **Total comprehensive income for the year, net of income tax** | | **5,940,932** | 5,186,418 |
| **Total comprehensive income for the year attributable to** | | | |
| Owners of the Company | | **5,504,647** | 5,044,115 |
| Non-controlling interests | | **436,285** | 142,303 |
| | | **5,940,932** | 5,186,418 |
| **Earnings per share** | *8* | | |
| Basic (RMB) | | **0.6218** | 0.6986 |
| Diluted (RMB) | | **0.5936** | 0.6952 |

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
*AS AT 31 DECEMBER 2018*

| | Note | **As at 31 December 2018 RMB'000** | As at 31 December 2017 RMB'000 (Restated) | As at 1 January 2017 RMB'000 (Restated) |
|---|---|---|---|---|
| **NON-CURRENT ASSETS** | | | | |
| Property, plant and equipment | | **76,361,390** | 84,043,112 | 86,658,504 |
| Intangible assets | | **22,673** | 13,972 | – |
| Prepaid lease payments | | **4,915,054** | 3,806,787 | 3,066,503 |
| Investment properties | | **143,606** | 150,931 | – |
| Deposits paid for acquisition of property, plant and equipment | | **206,324** | 421,144 | 1,745,089 |
| Deposits paid for acquisition of land | | – | 14,968 | 443,390 |
| Deferred tax assets | | **1,865,927** | 1,784,856 | 557,322 |
| Interests in associates | | **1,895,401** | 1,325,328 | 944,796 |
| Goodwill | | **608,818** | 1,265,763 | 311,769 |
| Other financial assets | | – | – | 14,631 |
| Financial assets at fair value through other comprehensive income | | **908,170** | – | – |
| Available-for-sale investments | | – | 6,000 | – |
| | | **86,927,363** | 92,832,861 | 93,742,004 |
| **CURRENT ASSETS** | | | | |
| Prepaid lease payments | | **132,414** | 85,902 | 56,152 |
| Inventories | | **19,805,561** | 15,585,329 | 17,143,324 |
| Trade receivables | *9* | **6,750,578** | 2,211,734 | 363,314 |
| Bills receivables | | **11,726,626** | 11,912,479 | 9,721,942 |
| Prepayments, loan and other receivables | | **4,747,463** | 12,846,097 | 8,243,113 |
| Other financial assets | | – | 57 | 13,047 |
| Restricted bank deposits | | **1,256,474** | 1,262,589 | 396,808 |
| Cash and cash equivalents | | **45,380,413** | 21,947,939 | 13,141,647 |
| | | **89,799,529** | 65,852,126 | 49,079,347 |

| | Notes | As at 31 December 2018 RMB'000 | As at 31 December 2017 RMB'000 (Restated) | As at 1 January 2017 RMB'000 (Restated) |
|---|---|---|---|---|
| **CURRENT LIABILITIES** | | | | |
| Trade and bills payables | 10 | **16,661,437** | 16,060,100 | 7,506,386 |
| Other payables and accruals | | **11,840,680** | 16,347,810 | 12,378,364 |
| Bank borrowings – due within one year | | **18,933,735** | 9,529,148 | 14,310,943 |
| Other financial liabilities | | **–** | – | 1,691 |
| Income tax payable | | **1,460,994** | 1,163,430 | 724,632 |
| Short-term debentures and notes | | **4,000,000** | 3,000,000 | 11,000,000 |
| Medium-term debentures and bonds – due within one year | | **1,752,756** | 7,196,185 | 731,664 |
| Guaranteed notes | | **3,078,664** | 1,957,399 | 2,768,436 |
| Deferred income | | **19,450** | 16,571 | 31,106 |
| | | **57,747,716** | 55,270,643 | 49,453,222 |
| **NET CURRENT ASSETS (LIABILITIES)** | | **32,051,813** | 10,581,483 | (373,875) |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | **118,979,176** | 103,414,344 | 93,368,129 |
| **NON-CURRENT LIABILITIES** | | | | |
| Bank borrowings – due after one year | | **11,263,803** | 10,525,603 | 4,696,770 |
| Other borrowing – due after one year | | **1,366,569** | – | – |
| Liability component of convertible bonds | | **1,012,052** | 1,095,225 | – |
| Derivatives component of convertible bonds | | **415,195** | 991,660 | – |
| Deferred tax liabilities | | **670,982** | 505,397 | 578,097 |
| Medium-term debentures and bonds – due after one year | | **41,077,258** | 36,271,871 | 39,720,060 |
| Guaranteed notes | | **–** | – | 2,070,436 |
| Deferred income | | **553,820** | 287,021 | 114,668 |
| | | **56,359,679** | 49,676,777 | 47,180,031 |
| **NET ASSETS** | | **62,619,497** | 53,737,567 | 46,188,098 |
| **CAPITAL AND RESERVES** | | | | |
| Share capital | 11 | **566,172** | 526,966 | 474,057 |
| Reserves | | **59,399,189** | 50,992,750 | 44,599,143 |
| Equity attributable to owners of the Company | | **59,965,361** | 51,519,716 | 45,073,200 |
| Non-controlling interests | | **2,654,136** | 2,217,851 | 1,114,898 |
| **TOTAL EQUITY** | | **62,619,497** | 53,737,567 | 46,188,098 |

## 1. CORPORATE INFORMATION

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

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

The consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company and its subsidiaries in the People's Republic of China ("PRC") and Hong Kong. The functional currency of the subsidiary established in Indonesia is denoted in Indonesia Rupiah ("IDR").

## 2. BASIS OF PREPARATION

**Merger accounting for business combination involving entities under common control**

On 22 January 2018, Shandong Hongqiao New Material Co., Ltd. ("Shandong Hongqiao"), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with 山東魏橋創業集團有限公司, Shandong Weiqiao Chuangye Group Company Limited ("Weiqiao Chuangye"), for the purchase of 55% equity interest in Chongqing Weiqiao Financial Factoring Co., Ltd. ("Chongqing Weiqiao"), at a cash consideration of approximately RMB284,407,000. The acquisition was completed on 25 January 2018, and Chongqing Weiqiao has become a subsidiary of the Group since then. As Weiqiao Chuangye and the Company are ultimately controlled by Mr. Zhang Shiping, the acquisition of Chongqing Weiqiao was regarded as business combination under common control.

The net assets of the combining entity or business are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest. The adjustments to eliminate share/registered capital of the combining entity or business against the related investment costs have been made to capital reserve in the consolidated statement of changes in equity. The details of the restated balances have been disclosed in note 13.

The consolidated statement of profit or loss and other comprehensive income, the consolidated statement of financial position, consolidated statement of changes in equity and the consolidated statement of cash flows for the prior periods have been restated to include the operating results of Chongqing Weiqiao as if this acquisition had been completed on 1 January 2017.

## 3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

In the current year, the Group has applied the following amendments to IFRSs and amendments to International Accounting Standards ("IAS(s)") and interpretations ("Int"), issued by the International Accounting Standards Board (the "IASB").

| | |
|---|---|
| IFRS 9 | Financial Instruments |
| IFRS 15 | Revenue from Contracts with Customers and related Amendments |
| Amendments to IFRS 2 | Classification and Measurement of Share-based Payment Transactions |
| Amendments to IFRS 4 | Applying IFRS 9 *Financial Instruments* with IFRS 4 *Insurance Contracts* |
| Amendments to IAS 28 | As part of Annual Improvements to IFRSs 2014 – 2016 Cycle |
| Amendments to IAS 40 | Transfers of Investment Property |
| FRIC-Int 22 | Foreign Currency Transactions and Advance Consideration |

The impact of the adoption of IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from Contracts with Customers* have been summarised below. The application of other new and amendments to IFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in the consolidated financial statements.

**IFRS 9 *Financial instruments***

IFRS 9 replaced the provision of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The Group has applied IFRS 9 retrospectively to financial instruments that have not been derecognised at the date of initial application (i.e. 1 January 2018) in accordance with the transition provisions under IFRS 9, and chosen not to restate comparative information. Differences in the carrying amounts of financial assets and financial liabilities on initial application are recognised in retained as at 1 January 2018.

The Group's accounting policies for the classification and measurement of financial instruments and the impairment of financial assets are disclosed in detail in the annual report.

**(i) Classification and measurement of financial instruments**

The directors of the Company reviewed and assessed the Group's existing financial assets and liabilities as at 1 January 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the Group's financial assets and liabilities as regards their classification and measurement:

***Unlisted equity investments previously classified as available-for-sale investments carried at cost less impairment:***

For the available-for-sale unlisted equity investments carried at cost less impairment amounting to RMB6,000,000, the Group has not elected the option for designation at fair value through other comprehensive income ("FVTOCI") and reclassified them to financial assets at fair value through profit or loss ("FVTPL"). The Group measures it at fair value at the end of subsequent reporting periods with fair value gains or losses to be recognised in profit or loss. There was no material change in fair value as at 1 January 2018 as a result of the change in classification.

***Derivatives component of convertible bonds ("CBs") issued by the Group previously at FVTPL:***

The Group's derivatives component of CBs amounting to RMB991,660,000 as measured at FVTPL under IAS 39 and continue to be measured at FVTPL. However, the amount of change in the fair value that is attributable to changes in the credit risk of these liabilities is now recognised in other comprehensive income with the remaining fair value change recognised in profit or loss. On initial application of IFRS 9, no fair value gains or losses attributable to changes in the credit risk relating to these liabilities was transferred from retained earnings to other comprehensive income as at 1 January 2018 as no change in the credit risk relating to these liabilities.

The directors of the Company reviewed and assessed the Group's existing financial assets as at 1 January 2018 based on the facts and circumstances that existed at that date and concluded that all other recognised financial assets and financial liabilities that are within the scope of IFRS 9 are continued to measure on the same bases as are previously measured under IAS 39.

Note (iii) below tabulates the change in classification and measurement of the Group's financial assets and financial liabilities upon application of IFRS 9.

**(ii) Loss allowance for expected credit losses ("ECL")**

The adoption of IFRS 9 has changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss model with a forward-looking ECL approach. As at 1 January 2018, the directors of the Company reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirement of IFRS 9.

It is concluded that, as at 1 January 2018, no additional credit loss allowance has been recognised against retained earnings as the estimated allowance under the ECL model were not significantly different to the impairment losses previously recognised under IAS 39.

**(iii) Summary of effects arising from initial application of IFRS 9**

The table below summarises the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets and financial liabilities and reconciles the carrying amounts of financial assets and financial liabilities under IAS 39 to the carrying amounts under IFRS 9 on 1 January 2018.

| | Carrying amount previously reported at 31 December 2017 *RMB'000* (Restated) | Impact on adoption of IFRS 9 – Reclassification *RMB'000* | Carrying amount as restated at 1 January 2018 *RMB'000* |
|---|---|---|---|
| **Financial assets** | | | |
| **Loans and receivables** | | | |
| Loans to associates | 716,394 | (716,394) | – |
| Trade receivables | 2,211,734 | (2,211,734) | – |
| Bills receivables | 11,912,479 | (11,912,479) | – |
| Loans and other receivables | 10,887,278 | (10,887,278) | – |
| Restricted bank deposits | 1,262,589 | (1,262,589) | – |
| Cash and cash equivalents | 21,947,939 | (21,947,939) | – |
| **Financial assets at amortised cost** | | | |
| Loans to associates | – | 716,394 | 716,394 |
| Trade receivables | – | 2,211,734 | 2,211,734 |
| Bills receivables | – | 11,912,479 | 11,912,479 |
| Loans and other receivables | – | 10,887,278 | 10,887,278 |
| Restricted bank deposits | – | 1,262,589 | 1,262,589 |
| Cash and cash equivalents | – | 21,947,939 | 21,947,939 |
| **Available-for-sale investments** | | | |
| Unlisted equity securities | 6,000 | (6,000) | – |
| **Financial assets at FVTPL** | | | |
| Unlisted equity securities | – | 6,000 | 6,000 |
| Other derivative | 57 | – | 57 |

All financial liabilities have not been impacted by the application of IFRS 9 and continue to be classified and measured on the same basis as they were under IAS 39.

**IFRS 15 *Revenue from contracts with customers***

IFRS 15 superseded IAS 11 *Construction Contracts*, IAS 18 *Revenue* and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard established a five-step model for determining whether, how much and when revenue is recognised.

The Group's accounting policies for its revenue streams are disclosed in detail in annual report.

The Group is principally engaged in the business of manufacture and sales of aluminum products. As at 1 January 2018, the "receipt in advance" from customers of approximately RMB710,110,000 included in other payable and accruals was reclassified as "contract liabilities" in adoption of IFRS 15.

The Group concluded that revenue from sale of goods should be recognised at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods, which is consistent with the previous accounting policy. Therefore, the adoption of IFRS 15 has no impact on the timing of revenue recognition in this regard.

***New and revised IFRSs issued but not yet effective***

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

| | |
|---|---|
| IFRS 16 | Leases[1] |
| IFRS 17 | Insurance Contracts[3] |
| Amendments to IFRSs | Annual Improvements to IFRSs 2015 – 2017 Cycle[1] |
| Amendments to IFRS 3 | Definition of a Business[5] |
| Amendments to IFRS 9 | Prepayment Features with Negative Compensation[1] |
| Amendments to IFRS 10 and IAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4] |
| Amendments to IAS 1 and IAS 8 | Definition of Material[2] |
| Amendments to IAS 19 | Plan Amendment, Curtailment or Settlement[1] |
| Amendments to IAS 28 | Long-term Interests in Associates and Joint Ventures[1] |
| IFRIC-Int 23 | Uncertainty over Income Tax Treatments[1] |

[1] Effective for annual periods beginning on or after 1 January 2019.
[2] Effective for annual periods beginning on or after 1 January 2020.
[3] Effective for annual periods beginning on or after 1 January 2021.
[4] Effective for annual periods beginning on or after a date to be determined.
[5] Effective for business combinations and assets acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

## 4. REVENUE

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

| | **2018** | 2017 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| | | (Restated) |
| Revenue from sales of aluminum products | | |
| – molten aluminum alloy | **67,420,193** | 76,001,047 |
| – aluminum alloy ingots | **4,096,199** | 11,720,058 |
| – aluminum fabrication | **7,134,952** | 5,416,862 |
| – alumina *(note)* | **11,044,951** | 4,629,264 |
| Steam supply income | **498,629** | 174,685 |
| | **90,194,924** | 97,941,916 |

*Note:*

During the current year, sale of alumina become ordinary activities of the Group and are recorded as revenue as the management of the Company decide to capture the growth in demand of alumina in the market.

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

| | **2018** | 2017 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| | | (Restated) |
| *Geographical region* | | |
| The PRC | **87,199,649** | 96,604,927 |
| India | **785,959** | – |
| Europe | **1,227,826** | 519,515 |
| Malaysia | **516,139** | 205,221 |
| Others | **465,351** | 612,253 |
| Total | **90,194,924** | 97,941,916 |
| *Type of customers* | | |
| Government related | **2,693** | 2,410 |
| Non-government related | **90,192,231** | 97,939,506 |
| Total | **90,194,924** | 97,941,916 |
| *Sales channels* | | |
| Direct sales | **90,194,924** | 97,941,916 |

The revenue for the year ended 31 December 2018 are revenue from contracts with customers within the scope of IFRS 15.

## 5. SEGMENT INFORMATION

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

### Geographic information

Revenue from external customers of the Group are mainly contributable to customers established in the PRC, the place of domicile of the Group's operating entities.

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

| | **Non-current assets** | |
|---|---|---|
| | **2018** | 2017 |
| | ***RMB'000*** | *RMB'000* |
| | | (Restated) |
| PRC | **77,649,656** | 84,655,546 |
| Indonesia | **5,748,658** | 5,670,065 |
| | **83,398,314** | 90,325,611 |

*Note:* Non-current assets excluded financial instruments, loans to associates and deferred tax assets.

### Information about major customers

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

| | **2018** | 2017 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Customer A | **36,027,053** | 44,833,430 |

## 6. INCOME TAX EXPENSES

| | 2018 | 2017 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| | | (Restated) |
| Current tax: | | |
| – Hong Kong Profits Tax | **31,623** | – |
| – PRC Enterprise Income Tax ("EIT") | **2,154,684** | 3,126,705 |
| – Indonesia Corporate Tax | **278,619** | – |
| Over provision in prior year | | |
| – PRC EIT | **–** | (2,298) |
| | **2,464,926** | 3,124,407 |
| Deferred taxation | **84,514** | (1,335,454) |
| Total income tax expenses for the year | **2,549,440** | 1,788,953 |

## 7. DIVIDENDS

| | 2018 | 2017 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| | | (Restated) |
| Dividends recognised as distribution during the year | **1,697,064** | 3,203,523 |

Subsequent to the end of the reporting period, a final dividend of HK24 cents in respect of the year ended 31 December 2018 per share has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting.

During the current year, a final dividend of HK20 cents per share in respect of the year ended 31 December 2017 has been approved and paid.

During the year ended 31 December 2017, a final dividend of HK27 cents per share and a special dividend of HK20 cents per share in respect of the year ended 31 December 2016 were approved by the shareholders in general meeting. These dividends were paid during the year ended 31 December 2018.

## 8. 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:

| | 2018 | 2017 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| | | (Restated) |
| **Earnings** | | |
| Earnings for the purpose of basic earnings per share | **5,407,422** | 5,130,064 |
| Effect of dilutive potential ordinary shares: | | |
| Interest expense on liability component of CBs | **193,010** | 22,140 |
| Changes in fair values of derivatives component of CBs | **(397,683)** | 18,231 |
| Exchange loss (gain) on translation of CBs | **112,322** | (45,199) |
| Earnings for the purpose of diluted earnings per share | **5,315,071** | 5,125,236 |

| | 2018 | 2017 |
|---|---|---|
| **Number of shares** | ***'000*** | *'000* |
| Weighted average number of ordinary shares for the purposes of basic earnings per share | **8,696,856** | 7,343,286 |
| Effect of dilutive potential ordinary shares: | | |
| CBs | **256,657** | 28,571 |
| Weighted average number of ordinary shares for the purposes of diluted earnings per share | **8,953,513** | 7,371,857 |

## 9. TRADE RECEIVABLES

| | 2018 | 2017 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| | | (Restated) |
| Trade receivables | **6,757,303** | 2,227,506 |
| Less: allowance for impairment losses | **(6,725)** | (15,772) |
| | **6,750,578** | 2,211,734 |

The Group allows an average credit period of 90 days to its trade customers with trading history, or otherwise sales on cash terms are required. The following is an aged analysis of trade receivables presented based on the date of delivery of goods, which approximates the respective revenue recognition dates, at the end of the reporting period. As at 31 December 2018, the gross amount of trade receivables arising from contracts with customers amounted to RMB6,757,303,000 (1 January 2018: RMB2,227,506,000).

| | **2018** | 2017 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| | | (Restated) |
| Within 3 months | **6,304,751** | 1,951,269 |
| 3-12 months | **438,473** | 259,846 |
| 12-24 months | **7,076** | 618 |
| 24-36 months | **278** | 1 |
| | **6,750,578** | 2,211,734 |

## 10. TRADE AND BILLS PAYABLES

| | **2018** | 2017 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| | | (Restated) |
| Trade payables to third parties | **14,396,790** | 13,787,489 |
| Trade payables to an associate | **264,647** | 272,611 |
| | **14,661,437** | 14,060,100 |
| Bills payables | **2,000,000** | 2,000,000 |
| | **16,661,437** | 16,060,100 |

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period.

| | **2018** | 2017 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| | | (Restated) |
| Within 6 months | **14,333,933** | 13,894,747 |
| 6-12 months | **279,933** | 122,227 |
| 1-2 years | **7,330** | 37,417 |
| More than 2 years | **40,241** | 5,709 |
| | **14,661,437** | 14,060,100 |

## 11. SHARE CAPITAL

| | Number of shares | | Share Capital | |
|---|---|---|---|---|
| | **2018** | 2017 | **2018** | 2017 |
| | | | ***US$*** | *US$* |
| Authorised: | | | | |
| Ordinary shares of US$0.01 each | **10,000,000,000** | 10,000,000,000 | **100,000,000** | 100,000,000 |

| | **2018** | 2017 | **2018** | 2017 |
|---|---|---|---|---|
| | | | ***US$*** | *US$* |
| Issued and fully paid: | | | | |
| Ordinary shares of US$0.01 each | **8,675,394,849** | 8,057,888,193 | **86,753,948** | 80,578,882 |

| | Number of shares | Share Capital |
|---|---|---|
| | | *RMB'000* |
| **Issued and fully paid:** | | |
| At 1 January 2017 | 7,259,766,023 | 474,057 |
| Issue of shares upon share subscription *(note (a))* | 806,640,670 | 53,454 |
| Shares repurchased and cancelled | (8,518,500) | (545) |
| At 31 December 2017 and 1 January 2018 | 8,057,888,193 | 526,966 |
| Issue of shares upon share subscription *(note (b))* | 650,000,000 | 41,710 |
| Issue of shares upon conversion of CBs *(note (c))* | 70,544,156 | 4,495 |
| Shares repurchased and cancelled | (103,037,500) | (6,999) |
| At 31 December 2018 | 8,675,394,849 | 566,172 |

*Notes:*

(a) On 24 November 2017, 806,640,670 ordinary shares of US$0.01 each were issued and allotted at a price of HK$6.8 per share, raising a total proceeds of approximately RMB4,667,964,000, net of share issue expense of approximately RMB1,440,000.

(b) On 22 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.

(c) 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.

During the year, the Company repurchased its own shares through the Stock Exchange as follows:

| Date of repurchase | No. of ordinary share of US$0.01 each | Price per share Highest | Price per share Lowest | Aggregate consideration paid | Share cancelled date |
|---|---|---|---|---|---|
| | | *HK$* | *HK$* | *HK$* | |
| 25-Jun-18 | 1,660,000 | 6.90 | 6.66 | 11,311,000 | 11-Jul-18 |
| 26-Jun-18 | 2,690,500 | 7.11 | 6.60 | 18,605,000 | 11-Jul-18 |
| 27-Jun-18 | 2,054,000 | 7.15 | 6.83 | 14,276,000 | 11-Jul-18 |
| 28-Jun-18 | 3,968,000 | 7.30 | 6.87 | 27,948,000 | 11-Jul-18 |
| 29-Jun-18 | 2,988,000 | 7.40 | 7.10 | 21,987,000 | 11-Jul-18 |
| 3-Jul-18 | 2,330,000 | 7.50 | 6.99 | 17,084,000 | 16-Jul-18 |
| 4-Jul-18 | 3,705,000 | 7.45 | 7.23 | 27,298,000 | 16-Jul-18 |
| 5-Jul-18 | 3,570,000 | 7.40 | 7.12 | 26,125,000 | 16-Jul-18 |
| 6-Jul-18 | 2,496,000 | 7.60 | 7.32 | 18,796,000 | 16-Jul-18 |
| 9-Jul-18 | 1,920,000 | 7.72 | 7.56 | 14,750,000 | 24-Jul-18 |
| 10-Jul-18 | 1,594,000 | 7.84 | 7.67 | 12,355,000 | 24-Jul-18 |
| 11-Jul-18 | 1,870,000 | 7.75 | 7.59 | 14,381,000 | 24-Jul-18 |
| 12-Jul-18 | 5,138,500 | 7.70 | 7.55 | 39,090,000 | 24-Jul-18 |
| 13-Jul-18 | 6,923,500 | 8.00 | 7.65 | 54,354,000 | 24-Jul-18 |
| 31-Aug-18 | 1,000,000 | 6.65 | 6.57 | 6,618,000 | 17-Sep-18 |
| 3-Sep-18 | 622,500 | 6.65 | 6.60 | 4,133,000 | 17-Sep-18 |
| 4-Sep-18 | 168,000 | 6.70 | 6.65 | 1,124,000 | 17-Sep-18 |
| 5-Sep-18 | 1,793,000 | 6.82 | 6.79 | 12,198,000 | 17-Sep-18 |
| 6-Sep-18 | 2,482,500 | 6.85 | 6.80 | 16,987,000 | 17-Sep-18 |
| 7-Sep-18 | 3,622,000 | 6.87 | 6.83 | 24,846,000 | 17-Sep-18 |
| 10-Sep-18 | 6,390,000 | 6.87 | 6.75 | 43,849,000 | 24-Sep-18 |
| 11-Sep-18 | 9,952,000 | 6.80 | 6.74 | 67,557,000 | 24-Sep-18 |
| 12-Sep-18 | 10,500,000 | 6.80 | 6.72 | 71,164,000 | 24-Sep-18 |
| 13-Sep-18 | 4,000,000 | 6.88 | 6.79 | 27,424,000 | 24-Sep-18 |
| 14-Sep-18 | 19,600,000 | 6.10 | 5.75 | 115,318,000 | 24-Sep-18 |

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

## 12. 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. RMB1,475,000,000 of the consideration was received during current year. The remaining balances of RMB590,000,000 and RMB885,000,000 will be settled on 30 June 2019 and 31 December 2019 respectively. The remaining balance in aggregate of RMB1,475,000,000 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.

**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 | 58,716 |
| Less: cash consideration received during the year | (1,475,000) |
| Consideration receivable (included in other receivables) | 1,417,074 |
| Analysed for reporting purposes as: | |
| Current assets | 1,417,074 |

**Net cash inflow arising on disposal**

| | *RMB'000* |
|---|---|
| Cash consideration received | 1,475,000 |
| Less: cash and cash equivalents disposed of | (1,000) |
| | 1,474,000 |

## 13. BUSINESS COMBINATION UNDER COMMON CONTROL

As mentioned in note 2, the acquisition of Chongqing Weiqiao has been accounted for business combination under common control. Accordingly, the assets and liabilities of Chongqing Weiqiao acquired by the Group have been accounted for at historical cost and the consolidated financial statements of the Group for period prior to the combination have been restated to include the consolidated financial position and results of operation of Chongqing Weiqiao on a combined basis. The details of the audited and restated balances are as follows:

The summarised results of operations for the year ended 31 December 2017 and the financial position as at 31 December 2017 and 1 January 2017 are set out below:

| | **The Group** | **Chongqing Weiqiao** | **Inter-company eliminations** | **The Group** |
|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| | (as previously reported) | | | (Restated) |
| Results of operations for the year ended 31 December 2017 | | | | |
| Revenue | 93,312,652 | – | – | 93,312,652 |
| Cost of sales | (78,428,941) | – | – | (78,428,941) |
| Gross profit | 14,883,711 | – | – | 14,883,711 |
| Other income and gains | 3,945,187 | 48,942 | – | 3,994,129 |
| Selling and distribution expenses | (269,603) | (612) | – | (270,215) |
| Administrative expenses | (2,062,327) | (20,882) | – | (2,083,209) |
| Other expenses | (5,676,945) | (1,931) | – | (5,678,876) |
| Finance costs | (4,080,113) | (829) | – | (4,080,942) |
| Changes in fair value of derivatives | (19,897) | – | – | (19,897) |
| Share of profits of associates | 371,989 | – | – | 371,989 |
| Profit before taxation | 7,092,002 | 24,688 | – | 7,116,690 |
| Income tax expenses | (1,785,170) | (3,783) | – | (1,788,953) |

| | The Group | Chongqing Weiqiao | Inter-company eliminations | The Group |
|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| | (as previously reported) | | | (Restated) |
| Profit for the year | 5,306,832 | 20,905 | – | 5,327,737 |
| Attributable to: | | | | |
| Owners of the Company | 5,118,566 | 11,498 | – | 5,130,064 |
| Non-controlling interests | 188,266 | 9,407 | – | 197,673 |
| | 5,306,832 | 20,905 | – | 5,327,737 |
| Other comprehensive income for the year | | | | |
| *Items that may be reclassified subsequently to profit or loss:* | | | | |
| Exchange difference arising on translating foreign operations | (102,409) | – | – | (102,409) |
| Share of other comprehensive expense of associates | (38,910) | – | – | (38,910) |
| | (141,319) | – | – | (141,319) |
| Total comprehensive income for the year, net of income tax | 5,165,513 | 20,905 | – | 5,186,418 |
| Total comprehensive income for the year attributable to | | | | |
| Owners of the Company | 5,032,617 | 11,498 | – | 5,044,115 |
| Non-controlling interests | 132,896 | 9,407 | – | 142,303 |
| | 5,165,513 | 20,905 | – | 5,186,418 |
| Earnings per share | | | | |
| – Basic (RMB) | 0.6970 | 0.0016 | – | 0.6986 |
| – Diluted (RMB) | 0.6966 | (0.0014) | – | 0.6952 |

| | The Group | Chongqing Weiqiao | Inter-company eliminations | The Group |
|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| | (as previously reported) | | | (Restated) |
| Financial position as at 31 December 2017 | | | | |
| **NON-CURRENT ASSETS** | | | | |
| Property, plant and equipment | 83,985,765 | 57,347 | – | 84,043,112 |
| Intangible assets | 13,972 | – | – | 13,972 |
| Prepaid lease payments | 3,806,787 | – | – | 3,806,787 |
| Investment properties | 150,931 | – | – | 150,931 |
| Deposits paid for acquisition of property, plant and equipment | 421,144 | – | – | 421,144 |
| Deposits paid for acquisition of land | 14,968 | – | – | 14,968 |
| Deferred tax assets | 1,784,856 | – | – | 1,784,856 |
| Interests in associates | 1,325,328 | – | – | 1,325,328 |
| Goodwill | 1,265,763 | – | – | 1,265,763 |
| Available-for-sale investments | 6,000 | – | – | 6,000 |
| | 92,775,514 | 57,347 | – | 92,832,861 |
| **CURRENT ASSETS** | | | | |
| Prepaid lease payments | 85,902 | – | – | 85,902 |
| Inventories | 15,585,330 | – | – | 15,585,330 |
| Trade receivables | 2,211,734 | – | – | 2,211,734 |
| Bills receivables | 11,912,479 | – | – | 11,912,479 |
| Prepayments, loan and other receivables | 12,359,225 | 1,541,371 | (1,054,500) | 12,846,096 |
| Other financial assets | 57 | – | – | 57 |
| Restricted bank deposits | 1,262,589 | – | – | 1,262,589 |
| Cash and cash equivalents | 21,925,568 | 22,371 | – | 21,947,939 |
| | 65,342,884 | 1,563,742 | (1,054,500) | 65,852,126 |

| | The Group | Chongqing Weiqiao | Inter-company eliminations | The Group |
|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| | (as previously reported) | | | (Restated) |
| **CURRENT LIABILITIES** | | | | |
| Trade and bills payables | 16,060,100 | 1,054,500 | (1,054,500) | 16,060,100 |
| Other payables and accruals | 16,343,471 | 4,339 | – | 16,347,810 |
| Bank borrowings – due within one year | 9,529,148 | – | – | 9,529,148 |
| Income tax payable | 1,163,430 | – | – | 1,163,430 |
| Short-term debentures and notes | 3,000,000 | – | – | 3,000,000 |
| Medium-term debentures and bonds – due within one year | 7,196,185 | – | – | 7,196,185 |
| Guaranteed notes | 1,957,399 | – | – | 1,957,399 |
| Deferred income | 15,321 | 1,250 | – | 16,571 |
| | 55,265,054 | 1,060,089 | (1,054,500) | 55,270,643 |
| **NET CURRENT ASSETS** | 10,077,830 | 503,653 | – | 10,581,483 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | 102,853,344 | 561,000 | – | 103,414,344 |
| **NON-CURRENT LIABILITIES** | | | | |
| Bank borrowings – due after one year | 10,509,118 | 16,485 | – | 10,525,603 |
| Liability component of convertible bonds | 1,095,225 | – | – | 1,095,225 |
| Derivatives component of convertible bonds | 991,660 | – | – | 991,660 |
| Deferred tax liabilities | 505,125 | 272 | – | 505,397 |
| Medium-term debentures and bonds – due after one year | 36,271,871 | – | – | 36,271,871 |
| Deferred income | 263,479 | 23,542 | – | 287,021 |
| | 49,636,478 | 40,299 | – | 49,676,777 |
| **NET ASSETS** | 53,216,866 | 520,701 | – | 53,737,567 |
| **CAPITAL AND RESERVES** | | | | |
| Share capital | 526,966 | 275,000 | (275,000) | 526,966 |
| Reserves | 50,706,364 | 11,386 | 275,000 | 50,992,750 |
| Equity attributable to owners of the Company | 51,233,330 | 286,386 | – | 51,519,716 |
| Non-controlling interests | 1,983,536 | 234,315 | – | 2,217,851 |
| **TOTAL EQUITY** | 53,216,866 | 520,701 | – | 53,737,567 |

| | The Group | Chongqing Weiqiao | Inter-company eliminations | The Group |
|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| | (as previously reported) | | | (Restated) |
| Financial position as at 1 January 2017 | | | | |
| **NON-CURRENT ASSETS** | | | | |
| Property, plant and equipment | 86,658,456 | 48 | – | 86,658,504 |
| Prepaid lease payments | 3,066,503 | – | – | 3,066,503 |
| Deposits paid for acquisition of property, plant and equipment | 1,745,089 | – | – | 1,745,089 |
| Deposits paid for acquisition of land | 443,390 | – | – | 443,390 |
| Deferred tax assets | 557,322 | – | – | 557,322 |
| Interests in associates | 944,796 | – | – | 944,796 |
| Goodwill | 311,769 | – | – | 311,769 |
| Other financial assets | 14,631 | – | – | 14,631 |
| | 93,741,956 | 48 | – | 93,742,004 |
| **CURRENT ASSETS** | | | | |
| Prepaid lease payments | 56,152 | – | – | 56,152 |
| Inventories | 17,143,324 | – | – | 17,143,324 |
| Trade receivables | 363,314 | – | – | 363,314 |
| Bills receivables | 9,721,942 | – | – | 9,721,942 |
| Prepayments, loan and other receivables | 8,242,544 | 232,569 | (232,000) | 8,243,113 |
| Other financial assets | 13,047 | – | – | 13,047 |
| Restricted bank deposits | 396,808 | – | – | 396,808 |
| Cash and cash equivalents | 12,842,380 | 299,267 | – | 13,141,647 |
| | 48,779,511 | 531,836 | (232,000) | 49,079,347 |
| **CURRENT LIABILITIES** | | | | |
| Trade and bills payables | 7,506,386 | – | – | 7,506,386 |
| Other payables and accruals | 12,603,276 | 7,088 | (232,000) | 12,378,364 |
| Bank borrowings – due within one year | 14,310,943 | – | – | 14,310,943 |
| Other financial liabilities | 1,691 | – | – | 1,691 |
| Income tax payable | 724,632 | – | – | 724,632 |
| Short-term debentures and notes | 11,000,000 | – | – | 11,000,000 |
| Medium-term debentures and bonds – due within one year | 731,664 | – | – | 731,664 |
| Guaranteed notes | 2,768,436 | – | – | 2,768,436 |
| Deferred income | 6,106 | 25,000 | – | 31,106 |
| | 49,653,134 | 32,088 | (232,000) | 49,453,222 |
| **NET CURRENT LIABILITIES** | (873,623) | 499,748 | – | (373,875) |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | 92,868,333 | 499,796 | – | 93,368,129 |

| | The Group | Chongqing Weiqiao | Inter-company eliminations | The Group |
|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| | (as previously reported) | | | (Restated) |
| **NON-CURRENT LIABILITIES** | | | | |
| Bank borrowings – due after one year | 4,696,770 | – | – | 4,696,770 |
| Deferred tax liabilities | 578,097 | – | – | 578,097 |
| Medium-term debentures and bonds – due after one year | 39,720,060 | – | – | 39,720,060 |
| Guaranteed notes | 2,070,436 | – | – | 2,070,436 |
| Deferred income | 114,668 | – | – | 114,668 |
| | 47,180,031 | – | – | 47,180,031 |
| **NET ASSETS** | 45,688,302 | 499,796 | – | 46,188,098 |
| **CAPITAL AND RESERVES** | | | | |
| Share capital | 474,057 | 275,000 | (275,000) | 474,057 |
| Reserves | 44,324,255 | (112) | 275,000 | 44,599,143 |
| Equity attributable to owners of the Company | 44,798,312 | 274,888 | – | 45,073,200 |
| Non-controlling interests | 889,990 | 224,908 | – | 1,114,898 |
| **TOTAL EQUITY** | 45,688,302 | 499,796 | – | 46,188,098 |

## 14. COMPARATIVE FIGURES

Except restatement of comparative figures as a result of business combination under common control, certain comparative figures in the consolidated financial statements have been reclassified to conform to current year's presentation.

## CHAIRMAN'S STATEMENT

It is my pleasure to present on behalf of the Board of China Hongqiao the audited consolidated annual results of the Group for the year ended 31 December 2018.

## MOVING FORWARD WITH DETERMINATION AND SEIZING OPPORTUNITIES

In 2018, the economic development varied around the globe. Countries began to gradually tighten their loose monetary policies, and especially in US, the Federal Reserve hiked rates several times during the Year. At the same time, the world economy was shrouded in uncertainty, with emerging protectionism and the US-China trade war, creating pressure on the commodity market. During the Year, the Chinese economy was generally stable; and the growth rate of indicators such as GDP and industrial added value slowed down.

In the macro market, the overall price of primary aluminum in China showed a wide fluctuation with a slight downward movement in 2018. The supply-side reform of China's aluminum industry clearly showed its effects in 2018, and the domestic primary aluminum output showed the first negative growth for recent years. With the easing pressure on the supply side of primary aluminum, the disequilibrium between supply and demand was significantly improved, which strongly supported the aluminum price. However, due to the weakening of the macro economy, the growth rate of domestic primary aluminum consumption dropped sharply in 2018, which suppressed the rebound of aluminum prices. Meanwhile, the US-China trade war has been escalating, leading to capital risk aversion and affecting the commodity prices in varying degrees. The international unforeseen incidents, to a certain extent, stimulated the rise in aluminum price, but under the influence of various negative factors mentioned above, the domestic primary aluminum price was unable to rise, and showed a clear downward trend in the fourth quarter. The Group expects that the aluminum industry in China will continue to face various challenges brought by the uncertainties in the global trade market in the short term. The Group will monitor the situation closely, make positive efforts and seek opportunities to cope with the challenges.

During the Year, the Group continued to consolidate its leading position in the industry by accelerating the development of its industrial cluster and by optimizing cost structure and economies of scale using the business models of "Integration of Aluminum and Electricity", "Integration of Upstream and Downstream Businesses" and "Global Integration". During the Year under Review, the Group's "Development of Energy-Saving Standardization Demonstration for Electrolytic Aluminum Production" project was included as an initiative project in the "Notice on the Establishment of National Energy-Saving Standardization Demonstration Project by 55 Units including the China General Chamber of Commerce (CGCC)" issued by the Standardization Administration of the People's Republic of China (SAC), and the Group was the only PRC aluminum smelting enterprise to be selected. Mr. Zhang Shiping, founder of the Group and chairman of the Board, also received recognition at the "40 Years of Reform and Opening up, 40 People Representing Shandong Brands" award ceremony. For the overseas business, the Group's alumina project in Indonesia achieved decent operation progress, enjoying booming production and sales volumes for the 1,000,000-tonnes alumina production line during the first stage of the project, which increased the Group's revenue and further improved the net profit generated from operation during the Year. The Group and its partner continued to obtain successful results with its bauxite project in Guinea, Africa, enabling the Group to stabilize the supply of raw materials effectively and lay a foundation for a stronger alumina sales. For the domestic business, the Group had no new production capacity during the Year and actively followed the policies of relevant PRC authorities by implementing production restrictions and energy saving and emission reduction measures during the heating season.

## RESULTS PERFORMANCE

During the Year under Review, the Group's revenue amounted to approximately RMB90,194,924,000, representing a year-on-year decrease of approximately 7.9%; gross profit amounted to approximately RMB15,400,562,000, representing a year-on-year decrease of approximately 6.0%; net profit attributable to shareholders of the Company amounted to approximately RMB5,407,422,000, representing a year-on-year increase of approximately 5.4%; basic earnings per share amounted to approximately RMB0.6218 (approximately RMB0.6986 during the same period in 2017).

The Board recommended payment of a final dividend of HK24.0 cents per share for 2018.

## SIGNIFICANT RESULTS OF A CUMULATIVE EFFORT

To deliver economies of scale, the Group has devoted years of effort to form an upstream and downstream full-chain operation and sales layout network for bauxite mining, alumina, aluminum products and in-depth processing and sales of aluminum products. During the Year, the Group's revenue from alumina increased significantly, benefiting from the stable operation of the alumina project in Indonesia and our extensive development of the domestic alumina market. At the same time, the Group strove to implement a number of energy conservation and emission reduction plans and improve its environmental protection technologies and continued to maintain ultra-low emissions.

The results from the bauxite project undertaken in Guinea, Africa since 2015 have become more pronounced as time goes by. In December 2018, the Group, its business partners and the Guinea government signed three conventions in relation to mining, railway and alumina plants (the "Conventions"), with the intention of developing a bauxite mining project, a 135 km of railway and an alumina plant. The Group believes that the smooth implementation of these projects will help to ensure the stability of the Group's raw material supply in the long run.

During the Year under Review, the Group further tightened the control of expenditure, which ensured a steady increase in the Group's cash flow and also significantly reduced its business expenditures. In addition to constant support from the principal banks with existing partnerships, the Group actively developed strategic cooperations with other banks. In June 2018, the Group entered into a strategic cooperation agreement with Industrial Bank in Beijing, in which the Industrial Bank provided the Group with a comprehensive credit line of RMB30 billion to support its business development, transformation and upgrading.

Looking forward, the Group will continue to refine its industrial model, build an entire industrial chain for aluminum, 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. The Group will continuously optimize its financial structure and stabilize its cash flow to offset financial market volatility 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 industrial chain by responding to national policies and devoting additional resources in the areas of energy conservation, emissions reduction, and environmental safety and protection.

## ACKNOWLEDGEMENTS

On behalf of the Board, I would like to extend my sincere gratitude to the Group's management team and employees for their efforts and dedication in 2018, as well as to the shareholders, investors and business partners for their support and trust.

**Zhang Shiping**
*Chairman of the Board*

22 March 2019

## MANAGEMENT DISCUSSION AND ANALYSIS

## INDUSTRY REVIEW

After a slow recovery in 2017, the global economy showed a steady but fluctuating trend in 2018. The impact of trade friction continued to escalate, which intensified the differentiation of major economies, and led to a decline in the growth rate of global aluminum consumption. According to Antaike's estimates, China's primary aluminum consumption in 2018 was approximately 37.13 million tons, representing a year-on-year increase of approximately 4.7% and accounting for approximately 55.6% of global primary aluminum consumption. The Chinese market was in a slight shortage. The global primary aluminum consumption in 2018 was approximately 66.83 million tons, representing a year-on-year increase of approximately 3.7%, and the growth rate dropped by approximately 2 percentage points. (Source: Beijing Antaike Information Co., Ltd., "Antaike")

China's supply-side reform produced notable results in 2018. The rapid expansion of China's primary aluminum production capacity was effectively suppressed, and production showed its first negative growth in the past decade. China's primary aluminum production in 2018 was approximately 36.59 million tons, representing a decrease of approximately 0.2% from the previous year and accounting for approximately 57.0% of global production. Affected by the Chinese market, global primary aluminum production was approximately 64.20 million tons, and the growth rate dropped sharply to approximately 0.5%. (Source: Antaike)

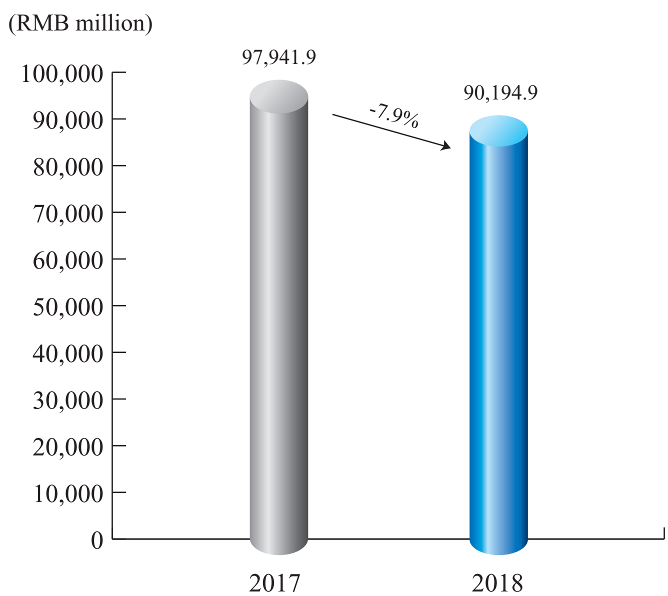
During the Year, the trend of domestic and international aluminum prices varied. The international price fluctuated significantly with a slight upward movement, while the domestic price fluctuated downward. As at 31 December 2018, the London Metal Exchange (LME) three-month aluminum futures price closed at US$1,853/ton, down approximately 18.7% or US$427/ton year-on-year. The annual average prices of spot-month aluminum and three-month aluminum futures at LME were approximately US$2,110/ton and US$2,114/ton, respectively, representing an increase of approximately 7.2% and 6.8% from 2017, respectively. As at 28 December 2018, the Shanghai Futures Exchange (SHFE) three-month aluminum futures price closed at RMB13,695/ton (including tax), down approximately 11.2% year-on-year. The annual average prices of spot-month aluminum and three-month aluminum futures at SHFE were RMB14,251/ton (including tax) and RMB14,432/ton (including tax), respectively, representing a decrease of approximately 1.7% and 1.6% from 2017, respectively. (Source: Antaike)

## BUSINESS REVIEW

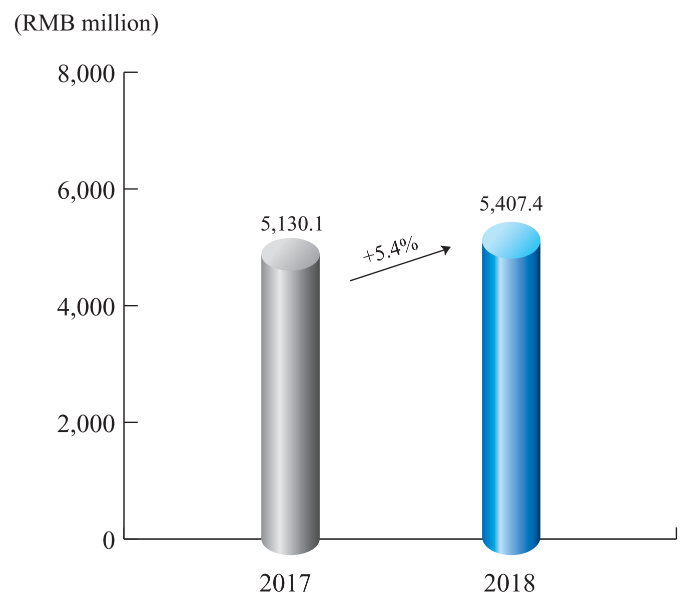
During the Year, the Group continued to strengthen its integrated industry cluster model as originally planned to enhance the core competitiveness and to reinforce the Group's industrial leading position.

The Group's revenue and net profit attributable to shareholders of the Company for the year ended 31 December 2018, with comparison figures for the year ended 31 December 2017, are as follows:

**Revenue**




**Net profit attributable to shareholders of the Company**




For the year ended 31 December 2018, the Group recorded revenue of approximately RMB90,194,924,000, representing a year-on-year decrease of approximately 7.9%, which was mainly due to a decrease in the Group's production and sales volume of aluminum alloy products during the Year as compared with the same period of last year as the Group responded to the supply-side reform in China aluminum industry by closing down some production lines for aluminum alloy products in the second half of 2017.

During the Year, the Group's sales volume of aluminum alloy products amounted to approximately 5,865,000 tons, representing a decrease of approximately 18.0% as compared with approximately 7,155,000 tons in the same period last year. During the Year, the Group's sales volume of aluminum fabrication products amounted to approximately 493,000 tons, representing an increase of approximately 31.1% as compared with approximately 376,000 tons in the same period last year. During the Year, the Group's sales volume of alumina products amounted to approximately 4,090,000 tons, representing a year-on-year increase of approximately 117.9% as compared to approximately 1,877,000 tons for the same period of last year. The increase in the sales volume of alumina was mainly due to the fact that the Group shut off some aluminum alloy production lines, which led to a corresponding increase in alumina available for sale; and the Group actively adjusted its sales strategies and expanded into the domestic alumina products market, which led to an increase in the sales of alumina.

For the year ended 31 December 2018, the net profit attributable to the shareholders of the Company amounted to approximately RMB5,407,422,000, representing a year-on-year increase of approximately 5.4%. Although there is a decrease in the sales volume of aluminum alloy products, which led to a decrease in the Group's gross profit of approximately RMB979,680,000 as compared to last year, and the exchange loss during the Year of approximately RMB794,178,000 (compared to 2017, an exchange gain of approximately RMB529,161,000), under the influence of the shut-off of some aluminum alloy production lines in 2017, a significant year-on-year decrease in impairment loss of property, plant and equipment that credited to other expenses led to an increase in the net profit attributable to the shareholders of the Company during the Year.

The table below is a comparison of the breakdown of revenue by product for the years ended 31 December 2018 and 2017.

**Revenue breakdown by product**

| | **For the year ended 31 December** | | | |
|---|---|---|---|---|
| | **2018** | | 2017 | |
| **Products** | **Revenue** | **Percentage of Total revenue** | Revenue | Percentage of Total revenue |
| | ***RMB'000*** | ***%*** | *RMB'000* | *%* |
| Aluminum alloy products | **71,516,392** | **79.3** | 87,721,105 | 89.6 |
| Alumina | **11,044,951** | **12.2** | 4,629,264 | 4.7 |
| Aluminum fabrication products | **7,134,952** | **7.9** | 5,416,862 | 5.5 |
| Steam | **498,629** | **0.6** | 174,685 | 0.2 |
| Total | **90,194,924** | **100.0** | 97,941,916 | 100.0 |

As for revenue from aluminum alloy products, the Group's revenue derived from aluminum alloy products was approximately RMB71,516,392,000, accounting for approximately 79.3% of the total revenue for the year ended 31 December 2018 and representing a decrease in proportion as compared with the same period of last year, which was mainly due to the Group shutting off some aluminum alloy products production lines in the second half of 2017, resulting in a decrease in both production and sale volume of aluminium alloy products during the Year as compared with the same period of last year. The Group's revenue derived from alumina was approximately RMB11,044,951,000, accounting for approximately 12.2% of the total revenue for the year ended 31 December 2018 and representing an increase in proportion as compared with the same period of last year. The Group's revenue derived from aluminum fabrication products was approximately RMB7,134,952,000, accounting for approximately 7.9% of the total revenue for the year ended 31 December 2018 and representing an increase in proportion as compared with the same period of last year. Such increases in proportion were achieved mainly because the Group has grasped market opportunities, actively adjusted sales strategies and increased market expansion efforts, which resulted in the increase in both sales volume and sales prices of the alumina and aluminum fabrication products.

## FINANCIAL REVIEW

### Revenue, gross profit and gross profit margin

The table below is an analysis of the Group's revenue, gross profit and gross profit margin from its major products for the years ended 31 December 2018 and 2017:

| | **For the year ended 31 December** | | | | | |
|---|---|---|---|---|---|---|
| | **2018** | | | 2017 | | |
| **Products** | **Revenue** | **Gross Profit** | **Gross Profit Margin** | Revenue | Gross Profit | Gross Profit Margin |
| | ***RMB'000*** | ***RMB'000*** | ***%*** | *RMB'000* | *RMB'000* | *%* |
| Aluminum alloy products | **71,516,392** | **11,559,271** | **16.2** | 87,721,105 | 14,494,226 | 16.5 |
| Alumina | **11,044,951** | **3,356,737** | **30.4** | 4,629,264 | 1,496,531 | 32.3 |
| Aluminum fabrication products | **7,134,952** | **503,355** | **7.1** | 5,416,862 | 369,555 | 6.8 |
| Steam | **498,629** | **(18,801)** | **(3.8)** | 174,685 | 19,930 | 11.4 |
| Total | **90,194,924** | **15,400,562** | **17.1** | 97,941,916 | 16,380,242 | 16.7 |

For the year ended 31 December 2018, the overall gross profit margin of the Group was approximately 17.1%, which basically remained the same as the corresponding period of last year. The Group will continue to strengthen the cost control and upgrade the production technology to enhance its market competitiveness.

### Distribution and selling expenses

For the year ended 31 December 2018, the Group's distribution and selling expenses were approximately RMB371,206,000, representing an increase of approximately 37.4% as compared with approximately RMB270,215,000 for the corresponding period of last year, which was mainly due to the increase in transportation cost brought by the growth in the sales of alumina of the Group.

### Administrative expenses

For the year ended 31 December 2018, the administrative expenses of the Group amounted to approximately RMB3,867,211,000, representing an increase of approximately 85.6% as compared with approximately RMB2,083,209,000 for the corresponding period of last year. The main reasons were that, on one hand, the assets depreciation and staff remuneration which were accounted for as administrative expenses increased during the Year as the Group responded to the supply side reform in China aluminum industry to shut off certain production capacity in the second half of 2017; on the other hand, being affected by the depreciation of RMB, the exchange loss of the Group during the Year increased (exchange gain for the same period of 2017 was accounted for as other income and gains). Also, due to the increasing expense in research and development, the Group's research and development fee, which was accounted for as administrative expenses, increased correspondingly.

**Finance costs**

For the year ended 31 December 2018, the finance costs of the Group were approximately RMB4,433,389,000, representing an increase of approximately 8.6% as compared with approximately RMB4,080,942,000 for the corresponding period of last year. This was mainly due to the increase of total amount of interest-bearing debt of the Group during the Year as compared to the same period of last year.

**Liquidity and capital resources**

As at 31 December 2018, the cash and cash equivalents of the Group were approximately RMB45,380,413,000, representing an increase of approximately 106.8% as compared with approximately RMB21,947,939,000 as at 31 December 2017. The increase in cash and cash equivalents was mainly due to the net cash inflow from operating activities, investing activities and financing activities of the Group during the Year.

For the year ended 31 December 2018, the Group had a net cash inflow from investing activities of approximately RMB5,448,816,000, a net cash inflow from financing activities of approximately RMB8,602,846,000, and a net cash inflow from operating activities of approximately RMB9,359,963,000.

For the year ended 31 December 2018, the capital expenditure of the Group amounted to approximately RMB4,168,941,000, 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 the relevant contracts.

As at 31 December 2018, the Group had capital commitment of approximately RMB794,563,000, 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 continuous payment for the quality guarantee deposits of the pre-construction projects in accordance with the relevant contractual terms.

For the year ended 31 December 2018, the Group's average turnover days of trade receivables were approximately 18 days, representing an increase of 13 days as compared with approximately 5 days for the corresponding period of last year. This was mainly because, on one hand, certain length of credit period was granted to the premium downstream clients by the Group, and on the other hand, the corresponding trade receivables increased with the growth in the sales volume of the Group's aluminum fabrication products.

For the year ended 31 December 2018, the Group's turnover days of inventory were approximately 86 days, representing an increase of 13 days as compared with approximately 73 days for the corresponding period of last year, which was mainly attributable to the increase in raw material reserve and inventory balance of the Group.

**Contingent liability**

As at 31 December 2018, the Group has no significant contingent liability.

**Income tax**

The Group's income tax for 2018 amounted to approximately RMB2,549,440,000, increased by approximately 42.5% as compared to approximately RMB1,788,953,000 for the corresponding period of last year, which was mainly attributable to the increase in profit before tax and deferred tax of the Group.

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

Net profit attributable to shareholders of the Company was approximately RMB5,407,422,000 for the year ended 31 December 2018, representing an increase of approximately 5.4% as compared to approximately RMB5,130,064,000 for the corresponding period of last year.

Basic earnings per share of the Company in 2018 were approximately RMB0.6218 (2017: approximately RMB0.6986).

**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 31 December 2018, the cash and cash equivalents of the Group amounted to approximately RMB45,380,413,000 (31 December 2017: approximately RMB21,947,939,000), which were mainly put in commercial banks. Considering that as at 31 December 2018, approximately RMB27,765,155,000 of the Group's debts will be due within a year, 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 31 December 2018, the total liabilities of the Group amounted to approximately RMB114,107,395,000 (31 December 2017: approximately RMB104,947,420,000). Gearing ratio (total liabilities to total assets) was approximately 64.6% (31 December 2017: approximately 66.1%).

The Group used certain of its restricted bank deposits, inventories, trade receivables, equipment and prepaid lease payments as collateral for bank borrowings to provide funding for its daily business operation and project construction. As at 31 December 2018, the Group had secured bank borrowings of approximately RMB9,019,717,000 (31 December 2017: approximately RMB8,916,083,000).

As at 31 December 2018, the Group's total bank borrowings were approximately RMB30,197,538,000. The Group maintained a balanced portfolio of loans at fixed interest rates and variable interest rates to manage its interest expenses. As at 31 December 2018, approximately 15.6% of the Group's bank borrowings were subject to fixed interest rates while the remaining approximately 84.4% were subject to floating interest rates.

The Group aims to maintain a balance between the continuity and flexibility of funding through various debt financing instruments. As at 31 December 2018, debts except bank borrowings of the Group include approximately RMB1,366,569,000 of other borrowings, RMB4,000,000,000 of short-term notes, approximately RMB42,830,014,000 of medium-term notes and bonds, approximately RMB3,078,664,000 of guaranteed notes as well as approximately RMB1,427,247,000 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 helps to optimise the Group's debt structure and reduce its financial costs.

As at 31 December 2018, the Group had net current assets of approximately RMB32,051,813,000. The Group will continue to develop other financing channels and 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 31 December 2018, the Group's liabilities were mainly denominated in RMB and US Dollars, among which, RMB liabilities accounted for approximately 82.8% of the total liabilities, and US Dollars liabilities accounted for approximately 17.2% of the total liabilities. The Group's cash and cash equivalents were mainly held in RMB and US Dollars, of which approximately 97.8% was held in RMB and approximately 1.9% was held in US Dollars.

**Employee and remuneration policy**

As of 31 December 2018, the Group had a total number of 47,584 employees, representing a decrease of 2,916 employees as compared with the corresponding period of the year, which was mainly attributable to the normal employee mobility. During the Year, the total staff costs of the Group amounted to approximately RMB3,337,826,000, representing approximately 3.7% 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 incentive mechanism under which the employees may be awarded by additional bonuses. The Group provided training programs for employees to equip them with the requisite skills and knowledge.

**Foreign exchange risk**

The Group collected most of its revenue in RMB and funded most of its capital expenditures in RMB. Due to the importation of bauxite, production equipment, and as certain bank balances, borrowings, convertible bonds and senior notes are denominated in foreign currencies, the Group is exposed to certain risks of foreign exchange. As at 31 December 2018, the Group's bank balances denominated in foreign currencies were approximately RMB987,720,000, and liabilities denominated in foreign currencies were approximately RMB14,221,324,000. For the year ended 31 December 2018, the Group recognised foreign exchange loss of approximately RMB794,178,000.

## SUPPLEMENTARY INFORMATION

## SUFFICIENCY OF PUBLIC FLOATING

Based on the information that is publicly available to the Company and to the best knowledge of the directors of the Company, the Company has maintained the public float as approved by the Stock Exchange and as permitted under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") during the Year and up to the date of this announcement.

## PRE-EMPTIVE RIGHTS

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

## THE BOARD

As at 31 December 2018, the Board comprised four executive Directors, three non-executive Directors, three independent non-executive Directors. The Board members are as follows:

### Executive Directors

Mr. ZHANG Shiping *(Chairman)*
Ms. ZHENG Shuliang *(Vice Chairman)*
Mr. ZHANG Bo *(Chief Executive Officer)*
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

Mr. Zhang Shiping is the husband of Ms. Zheng Shuliang, father of Mr. Zhang Bo and father-in-law of Mr. Yang Congsen.

## DIRECTORS' SERVICE CONTRACTS

Each of the Directors has entered into a service contract with the Company for a term of three years with effect from their respective dates of appointment, unless terminated by not less than one month's notice in writing served by either the Directors or the Company. The appointments are subject to the provisions of retirement and rotation of Directors under the Articles of Association. None of the Directors being re-elected at the 2018 annual general meeting of the Company has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

## EMOLUMENTS OF DIRECTORS

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

## MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into by the Company or subsisted during the year ended 31 December 2018.

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

As at 31 December 2018, 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 Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (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 Listing Rules, were as follows:

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

| Name of director | Capacity/type of interest | Number of total shares held | Approximate percentage of shareholding in issued shares (%) |
|---|---|---|---|
| Mr. ZHANG Shiping [(1)] | Interest of a controlled corporation | 6,076,513,573 (L) | 70.04 |
| Ms. ZHENG Shuliang [(2)] | Interest of spouse | 6,076,513,573 (L) | 70.04 |
| Mr. ZHANG Bo [(3)] | Beneficial owner | 8,870,000 (L) | 0.10 |

(L) denotes long position

*Notes:*

(1) The interests of Mr. Zhang Shiping in the Company were held through his wholly-owned investment company Hongqiao Holdings.

(2) Ms. Zheng Shuliang, the spouse of Mr. Zhang Shiping, is deemed to be interested in all the shares of the Company in which Mr. Zhang Shiping is interested.

(3) Mr. Zhang Bo is the son of Mr. Zhang Shiping and Ms. Zheng Shuliang.

Save as disclosed above, as at 31 December 2018, 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).

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

As at 31 December 2018, so far as it is known to the Directors and chief executive of the Company, the following persons (other than the Directors and chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO or 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 | Number of total shares held | Approximate percentage of shareholding in issued shares (%) |
|---|---|---|---|
| Mr. ZHANG Shiping (1) | Interest of a controlled corporation | 6,076,513,573 (L) | 70.04 |
| Ms. ZHENG Shuliang (2) | Interest of spouse | 6,076,513,573 (L) | 70.04 |
| Shiping Prosperity Private Trust Company (3) | Trustee | 6,076,513,573 (L) | 70.04 |
| China Hongqiao Holdings Limited ("Hongqiao Holdings") (3) | Beneficial owner | 6,076,513,573 (L) | 70.04 |
| CTI Capital Management Limited (4) | Beneficial owner | 806,640,670 (L) | 9.30 |
| CNCB (Hong Kong) Investment Limited (4) | Beneficial owner | 70,544,156 (L) | 0.81 |
| CITIC Limited (4) | Interest of a controlled corporation | 877,184,826 (L) | 10.11 |
| CITIC Group Corporation (4) | Interest of a controlled corporation | 877,184,826 (L) | 10.11 |

(L) denotes long position

*Notes:*

(1) Mr. Zhang Shiping is the legal and beneficial owner of the entire issued share capital of Hongqiao Holdings and is deemed to be interested in the shares of the Company held by Hongqiao Holdings.

(2) Ms. Zheng Shuliang, the spouse of Mr. Zhang Shiping, is deemed to be interested in all the shares of the Company in which Mr. Zhang Shiping is interested.

(3) Shiping Prosperity Private Trust Company, as the trustee, holds such interests in shares on behalf of Mr. Zhang Shiping.

(4) 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 held by CTI Capital Management Limited under the SFO.

    CITIC Limited held 65.97% interest in total in China CITIC Bank Corporation Limited, which held 99.05% interest in CNCB (Hong Kong) Investment Limited and 100% interest in CITIC International Financial Holdings Limited, which held 75% interest in China CITIC Bank International Limited, which in turn held 0.95% in CNCB (Hong Kong) Investment Limited, thus China CITIC Bank Corporation Limited directly and indirectly held 99.7625% interest in CNCB (Hong Kong) Investment Limited. Thus, CITIC Group Corporation and CITIC Limited are deemed to be interested in the shares held by CNCB (Hong Kong) Investment Limited under the SFO.

Save as disclosed above, as at 31 December 2018, no other person had any interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or which were required, pursuant to section 336 of the SFO, to be entered in the register referred to therein:

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year ended 31 December 2018 and up to the date of this announcement, was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of the shares or debentures of the Company or any other associated corporations, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the shares or debentures of the Company or any other associated corporations or had exercised any such right in the Year.

## FINAL DIVIDEND

The Board proposed the payment of a final dividend of HK24.0 cents per share for the year ended 31 December 2018. The proposed final dividend, subject to the approval of the shareholders at the 2018 annual general meeting (the "2018 Annual General Meeting") held on 22 May 2019, will be paid on or before 28 June 2019 to the shareholders whose names appear on the register of members of the Company on 14 June 2019.

## CLOSURE OF REGISTER OF MEMBERS

The share register of the Company will be closed from Friday, 17 May 2019 to Wednesday, 22 May 2019 (both days inclusive), during which no transfer of shares will be effected. In order to be entitled to attend the 2018 Annual General Meeting of the Company and vote at the meeting, all completed share transfer forms accompanying with the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, not later than 4:30 p.m. on Thursday, 16 May 2019. The address of Computershare Hong Kong Investor Services Limited is Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

The share register of the Company will be closed from Monday, 10 June 2019 to Friday, 14 June 2019 (both days inclusive), during which no transfer of shares will be effected. In order to qualify for the final dividend, all completed share transfer forms accompanying with the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, not later than 4:30 p.m. on Thursday, 6 June 2019. The address of Computershare Hong Kong Investor Services Limited is Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

## AUDIT COMMITTEE

The Company has established the audit committee (the "Audit Committee") in compliance with the Code on Corporate Governance Practices (the "CG Code") 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. The Audit Committee meeting was held on 22 March 2019 to review the consolidated financial statements of the Group for the year ended 31 December 2018. The Audit Committee considered that the annual financial results of the Group for the year ended 31 December 2018 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 Year under Review, on 25 June 2018, 26 June 2018, 27 June 2018, 28 June 2018, 29 June 2018, 3 July 2018, 4 July 2018, 5 July 2018, 6 July 2018, 9 July 2018, 10 July 2018, 11 July 2018, 12 July 2018, 13 July 2018, 31 August 2018, 3 September 2018, 4 September 2018, 5 September 2018, 6 September 2018, 7 September 2018, 10 September 2018, 11 September 2018, 12 September 2018, 13 September 2018 and 14 September 2018, pursuant to the share repurchase mandate granted by the Shareholders of the Company at the annual general meeting held on 16 May 2018, the Company repurchased 1,660,000 ordinary shares, 2,690,500 ordinary shares, 2,054,000 ordinary shares, 3,968,000 ordinary shares, 2,988,000 ordinary shares, 2,330,000 ordinary shares, 3,705,000 ordinary shares, 3,570,000 ordinary shares, 2,496,000 ordinary shares, 1,920,000 ordinary shares, 1,594,000 ordinary shares, 1,870,000 ordinary shares, 5,138,500 ordinary shares, 6,923,500 ordinary shares, 1,000,000 ordinary shares, 622,500 ordinary shares, 168,000 ordinary shares, 1,793,000 ordinary shares, 2,482,500 ordinary shares, 3,622,000 ordinary shares, 6,390,000 ordinary shares, 9,952,000 ordinary shares, 10,500,000 ordinary shares, 4,000,000 ordinary shares and 19,600,000 ordinary shares of the Company through the Stock Exchange, respectively. There were 103,037,500 ordinary shares repurchased in total. On 11 July 2018, 16 July 2018, 24 July 2018, 17 September 2018 and 24 September 2018, the Company cancelled 103,037,500 ordinary shares repurchased in total.

The share repurchase of the Company was made as the Board was of the view that the Company's share price had deviated from the Company's value. The share repurchase reflects the confidence of the Board and the management team in the long-term strategy and growth of the Company. The Board considers that the share repurchase was in the best interest of the Company and its shareholders as a whole.

During the year 2018, the Company repurchased its own shares through the Stock Exchange as follows:

| Date of repurchase | No. of ordinary share of US$0.01 each | Price per share | | Consideration paid (excluding the commissions and other expenses) |
|---|---|---|---|---|
| | | Highest | Lowest | |
| | | *HK$* | *HK$* | *HK$* |
| 25 June 2018 | 1,660,000 | 6.90 | 6.66 | 11,311,000 |
| 26 June 2018 | 2,690,500 | 7.11 | 6.60 | 18,605,000 |
| 27 June 2018 | 2,054,000 | 7.15 | 6.83 | 14,276,000 |
| 28 June 2018 | 3,968,000 | 7.30 | 6.87 | 27,948,000 |
| 29 June 2018 | 2,988,000 | 7.40 | 7.10 | 21,987,000 |
| 3 July 2018 | 2,330,000 | 7.50 | 6.99 | 17,084,000 |
| 4 July 2018 | 3,705,000 | 7.45 | 7.23 | 27,298,000 |
| 5 July 2018 | 3,570,000 | 7.40 | 7.12 | 26,125,000 |
| 6 July 2018 | 2,496,000 | 7.60 | 7.32 | 18,796,000 |
| 9 July 2018 | 1,920,000 | 7.72 | 7.56 | 14,750,000 |
| 10 July 2018 | 1,594,000 | 7.84 | 7.67 | 12,355,000 |
| 11 July 2018 | 1,870,000 | 7.75 | 7.59 | 14,381,000 |
| 12 July 2018 | 5,138,500 | 7.70 | 7.55 | 39,090,000 |
| 13 July 2018 | 6,923,500 | 8.00 | 7.65 | 54,354,000 |
| 31 August 2018 | 1,000,000 | 6.65 | 6.57 | 6,618,000 |
| 3 September 2018 | 622,500 | 6.65 | 6.60 | 4,133,000 |
| 4 September 2018 | 168,000 | 6.70 | 6.65 | 1,124,000 |
| 5 September 2018 | 1,793,000 | 6.82 | 6.79 | 12,198,000 |
| 6 September 2018 | 2,482,500 | 6.85 | 6.80 | 16,987,000 |
| 7 September 2018 | 3,622,000 | 6.87 | 6.83 | 24,846,000 |
| 10 September 2018 | 6,390,000 | 6.87 | 6.75 | 43,849,000 |
| 11 September 2018 | 9,952,000 | 6.80 | 6.74 | 67,557,000 |
| 12 September 2018 | 10,500,000 | 6.80 | 6.72 | 71,164,000 |
| 13 September 2018 | 4,000,000 | 6.88 | 6.79 | 27,424,000 |
| 14 September 2018 | 19,600,000 | 6.10 | 5.75 | 115,318,000 |
| Total | 103,037,500 | | | 709,578,000 |

For details, please refer to the announcements of the Company dated 25 June 2018, 26 June 2018, 27 June 2018, 28 June 2018, 29 June 2018, 3 July 2018, 4 July 2018, 5 July 2018, 6 July 2018, 9 July 2018, 10 July 2018, 11 July 2018, 12 July 2018, 13 July 2018, 31 August 2018, 3 September 2018, 4 September 2018, 5 September 2018, 6 September 2018, 7 September 2018, 10 September 2018, 11 September 2018, 12 September 2018, 13 September 2018 and 14 September 2018, and the next day disclosure returns of the Company dated 11 July 2018, 16 July 2018, 24 July 2018, 17 September 2018 and 24 September 2018.

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 year ended 31 December 2018.

## SENIOR NOTES

On 27 October 2014, the Company issued 6.875% senior notes due 2018 in the aggregate principal amount of US$300,000,000 (the "Notes Due 2018"). On 3 May 2018, the Company has redeemed the Notes Due 2018 in full at their principal amount together with interest accrued to the maturity date. Please refer to the announcements of the Company dated 27 October 2014, 6 November 2014 and 3 May 2018, respectively, for details.

On 17 April 2018, the Company issued 6.85% senior notes due 2019 in the aggregate principal amount of US$450,000,000. Please refer to the announcements of the Company dated 13 April 2018, 17 April 2018 and 27 April 2018, respectively, for details.

## PLACING OF EXISTING SHARES, SUBSCRIPTION OF NEW SHARES PURSUANT TO THE PLACING AND SUBSCRIPTION AGREEMENT

In order to raise further capital and broaden its shareholder and capital base, on 15 January 2018, the Company and Hongqiao Holdings entered into a placing and subscription agreement with UBS AG Hong Kong Branch, CMB International Capital Limited and CLSA Limited (the "Placing Agents"). Pursuant to the placing and subscription agreement, the Placing Agents agreed to place, on a best efforts basis, up to 650,000,000 ordinary shares of the Company held by Hongqiao Holdings (the "Placing Shares") at the placing price of HK$9.6 per Placing Share, where the net placing price, after deduction of placing commission and all other fees and expenses, was approximately HK$9.48 per share, and Hongqiao Holdings agreed to subscribe for up to 650,000,000 new ordinary shares of the Company (the "Subscription Shares") at the subscription price of HK$9.6 per Subscription Share, where the net subscription price, after deduction of fees and expenses, was approximately HK$9.48 per Subscription Share. Trading in ordinary shares of the Company on the Stock Exchange was halted with effect from 9:00 a.m. on 15 January 2018 and resumed with effect from 9:00 a.m. on 16 January 2018.

As at 18 January 2018, an aggregate of 650,000,000 Placing Shares had been successfully placed at the placing price of HK$9.6 per Placing Share to six or more placees, who and whose beneficial owners were independent and not connected with Hongqiao Holdings or any person acting in concert with it (as defined in the Takeovers Code), and were also independent of the Company and its connected persons (as defined in the Listing Rules). None of the placees became a substantial shareholder (as defined in the Listing Rules) immediately after completion of the placing and the subscription.

As at 23 January 2018, an aggregate of 650,000,000 Subscription Shares had been allotted and issued to Hongqiao Holdings at the subscription price of HK$9.6 per Subscription Share. The net proceeds from the subscription were approximately HK$6.2 billion, 70% of which were used for reducing outstanding liabilities and 30% of which were used for replenishment of the Group's general working capital according to the use as described in the announcement of the Company dated 16 January 2018.

For details, please refer to the announcements of the Company dated 16 January 2018 and 23 January 2018.

**CORPORATE BONDS OF SHANDONG HONGQIAO**

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

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

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

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

(i) On 2 June 2016, Shandong Hongqiao completed the non-public issuance of 2016 domestic corporate bonds (first tranche), with an offering size of RMB3,000,000,000, for a term of 2+1 years (3-year fixed rate bonds, with the issuer's option to adjust the coupon rate and the investors' entitlement to sell back at the end of the second year), carrying interest of 6.05% per annum. Pursuant to the terms entitling the investor to sell back the bonds as set out in the bond prospectus of that period, during the sale-back period from 7 May 2018 to 11 May 2018, the resold amount of the bond holders of that period is RMB1,242,000,000. After the completion of the sale-back, the remaining amount of the bonds at present is RMB1,758,000,000, and the coupon rate increases to 6.95%.

(ii) On 15 July 2016, Shandong Hongqiao completed the non-public issuance of 2016 domestic corporate bonds (second tranche), with an offering size of RMB3,000,000,000, for a term of 3+2 years (5-year fixed rate bonds, with the issuer's option to adjust the coupon rate and the investors' entitlement to sell back at the end of the third year), carrying interest of 6.48% per annum.

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

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

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

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

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

**CORPORATE BONDS OF WEIQIAO ALUMINUM & POWER**

(1) On 8 October 2015, the Company's subsidiary, Weiqiao Aluminum & Power received the "Approval for the Issue of Corporate Bonds by Shandong Weiqiao Aluminum & Power Co., Ltd. (Fa Gai Cai Jin [2015] No. 2249)" (《關於山東魏橋鋁電有限公司發行公司債券核准的批覆》) from the National Development and Reform Commission of the PRC approving Weiqiao Alumina & Power to issue the corporate bonds of no more than RMB1,000,000,000 in the PRC.

On 26 October 2015, Weiqiao Alumina & Power completed the issuance of 2015 corporate bonds in the PRC, with an offering size of RMB1,000,000,000, for a term of 4+3 years (7-year fixed rate bonds, with the issuer's option to adjust the coupon rate and the investors' entitlement to sell back at the end of the fourth year), carrying interest of 5.26% per annum.

(2) On 14 January 2016, the Company's subsidiary, Weiqiao Alumina & Power received the "Approval for the Public Issuance of Corporate Bonds to Eligible Investors by Shandong Weiqiao Aluminum & Power Co., Ltd. (Zheng Jian Xu Ke [2016]) No. 102)" (《關於核准山東魏橋鋁電有限公司向合格投資者公開發行公司債券的批覆》) from the China Securities Regulatory Commission, approving Weiqiao Alumina & Power to issue the corporate bonds of no more than RMB6,000,000,000 in the PRC.

(i) On 10 March 2016, Weiqiao Alumina & Power completed the issuance of 2016 domestic corporate bonds (first tranche) (type 1), with an offering size of RMB3,500,000,000, for a term of 3+2 years (5-year fixed rate bonds, with the issuer's option to adjust the coupon rate and the investors' entitlement to sell back at the end of the third year), carrying interest of 4.27% per annum; pursuant to the terms entitling the investor to sell back the bonds as set out in the bond prospectus of that period, during the sale-back period from 21 January 2019 to 25 January 2019, the resold amount of the bond holders of that period is RMB0. After the completion of the sale-back, the remaining amount of the bonds at present is RMB3,500,000,000, and the coupon rate increases to 6.50%.

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

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

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

On 17 October 2016, Weiqiao Alumina & Power completed the issuance of 2016 domestic corporate bonds (third tranche), with an offering size of RMB7,800,000,000, for a term of 5+2 years (7-year fixed rate bonds, with the issuer's option to adjust the coupon rate and the investors' entitlement to sell back at the end of the fifth year), carrying interest of 4.00% per annum.

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

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

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

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

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

## 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 year ended 31 December 2018 and up to the date of this announcement.

## COMPLIANCE WITH PROVISIONS OF THE CG CODE

The Company has applied the principles as set out in the CG Code. For the year ended 31 December 2018, the Company has complied with the mandatory code provisions of the CG Code.

## PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT ON WEBSITE OF THE STOCK EXCHANGE AND THE COMPANY

This results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.hongqiaochina.com. The annual report will be dispatched to shareholders on or before 18 April 2019 and will be available on the Company's website and the website of the Stock Exchange at the same time.

## ACKNOWLEDGEMENT

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

By order of the Board
**China Hongqiao Group Limited**
**Zhang Shiping**
*Chairman*

Hong Kong
22 March 2019

*As at the date of this announcement, the Board comprises ten Directors, namely Mr. Zhang Shiping, Ms. Zheng Shuliang, Mr. Zhang Bo and Ms. Zhang Ruilian as executive Directors, Mr. Yang Congsen, Mr. Zhang Jinglei and Mr. Chen Yisong (Mr.Zhang Hao as his alternate) as non-executive Directors, and Mr. Xing Jian, Mr. Han Benwen and Mr. Dong Xinyi as independent non-executive Directors.*