中国忠旺控股有限公司*

China Zhongwang Holdings Limited

(incorporated in the Cayman Islands with limited liability)

Stock Code: 01333

A LEADING ALUMINIUM FABRICATED PRODUCT DEVELOPER AND MANUFACTURER IN ASIA

2015 Annual Report

* For identification purposes only

COMMITTED TO LIGHT-WEIGHT DEVELOPMENT FOR A GREENER WORLD

China Zhongwang is the second largest industrial aluminium extrusion product developer and manufacturer in the world and the largest in Asia. The Group focuses on three core synergistic businesses namely, industrial aluminium extrusion, deep processing and aluminium flat rolling. The three core businesses operate together on the basis of upstream and downstream resource-sharing and benefit from mutual advantages.

Contents

Corporate Information

Place of Listing
The Stock Exchange of Hong Kong Limited

Stock Code
01333

Executive Directors
Mr. Liu Zhongtian *(Chairman)*

Mr. Lu Changqing

Mr. Chen Yan

Ms. Zhong Hong

Mr. Gou Xihui

Independent Non-executive Directors
Mr. Wong Chun Wa

Mr. Wen Xianjun

Mr. Shi Ketong

Mr. Lo Wa Kei, Roy

Audit Committee
Mr. Wong Chun Wa *(Chairman)*

Mr. Wen Xianjun

Mr. Shi Ketong

Nomination and Remuneration Committee
Mr. Wen Xianjun *(Chairman)*

Mr. Liu Zhongtian

Mr. Shi Ketong

Corporate Governance Committee
Mr. Lo Wa Kei, Roy *(Chairman)*

Mr. Wen Xianjun

Mr. Shi Ketong

Strategy and Development Committee
Mr. Liu Zhongtian *(Chairman)*

Mr. Lu Changqing

Mr. Wen Xianjun

Company Secretary
Mr. Cheung Lap Kei

Authorised Representatives
Mr. Cheung Lap Kei

Mr. Lu Changqing

Principal Bankers
Bank of America, N. A., Hong Kong Branch

China Development Bank Corporation

Bank of Communications Corporation Limited

China Construction Bank Corporation

Hang Seng Bank Limited

Standard Chartered Bank (Hong Kong) Limited

Bank of China Limited

Agricultural Bank of China Limited

Industrial and Commercial Bank of China Limited

Registered Office
Cricket Square, Hutchins Drive

P.O. Box 2681

Grand Cayman

KY1-1111

Cayman Islands

Head Office and Principal Place of Business in the PRC
No. 299, Wensheng Road

Liaoyang City

Liaoning 111003

PRC

42/F China World Tower

No. 1 Jianguomenwai Avenue

Beijing 100004

PRC

Place of Business in Hong Kong

56/F, Bank of China Tower

1 Garden Road, Admiralty

Hong Kong

Legal Advisors

As to Hong Kong laws

Morrison & Foerster

33/F, Edinburgh Tower

The Landmark

15 Queen's Road Central

Hong Kong

As to PRC laws

Haiwen & Partners

20th Floor, Fortune Financial Centre

5 Dong San Huan Central Road

Chaoyang District

Beijing 100020, PRC

Auditor

KPMG

8th Floor, Prince's Building

10 Chater Road

Central, Hong Kong

Principal Share Registrar in the Cayman Islands

Royal Bank of Canada Trust Company (Cayman) Limited

4th Floor, Royal Bank House

24 Shedden Road, George Town

Grand Cayman KY1-1110

Cayman Islands

Hong Kong Branch Share Registrar

Computershare Hong Kong Investor Services Limited

Shops 1712–1716, 17th Floor

Hopewell Centre

183 Queen's Road East

Wanchai, Hong Kong

Investor and Media Relations Consultant

Cornerstones Communications Ltd.

19/F, Oriental Crystal Commercial Building

46 Lyndhurst Terrace, Central

Hong Kong

Closure of Register of Members

For the purpose of determining shareholders who are entitled to attend and vote at the annual general meeting of the Company to be held on 28 June 2016, the register of members of the Company will be closed from Wednesday, 22 June 2016 to Tuesday, 28 June 2016 (both days inclusive), during which period no transfer of shares will be effected. All instruments of transfers (including relevant share certificates and transfer forms) must be lodged at the Hong Kong Branch Share Registrar, Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on 21 June 2016.

Annual General Meeting

The Company's annual general meeting will be held on 28 June 2016, a notice of which is included in the circular to be dispatched to shareholders together with this annual report.

Company Website

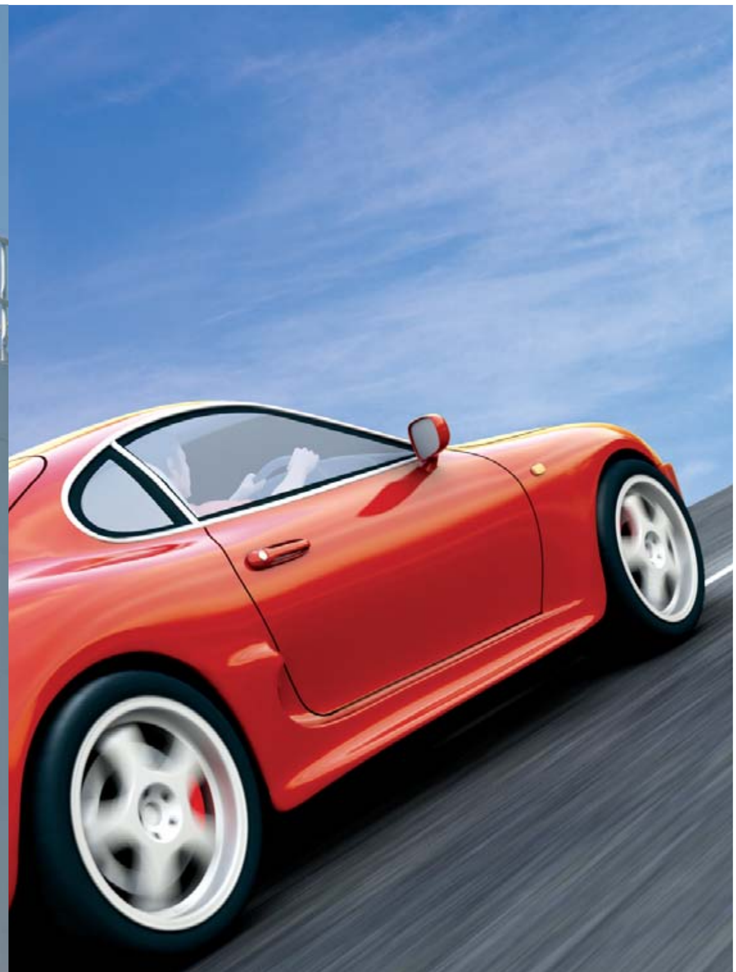
www.zhongwang.com

ALUMINIUM APPLICATIONS

With a history of just 200 years, the application of aluminium displays many remarkable properties including being light-weight, corrosion resistant, and excellent conductors of thermal and electrical energy. When other metals are added, aluminium alloys offer even more advantageous strength and tenacity. This is why aluminium alloy products are extensively used in different sectors, such as transportation, electric power engineering, machinery and equipment and infrastructure, etc.

HIGHEST ANNUAL OUTPUT AMONGST NON-FERROUS METALS

- The annual output of aluminium exceeds that of copper, lead, tin and other non-ferrous metals combined



MOST WIDELY USED METAL AFTER STEEL

- Extensive applications due to its light-weight, corrosion resistant, and good electrical and thermal conductivity qualities
- Weighs about 1/3 of steel or copper
- Electricity conductivity is double that of copper of the same weight

MOST ABUNDANT METAL ELEMENT IN THE EARTH'S CRUST

- Accounts for 7.3% of the Earth's crust, and the most abundant metal element in the Earth's crust

Source of Information: International Aluminium Institute

Corporate Profile

China Zhongwang Holdings Limited (the "Company"), together with its subsidiaries (the "Group"), is the second largest industrial aluminium extrusion product developer and manufacturer in the world and the largest in Asia[1]. On 8 May 2009, the Company (stock code: 01333) was successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited. The Group has been primarily focusing on the light-weight development in the transportation, machinery and equipment and electric power engineering downstream sectors through the provision of quality fabricated aluminium products. The Group has won numerous global certifications and accreditations from the railway, automobiles, vessels, aviation and other industries. Our customers can be found in major markets all over the world.

The Group was founded in 1993 with its headquarters based in Liaoning Province, China, and is now mainly engaged in industrial aluminium extrusion and deep processing businesses. After over 20 years of dedicated development, the Group currently has over 90 internationally advanced aluminium extrusion production lines (including 21 production lines of large-scale aluminium extrusion presses of 75MN or above). In addition, one of the two ultra-large 225MN extrusion presses that the Group ordered, being the largest and most advanced in the world, has arrived Yingkou plant and is under installation, which is expected to be completed by 2016. The other one will arrive in second half of 2016 for installation. The operation of the 225MN extrusion presses will reinforce the Group's leading edge in the production of high precision, complex large-section industrial aluminium extrusion products. Meanwhile, the Group has also built a world-leading aluminium tilt smelting and casting facility which is ancillary to the extrusion production lines, as well as the largest customized industrial aluminium extrusion product die design and manufacturing centre in Asia. The Group has a professional research and development team, and was certified by the Chinese government as a "State Accredited Enterprise Technology Centre", a "State CNAS Laboratory", Liaoning Engineering and Technology Research Centre, and Liaoning Post-doctoral Research Centre. The Group's unique core competitiveness in the industry lies in the comprehensive strength of its four-in-one model, i.e. the integration of smelting and casting, die design, advanced equipment and research and development capability all under one roof.

Moreover, the Group actively develops its deep processing business. With the support of the advanced production facilities in its deep-processing centre and the product and process design team, the Group is able to provide one-stop solutions to clients including product design, production and after sales service. The Group is enhancing its abilities in the design, manufacturing and development of aluminium-intensive new energy vehicles, in order to diversify product range of deep-processed products. The Group has developed a range of high value-added deep-processed products with promising market potentials, such as industrial aluminium pallets, aluminium high-speed train carriages suitable for alpine cold regions, aluminium body structures of new energy buses, as well as aluminium bodies and parts of passenger cars. Deep-processed products have enhanced the Group's overall profitability.

The Group's high value-added aluminium flat-rolled product project is progressing steadily as planned. Phase I has two production lines with a designed annual production capacity of 1.8 million tonnes. Plant construction and equipment installation of the first production line has been completed, the core equipment and ancillary facility in each production mill have undergone various test runs and followed by trial production. Key production procedures including smelting and casting, hot rolling, and cold rolling finished no-load and load tests, and started trial run in turns. The Group's high value-added aluminium flat-rolled product project will become our third core business complementary to and resources sharing with the existing industrial aluminium extrusion and deep processing businesses.

The Group will continue to focus on light-weight development in the transportation, machinery and equipment and electric power engineering sectors that aims at reducing energy consumption and facilitating low carbon emission. It will actively seek to maintain its leading edge in the industrial aluminium extrusion sector, extend its reach to the high-end aluminium flat-rolled product business and develop aluminium deep-processing technologies, working relentlessly to become the world's most competitive developer and manufacturer of high-end aluminium products.

For further information on the Group, please visit our website at www.zhongwang.com.

1. Rankings and relevant information relating to aluminium extrusion product manufactures in the world are cited from a report prepared by Beijing Antaike Information Development Co., Ltd. ("Antaike") dated March 2014.

Corporate Profile

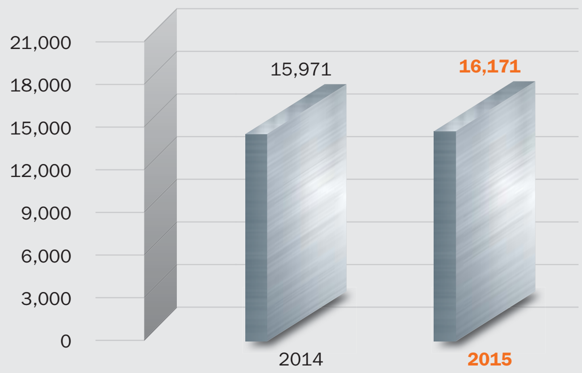
Financial Highlights

	2015 RMB'000	2014 RMB'000
Revenue	**16,171,246**	15,971,218
Gross profit	**5,320,023**	4,467,169
EBITDA (Note 1)	**4,820,947**	4,059,830
Profit before taxation	**3,523,122**	2,970,328
Profit attributable to equity shareholders	**2,804,981**	2,477,020
Earnings per share (RMB) (Note 2)	**0.40**	0.36
Final dividend per share (RMB)	**0.05**	0.06
Full year dividend per share (RMB)	**0.14**	0.13
Bank balances and cash (Note 3)	**13,495,202**	11,230,801
Net assets	**25,990,998**	24,328,592
Total assets	**71,400,726**	53,769,415

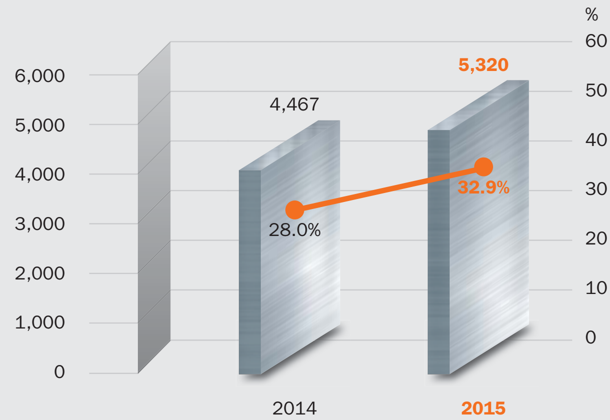
	2015	2014
Current ratio (Note 4)	**1.08**	1.11
Inventory turnover in days (Note 5)	**110**	110
Trade receivable turnover in days (Note 6)	**25**	17
Trade payable turnover in days (Note 7)	**121**	96
Gross margin	**32.9%**	28.0%
Gearing ratio (Note 8)	**63.6%**	54.8%
Revenue composition — by business		
Aluminium extrusion business (Note 9)	**87.4%**	88.8%
Deep processing business	**12.1%**	10.8%
Others	**0.5%**	0.4%
Gross profit composition — by business		
Aluminium extrusion business (Note 9)	**86.4%**	86.2%
Deep processing business	**12.1%**	12.5%
Others	**1.5%**	1.3%

Notes:
1. EBITDA = profit before taxation + finance costs + amortisation of prepaid lease payments + depreciation of property, plant and equipment
2. The calculation of earnings per share is based on the profit attributable to equity shareholders of the Company for each of the year ended 31 December 2015 and 2014 and on the weighted average of ordinary shares, convertible preference shares and share options during that year.
3. Bank balances and cash = cash and cash equivalents + short-term deposits + pledged bank deposits
4. Current ratio = current assets/current liabilities
5. Inventory turnover in days = 365* ((inventory balance at the beginning of the year + inventory balance at the end of the year)/2)/cost of sales for the year
6. Trade receivable turnover in days = 365* ((trade and bills receivables balance at the beginning of the year + trade and bills receivables balance at the end of the year)/2)/sales for the year
7. Trade payable turnover in days = 365* ((trade and bills payables balance at the beginning of the year + trade and bills payables balance at the end of the year)/2)/cost of sales for the year
8. Gearing ratio = total liabilities/total assets* 100%
9. Representing revenue and gross profit of the aluminium extrusion business from sales to external customers.

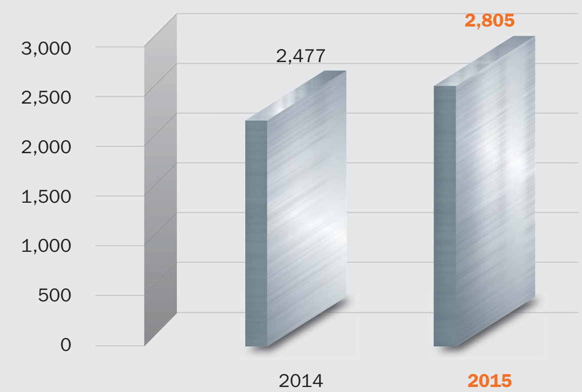
REVENUE
(RMB millions)



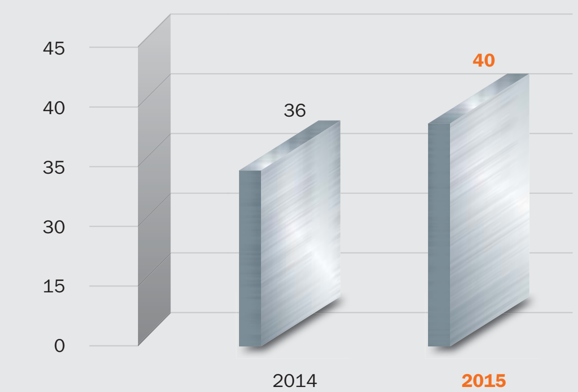
GROSS PROFIT/GROSS MARGIN
(RMB millions)



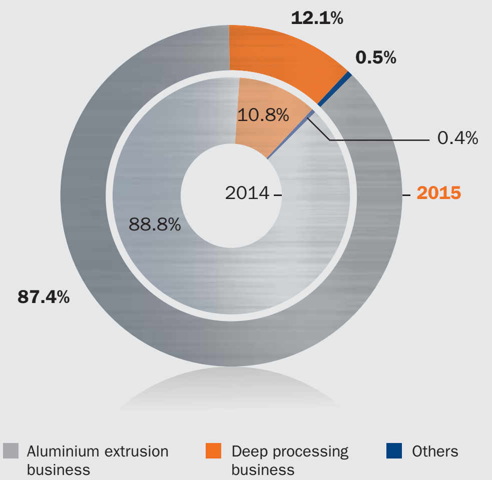
PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS
(RMB millions)



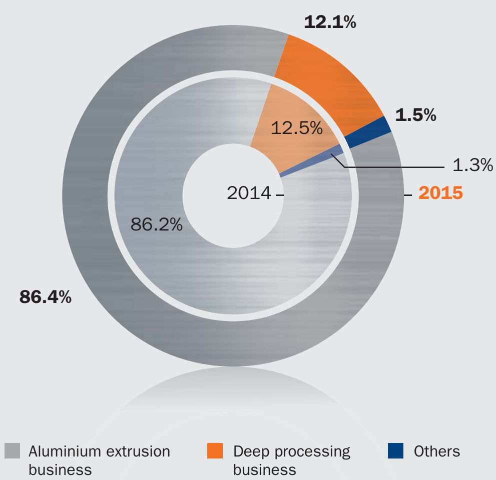
EARNINGS PER SHARE (BASIC)
(RMB cents)



REVENUE COMPOSITION
— By Business



GROSS PROFIT COMPOSITION
— By Business

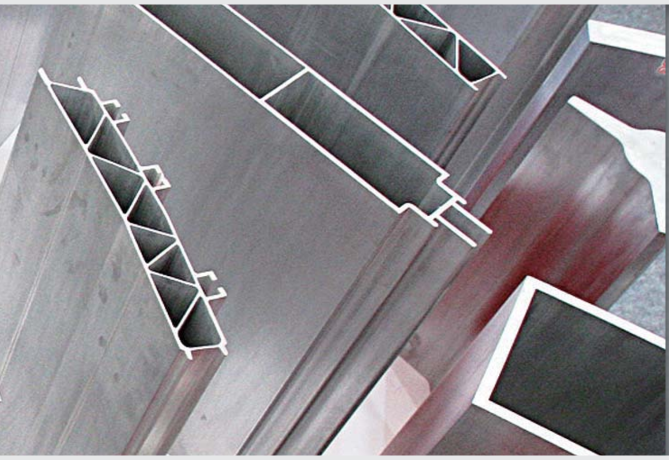


Core Businesses

INDUSTRIAL ALUMINIUM EXTRUSION BUSINESS

DEEP PROCESSING BUSINESS

ALUMINIUM FLAT ROLLING BUSINESS



Leveraging the advantages of the unique 4-in-1 business model that integrates product research and development, die design and manufacturing, smelting and casting and advanced equipment, the Group produces a full range of high-end and large-section industrial aluminium extrusion products.

The deep processing business is the further fabrication of aluminium alloy products into finished or semi-finished products through such processes as cutting, welding, polishing, machining and surface treatment. We provide clients with customized light-weight solutions, which set forth an important base of the Group's long-term profitability.

The Group's high value-added aluminium flat-rolled product project is progressing steadily as planned. As the world's largest top-notch flat-rolled product base upon completion, the project is expected to change the current situation of the nation's reliance on import for high-end products.

Corporate Milestones

February

- The Group joined hands with Shenyang Aerospace University and AVIC SAC Commercial Aircraft Company Limited to set up Liaoning Joint Research and Development Laboratory for Aviation and Aerospace Aluminium Alloys.

May

- Deep Processing Centre introduced three CNC machining centres to meet the growing demand for the production.
- Participated in the largest Aluminium Expo in the Middle East to enhance the company's reputation and influence.

June

- Cold rolling mill in Tianjin plant conducted its first load test.

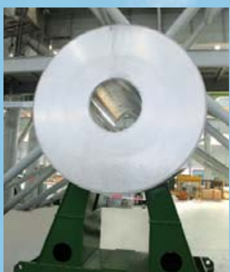
July

- Signed a 10-year syndicated term loan facility agreement in the principal amount of up to RMB20 billion or its equivalent with six major Chinese state-owned banks. The loan will be used to support the development of the Company's high value-added aluminium flat-rolled product project in Tianjin.
- Awarded the "Most Respected Company in China" by The Economic Observer.

August

- The Group received the honor of “Credit Worthy Model Enterprise in Liaoyang 2014-2015” for the second year.
- 4500mm heavy-gauge plate mill in Tianjin plant finished its first heat load test, producing its first plate.

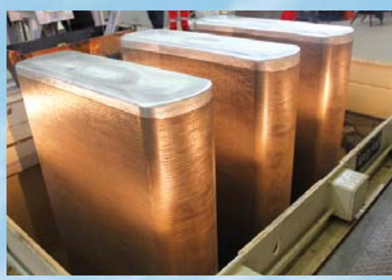
September



- Hot rolling mill in Tianjin plant successfully rolled out the first hot rolled coil.

October

- The cast house in Tianjin plant successfully casted 3 2xxx series aluminium alloy slab ingots.



- Recognized as an “Excellent Private Enterprise in Liaoyang 2014”.
- Two technologies were awarded “Liaoyang Scientific Technology Award 2015”.

November

- Became one of the only four members of the “National Upstream/Downstream Cooperation Mechanism for Aluminium Aviation Products” established by Ministry of Industry and Information Technology of the PRC.
- Cold rolling mills for wide-width aluminium plates and sheets in Tianjin plant successfully produced the first aluminium coil.

December

- Aging furnace for aluminium plates in Tianjin plant finished its first trial run.

- Obtained the National Special Investment Supporting Fund from the Chinese Central Government for its investment in 2015 on industrial upgrade and technology transformation.

Chairman's Statement

Liu Zhongtian
Chairman

"During the Year under Review, the Group actively enhanced its R&D and innovations, optimized its product mix, improved its production technologies, strengthened its internal management, and as a result, further consolidated its core competitive strengths and profitability."

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of China Zhongwang Holdings Limited ("China Zhongwang" or the "Company", together with its subsidiaries, the "Group"), I am pleased to present the Annual Report on the audited results of the Company for the year ended 31 December 2015 (the "Year under Review") for your review.

During the Year under Review, the pace of global economic recovery was slow and the overall economy was sluggish. China's economy is undergoing a stage of structural adjustments and entering a new normal phase of steady growth. Economic growth has shifted from the previous mode of quantity first to the new mode of focusing on both quantity and quality, which provides unprecedented development opportunities for industries and enterprises dedicated to innovation and value creation. Aluminium fabricated products are an emerging type of environmentally friendly material and are increasingly used in a wide range of applications. As a leading aluminium product manufacturer in Asia, the Group achieved encouraging results during the Year under Review, despite the economic slowdown in China and around the world.

Results Highlights

Driven by the strategy of "focusing primarily on China and to a lesser extent on overseas", the Group continued to dedicate its efforts to the China market, and was committed to promoting the application of high-end aluminium fabricated products in sectors such as transportation, machinery and equipment and electric power engineering. During the Year under Review, the Group actively enhanced its research and development ("R&D") as well as innovation, optimized its product mix, enhanced its production technologies, strengthened its internal management, and further consolidated its core competitive strengths and profitability. The Group's revenue for 2015 was approximately RMB16.2 billion, basically the same as that of 2014. As the revenue contribution from high-end products increased, the overall gross margin increased by 4.9 percentage points to 32.9% year-on-year. Profit attributable to equity shareholders increased by approximately 13.2% year-on-year to approximately RMB2.8 billion. Earnings per share increased by 13.2% year-on-year to RMB0.4.

To reward shareholders for their support, the Board has recommended a final dividend of HKD0.06 (approximately RMB0.05) per share for the financial year ended 31 December 2015. Together with the interim dividend of HKD0.11 (approximately RMB0.09) per share for the period ended 30 June 2015, the dividend per share for 2015 totalled HKD0.17 (approximately RMB0.14), which is equivalent to a dividend payout ratio of approximately 35.4% on a full-year basis.

Focusing on both Quality and Quantity

In early 2015, the Group's key production lines were operating at full capacity. In view of this, the Group focused its sales strategy on optimizing the product mix, dedicating much efforts in promoting the R&D, manufacturing and sales of new high-end products through the year. The focus on quality over quantity has effectively resulted in sustainable and stable growth of the Group's profitability.

Meanwhile, in light of the capacity bottleneck of the existing operation, the Group replaced or underwent technical upgrade for some equipment in accordance with actual needs, in order to improve the level of equipment automation and overall production efficiency. On the other hand, the Group continued to introduce the necessary ancillary equipment for various production processes, including die-making, smelting and casting, extrusion, welding and machining. This has ensured that the production equipment is better aligned with the product mix, securing the production capacity needs for the future development of the Group.

Product Upgrade

As for the transportation sector, in addition to strengthening the technology and quality of the existing extrusion products and deep-processed products including vehicle components, vehicle body frame and skirtboards for high-speed trains, the Group also accelerated the R&D and related production capacity expansion for aluminium-intensive vehicles. Liaoning Zhongwang Special Vehicle Manufacturing Company Limited (the “Special Vehicle Plant”), acquired by the Group during the Year under Review, is increasing its production capacity. It has obtained various licences for the production and sale of a number of aluminium-intensive commercial vehicles. The two production lines currently under construction will manufacture semi-trailers and oil tank trucks respectively . In addition, the product and process design team has successfully developed prototypes of aluminium-intensive vehicles, including buses, semi-trailers, trucks, oil tank trucks and fire trucks that can significantly improve transportation efficiency and protect the environment by conserving energy. They offer some of the best energy conservation and emission reduction solutions for potential customers in various industries, including freight, logistics and urban environmental protection.

As for the machinery and equipment and electric power engineering sectors, aluminium alloy has become an important material for industrial equipment. During the Year under Review, the Group jointly developed product upgrade solutions with its customers to accelerate the pace of using aluminium in lieu of steel, copper and wood in different sectors. Its diversified product categories have enabled the Group to steadily develop new markets. Overseas markets with remarkable growth included the Netherlands, United Kingdom, Belgium, Germany and Japan.

Extension of the Industry Chain

There was steady progress for the Group’s high value-added aluminium flat-rolled product project in Wuqing District, Tianjin. The first production line of medium to heavy gauge plates in phase one will commence production gradually in stages. During the Year under Review, key production procedures and ancillary equipment of the first production line including smelting and casting, hot rolling, cold rolling and finish rolling in succession, completed no-load and load trial runs. This marked the completion of the entire production line which will gradually enter trial production. The Group successfully produced the first batch of aluminium plates and aluminium coils on its own in the second half of the Year under Review, providing valuable reference for parameter optimization in every production procedure as well as laying solid foundation for the smooth operation of the entire production line. Once fully operational, the Group’s high value-added aluminium flat-rolled product project will become the world’s largest and best-equipped aluminium flat rolling production base, providing the China and overseas markets with high quality and high value-added aluminium flat-rolled products.

In addition, to address the increasing demand for raw material supply in the course of the Group’s development, the Group invested in the construction of a high-precision aluminium and special aluminium alloy project in Yingkou City, Liaoning Province. The first phase commenced production in early 2015 with a designed annual production capacity of 400,000 tonnes.

R&D and Innovation

Leveraging its leading R&D capabilities in the industry, the Group actively collaborated with various parties to jointly fill the supply gap in China’s high-end market. The Group invested approximately RMB500 million in R&D in 2015, accounting for 3.1% of the total revenue. The technology centre of the Group has been accredited a provincial post-doctoral research centre and national laboratory and has established cooperative relationships with a number of universities and scientific research institutions. At the end of the Year under Review, the Group became a member of the National Upstream/Downstream Cooperation Mechanism for Aluminium Aviation Products (the “Cooperation Mechanism”), and made contributions to the promotion of the R&D, production and application of aluminium products in domestically manufactured civil aircraft through the collaborative innovation with upstream and downstream players. Thanks to the efforts of the R&D team, the Group’s product range continued to diversify. A number of R&D results addressed the demand-supply gap in China and the industry, and steered the development of the high-end application of aluminium products in the transportation, electric power engineering, as well as machinery and equipment sectors.

Proposed Spin-off

On 22 March 2016, Liaoning Zhongwang Superior Fabrication Investment Limited ("Zhongwang Fabrication"), an indirect wholly-owned subsidiary of the Company, entered into an assets transfer agreement on the sale of the total equity interests in Liaoning Zhongwang Group Company Limited ("Liaoning Zhongwang") an indirect wholly-owned subsidiary of the Company, with CRED Holding Co., Ltd. ("CRED Holding"), a company incorporated in the PRC and currently listed on the Shanghai Stock Exchange. If the agreement is approved by the relevant PRC regulatory authorities, including the Ministry of Commerce and China Securities Regulatory Commission ("CSRC"), and by the Stock Exchange and the shareholders of the Company, and is effectively completed, the Group will be able to achieve the spin-off and listing of its aluminium extrusion business on the Shanghai Stock Exchange and to present, in a more comprehensive manner, its corporate strength and augment its corporate value with a clearer and more rational business structure supported by funding platforms in both Hong Kong and Shanghai.

Future Outlook

The PRC government has promulgated various macro-economic policies in support of the high-end application of aluminium in the transportation, machinery and equipment and electric power engineering sectors. The "Belt and Road Initiative" not only promotes the development of the high-speed railway and infrastructure-related industries, but also brings long-term benefits to the logistics, transportation and electric power industries required for inter-region connection and communication. "Made in China 2025" has promoted the innovation and transformation of the manufacturing industry in China. As one of the key industries, transportation covers such areas as aviation and aerospace, vessels, railway and new energy vehicles, where aluminium will have extensive applications. In the future, the distinctive features of aluminium alloy products will enable them to be widely used in the application of emerging areas including heavy-duty trucks, construction formworks, marine engineering, and even bridges.

In view of the markets with enormous potential, the Group will keep up its investment in R&D and maintain sustainability of its own advantages through technological advancement. The Group will push forward the aluminium flat-rolled product project and the Special Vehicle Plant as planned while continuing to optimize the equipment and production capacity of the industrial aluminium extrusion business. In the long run, the Group will become a highly integrated enterprise with three major processing businesses, namely industrial aluminium extrusion, deep processing and aluminium flat rolling. The synergetic development of these three major businesses will enable the Group to spearhead the industry development during the massive industrial upgrade in China.

Acknowledgements

The satisfactory results achieved in 2015 are attributable to the hard work of all our employees and the long-term trust and support of our shareholders, business partners, customers and suppliers. On behalf of the Board, I would like to express my sincere gratitude to all my colleagues for their dedication and efforts made. China Zhongwang will continue to focus on the development of its core business of aluminium alloy processing, provide customers with quality products and create sustainable growth and returns for shareholders.

Liu Zhongtian
Chairman

Hong Kong, 24 March 2016

Management Discussion and Analysis

Applications of aluminium alloys are ever increasing. Because it is light, aluminium plays an indispensable role as a raw material for light-weight transportation. Being corrosion resistant, it is widely used in different shaped containers, and its excellent electrical conductivity makes it an ideal material for electric power engineering. As the Chinese authority vigorously promotes energy conservation, emission reduction and sustainable development, aluminium is gradually replacing traditional metals, ushering in a new era of environmental protection through material upgrading.

I. Business Review

During the Year under Review, as the core production facilities were operating in full capacity, the Group gradually adjusted its production capacity and optimized the product mix by further increasing investments in technological R&D and production facilities, thereby enhancing its profitability. It has broadly achieved the business objectives for 2015.

During the Year under Review, the Group's total revenue amounted to approximately RMB16,171,246,000, in line with approximately RMB15,971,218,000 for the year ended 31 December 2014 (the "Year 2014"). Profit attributable to equity shareholders of the Company was approximately RMB2,804,981,000 for the Year under Review, representing an increase of 13.2% from approximately RMB2,477,020,000 for the Year 2014. Earnings per share also increased by 13.2% year-on-year to approximately RMB0.4.

Currently, the Group's income mainly comes from aluminium extrusion and deep processing businesses. Owing to the increasing importance of deep processing business, the financial information of the deep processing business has been presented separately from the original aluminium extrusion business starting from the Year under Review, due to management and operational needs. Therefore, the data of the Year 2014 (mainly including revenue, cost of sales and gross profit, etc.) are now restated to reflect the separate financial information of the deep processing business. Please refer to the 2014 Annual Report of the Company for the financial data of the Year 2014 prior to the restatement.

During the Year under Review, sales volume of the Group's aluminium extrusion business was 750,049 tonnes, of which, sales volume to external customers was 662,827 tonnes, representing a decrease of 2.7% from 681,443 tonnes for the Year 2014. The remaining 75,083 tonnes of industrial aluminium extrusion products were sold to the deep processing business, representing an increase of 15.4% from 65,091 tonnes for the Year 2014. The sales revenue from the aluminium extrusion business was approximately RMB15,392,441,000, of which approximately RMB14,141,878,000, were sales revenue to external customers, which was basically in line with approximately RMB14,187,166,000 for the Year 2014. The sales revenue to the deep processing business was approximately RMB1,124,567,000, representing an increase of 10.7% from approximately RMB1,016,244,000 for the Year 2014. During the Year under Review, the Group continued to implement various measures including optimizing its product mix, increasing production efficiency and controlling production cost to strengthen its overall profitability. Coupled with a decrease in aluminium ingot prices, the gross margin of the Group's aluminium extrusion business further increased from 25.4% for the Year 2014 to 30.0% for the Year under Review.

During the Year under Review, the sales volume of the Group's deep processing business increased by 15.5% from 63,359 tonnes for the Year 2014 to 73,177 tonnes, and sales revenue increased by 13.0% from approximately RMB1,727,539,000 for the Year 2014 to approximately RMB1,951,524,000. As a result of the decrease in aluminium ingot prices during the Year under Review, the gross margin of the Group's deep processing business increased from 31.8% for the Year 2014 to 32.5% for the Year under Review.

The Group continued to optimize its product mix and adjust its production capacity during the Year under Review. In order to increase the degree of equipment automation and overall production efficiency, old equipment including some small extrusion presses were replaced or underwent technical upgrade in accordance with actual needs. Meanwhile, the Group continued to introduce necessary ancillary equipment for various production processes, including die-making, smelting and casting, extrusion, welding and machining, so that production equipment is better aligned with the product mix. The Group also dedicated much efforts in assisting its customers to develop high-end products during the Year under Review, and achieved breakthroughs in a number of key technologies, further optimizing its product mix.

The range of the Group's deep-processed products is becoming more diversified, especially for applications in the transportation sector. Aluminium parts and components for new energy vehicles and buses are gradually taking up larger shares of our deep-processed products. The Group possesses comprehensive capabilities from independent design to manufacturing and processing, and has hence received recognition from a number of well-known, domestic automobile and bus manufacturers. During the Year under Review, the Group commenced technological cooperation with several bus manufacturers, including Brilliance Bus (Dalian) Co., Ltd. (華晨客車（大連）有限公司), China FAW New Energy Vehicle Branch (中國一汽新能源汽車分公司), Shenyang Hualong New Energy Vehicle Co., Ltd. (瀋陽華龍新能源汽車有限公司), Shenzhen Wuzhoulong Motors Co., Ltd, (深圳五洲龍汽車有限公司) and Zhuhai Yinlong New Energy Co., Ltd. (珠海銀隆新能源有限公司), to jointly develop aluminium-intensive new energy buses. Furthermore, the Group made significant breakthroughs in the design of aluminium-intensive new energy battery electric vehicles (BEVs), the integrated design of aluminium battery frames, and the development and manufacturing of related new materials. It also jointly designed and developed aluminium-intensive new energy BEVs with companies including CH-Auto Technology Co., Ltd. (北京長城華冠汽車科技股份有限公司) and Chery Automobile Co., Ltd. (奇瑞汽車股份有限公司). All of the above projects progressed smoothly, and the Group has reserved sufficient resources for necessary investment and capacity expansion.

In addition, the Group made impressive progress in its key projects under construction during the Year under Review. The first production line of phase one of the high value-added aluminium flat-rolled product project in Tianjin has entered an important stage prior to its commercial operation. Phase one consists of two production lines with designed annual production capacity of 1.8 million tonnes in total. The first production line is designed primarily for the production of medium-to-high thickness aluminium alloy plates with a designed annual production capacity of 600,000 tonnes. During the Year under Review, the plant construction and equipment installation for the first production line had been completed, while core and ancillary facilities are currently in the final stage of optimization and testing following successive trial operations. In the third quarter of the Year under Review, the smelting and casting mill successfully produced aluminium alloy slabs at its first attempt, laying a solid foundation for the smooth production of aluminium flat-rolled products. The first aluminium alloy plate and the first coil of aluminium alloy sheet were successfully produced by the hot rolling line and the cold rolling line respectively in the third and fourth quarter of the Year under Review, marking a milestone for the aluminium flat-rolled product project. The production line is currently undergoing final testing on products of different alloy combinations, and is conducting trial production on sample orders for clients. Upon operation, the project will fill the gap in commercial production capacity of high-end aluminium plates and sheets in China, meeting growing market demand in the country, enhancing the Group's comprehensive strengths in the aluminium processing sector while creating a new source of revenue.

Another key project of the Group is the high-precision aluminium and special aluminium alloy project located in Yingkou, Liaoning Province. The main objective of the project is to ensure a stable supply of high-quality raw material required for internal production. Phase one of the project, with a designed annual production capacity of 400,000 tonnes, was completed and commenced production during the Year under Review. Approximately 290,000 tonnes of aluminium alloy products, including high-quality aluminium rods, were produced for the Group's internal production during the Year under Review. The production base, equipped with internationally advanced purification systems, complies with international emission standards. In addition, the two ultra-large 225MN extrusion presses and ancillary facilities previously ordered will also be installed in this production base. One of the presses has been delivered for installation and is scheduled to complete by this year, followed by equipment testing, and production is expected to commence in 2017. The other press will be delivered for installation during 2016. These extrusion presses are in close proximity to the raw material supply to minimize melting loss and energy consumption during the re-smelting of aluminium ingots.

The Special Vehicle Plant, a wholly owned subsidiary of the Group, has obtained various licences for the production and sale of a number of aluminium-intensive commercial vehicles during the Year under Review. Two production lines are currently under construction which will manufacture aluminium-intensive semi-trailers and oil tank trucks respectively, with designed annual production capacity of 4,000 semi-trailers and 1,500 oil tank trucks respectively. The sales team is in close contact with potential customers and aims to achieve volume sales within this year.

During the Year under Review, the overall R&D expenditure of the Group amounted to approximately RMB505,463,000, accounting for approximately 3.1% of total revenue. The Group's indirect wholly-owned subsidiary Liaoning Zhongwang, being a high and new technology enterprise, continued to enjoy the preferential rate of 15% for Corporate Income Tax. The Group completed the reporting on the construction of five platforms, including a national engineering laboratory. Equipped with advanced facilities, the R&D team filled the gap in the domestic industry with R&D achievements that propelled light-weight developments in different industrial sectors by promoting the high-end application of aluminium alloy products in the transportation, electric power engineering and machinery and equipment sectors. During the Year under Review, the Group developed over 100 new products, covering a number of applications such as new energy vehicles, aviation and vessels. The Group also attained 13 technology and new product awards at national, provincial and municipal levels, including the national outstanding patent awards and new product awards. The Group filed 93 patent applications and undertook a number of technology projects at national, provincial and municipal levels, including national industry revitalization and key new product projects. In addition, the Group took the lead in the drafting of a national standard and participated in the drafting of 16 national and industry standards. The outstanding R&D capability has enabled the Group to continuously launch diversified high-end products and optimize product mix, enhancing its integrated competitive strengths.

II. Future Development

The advantages of aluminium products in industrial application are now being further explored. The increasingly mature production technology and close to 100% recyclability unmatched by other metals have increased its use in many industrial sectors. Due to its light-weight, aluminium offers some of the best solutions for the transportation sector under the light-weight development trend. Its corrosion resistance makes it a perfect choice for containers of different shapes; and with excellent electrical conductivity, it is an ideal material for electric power engineering. As the Chinese government proactively promotes energy conservation, emission reduction and sustainable development, aluminium is gradually replacing other traditional metals and emerging into a new era of environmental protection through material upgrade.

The light-weight development of the transportation sector is a particularly strong driving force for the application of aluminium. As there have been increasingly stringent standards for fuel consumption and carbon dioxide emission of automobiles across countries in recent years, auto makers are accelerating the pace of replacing steel with aluminium to cope with the light-weight development trend and have been increasing the use of aluminium in such auto parts and components as engines, transmission and crash management systems, offering enormous opportunities for aluminium alloy casting, forging and extrusion product manufacturers. Nonetheless, the most impressive growth comes from aluminium auto body sheets ("ABS") as in doors and hoods. According to Antaike, the global consumption of aluminium ABS was expected to be 1.05 million tonnes in 2015 and is projected to reach 2.60 million tonnes in 2020, representing a compound annual growth rate of approximately 20%. Currently, aluminium manufacturers around the world are increasing their investments in the expansion or construction of relevant production capacity, especially for aluminium ABS, to meet the surging market demand.

Management Discussion and Analysis

Aviation and aerospace is another important sector for the application of aluminium. In the past, orders for civil aviation materials were mainly placed by airplane manufacturers in developed countries such as Boeing and Airbus. As China's first domestically produced C919 large passenger aircraft rolled off the final assembly line in the Year under Review, the civil aircraft manufacturing industry in China entered a new era of rapid development, opening up new business opportunities to high-end aluminium manufacturers in China. For ARJ21-700 and C919, the regional aircraft model and the large passenger aircraft model with Chinese own independent intellectual property rights, aluminium parts accounted for as much as 68%-75% of the total weight. Although such demand cannot be entirely fulfilled by domestic aluminium manufacturers as they have yet to obtain the necessary quality certifications, with government support, especially under the National Upstream/Downstream Cooperation Mechanism for Aluminium Aviation Products ("Cooperation Mechanism") led by the Ministry of Industry and Information Technology ("MIIT"), domestic supply of such aluminium aviation products is entirely achievable in time. The Group, being one of the few designated aluminium manufacturers under the Cooperation Mechanism, will fully leverage its established advantages in aluminium extrusion, build upon the strengths of the complete and advanced production equipment of its flat rolling project, step up its R&D and production capacity development to strive for an early realization of the objective of securing domestic supply of aluminium aviation products in China.

In addition, the development potential of aluminium products in everyday life and many other industries is immense. As urbanization in China continues to increase each year, the Chinese Government has increased infrastructure developments and centralized procurements in cities, driving the rapid growth of such industries as logistics and construction. In the logistics sector, aluminium-intensive trucks offer higher loading capacity, consume less fuel and have lower carbon emission compared to conventional trucks. Not only do they conform better to environmental standards but are also more efficient. They are gaining popularity in the China market and have received increased support from the Chinese Government. MIIT issued a "Notice on Demonstrative Application for Consolidating Industrial Base 2014" which provides sample application of aluminium in the transportation sector to aluminium usage in the automobile industry, especially in trucks. In the future, aluminium-intensive special vehicles, including vans, insulated/refrigerated trucks, trailer trucks, concrete mixer trucks and sanitation trucks, will be more and more common in the logistics and transportation industry as well as on construction sites and city streets. In the construction sector, the Government advocates green building standards and certification for large-scale public construction projects and Government buildings. It also advocates energy conservation by encouraging the construction of distributed solar power and wind power stations. Aluminium alloy construction formworks have emerged for its longer lifespan at lower unit cost, and hence have become increasingly popular in recent years. Its recyclability helps reduce wood consumption, making it an ideal green material for extensive future application in the construction of high-end buildings.

The above-mentioned market trends and policies have created a favourable environment for the Group as well as other processed aluminium product manufacturers in China. As the industry leader, the Group will seize these growth opportunities to achieve sustainable growth and to realise its mission of becoming one of the world's most competitive developers and manufacturers of high-end aluminium fabricated products. As such, the management has formulated the following development strategies:

1. Achieve commercial production of the first production line of the aluminium flat-rolled product project in Tianjin, adding impetus to the Group's long-term steady development in the long term: the first production line of phase one of the Group's high value-added aluminium flat-rolled product project in Tianjin is currently in final testing and trial production prior to commercial operation, during which the Group will make every effort to ensure that it is in optimal state when production commences. In the meantime, the Group will accelerate the pace of R&D and product certification process to get fully prepared for the gradual production of high-end products upon operation;

2. Continue to implement production capacity optimization and expansion plan to increase the proportion of high value-added products: the Group modifies and upgrades its existing equipment and procures new equipment according to the actual needs of different production plants in a timely manner to meet growing production requirements. Two ultra-large 225MN aluminium extrusion presses will be installed one after the other at the Yingkou plant, the first of which now being installed will commence production in 2017 after testing, while the installation of the second one will start within this year. The Group will strive to complete the installation and testing work as scheduled. These facilities will strengthen the Group's edge in the production of high precision, large cross-section industrial aluminium extrusion products. In addition, the Group will expedite its plan to introduce reverse extrusion presses. The first of the indirect extrusion presses ordered by the Group is scheduled to arrive at the plant for installation within this year. Meanwhile, construction of the first two production lines for aluminium-intensive special vehicles has completed, with final stage testing underway to ensure smooth operation. These initiatives will further diversify the Group's product range in the high-end segment;
3. Steadily expand the production capacity of the deep processing business, diversify deep-processed product offerings and increase the proportion of the deep processing business in the Group's business portfolio: the Group is optimistic about the immense potential of the deep processing market and intends to steadily expand its production capacity to cope with downstream market developments and fully capitalize on its customer resources as well as its R&D edge. Unrelenting efforts will be made to diversify the range of deep-processed products, improve its business operation models and resolutely develop downstream application markets, with the goal of increasing the proportion of contribution made by high value-added deep-processed products to the Group's total sales and profit;
4. Strengthen fundamental research and promote technological innovation to enhance its comprehensive strengths: the Group will continue to increase investments in terms of financial and human resources in its proprietary R&D team. Through diversified and multilateral cooperation with industry peers, institutions of higher learning and research institutes, the Group aims to enhance its fundamental research in aluminium and aluminium alloys, robustly promote innovation in technology and production know-how and accelerate the industrialization of products and services, so as to improve the Group's comprehensive competitive strengths; and
5. Actively pursue the business spin-off to open a new funding platform, thereby unlocking the reasonable value of the Group: on March 2016, Zhongwang Fabrication, an indirect wholly-owned subsidiary of the Company, entered into an assets transfer agreement on the sale of the total equity interests in Liaoning Zhongwang with CRED Holding, a company incorporated in the PRC and currently listed on the Shanghai Stock Exchange. If the agreement is approved by the relevant PRC regulatory authorities, including the CSRC, and by the Stock Exchange and the shareholders of the Company, and is effectively completed, the Group will be able to achieve the spin-off and listing of its aluminium extrusion business on the Shanghai Stock Exchange and to present, in a more comprehensive manner, its corporate strength and augment its corporate value with a clearer and more rational business structure supported by funding platforms in both Hong Kong and Shanghai.

The above development strategies will fully capitalize the internal synergy of the Group's three core businesses, namely industrial aluminium extrusion, deep processing and aluminium flat rolling, and build a solid foundation for the Group to seize opportunities from major industrial upgrade in China with a more competitive product mix and a more comprehensive business model. In the future, following the commissioning and fine-tuning of the operations of projects under construction, the continuous improvement of R&D technologies as well as the optimization of capacity and product mix, the Group's revenue and profit base will expand further, providing satisfactory returns to shareholders.

Management Discussion and Analysis

III. Financial Review

During the Year under Review, the Group's revenue amounted to approximately RMB16,171,246,000, which was basically in line with that of the Year 2014. Profit attributable to equity shareholders of the Company amounted to approximately RMB2,804,981,000, representing an increase of 13.2% over the Year 2014.

A comparison of the financial results for the Year under Review and the Year 2014 is set out as follows.

Revenue

During the Year under Review, the Group's total revenue amounted to approximately RMB16,171,246,000, which was basically in line with that of the Year 2014 (approximately RMB15,971,218,000). During the Year under Review, our major revenue was generated from sales in the aluminium extrusion business and deep processing business, which amounted to approximately RMB16,093,402,000. Other revenue primarily comprised metal trade agency commission and revenue generated from financial services carried out by Zhongwang Group Finance Limited, amounting to approximately RMB77,844,000. In 2014, sales in the aluminium extrusion business and deep processing business amounted to approximately RMB15,914,705,000. Other revenue primarily comprising metal trade agency commission amounted to approximately RMB56,513,000.

The following sets forth the breakdown by segments of the Group's revenue, sales volume and average selling price of the aluminium extrusion business and deep processing business for the Year under Review and the Year 2014.

	For the year ended 31 December								
	2015			2014			Change		
	Revenue	**Sales volume**	**Average selling price**	Revenue	Sales volume	Average selling price	Revenue	Sales volume	Average selling price
	RMB'000	**tonnes**	**RMB/tonne**	RMB'000	tonnes	RMB/tonne	%	%	%
Aluminium extrusion business	**15,392,441**	**750,049**	**20,522**	15,203,410	746,534	20,365	1.2%	0.5%	0.8%
Industrial aluminium extrusion segment	**14,297,251**	**678,124**	**21,084**	14,158,276	682,753	20,737	1.0%	(0.7%)	1.7%
Construction aluminium extrusion segment	**1,095,190**	**71,925**	**15,227**	1,045,134	63,781	16,386	4.8%	12.8%	(7.1%)
Deep processing business	**1,951,524**	**73,177**	**26,669**	1,727,539	63,359	27,266	13.0%	15.5%	(2.2%)
Subtotal	**17,343,965**	**823,226**	**21,068**	16,930,949	809,893	20,905	2.4%	1.6%	0.8%
Elimination of internal sales	**(1,250,563)**	**(87,222)**	**14,338**	(1,016,244)	(65,091)	15,613	23.1%	34.0%	(8.2%)
Total	**16,093,402**	**736,004**	**21,866**	15,914,705	744,802	21,368	1.1%	(1.2%)	2.3%

Revenue from the Group's aluminium extrusion business amounted to approximately RMB15,392,441,000 for the Year under Review, basically in line with that of the Year 2014. The Group's total product sales volume in the aluminium extrusion business was 750,049 tonnes for the Year under Review, basically in line with that of the Year 2014. The average selling price of the Group's aluminium extrusion products was RMB20,522 per tonne for the Year under Review, basically remaining stable as compared to that of the Year 2014.

Revenue from the Group's industrial aluminium extrusion segment amounted to approximately RMB14,297,251,000 for the Year under Review, basically in line with that of the Year 2014. Revenue from the Group's industrial aluminium extrusion segment consisted of two parts, namely revenue from sales to external customers and revenue from inter-segment sales. Inter-segment sales mainly represent sales of raw materials required by deep-processed products to deep processing business and raw materials used by the high value-added aluminium flat-rolled product project in Tianjin for trial runs. During the Year under Review, revenue from sales to external customers of the industrial aluminium extrusion segment amounted to approximately RMB13,046,688,000, basically in line with that of the Year 2014 (approximately RMB13,142,032,000); revenue from sales to deep processing business amounted to approximately RMB1,124,567,000, representing an increase of 10.7% over approximately RMB1,016,244,000 for the Year 2014; revenue from sales to the high value-added aluminium flat-rolled product project in Tianjin amounted to approximately RMB125,996,000, while there was no such sales during the Year 2014.

The Group's sales volume in industrial aluminium extrusion segment was 678,124 tonnes for the Year under Review, basically in line with that of the Year 2014. Among which, the volume of sales to external customers decreased by 4.3% from 617,662 tonnes for the Year 2014 to 590,902 tonnes for the Year under Review, mainly due to the fact that the major extrusion production lines of the Group were all running at full capacity during the Year under Review, thus forcing the Group to focus its business operation on securing the production and sales of products with higher gross profit, resulting in a slight drop in output of the industrial aluminium extrusion segment. The volume of sales of industrial aluminium extrusion products to deep processing business amounted to 75,083 tonnes, representing an increase of 15.4% over 65,091 tonnes for the Year 2014, which was mainly due to an increase in demand for raw materials resulting from an increase in sales volume of the deep processing business; the sales volume of raw materials to the high value-added aluminium flat-rolled product project in Tianjin amounted to 12,139 tonnes, while there was no such sales during the Year 2014.

The average selling price of the Group's industrial aluminium extrusion products was RMB21,084 per tonne for the Year under Review, basically in line with that of the Year 2014. Among which, the average selling price of industrial aluminium extrusion products sold to external customers was RMB22,079 per tonne, representing an increase of 3.8% over RMB21,277 per tonne for the Year 2014, mainly because of an increase in the share of high-end industrial aluminium extrusion products with higher selling prices in aluminium extrusion products sold during the Year under Review. The average selling price of industrial aluminium extrusion products sold to deep processing business was RMB14,978 per tonne, representing a decrease of 4.1% over RMB15,613 per tonne for the Year 2014, which was mainly due to a decrease in the price of aluminium ingots. The Group determines the price of raw materials sold to deep processing business by the industrial aluminium extrusion segment on a "cost-plus" basis, which was in line with the pricing method of sales to external customers. The average selling price of high purity aluminium raw materials sold to the high value-added aluminium flat-rolled product project in Tianjin was RMB10,379 per tonne. The Group determines the price of high purity aluminium raw materials sold to the high value-added aluminium flat-rolled product project in Tianjin by the industrial aluminium extrusion segment on the basis of market prices.

Revenue from the Group's construction aluminium extrusion segment for the Year under Review amounted to approximately RMB1,095,190,000, representing an increase of 4.8% over that of the Year 2014, which was mainly attributable to an increase in the sales volume of construction aluminium extrusion products for the Year under Review. The Group's sales volume in the construction aluminium extrusion segment increased from 63,781 tonnes for the Year 2014 by 12.8% to 71,925 tonnes for the Year under Review. The average selling price of construction aluminium extrusion products was RMB15,227 per tonne, representing a decrease of 7.1% over RMB16,386 per tonne for the Year 2014, which was mainly due to a decrease in the price of aluminium ingots.

Revenue from the Group's deep processing business for the Year under Review amounted to approximately RMB1,951,524,000, representing an increase of 13.0% over that of the Year 2014, which was mainly attributable to an increase in the sales volume of deep-processed products for the Year under Review. The Group's sales volume of deep-processed products was 73,177 tonnes for the Year under Review, representing an increase of 15.5% over that of the Year 2014. The average selling price of deep-processed products was RMB26,669 per tonne, representing a decrease of 2.2% over that of the Year 2014, which was mainly due to a decrease in the price of aluminium ingots.

Management Discussion and Analysis

Geographically, the Group's overseas clients mainly came from countries and regions such as the United States (the "US"), Germany and the United Kingdom (the "UK"). For the Year under Review, our revenue from overseas sales amounted to approximately RMB2,373,032,000 (Year 2014: approximately RMB2,177,598,000), representing 14.7% (Year 2014: 13.6%) of the Group's total revenue.

The following sets forth the breakdowns of our revenue by geographical regions for the Year under Review and the Year 2014:

	For the year ended 31 December			
	2015		2014	
	RMB'000	**%**	RMB'000	%
PRC	**13,798,214**	**85.3%**	13,793,620	86.4%
US	**1,781,549**	**11.1%**	1,864,181	11.7%
Germany	**151,551**	**0.9%**	109,393	0.7%
UK	**92,401**	**0.6%**	41,053	0.3%
Others	**347,531**	**2.1%**	162,971	0.9%
Total	**16,171,246**	**100.0%**	15,971,218	100.0%

For the Year under Review, the Group's domestic revenue amounted to approximately RMB13,798,214,000, which was basically in line with that of the Year 2014. The Group's overseas revenue increased by 9.0% over the Year 2014 to approximately RMB2,373,032,000 for the Year under Review, of which approximately RMB1,781,549,000 was revenue from exports to the US, a decrease of 4.4% over the Year 2014, which was primarily due to a decrease in the volume of exports to the US. The Group's vigorous efforts in exploring overseas markets other than the US led to a significant increase of 88.7% in revenue from sales to other countries and regions including Germany and the UK from approximately RMB313,417,000 for the Year 2014 to approximately RMB591,483,000 for the Year under Review.

Cost of Sales

The Group's cost of sales was approximately RMB10,851,223,000 for the Year under Review, representing a decrease of 5.7% from approximately RMB11,504,049,000 for the Year 2014.

Among which, the cost of sales of our aluminium extrusion business decreased from approximately RMB11,339,656,000 for the Year 2014 by 4.9% to approximately RMB10,779,636,000 for the Year under Review, which was primarily due to a decrease in unit cost of aluminium extrusion products during the Year under Review. The Group's unit cost of aluminium extrusion products decreased by 5.4% to RMB14,372 per tonne for the Year under Review from RMB15,190 per tonne for the Year 2014, primarily due to a decline in the price of aluminium ingots during the Year under Review.

The cost of sales of our deep processing business increased from approximately RMB1,178,036,000 for the Year 2014 by 11.8% to approximately RMB1,316,553,000 for the Year under Review, which was primarily due to a growth in sales volume of deep-processed products during the Year under Review. The Group's unit cost of deep-processed products decreased by 3.2% to RMB17,991 per tonne for the Year under Review from RMB18,593 per tonne for the Year 2014, primarily due to a decline in the price of aluminium ingots during the Year under Review. The main raw materials used in the production of deep-processed products were provided by the industrial aluminium extrusion segment under the Group's aluminium extrusion business. During the Year under Review, approximately RMB1,096,016,000 (Year 2014: approximately RMB989,206,000) of the cost of deep-processed products came from the cost of the Group's industrial aluminium extrusion segment.

Gross Profit and Gross Margin

The Group's gross profit increased by 19.1% from approximately RMB4,467,169,000 for the Year 2014 to approximately RMB5,320,023,000 for the Year under Review, while gross margin increased from 28.0% for the Year 2014 to 32.9% for the Year under Review. The increase was mainly because the Group optimized the product structure and placed emphasis on securing the production and sales of products with higher gross profit, and due to a drop in the price of aluminium ingots for the Year under Review. The following sets forth the segment analysis of gross profit, share in gross profit and gross margin of our aluminium extrusion business and deep processing business for the Year under Review and the Year 2014:

	For the year ended 31 December					
	2015			2014		
	Gross profit		Gross margin	Gross profit		Gross margin
	RMB'000	%	%	RMB'000	%	%
Aluminium extrusion business	4,612,805	88.0%	30.0%	3,863,754	87.6%	25.4%
Industrial aluminium extrusion segment	4,562,744	87.0%	31.9%	3,778,302	85.7%	26.7%
Construction aluminium extrusion segment	50,061	1.0%	4.6%	85,452	1.9%	8.2%
Deep processing business	634,971	12.1%	32.5%	549,503	12.5%	31.8%
Subtotal	5,247,776	100.1%	30.3%	4,413,257	100.1%	26.1%
Elimination of internal sales gross profit	(4,975)	(0.1%)	0.4%	(2,425)	(0.1%)	0.2%
Total	5,242,801	100.0%	32.6%	4,410,832	100.0%	27.7%

The Group's gross profit from the aluminium extrusion business increased by 19.4% over the Year 2014 to approximately RMB4,612,805,000 for the Year under Review. The Group's gross margin for the products of aluminium extrusion business increased from 25.4% for the Year 2014 to 30.0% for the Year under Review.

The Group's gross profit from the industrial aluminium extrusion segment increased by 20.8% over the Year 2014 to approximately RMB4,562,744,000 for the Year under Review. The Group's gross margin for the industrial aluminium extrusion segment increased from 26.7% for the Year 2014 to 31.9% for the Year under Review. Among which, gross profit of the industrial aluminium extrusion segment from sales to external customers rose 20.9% from approximately RMB3,698,506,000 for the Year 2014 to approximately RMB4,470,396,000 for the Year under Review. Gross margin of the industrial aluminium extrusion segment from sales to external customers increased from 28.1% for the Year 2014 to 34.3% for the Year under Review, mainly because the Group improved production efficiency,optimized the product portfolio and placed emphasis on securing the production and sales of industrial aluminium extrusion products with higher gross profit during the Year under Review.

The Group's gross profit from the construction aluminium extrusion segment decreased by 41.4% over the Year 2014 to approximately RMB50,061,000 for the Year under Review, mainly because of a decrease in gross margin for the construction aluminium extrusion segment, which decreased from 8.2% for the Year 2014 to 4.6% for the Year under Review, which was primarily attributable to a decrease in average selling price due to market competition.

The Group's gross profit from the deep processing business increased by 15.6% over the Year 2014 to approximately RMB634,971,000 for the Year under Review, which was primarily due to an increase in sales volume of deep-processed products for the Year under Review. The Group's gross margin for the products of deep processing business increased from 31.8% for the Year 2014 to 32.5% for the Year under Review, which was primarily due to a decline in the price of aluminium ingots for the Year under Review.

Management Discussion and Analysis

Investment Income

Investment income mainly consists of interest income from bank deposits and interest income from available-for-sale financial assets. Investment income increased by 37.1% from approximately RMB171,923,000 for the Year 2014 to approximately RMB235,783,000 for the Year under Review, which was primarily attributable to the following factors:

(i) Interest income from bank deposits increased from approximately RMB120,474,000 for the Year 2014 to approximately RMB181,368,000 for the Year under Review, which was mainly due to a relatively large increase in pledged bank deposits for the Year under Review; and

(ii) Interest income from available-for-sale financial assets increased to approximately RMB54,415,000 for the Year under Review from approximately RMB51,449,000 for the Year 2014. Interest income from available-for-sale financial assets is mainly from financial products invested by the Group.

Other Income

Other income decreased by 27.5% to approximately RMB172,852,000 for the Year under Review from approximately RMB238,358,000 for the Year 2014. This was principally due to the facts that:

(i) the Group recorded exchange loss of approximately RMB126,228,000 for the Year under Review, while it recorded exchange gain of approximately RMB21,279,000 for the Year 2014, principally due to a significant increase in exchange loss resulting from the Group's foreign currency loans as a result of the depreciation of Renminbi for the Year under Review;

(ii) there was an increase in government subsidies from approximately RMB179,251,000 for the Year 2014 to approximately RMB205,374,000 for the Year under Review. The aggregate amount of government subsidies for business development and technological research received by us in each period is determined and distributed by relevant PRC authorities at their sole discretion;

(iii) net income from the sales of machinery and equipment increased from approximately RMB20,569,000 for the Year 2014 to approximately RMB27,311,000 for the Year under Review;

(iv) gain on bargain purchase amounted to approximately RMB46,688,000, which were generated from the Group's acquisition of two subsidiaries for the Year under Review, relevant details have been disclosed in Note 31 to the Financial Statements of this annual report; and

(v) net gain from other items, such as gain from disposal of scrap materials, consumables and moulds increased from approximately RMB17,259,000 for the Year 2014 to approximately RMB19,707,000 for the Year under Review.

Selling and Distribution Costs

The Group's selling and distribution costs primarily consist of advertising expenses, transportation costs and salaries of sales staff. These costs decreased by 12.5% from approximately RMB155,733,000 for the Year 2014 to approximately RMB136,305,000 for the Year under Review, which was primarily attributable to the following factors:

(i) a decrease in advertising expenses to approximately RMB50,820,000 for the Year under Review from approximately RMB88,886,000 for the Year 2014;

(ii) an increase in transportation and export costs to approximately RMB53,417,000 for the Year under Review from approximately RMB36,228,000 for the Year 2014, primarily due to increases in transportation and export costs as a result of the increased efforts on tapping overseas markets, such as Germany and the UK, for the Year under Review;

(iii) salaries of sales staff amounted to approximately RMB23,052,000 for the Year under Review, in line with approximately RMB23,577,000 for the Year 2014; and

(iv) an increase in other selling expenses to approximately RMB9,016,000 in the Year under Review from approximately RMB7,042,000 for the Year 2014.

Administrative and Other Operating Expenses

The Group's administrative and other operating expenses mainly comprise research and development expenditures, amortisation of land use rights, land use taxes, wages, salaries and benefit expenses, financing fees, rentals, intermediary fees and depreciation charges of office equipment. The administrative and other operating expenses increased by 15.4% to approximately RMB1,455,407,000 for the Year under Review from approximately RMB1,261,089,000 for the Year 2014. The change was primarily attributable to the facts that:

(i) the Group's research and development expenditures under administrative and other operating expenses amounted to approximately RMB505,463,000 for the Year under Review, on par with approximately RMB507,689,000 for the Year 2014. The research and development expenditures of the Group were mainly used for the research and development of aluminium extrusion structural parts with large and complex cross-sections and the related complete sets of technologies for transportation equipment in sectors such as aviation and aerospace, railway vehicles, commercial vehicles, passenger cars and special vehicles;

(ii) the Group's amortisation expenses of land use rights and land use taxes arising from land use rights in Liaoning Province, Heilongjiang Province and Tianjin Municipality in China increased from approximately RMB350,393,000 for the Year 2014 to approximately RMB353,239,000 for the Year under Review;

(iii) the Group's wages, salaries and benefits under administrative and other operating expenses increased to approximately RMB178,666,000 for the Year under Review from approximately RMB145,462,000 for the Year 2014, primarily due to the increase in the number of employees as a result of the expansion of business scope and scale;

(iv) the Group's financing fees under administrative and other operating expenses increased to approximately RMB137,634,000 for the Year under Review from approximately RMB67,290,000 for the Year 2014, primarily due to an increase in borrowings by the Group for the Year under Review; and

(v) other administrative and operating related expenses, comprising mainly rentals, intermediary fees and depreciation charges of office equipment, increased to approximately RMB280,405,000 for the Year under Review from approximately RMB190,255,000 for the Year 2014.

Share of Profits Less Losses of Associates

The Group's share of profits less losses of associates for the Year under Review was approximately RMB2,070,000 (Year 2014: approximately RMB3,687,000), which was the share of profit or loss of the Group's associate recognized using the equity method.

Finance Costs

The Group's finance costs increased by 24.7% from approximately RMB493,987,000 for the Year 2014 to approximately RMB615,894,000 for the Year under Review, mainly due to the increase in the scale of the Group's debentures and loans for the Year under Review as compared to that for the Year 2014.

During the Year under Review, the interest expenses directly capitalized into deposits for acquisitions of property, plant and equipment of the Group amounted to approximately RMB711,093,000 (Year 2014: approximately RMB306,657,000) at an annualized capitalization rate of 4.31% (Year 2014: 4.19%).

During the Year 2014 and the Year under Review, the Group's loans carried average interest rates of 4.44% and 4.23% per annum, respectively. During the Year under Review, the debentures carried interest rates ranging from 4.60% to 7.50% per annum (Year 2014: ranging from 4.47% to 7.50% per annum).

Profit before Taxation

The Group's profit before taxation increased by 18.6% from approximately RMB2,970,328,000 for the Year 2014 to approximately RMB3,523,122,000 for the Year under Review, which was primarily attributable to the factors described above in this section.

Management Discussion and Analysis

Income Tax Expense

The Group's income tax expense increased by 45.6% to approximately RMB718,141,000 for the Year under Review from approximately RMB493,308,000 for the Year 2014 mainly because of the increase in profit before taxation.

The Group's effective tax rates for the Year 2014 and the Year under Review were 16.6% and 20.4%, respectively.

Profit Attributable To Equity Shareholders

The Company's profit attributable to equity shareholders increased by 13.2% to approximately RMB2,804,981,000 for the Year under Review from approximately RMB2,477,020,000 for the Year 2014. The Group's net profit margin increased to 17.3% for the Year under Review from 15.5% for the Year 2014, which was primarily attributable to the factors described above in this section.

Cash Flows

Cash flows of the Group for the Year under Review and the Year 2014 were as follows:

	For the year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Net cash generated from operating activities	**6,771,515**	1,787,956
Net cash used in investing activities	**(15,318,114)**	(11,021,151)
Net cash generated from financing activities	**9,283,360**	9,379,482

Net Current Assets

At 31 December 2015 and 31 December 2014, the Group had net current assets of approximately RMB1,788,373,000 and RMB1,894,886,000, respectively.

Liquidity

At 31 December 2015 and 31 December 2014, the Group had cash and cash equivalents of approximately RMB10,200,103,000 and RMB9,463,342,000, respectively, balances of short-term deposits of approximately RMB25,919,000 and RMB126,059,000, respectively, and balances of pledged bank deposits under the current assets were approximately RMB2,788,873,000 and RMB1,181,400,000, respectively.

Borrowings

At 31 December 2015, the Group's debentures and loans amounted to approximately RMB36,793,444,000 in aggregate, an increase of approximately RMB12,907,211,000 from approximately RMB23,886,233,000 in aggregate at 31 December 2014.

At 31 December 2015, the Group's debentures and loans shown under current liabilities amounted to approximately RMB14,932,298,000 (31 December 2014: approximately RMB11,898,417,000) and debentures and loans shown under non-current liabilities amounted to approximately RMB21,861,146,000 (31 December 2014: approximately RMB11,987,816,000). Relevant details have been disclosed in Notes 26 and 27 to the Financial Statements of this annual report.

At 31 December 2015 and 31 December 2014, the Group's gearing ratio was approximately 63.6% and 54.8%, respectively. The ratio is calculated by dividing total liabilities by total assets of the Group.

Pledged Assets

At 31 December 2015, assets with a total carrying amount of approximately RMB8,627,529,000 of the Group were pledged, including pledged bank deposits, available-for-sale financial assets, property, plant and equipment and prepaid lease payments for financing arrangements (31 December 2014: approximately RMB6,384,204,000).

The Group has entered into several arrangements with certain financial leasing institutions according to which the Group sold certain equipment to these institutions and then leased back with scheduled lease payments. The Group has an option to buy back these equipment at token prices at the end of each lease term, i.e. the bargain purchase option.

In the context of IAS 17, the leaseback of these equipment results in a finance lease due to the bargain purchase option. However, considering the fact that (1) the consideration of the bargain purchase option is set at a token price, and (2) it is almost certain that the Group would exercise such options since these equipment are closely related to the business operations of the Group and their remaining estimated useful lives would be ranging from ten to fourteen years at the end of each lease term, the predetermined bargain purchase option will in effect cause the financial institutions (the legal owners of the equipment) to resell the equipment back to the Group at the end of each lease term. On this basis, even though there is no legal obligation for the Group to repurchase, the repurchases are almost certain with the presence of the bargain purchase options.

Accordingly, this indicates that these arrangements do not, in substance, involve a lease under IAS 17. Instead, the sales and leaseback transactions are closely interrelated and shall be accounted for as one transaction when the overall economic effect cannot be understood without reference to the series of transactions as a whole. The substance of these arrangements is cash borrowings, secured by the underlying assets and repayable in installments over the lease term, with the carrying amount of the underlying pledged assets of approximately RMB2,472,295,000 (31 December 2014: approximately RMB3,909,866,000). The information of the underlying assets and the secured loans are disclosed in Notes 12 and 26 to the Financial Statements of this annual report.

Contingent Liabilities

At 31 December 2015 and 31 December 2014, the Group had no material contingent liabilities.

Employees

At 31 December 2015, the Group had 12,861 full-time employees responsible for, inter alia, production, research and development, sales and management, representing an increase of 31.3% from 9,793 employees at 31 December 2014. During the Year under Review, relevant employee costs (including Directors' emoluments) were approximately RMB1,055,997,000 (including share option charges of approximately RMB2,714,000), an increase of 35.2% as compared with approximately RMB781,062,000 (including share option charges of approximately RMB5,514,000) in the Year 2014. The Group's employee costs (excluding share option charges) increased mainly due to the increase in number of employees as a result of the Group's business expansion both in scope and size.

Research and Development

During the Year under Review, the Group continued to maintain its level of investment in research and development and the research and development expenditures included in administrative and other operating expenses were approximately RMB505,463,000, in line with the amount of approximately RMB507,689,000 for the Year 2014. The share of the Group's research and development expenditures in sales revenue for the Year under Review was approximately 3.1%, substantially the same as that for the Year 2014.

Continuous investment in the research and development has helped the Group build up a high-level R&D and technical team. At 31 December 2015, the Group had 982 research and development and quality control personnel, accounting for 7.6% of the Group's total number of employees. We not only have strong research and development capabilities in new materials and new technologies, operate the largest die design and manufacturing centre in Asia, but also have specially set up a first-rate product and process design team to offer integrated solutions from product design to production services that cater to our customers' increasing demands for light-weight development. In addition, the Group carried out cooperation with various leading industrial and academic research institutions which greatly improved its own level of scientific research and effectively contributed to the expansion of the downstream applications for aluminium products.

Capital Commitments

At 31 December 2015, the Group's capital expenditures in respect of the provision of property, plant and equipment contracted but not provided for in the Consolidated Financial Statements amounted to approximately RMB7.44 billion, which was primarily used for the infrastructure construction and equipment purchase of the Group's growth projects including its high-end aluminium flat-rolled product project. The Group intends to apply funds generated from operating activities, commercial bank loans and other available means to finance the expenditure.

Disposal of Equity Interests in Zhongwang Finance Company

In order to expand the financing sources of Zhongwang Group Finance Limited ("Zhongwang Finance Company"), an indirectly wholly-owned subsidiary of the Company, Liaoning Zhongwang, an indirectly wholly-owned subsidiary of the Company, transferred part of its equity interest in Zhongwang Finance Company to introduce shareholders with financial background, and further promote the future development of Zhongwang Finance Company. Liaoning Zhongwang entered into equity transfer agreements with Beijing Zhongwang Xinda Investment Company Limited ("Beijing Zhongwang Xinda") and Beijing Zhongwang Huarong Investment Company Limited ("Beijing Zhongwang Huarong") on 31 December 2015, respectively, pursuant to which Liaoning Zhongwang would transfer its 32% and 33% of its equity interests in Zhongwang Finance Company to Beijing Zhongwang Xinda and Beijing Zhongwang Huarong at the considerations of RMB960,000,000 and RMB990,000,000, respectively. After completion of the equity transfers, Zhongwang Finance Company would cease to be an indirectly wholly-owned subsidiary of the Company and would be held as to 35% by Liaoning Zhongwang, 32% by Beijing Zhongwang Xinda and 33% by Beijing Zhongwang Huarong. The considerations were determined on the basis of the net assets of Zhongwang Finance Company at 30 November 2015 and shall be settled in cash. After completion of the equity transfers above, Zhongwang Finance Company has become an affiliated company to the Group. For details, please refer to the announcement the Company released on 31 December 2015 in relation to the disposal of equity interests by Liaoning Zhongwang in Zhongwang Finance Company.

Events after the Period On the Proposed Asset Restructuring and Proposed Spin-off

On 22 March 2016, Zhongwang Fabrication, an indirectly wholly-owned subsidiary of the Company, entered into an assets transfer agreement with CRED Holding, a company incorporated in the PRC and currently listed on the Shanghai Stock Exchange, pursuant to which Zhongwang Fabrication has agreed to sell and CRED Holding has agreed to purchase the total equity interests in Liaoning Zhongwang at an estimated consideration of RMB28.2 billion and CRED Holding has agreed to sell and Zhongwang Fabrication has agreed to purchase the total equity interests in Xinjiang CRED Holding Company Limited, a wholly-owned subsidiary of CRED Holding, at an estimated consideration of RMB200 million. Both considerations will be offset against each other and the balance will be satisfied by the issuance of approximately 3,932.5843 million consideration shares by CRED Holding to Zhongwang Fabrication. To raise funds for the further development of Liaoning Zhongwang upon completion of the transaction, CRED Holding also plans to allot and issue by way of non-public offer no more than 702.2472 million placing shares to not less than six but no more than ten qualified designated investors in the PRC at an issue price of RMB7.12 per placing share to raise no more than RMB5 billion subject to the approval of the general meeting of CRED Holding and CSRC. Upon completion of the transaction, Liaoning Zhongwang will become a wholly owned subsidiary of CRED Holding Group in accordance with the relevant PRC laws and CRED Holding will become an indirectly non-wholly owned subsidiary of the Company. The asset restructuring pursuant to the assets transfer agreement constitutes a spin-off pursuant to the applicable requirements under Practice Note 15 of the Rules Governing the Listing of Securities on The Stock Exchange ("Practice Note 15"). The Company will submit a spin-off proposal to the Stock Exchange pursuant to Practice Note 15 in relation to the proposed spinoff. The transactions contemplated under the assets transfer agreement and the proposed spinoff are subject to, among other things, approvals of the relevant PRC regulatory authorities, including Ministry of Commerce and CSRC, and approvals of the Stock Exchange and an extraordinary general meeting of the Company. For details about the transactions, please refer to the announcement of the Company dated 22 March 2016.

Grant of Share Options

On 6 January 2016, the Company announced that it granted a total of 450,000,000 share options (the "Share Options") to 7 directors and 152 staff of the Company (the "Grantees"), subject to acceptance of the Grantees, to subscribe for a total of 450,000,000 ordinary shares of HKD0.1 each of the Company under the share option scheme of the Company adopted on 17 April 2008. Please see the Company's announcement dated 6 January 2016 for details.

Financial Risks

The Group is exposed to a number of financial risks, such as foreign currency risk, interest rate risk and aluminium ingot price fluctuation risk in the ordinary course of its business.

Foreign Currency Risk

Most of the Group's businesses are settled in Renminbi. However, the Group's sales to overseas customers and foreign currency denominated loans are settled in foreign currencies. During the Year under Review, approximately 85.3% of the revenue of the Group was settled in Renminbi and approximately 14.7% was settled in foreign currencies, while approximately 70.2% of the borrowings of the Group were denominated in Renminbi and approximately 29.8% were denominated in foreign currencies at 31 December 2015.

Exchange rate fluctuations will affect sales revenue of contracts denominated in foreign currencies and on borrowing denominated in foreign currencies, which in turn may have adverse effects on the Group. The Group's financial and capital policies seek to control the foreign currency fluctuation risk and interest rate fluctuation risk of individual transaction. The Group did not hedge against currency risk by using any financial instruments. However, the management of the Group has been monitoring the exchange rate risk, and will consider hedging the Group's major foreign currency risk when required.

Interest Rate Risk

As the Group do not have significant interest-bearing assets, most of the revenue and operating cash flows are not affected by interest rate changes in the market. Interest rate fluctuation risk borne by the Group is primarily derived from debentures and loans. The Group has to face the cash-flow interest rate risk on floating-rate loans and fair value interest rate risk on fixed-rate loans. At 31 December 2015, the Group's fixed-rate loans were approximately RMB7,904,263,000 (31 December 2014: approximately RMB6,028,451,000).

During the Year under Review, the Group issued unsecured debentures of RMB2,000,000,000 and RMB1,200,000,000 with maturity of 270 days and three years and repayable on 9 April 2016 and 27 May 2018, respectively, and with effective interest rate of 4.60% and 5.40% per annum, respectively.

During 2014, the Group issued unsecured debentures of RMB100,000,000 and RMB1,100,000,000 with maturity of three years and six years and repayable on 10 January 2017 and 22 October 2020, respectively, and with effective interest rate of 7.50% and 5.48% per annum, respectively.

During 2013, the Group issued an unsecured debenture of RMB500,000,000 with maturity of three years and repayable on 8 October 2016, with effective interest rate of 6.90% per annum.

During 2014, two interest rate swap contracts, denominated in Hong Kong dollars with a total notional amount of approximately HKD1,486,248,000, had been entered into between the Group and bank counterparties. Such contracts were designated as arbitrage tools for cash flows to hedge the interest rate risk of bank borrowings at floating-rate, which may be suffered during the period of those borrowings outstanding.

The swaps will mature in 2016 matching the maturity of the related loans and have fixed swap rates of 1.94% and 3.40% respectively. The net fair value of swaps entered into by the Group at 31 December 2015 was approximately RMB15,403,000 (31 December 2014: approximately RMB13,710,000). These amounts are recognized as derivative financial instruments. The information is disclosed in Note 28 to the Financial Statements of the Annual Report.

Price Fluctuation Risk of Aluminium Ingot

The Group's principal raw materials in the aluminium extrusion product business include aluminium ingots, aluminium rods, magnesium ingots, silicone ingots, etc., which accounted for 86.9% and 84.3% of the Group's cost of sales of aluminium extrusion products for the Period under Review and in 2014, respectively. Generally, the Group's pricing of aluminium extrusion products is on a "cost-plus" basis, pursuant to which the selling price for the products are determined on the prevailing price of aluminium ingots plus a processing fee charged by the Group. The Group's pricing policy is to pass through the price fluctuation risk to its customers. However, the Group may not be able to pass through the entire cost of price increases to customers or completely offset the effect of increases in raw material prices, thus the profitability of the Group may be slightly affected. The Group has not entered into any aluminium ingot forward contracts to hedge against aluminium ingot price fluctuation risk.

Transportation

Light-weight aluminium offers the best solution for light-weight transportation.

Given its low density, excellent corrosion resistance and formability, aluminium has become an important material for the development of light-weight transportation. Aluminium alloy is increasingly applied in automobile, aerospace, railway and vessel. In addition to being light-weight, the shock-absorption feature of aluminium makes it a preferred choice over steel for greater passenger safety.

Profiles of Directors and Senior Management

Directors

The Board consists of nine directors (the "Directors"), including four independent non-executive Directors. The following table sets forth certain information relating to our Directors as at the latest practicable date before the publication of this annual report:

Name	Age	Group Position
Executive Directors		
Liu Zhongtian (劉忠田)	52	Chairman
Lu Changqing (路長青)	39	President (strategic planning, operation and management)
Chen Yan (陳岩)	36	Vice president (internal auditing)
Zhong Hong (鍾宏)	51	Vice president (production)
Gou Xihui (勾喜輝)	48	Vice president (production and operational management)
Independent Non-executive Directors		
Wong Chun Wa (王振華)	41	Independent non-executive directors
Wen Xianjun (文獻軍)	53	Independent non-executive directors
Shi Ketong (史克通)	47	Independent non-executive directors
Lo Wa Kei, Roy (盧華基)	44	Independent non-executive directors

Executive Directors

Mr. LIU Zhongtian ("Mr. Liu") (劉忠田), aged 52, is the chairman and executive Director of the Board and the founder of our Group. He is primarily responsible for the Group's overall strategic planning and management. He is also a member of the board of directors of 4 subsidiaries including Liaoning Zhongwang. He has 23 years of experience in business management and development in aluminium processing industry. Before founding our Group in 1993, he established Liaoyang City Aluminium Profile Manufacturing Factory, Liaoyang Futian Chemical Co., Ltd. and Liaoning Chengcheng Plastics Co., Ltd.. Mr. Liu received a diploma in administrative management from Liaoning Radio and TV University (遼寧廣播電視大學), China in 2002. He is an economist (經濟師) and is a member of the 10th and 11th National People's Congress, the executive committee member of All-China Federation of Industry and Commerce (中華全國工商業聯合會) and the vice chairman of Liaoning Federation of Industry & Commerce. He was awarded the "Top Model Worker of Liaoning Province (遼寧省特等勞動模範)" by the People's Government of Liaoning Province (遼寧省人民政府) and the "National May Day Medal (全國五•一勞動獎章)" by the All-China Federation of Trade Unions (中華全國總工會) in 1999, the "National Model Worker (全國勞動模範)" by the State Council of the People's Republic of China (the "PRC") (中華人民共和國國務院) in 2000 and the "Constructor of Socialism with Chinese Characteristics (中國特色社會主義事業建設者)" by the Central Committee of the Communist Party of China (中國共產黨中央委員會), the National Development and Reform Commission of the People's Republic of China (中華人民共和國國家發展和改革委員會), the Ministry of Personnel of the People's Republic of China (中華人民共和國人事部), State Administration for Industry and Commerce of the People's Republic of China (中華人民共和國國家工商行政管理總局) and the All-China Federation of Industry and Commerce in 2004. He was appointed as a Director on 29 January 2008 and chairman of our Board on 1 August 2008. He was president of the Company since the listing of the Company and resigned as president on 22 March 2016.

Mr. LU Changqing (路長青), aged 39, is an executive Director and president of our Group. He is primarily responsible for the Group's strategic planning and operation and management. He is also a member of the board of directors of 17 subsidiaries including Liaoning Zhongwang and Tianjin Zhongwang Aluminium Company Limited ("Tianjin Zhongwang"). He has 19 years of experience in investment banking and corporate finance. Before joining our Group in November 2007, Mr. Lu was a senior manager of the investment banking department of Tiantong Securities Company Limited from 1997 to 1999, the general manager of the merger and acquisition department of China Technology Innovation Company Limited from 2000 to 2003 and an executive director and joint company secretary of China Huiyuan Juice Group Limited, a listed company on the Main Board of the Stock Exchange of Hong Kong, from 2003 to 2007. Mr. Lu has a bachelor's degree in economics. He was appointed as a Director and vice president on 3 April 2008, and was appointed as president on 22 March 2016. He was appointed as a joint company secretary on 30 December 2008 and resigned as a joint company secretary on 22 March 2016.

Mr. CHEN Yan (陳岩), aged 36, is an executive Director and a vice president of our Group. He is primarily responsible for the Group's internal auditing. He is also a member of the board of directors of 17 subsidiaries including Liaoning Zhongwang and Tianjin Zhongwang. He has 15 years of experience in aluminium processing industry. Mr. Chen has held various positions in financial and operation management since he joined our Group in August 2001. Mr. Chen received a diploma in accounting computerization from Liaoning Taxation College (遼寧稅務高等專科學校), China in 2001 and a certificate for intermediate-level accountant from the Ministry of Finance of the People's Republic of China (中華人民共和國財政部) in 2005. He was appointed as a Director on 3 April 2008.

Ms. ZHONG Hong (鍾宏), aged 51, is an executive Director and a vice president of our Group. She is primarily responsible for the Group's production management. She is also a member of the board of directors of 9 subsidiaries including Liaoning Zhongwang and Yingkou Zhongwang Aluminium Company Limited. She has 20 years of experience in aluminium processing industry. Before joining us, she worked at Liaoning Fushun Feili Aluminium Products Co., Ltd. (遼寧撫順飛利鋁材有限公司) from 1996 to 2003. She joined our Group in September 2003. Ms. Zhong received a diploma in chemical engineering from Liaoning Radio and TV University (遼寧廣播電視大學), China in 1987. She was appointed as a Director on 3 April 2008.

Mr. GOU Xihui (勾喜輝), aged 48, is an executive Director and a vice president of our Group. He is primarily responsible for production and operational management. He is also a member of the board of directors of 12 subsidiaries including Liaoning Zhongwang and Tianjin Zhongwang. He has 26 years of experience in aluminium processing industry. Before joining us in 1996, he worked at Changchun Crane Factory (長春起重機廠) and Liaoning Anshan Haicheng Hua Zi Yu Aluminium Product Factory (遼寧省鞍山市海城華子峪鋁材廠) from 1990 to 1996. Mr. Gou received a bachelor's degree in machinery and manufacture from Harbin Electrotechnics College (哈爾濱電工學院), China in 1990. He was appointed as a Director on 1 August 2008.

Profiles of Directors and Senior Management

Independent Non-executive Directors

Mr. WONG Chun Wa (王振華), aged 41, is an independent non-executive Director. He established ACT Business Consultants Ltd. and RIW C.P.A. Limited in December 2006 and April 2008, respectively, and has been a director of these entities since then. He acted as an independent non-executive director and the chairman of the audit committee of Maanshan Iron & Steel Company Limited, a company listed in Hong Kong and Shanghai between August 2005 and August 2011. He has been a supervisor of Maanshan Iron & Steel Company Limited since August 2011. He has been serving as an independent non-executive director of Hong Kong and Shanghai-listed Chongqing Iron & Steel Company Limited since June 2015. He worked at KPMG from 1999 to 2001 and Ernst & Young from 2001 to 2004. He received a bachelor's degree in accounting from the Hong Kong Polytechnic University, Hong Kong in 1996. Mr. Wong Chun Wa is a certified public accountant in Hong Kong and a fellow member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. He was appointed as a Director on 1 August 2008.

Mr. WEN Xianjun (文獻軍), aged 53, is an independent non-executive Director. Since April 2008, Mr. Wen has been a member of the party committee (常委) and the vice chairman (副會長) of China Nonferrous Metals Industry Association (中國有色金屬工業協會). He has over 30 years' experience in the nonferrous metals industry. Mr. Wen served as an independent director of Henan Zhongfu Industrial Co., Ltd., a Shanghai listed company (October 2009 to November 2014), and an independent director of Ningxia Orient Tantalum Industry Co., Ltd. (April 2011 to October 2014), Suzhou Lopsking Aluminium Co. Ltd. (October 2013 to October 2014) and Jiaozuo Wanfang Aluminium Manufacturing Co., Ltd. (July 2013 to February 2016), these are Shenzhen listed companies. Mr. Wen was the vice president and general secretary of the aluminium branch of, and the director of the aluminium department of, China Nonferrous Metals Industry Association from 2006 to 2008. He was the director of the Industry Administration Department of the State Nonferrous Metals Industry Administration of China (中國國家有色金屬工業局工業管理司) from 1998 to 2000. He served as an engineer in the technology bureau, and deputy director of the investment and operation department, of China Nonferrous Metals Industry Corporation (中國有色金屬工業總公司) from 1990 to 1992 and from 1996 to 1998, respectively. From 1992 to 1996, Mr. Wen was a deputy director of the Development and Exchange Centre of China Nonferrous Metals Industry Technology (中國有色金屬技術開發交流中心). He served as an assistant engineer in Beijing General Research Institute for Nonferrous Metals (北京有色金屬研究總院) from 1984 to 1987. Mr. Wen received a bachelor's degree in metallic materials from Central South University (中南大學) (formerly known as Central South Institute of Mining and Metallurgy (中南礦冶學院)), China in 1984 and a master's degree in metallic materials from Beijing General Research Institute for Nonferrous Metals (北京有色金屬研究總院), China in 1990. He received the title of professor-level senior engineer (教授級高級工程師) from China Nonferrous Metals Industry Association in 2007. He was appointed as a Director on 1 August 2008.

Mr. SHI Ketong (史克通), aged 47, is an independent non-executive Director. Mr. Shi is a senior partner of the Beijing office of Jincheng & Tongda Law Offices (金誠同達律師事務所) where he has been a full-time lawyer since 2001 and he gained 15 years of experience in practicing PRC corporate and securities law and in advising clients in matters related to merger and acquisition transactions and corporate restructuring. He has been serving as an independent director of Shenzhen-listed Kee Ever Bright Decorative Technology Co., Ltd, since June 2015. Prior to joining Jincheng & Tongda Law Offices, he practised law at King & Capital Law Firm (北京京都律師事務所) in Beijing from 2000 to 2001 and at Shandong Luzhong Law Offices (山東魯中律師事務所) from 1994 to 2000. Mr. Shi received a bachelor's degree in economic law from China University of Political Science and Law (中國政法大學), China in 1992. He was appointed as a Director on 12 August 2008.

Mr. LO Wa Kei, Roy (盧華基), aged 44, is an independent non-executive Director. Mr. Lo has 23 years of experience in auditing, accounting and finance. Mr. Lo is the Managing Partner of SHINEWING (HK) CPA Limited. He has been serving as an independent non-executive director of Sun Hing Vision Group Holdings Limited, Sheen Tai Holdings Group Company Limited, China Oceanwide Holdings Limited (previously known as "Hutchison Harbour Ring Limited") and Xinming China Holdings Limited, all of which are Hong Kong listed companies, since 1999, 2012, 2014 and 2015, respectively. He also served as an independent non-executive director of United Photovoltaics Group Limited (previously known as Time Infrastructure Holdings Limited) and North Mining Shares Company Limited (previously known as "Sun Man Tai Holdings Company Limited"). Mr. Lo received a bachelor's degree in business administration from the University of Hong Kong in 1993 and a master's degree in professional accounting from Hong Kong Polytechnic University in 2000. He is a certified public accountant, a fellow member of the Hong Kong Institute of Certified Public Accountants, a fellow member of CPA Australia and an associate of the Institute of Chartered Accountants in England and Wales. With his extensive professional knowledge, Mr. Lo is also the founding executive vice-president and council member of the Hong Kong Independent Non-Executive Director Association. He was appointed as a Director on 11 February 2009.

Senior Management

Name	Gender	Age	Group Position
Cheung Lap Kei (張立基)	Male	44	Chief financial officer and company secretary of the Company
Li Qingjiang (李慶江)	Male	52	Executive deputy general manager of Tianjin Zhongwang
Li Pengwei (李鵬偉)	Male	33	Deputy general manager of Liaoning Zhongwang
Cui Weiye (崔維曄)	Male	37	Director of the capital market department of the Company
Tang Yanjie (湯彥杰)	Male	46	Director of the international business development department of the Company

Mr. CHEUNG Lap Kei (張立基), aged 44, is the chief financial officer and company secretary of our Company. He is primarily responsible for the Group's finance and accounting. He has approximately 22 years of experience in auditing and accounting fields. Mr. Cheung served as the chief financial officer, qualified accountant, authorized representative and company secretary of United Photovoltaics Group Limited (previously known as Time Infrastructure Holdings Limited), a Hong Kong listed company, from July 2008 to January 2009. He served as the financial controller, qualified accountant, authorized representative and company secretary of China Ruifeng Renewable Energy Holdings Limited (previously known as Galaxy Semi-Conductor Holdings Limited), a Hong Kong listed company, from 2005 to 2008. He has been serving as an independent non-executive director of Austar Lifesciences Limited, a Hong Kong listed company, since October 2014. Prior to 2005, he worked in several international accounting firms. Mr. Cheung received a bachelor's degree in commerce from Australian National University in 1994, and a master's degree in business administration from Deakin University, Australia in 2006. He is an associate member of the Hong Kong Institute of Certified Public Accountants and a member of Certified Public Accountants, Australia. Mr. Cheung was appointed as the chief financial officer and a joint company secretary of our Company on 30 December 2008. He acts as the company secretary of the Company on his own as from 22 March 2016.

Profiles of Directors and Senior Management

Mr. LI Qingjiang (李慶江), aged 52, senior engineer, is the executive deputy general manager and a member of the board of directors of Tianjin Zhongwang, an indirect wholly-owned subsidiary of the Company. He is primarily responsible for the preparation, construction and operation management of Tianjin Zhongwang. Before joining the Group, Mr. Li worked for 20 years at Northeast Light Alloy Co., Ltd. of China Aluminium Corporation, mainly responsible for its technology upgrade and project management. He joined Nanshan Light Alloy Co., Ltd. in 2003, responsible for the construction of its new aluminium plate and sheet project. Mr. Li joined our Group in 2006 and was responsible for the construction of the Group's 125MN large extrusion machine project. He began to work on the preparation of our Tianjin project in 2010 and was appointed the executive deputy general manager of Tianjin Zhongwang in 2011. Mr. Li has a junior college diploma in electrical automation of metallurgical enterprises from Heilongjiang School of Metallurgical Industry (黑龍江省冶金工業學校) (now part of Jiamusi University) and an undergraduate diploma in computer science and technology (correspondence course) from Harbin Engineering University.

Mr. LI Pengwei (李鵬偉), aged 33, is a deputy general manager of Liaoning Zhongwang. He is primarily responsible for Liaoning Zhongwang's research and development. He also serves on the board of Liaoning Zhongwang Science & Technology Company Limited, an indirect wholly-owned subsidiary of the Company. After joining Liaoning Zhongwang in 2007, Mr. Li has been working at its research and development centre and was appointed as a deputy general manager of Liaoning Zhongwang in March 2012. Mr. Li has been serving as a deputy managing director of China Non-Ferrous Metals Industry Association and managing director of the Strategic Alliance for Aluminium Fabrication Industry Technology Innovation of Liaoning Province since 2014 and 2015 respectively. Mr. Li has a bachelor's degree in metal materials engineering from Heilongjiang University of Science and Technology and a master's degree in materials process engineering from the School of Metallurgy, Northeastern University.

Mr. CUI Weiye (崔維曄), aged 37, is the director of the capital market department of the Company. He is primarily responsible for the capital market operations of the Company. He also serves on the board of Zhongwang Aluminium Company Limited, an indirect wholly-owned subsidiary of the Company. Mr. Cui worked for China Huiyuan Juice Group Limited before joining the Company in 2007. Mr. Cui has a bachelor's degree in finance from Shangdong University and an MBA degree from Capital University of Economics and Business.

Mr. TANG Yanjie (湯彥杰), aged 46, is the director of the international business development department of the Company. He is primarily responsible for the development of the Company's overseas businesses and overseas mergers and acquisitions. Before joining the Company, Mr. Tang worked successively at the Ministry of Foreign Affairs, Beijing Foreign Studies University and Encore International, Inc. (Beijing). After joining the Company in July 2010, Mr. Tang served as director of investor relations. Mr. Tang has a bachelor's degree in English literature from Beijing Foreign Studies University and a master degree in media and communication regulation from London School of Economics and Political Science.

Company Secretary

Mr. CHEUNG Lap Kei (張立基) is the company secretary of our Company. He is also the chief financial officer of our Company. His profiles are set out under the paragraph headed "Senior Management" above.

Report of the Directors

The Board hereby presents this annual report together with the audited consolidated financial statements (the "Consolidated Financial Statements") of the Group for the year ended 31 December 2015 (the "Year under Review").

Principal Activities

The Company was incorporated in the Cayman Islands on 29 January 2008 as an exempted company with limited liability. The Group's operations are substantially conducted through its subsidiaries in the PRC. The Group is principally engaged in the production and sales of high precision, large-section and high value-added industrial aluminium extrusion products which are widely used in transportation (including railway passenger compartments and cargo carriages, metropolitan subway and light rail, automobiles, heavy trucks, vessels, aviation, aerospace, etc.), machinery and equipment and electric power engineering sectors. At the same time, to further leverage our Group's existing advantage in the industry, we are extending our reach to the high-end aluminium flat-rolled product segment and developing deep processing business for aluminium products.

For a fair review of the principal activities of the Group during the Year under Review and its likely future development, please refer to Management Discussion and Analysis on pages 18 to 33 of this annual report.

Results and Appropriations

The results of the Group for the Year under Review are set out in the Consolidated Financial Statements on pages 76 to 81 of this annual report.

The Board recommended to declare a final dividend of HKD0.06 (approximately equivalent to RMB0.05) per share for the financial year ended 31 December 2015. Subject to shareholders' approval at the forthcoming annual general meeting of the Company to be held on Tuesday, 28 June 2016, the final dividend will be paid on or around Friday, 29 July 2016 to the holders of the Company's ordinary shares and convertible preference shares, whose names appear on the register of members of the Company on Friday, 8 July 2016.

Should the final dividend distribution proposal be approved by the shareholders, together with an interim dividend of HKD0.11 (approximately equivalent to RMB0.09) per share paid during the Year under Review, the total dividend payout ratio of the Company for the Year under Review would amount to approximately 35.4%.

Five-year Financial Summary

A summary of our financial results and of the assets and liabilities of the Group for the last five financial years, as extracted from the Group's Consolidated Financial Statements, is set out on page 134 of this annual report.

Property, Plant and Equipment

Details of movements in the Group's property, plant and equipment during the Year under Review are set out in Note 12 to the Financial Statements on page 104 of this annual report.

Bank and Other Loans

Details of bank and other loans are set out in Note 26 to the Financial Statements on pages 113 to 115 of this annual report.

Disclosure Pursuant to Rule 13.18 of the Listing Rules

Save as disclosed below, the Directors are not aware of any circumstances which would give rise to a disclosure obligation pursuant to the requirements under Rule 13.18 of the Listing Rules at 31 December 2015.

On 16 January 2013, the Company entered into a facility agreement (the "2013 Facility Agreement") with a group of banks and financial institutions (collectively, the "Lenders") relating to a term loan facility in the principal amount of USD200,000,000 (the "2013 Facility") for a term of three years. At 31 December 2015, the outstanding amount owed by the Company under the 2013 Facility Agreement was USD200,000,000.

Due to the fact that the 2013 Facility Agreement contains a condition imposing specific performance obligations on the controlling shareholder of the Company and that breach of such obligation will cause a default in respect of the 2013 Facility, the Company made an announcement pursuant to the requirements of Rule 13.18 of the Listing Rules on 16 January 2013. For details of such obligation, please refer to that announcement.

On 20 June 2014, the Company entered into a facility agreement (the “2014 Facility Agreement”) with a group of banks and financial institutions relating to a term loan facility in the principal amount of USD500,000,000 (the “2014 Facility”) for a term of three years. At 31 December 2015, the outstanding amount owed by the Company under the 2014 Facility Agreement was USD500,000,000.

Due to the fact that the 2014 Facility Agreement contains a condition imposing specific performance obligations on the controlling shareholder of the Company and that breach of such obligation will cause a default in respect of the 2014 Facility, the Company made an announcement pursuant to the requirements of Rule 13.18 of the Listing Rules on 23 June 2014. For details of such obligation, please refer to that announcement.

On 24 July 2015, Tianjin Zhongwang Aluminium Company Limited (“Tianjin Zhongwang”), an indirect wholly-owned subsidiary of the Company entered into a syndicated facility agreement (the “2015 Facility Agreement”) with a group of banks relating to a term loan facility in the principal amount of up to RMB20,000,000,000 or its equivalent (the “2015 Facility”) for a term of ten years. At 31 December 2015, the outstanding amount owed by the Tianjin Zhongwang under the 2015 Facility Agreement was approximately RMB9,567,546,000.

Due to the fact that the 2015 Facility Agreement contains a condition imposing specific performance obligations on the controlling shareholder of the Company and that breach of such obligation will cause a default in respect of the 2015 Facility, the Company made an announcement pursuant to the requirements of Rule 13.18 of the Listing Rules on 24 July 2015. For details of such obligation, please refer to that announcement.

Share Capital

Details of movements in the share capital of the Company during the Year under Review are set out in Note 30 to the Financial Statements on pages 118 to 121 of this annual report.

Reserves

Details of movements in the reserves of the Group and the Company during the Year under Review are set out in the Consolidated Statement of Changes in Equity on page 79 and in Note 30 to the Financial Statements on pages 118 to 121 of this annual report.

Distributable Reserves of the Company

Pursuant to the relevant Rules of the Cayman Islands, the Company’s reserves available for distribution to shareholders at 31 December 2015 amounted to RMB9,148,284,000 (31 December 2014: RMB9,939,070,000).

Sufficiency of Public Float

Based on information that is publicly available to our Company and to the knowledge of our Directors, our Company has maintained the prescribed minimum percentage of public float approved by The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and permitted under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) as at the date of this annual report.

Pre-emptive Rights

There are no provisions for pre-emptive rights under the Company’s Articles or applicable laws of the Cayman Islands where the Company is incorporated.

Directors

The Directors of the Company during the Year under Review and up to the date of this report were:

Executive Directors

Mr. Liu Zhongtian *(Chairman)*

Mr. Lu Changqing

Mr. Chen Yan

Ms. Zhong Hong

Mr. Gou Xihui

Independent Non-executive Directors

Mr. Wong Chun Wa

Mr. Wen Xianjun

Mr. Shi Ketong

Mr. Lo Wa Kei, Roy

Directors' Profiles

Details of the Directors' profiles are set out in the "Profiles of Directors and Senior Management" on pages 36 to 40 of this annual report.

Directors' Service Contracts

Each of the executive Directors has entered into a service contract with our Company for a term of three years, which shall be terminated by a not less than three months' notice in writing served by either the executive Director or our Company. Each of the independent non-executive Directors has signed an appointment letter with our Company for a term of three years. The appointments of each of our Directors are subject to retirement and rotation under the Articles of the Company.

In accordance with the Company's Articles, Mr. Liu Zhongtian, Mr. Lu Changqing and Mr. Chen Yan will retire from the Board by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

None of the Directors proposed for re-election at the forthcoming annual general meeting 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.

Confirmation of Independence from the Independent Non-executive Directors

We have received from each of the independent non-executive Directors, namely Mr. Wong Chun Wa, Mr. Wen Xianjun, Mr. Shi Ketong and Mr. Lo Wa Kei, Roy, the confirmation of their respective independence pursuant to Rule 3.13 of the Listing Rules. Our Corporate Governance Committee has duly reviewed the confirmation of independence of each of these Directors. We consider that our independent non-executive Directors had been independent from the date of their appointment to 31 December 2015 and remain independent as at the date of this annual report.

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures

At 31 December 2015, the interests and short positions of our Directors and chief executive in the shares, underlying shares or debentures of our Company or any of our associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by our Company pursuant to Section 352 of the SFO, or as otherwise notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules, were as follows:

Long positions in the ordinary shares of the Company at 31 December 2015

Name of Director	Capacity/Nature of Interests	Total number of ordinary shares	% of the relevant class of shares
Mr. Liu	Founder of a discretionary trust/Long position	4,044,600,000(1)	74.22
Gou Xihui	Beneficial owner/Long position	3,300,000(2)	0.06
Lu Changqing	Beneficial owner/Long position	2,000,000(2)	0.04
		2,000,000	0.04
Chen Yan	Beneficial owner/Long position	2,000,000(2)	0.04
Zhong Hong	Beneficial owner/Long position	2,000,000(2)	0.04
Lo Wai Kei, Roy	Beneficial owner/Long position	600,000(2)	0.01
Shi Ketong	Beneficial owner/Long position	600,000(2)	0.01
Wen Xianjun	Beneficial owner/Long position	600,000(2)	0.01
Wong Chun Wa	Beneficial owner/Long position	600,000(2)	0.01

Long positions in the underlying ordinary shares of the convertible preference shares of the Company at 31 December 2015

Name of Director	Capacity/Nature of Interests	Total number of convertible preference shares	% of the relevant class of shares
Mr. Liu	Founder of a discretionary trust/Long position(1)	1,618,955,467(1)	99.99

(1) At 31 December 2015, Zhongwang International Group Limited ("ZIGL") had interests in these shares under the SFO. The entire issued share capital of ZIGL is held by a trust the beneficiaries of which are members of the family of Mr. Liu, who is an executive Director and the chairman of the Company, as well as a director of ZIGL.

(2) Mr. Gou Xihui, Mr. Lu Changqing, Mr. Chen Yan, Ms. Zhong Hong, Mr. Lo Wai Kei, Roy, Mr. Shi Ketong, Mr. Wen Xianjun and Mr. Wong Chun Wa hold share options in respect of these shares.

Save as disclosed above, at 31 December 2015, none of the Directors or chief executives of the Company has or is deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which each of them has taken or deemed to have taken under the SFO), or which will be required, pursuant to Section 352 of the SFO, to be entered in the register required to be kept therein or which will be required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

Directors' Rights to Acquire Shares or Debentures

Save as disclosed herein, at no time during the Year under Review was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

Purchase, Sale or Redemption of the Listed Securities

Save as disclosed in Section "Share Capital" above, during the Year under Review, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Directors' Interests in Competing Business

For the Year under Review, none of the Directors or controlling shareholders (as defined under the Listing Rules) of the Company was interested in any business which competes or is likely to compete with the businesses of the Group.

We have received an annual written confirmation from Mr. Liu in respect of the compliance by Mr. Liu and his associates with the provisions of the non-competition deed entered into between our Company and Mr. Liu on 17 April 2009 (the "Non-competition Deed").

Our independent non-executive Directors have reviewed the compliance with the Non-competition Deed based on information and confirmation provided by or obtained from Mr. Liu and his associates (as defined under the Listing Rules), and were satisfied that Mr. Liu and his associates have duly complied with the Non-competition Deed.

Connected Transactions and Continuing Connected Transactions

During the Year under Review, the Group did not enter into any transactions which constituted non-exempt connected transactions or non-exempt continuing connected transactions under the Listing Rules.

Related Party Transactions

During the Year under Review, the Group entered into certain transactions with parties regarded as "related parties" under the applicable accounting standards but these transactions were not regarded as connected transactions or were exempt from reporting, announcement and shareholders' approval requirements under the Listing Rules. Details of these related party transactions are disclosed in Note 35 to the Financial Statements on page 130 of this annual report.

Directors' Interests in Contracts of Significance

Save as disclosed above, no contract to which the Company, or any of its subsidiaries or fellow subsidiaries was a party, and in which a Director of the Company had a material interest, subsisted at the end of the year or at any time during the year.

Directors' Remuneration

Our Directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by our Nomination and Remuneration Committee with reference to the Directors' duties, responsibilities and our performance and results.

Retirement Schemes

Retirement benefits are provided to eligible employees of the Group. Eligible employees of our Group members in the PRC are members of a state-managed retirement benefits scheme operated by the PRC government. The Group is required to contribute a specified percentage of its payroll costs to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions under the scheme. Eligible employees of our Group members in Hong Kong are members of the Mandatory Provident Fund Scheme ("MPF Scheme"), whereby the Group is required to contribute a specified percentage of each eligible employee's monthly salary to the MPF Scheme.

The Group's contributions to the retirement benefits scheme and the MPF Scheme for the Year under Review were RMB61,202,000 and RMB98,000, respectively. Particulars of these retirement plans are set out in Note 34 to the Financial Statement on page 130 of this annual report.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Year under Review.

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

At 31 December 2015, to the best knowledge of the Directors and the senior management of the Company, the table below lists out the persons (other than the Directors or chief executives of our Company), who had interests or short positions in the shares and underlying shares of the Company as recorded in the register of interests required to be kept by our Company pursuant to Section 336 of Part XV of the SFO:

Long positions in the ordinary shares of the Company at 31 December 2015

Name of Shareholder	Capacity/Nature of Interests	Total number of ordinary shares	% of the relevant class of shares
Mr. Liu	Founder of a discretionary trust/Long position(1)	4,044,600,000	74.22
TMF (Cayman) Ltd.	Trustee/Long position(2)	4,044,600,000	74.22
Prime Famous Management Limited	Interest of controlled corporation/Long position(3)	4,044,600,000	74.22
Radiant Day Holdings Limited	Interest of controlled corporation/Long position(3)	4,044,600,000	74.22
ZIGL	Beneficial owner/Long position(1)	4,041,500,000	74.16
	Security interest in shares/Long position	3,100,000	0.06

Long positions in the underlying ordinary shares of the convertible preference shares of the Company at 31 December 2015

Name of Shareholder	Capacity/Nature of Interests	Total number of convertible preference shares	% of the relevant class of shares
Mr. Liu	Founder of a discretionary trust/Long position(1)	1,618,955,467	99.99
TMF (Cayman) Ltd.	Trustee/Long position(2)	1,618,955,467	99.99
Prime Famous Management Limited	Interest of controlled corporation/Long position(3)	1,618,955,467	99.99
Radiant Day Holdings Limited	Interest of controlled corporation/Long position(3)	1,618,955,467	99.99
ZIGL	Beneficial owner/Long position(1)	1,618,955,467	99.99

(1) The entire issued share capital of ZIGL is held by a trust the beneficiaries of which are members of the family of Mr. Liu, who is an executive Director and the chairman of the Company, as well as a director of ZIGL.

(2) TMF (Cayman) Ltd. is trustee of the Liu Family Trust and is deemed to be interested in the shares held by the trust.

(3) Both of Prime Famous Management Limited and Radiant Day Holdings Limited are companies incorporated in the British Virgin Islands and owned by the Liu Family Trust.

Save as disclosed above, at 31 December 2015, the Directors and the senior management of the Company are not aware of any other person who had an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

Share-based Incentive Schemes

Share Option Scheme

The Company adopted a share option scheme on 17 April 2008 (the "Share Option Scheme"), pursuant to which the Board may, at its discretion, invite directors, senior management and consultants of any member of the Group to participate in the Share Option Scheme to subscribe for the ordinary shares of the Company. The period (the "Option Term") within which the options must be exercised shall be determined by the Directors at the time of grant and such period must expire no later than 10 years from the date the offer has been made to the grantees. The exercise price will be established by the Board at the time the grant of the options is made and shall not be less than the highest of:

(i) the closing price of the shares as stated in the daily quotations sheet issued by the Stock Exchange on the grant date;

(ii) the average closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the grant date; and

(iii) the nominal value of a share on the grant date.

Each option granted has a vesting period as set out under the Share Option Scheme and the relevant granting documents. A grantee shall be entitled to exercise his/her options to subscribe for up to 20% of the total number of our ordinary shares under options during each of the one year period commencing on the first, second, third, fourth and fifth anniversary of the date of grant, respectively. Where a grantee has not exercised his/her option in respect of the full amount of the vested shares during such vesting periods, the options shall continue to be exercisable in respect of the unexercised portion of the vested shares during the rest of the Option Term. All outstanding options shall lapse, among other circumstances, when the grantee ceases to be a participant of the Share Option Scheme by reason of the termination of his/her employment.

The maximum number of ordinary shares which may be issued upon exercise of all options to be granted under the Share Option Scheme or any other share option schemes adopted by the Company shall not exceed 10% of the ordinary shares in issue upon the Listing (the Company may refresh this 10% limit under certain conditions) or 30% of the ordinary shares in issue from time to time where there are options to be granted and yet to be exercised. As at the date of this report, the total number of shares available for issue under the Share Option Scheme is 538,700,000 shares, representing approximately 9.89% of the number of ordinary shares in issue, and approximately 7.62% of the aggregate number of ordinary shares and convertible preference shares in issue. The total number of ordinary shares issued and to be issued upon exercise of the options granted to each qualified person under the Share Option Scheme or any other share option schemes adopted by the Company in any 12 month period must not exceed 1% of the ordinary shares in issue. Any further grant of options which would result in the number of ordinary shares exceeding 1% requires a shareholders' approval with the relevant participant and its associates abstaining from voting.

Movements of the options granted under the Share Option Scheme during the year ended 31 December 2015 are as follows:

Name of Grantee	Date of grant	Date of expiry	Exercise price (HKD)	Number of underlying ordinary shares comprised in the options outstanding at 1 January 2015	Number of underlying ordinary shares comprised in the options lapsed or cancelled during the twelve months ended 31 December 2015	Number of underlying ordinary shares comprised in the options exercised during the twelve months ended 31 December 2015	Number of underlying ordinary shares comprised in the options outstanding at 31 December 2015
Directors							
Gou Xihui	22 March 2011	21 March 2021	3.9	3,300,000	—	—	3,300,000
Lu Changqing	22 March 2011	21 March 2021	3.9	2,000,000	—	—	2,000,000
Chen Yan	22 March 2011	21 March 2021	3.9	2,000,000	—	—	2,000,000
Zhong Hong	22 March 2011	21 March 2021	3.9	2,000,000	—	—	2,000,000
Lo Wa Kei, Roy	22 March 2011	21 March 2021	3.9	600,000	—	—	600,000
Shi Ketong	22 March 2011	21 March 2021	3.9	600,000	—	—	600,000
Wen Xianjun	22 March 2011	21 March 2021	3.9	600,000	—	—	600,000
Wong Chun Wa	22 March 2011	21 March 2021	3.9	600,000	—	—	600,000
48 Other Employees (including 6 senior management members) of the Group	22 March 2011	21 March 2021	3.9	33,300,000	—	—	33,300,000
Total				**45,000,000**	**—**	**—**	**45,000,000**

Save as disclosed above, during the Year under Review, no option was granted under the Share Option Scheme, and none of the share options under the Share Option Scheme had been exercised, cancelled or lapsed.

On 6 January 2016, the Company granted a total of 450,000,000 share options to 7 directors and 152 staff of the Company under the Share Option Scheme at the exercise price of HKD3.93 per share to subscribe for a total of 450,000,000 ordinary shares of HKD0.1 each of the Company. For further details, see Section "Management Discussion and Analysis — Events after the Period" as set out in page 32 of this annual report.

Further particulars of the Share Option Scheme mentioned above are set out in Note 36 to the Financial Statements on pages 131 to 132 of this annual report and the Sections headed "Statutory and General Information — Other Information — Share Option Scheme" of the prospectus of the Company issued on 24 April 2009.

Charitable Donations

During the Year under Review, the Group made charitable donations amounting to RMB200,000.

Relationships with Employees

Employees are regarded as one of the most important and valuable assets of the Group, and the Group always treasures their contributions and support. The Group exerts itself to build a harmonious work environment, a sound welfare and compensation system and a reasonable career plan for its employees and offers appropriate trainings and opportunities to assist them with their career development and promotion within the Group. For the relevant details, see Section "Corporate Social Responsibility Report — A quality workplace" as set out in pages 64 to 67 and Section "Management Discussion and Analysis — Employees" as set out in page 31 of this annual report.

Relationship with Customers and Suppliers

Maintaining harmonious and good relationships with customers and suppliers is one of the key contributors to the Group's satisfactory results. The Group has established stable long-term cooperative relationships with a number of domestic and foreign customers. The Group closely monitors changes in the market, actively works with its customers in developing new products, and combines research and development with marketing to provide its customers with products of higher quality. The Group also takes active steps to maintain cooperative relationships with its suppliers to assure stable and adequate raw material supply to the Group.

Major Customers and Suppliers

The information in respect of the Group's sales and purchases attributable to the major customers and suppliers respectively during the Year under Review is set out as follows:

	Percentage of the Group's total sales (%)
The largest customer	11.0
Five largest customers in aggregate	48.9

	Percentage of the Group's total purchases (%)
The largest supplier	25.6
Five largest suppliers in aggregate	89.3

None of our Directors or any of their close associates or any shareholders (which to the best knowledge of our Directors owned more than 5% of our Company's issued share capital) had a material interest in our five largest customers and suppliers.

Compliance with the Code on Corporate Governance Practices

In respect of the Year under Review, save as disclosed in the Corporate Governance Report on pages 52 to 61 of this annual report, the Company complied with all the code provisions set out in the Corporate Governance Code contained in Appendix 14 of the Listing Rules (the "Governance Code").

Principal Risks and Uncertainties

The principal risks and uncertainties facing the Group include policy, industry, business and financial risks.

Policy Risks

Risks of Changes in International Situation and Policies

Although the Group has significantly increased its profitability by promptly adjusting its strategies to "focusing primarily on China and to a lesser extent on the overseas" after encountering the US anti-dumping and anti-countervailing investigation, part of the products sold by the Group may be adversely affected by amendments to or changes in the relevant policies, laws and regulations of some countries or regions.

Risks of Changes in Tax Laws

In accordance with the PRC's current rules on preferential tax treatments of exports, some eligible products of the Group are entitled to a value-added tax rebate at a certain rate. However, as the global economic growth slows down and both international and domestic macro-economic environments change, the PRC government may further reduce the rate of value-added tax rebate or terminate the rules on preferential tax treatments of exports, thus adversely affecting the Group's financial position and operating performance.

Risks of Changes in Environmental Protection Policy

In terms of environmental protection, the Group has in all material respects complied with all the applicable environmental protection laws and obtained all the environmental protection permits required for the businesses that the Group now conducts. Since the PRC government is adopting laws on strengthening environmental protection from time to time and implementing stricter environmental protection standards, it is expected that the Group will have to comply with more regulations in the future. In addition, the Group predicts this trend will continue and additional expenses may be incurred for complying with new regulations, thus increasing the Group's operating costs.

Industry Risks

Risks of Macro-economic Volatility

Certain recent adverse financial developments have affected the PRC's and the global financial markets. Such developments include the general slowdown of global economic growth, the significant volatility of the equity securities market and the volatility of the credit market. Although it is difficult to estimate how long such developments will continue or how the Group's market and businesses may be affected, the risks that such developments constitute against the Group may continue for a certain period, including: the risks of possibly reducing the Group's sales to its customers, increasing the Group's interest expenses for bank loans, or reducing the bank facilities currently available to the Group. If the economic downturn continues, the Group's businesses, financial position and operating performance may be adversely affected.

Risks of Horizontal Competition

The Group operates in a market full of competition, and has to compete with a number of aluminium processed product manufacturers from the PRC, North America, Europe and other regions in price, lead time and the reliability and stability of product quality. The Group's competitors include major overseas and domestic enterprises that have considerable assets, revenues and financial resources, and well-developed brands, of which some are well-known for product quality, some have established huge customer bases and strong sales and distribution networks, some have advanced production facilities and technologies as well as excellent product development teams, and/or more comprehensive production lines for aluminium products. Based on the above reasons, the existing competitors may outperform the Group. If the Group fails to maintain its own competitive edges, it will possibly lose its market shares and/or face the risk of lower profitability.

Business Risks

Risks of Uncertain Revenues from New Project

The Group plans to vigorously develop a high value-added aluminium flat-rolled product project. By now, plant construction and equipment installation for the first production line under phase I of the project have basically been completed. While the whole production line is under equipment commissioning, some equipment has been put into trial production. This project needs a large amount of investment and a long period for investment return. Although the aluminium flat-rolled product project has promising prospects because it is in line with the national policy on energy conservation and emission reduction and the global trend of light-weight in the transportation sector, fills the blank in China's technology and production capacity in many high-end application fields and has a large market demand, nevertheless its profitability is uncertain and therefore the Group faces the risks of uncertain revenues from the new project.

Risks of Changes in Customer Needs

The aluminium processing market is characterized by quality upgrades required by steadily improving technical standards, endless changes in customer-designated specifications, and significant fluctuation of product supply and demand. To support technical improvement or product upgrades, the companies using aluminium products from the Group may change their product lines or production processes from time to time, for which the Group may need to develop new products to meet the evolving professional standards and the changing customer needs. If the Group fails to fully follow the market changes or promptly launch aluminium products that meet customer-designated specifications and quality standards, this may affect the growth of the Group's businesses.

Financial Risks

The principal financial risks are set out in Section "Management Discussion and Analysis — Financial Risks" on page 33 of this annual report.

Environmental Policies and Performance

Please refer to Section "Corporate Social Responsibility Report — Environmental Protection" as set out in pages 68 to 69 of this annual report.

Compliance with Laws and Regulations

The Board pays close attention to the Group's policies and practices on compliance with legal and regulatory requirements. External compliance and legal advisers are engaged to ensure transactions and businesses performed by the Group are within the applicable legal framework. Updates on applicable laws, rules and regulations are brought to the attention of relevant employees and operation units from time to time.

Event after the Reporting Period

Please refer to Note 38 to the Consolidated Financial Statements on page 133 of this annual report.

Model Code for Securities Transactions

Details of our Directors' compliance with the Model Code for Securities Transactions are set out in the Corporate Governance Report on pages 52 to 61 of this annual report.

Auditor

The Consolidated Financial Statements have been audited by KPMG, who will retire and, being eligible, offer themselves for re-appointment at our forthcoming annual general meeting.

A resolution to re-appoint KPMG as our external auditor will be submitted for shareholders' approval at our forthcoming annual general meeting.

By order of the Board

Liu Zhongtian

Chairman

Hong Kong, 24 March 2016

Corporate Governance Report

The Company is committed to maintaining and upholding guidelines and procedures for stringent corporate governance. The principle of the Company's corporate governance is to promote effective risk management and internal control measures and to increase the transparency and accountability of the Board to all shareholders.

The Company has adopted the code provisions set out in the Corporate Governance Code contained in Appendix 14 of the Listing Rules (the "Governance Code") since its listing on the Stock Exchange in 2009. The Company has periodically reviewed its corporate governance practices to ensure its continuous compliance with the Governance Code.

In respect of the Year under Review, save as disclosed in this report, all the code provisions set out in the Governance Code were met by the Company.

Compliance with the Model Code by Directors

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its code of conduct regarding its Directors' securities transactions. Directors are reminded of their obligations under the Model Code on a regular basis. Following specific enquiry by the Company, all Directors have confirmed that they have complied with the required standard set out in the Model Code throughout the Year under Review and up to the date of this annual report.

The Board of Directors

Responsibilities of the Board

The Board is responsible for achieving the corporate goals, formulating the development strategy, regularly reviewing the organizational structure and monitoring the business activities and the performance of management so as to protect and maximize the interests of the Company and its shareholders. Matters relating to the daily operations of the Group are delegated to the management.

During the Year under Review, the Board, among others, considered and approved the annual budget, management results and performance update against annual budget, together with business reports from the management, reviewed and approved the audited annual results for the year ended 31 December 2014, the unaudited quarterly results of the periods ended 31 March 2015 and 30 September 2015, the unaudited interim results for the six months ended 30 June 2015, supervised the Group's critical business operations and assessed the risk management and internal control and financial matters of the Group.

The Board has also regularly reviewed the contribution of each Director to performing his/her responsibilities to the Company and whether the Director is spending sufficient time performing them. The Directors are also required to inform the Board of any change to their significant commitments on a timely basis.

The Company has arranged for appropriate insurance for all Directors in respect of legal actions against the Directors arising out of corporate activities.

Board Composition

The Board has a balance of skills and experience appropriate for the requirements of the Company's business. It currently consists of nine members, including five executive Directors and four independent non-executive Directors. An updated list of the Directors is maintained on our Company's website and the Stock Exchange's website. The biographies of the Directors are set out in the Section headed "Profiles of the Directors and Senior Management" of this annual report.

The Directors of the Company during the Year under Review and up to the date of this report were:

Executive Directors	Mr. Liu	*(Chairman of the Board and the Strategy and Development Committee; Member of the Nomination and Remuneration Committee)*
	Mr. Lu Changqing	*(Member of the Strategy and Development Committee)*
	Mr. Chen Yan	
	Ms. Zhong Hong	
	Mr. Gou Xihui	

Independent Non-executive Directors	Mr. Wong Chun Wa	*(Chairman of the Audit Committee)*
	Mr. Wen Xianjun	*(Chairman of the Nomination and Remuneration Committee; Member of the Audit Committee, Corporate Governance Committee and Strategy and Development Committee)*
	Mr. Shi Ketong	*(Member of the Audit Committee, Corporate Governance Committee and Nomination and Remuneration Committee)*
	Mr. Lo Wa Kei, Roy	*(Chairman of the Corporate Governance Committee)*

Chairman and Chief Executive Officer

Code provision A.2.1 of the Governance Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same person, and the division of responsibilities between the chairman and the chief executive should be clearly established and set out in writing.

The Company deviated from this provision because Mr. Liu performed both the roles of chairman of the Board and the president (i.e. the chief executive) of the Company. Mr. Liu is the founder of the Group and has extensive experience in the enterprise operation and management in general. Given the stage of development of the Group, the Board believed that vesting the two roles in the same person provided the Company with strong and consistent leadership and facilitated the implementation and execution of the Group's business strategies which was in the best interests of the Company. As disclosed in the Company's announcement dated 22 March 2016, Mr. Liu has resigned as the president of the Company on the same date for the purpose of improving and optimizing the corporate governance of the Company as required by its internal management in light of the implementation of the proposed spin-off of Liaoning Zhongwang. The Board shall nevertheless review the structure and composition of the Board from time to time in light of prevailing circumstances.

Mr. Liu, as the chairman of the Board, is responsible for ensuring that the Directors are properly briefed on issues arising at board meetings and that they receive adequate information in a timely manner. Mr. Liu also endeavors to ensure that good corporate governance practices and procedures are established, all Directors make full and active contribution to the Board's affairs, and that the Board acts in the interests of the Company.

Under the leadership of Mr. Liu, the Board works effectively and performs its responsibilities with all key and appropriate issues discussed in a timely manner. Directors are encouraged to express their views and the Board decisions have fairly reflected their consensus. A culture of openness and constructive relations among Directors has been promoted within the Board. Appropriate steps are also taken to provide effective communication between the shareholders and the Board.

During the Year under Review, the chairman of the Board has met once with the independent non-executive Directors (without the presence of the executive Directors) to discuss, and obtain independent views of, the Board's affairs.

Independent Non-executive Directors

Independent non-executive Directors play a significant role in the Board by virtue of their independent judgment, scrutiny of the Company's performance, and positive and constructive contribution, which are crucial to the development of the Company's strategy and policy. They are also encouraged to attend the general meetings of the Company to develop a balanced understanding of the views of the shareholders.

During the Year under Review, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least one-third of the Board independent non-executive Directors with one of them possessing appropriate professional qualifications or accounting or related financial management expertise.

Each of the independent non-executive Directors has signed an appointment letter with our Company for a term of three years. The Company has received annual confirmations from each of our four independent non-executive Directors in respect of their independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all the independent non-executive Directors are independent parties in accordance with the independence guidelines set out in the Listing Rules and free of any relationship that could materially interfere with the exercise of their independent judgments.

Appointment, Re-election and Removal of Directors

The Nomination and Remuneration Committee is responsible for formulating the procedures for appointing Directors, nominating suitable candidates for approval at the annual general meeting so as to fill vacancies due to the resignation of directors or appoint additional directors. When selecting candidates for appointment as our Directors, the Nomination and Remuneration Committee will consider the candidates' integrity, achievements and experience in the relevant industry, expertise, educational background and whether they have sufficient time to assume the post of Directors.

No non-executive Director has been appointed to the Board of our Company. Each of the independent non-executive Directors are appointed on a term of three years subject to rotation. Independent non-executive Directors serving up to the maximum term of 9 years is only eligible for reappointment by separate shareholders' resolution. None of the independent non-executive Directors has served more than 9 years.

Pursuant to the Articles of the Company, at each annual general meeting, at least one-third of the Directors for the time being will retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board.

In compliance with the provisions of the Articles of the Company, Mr. Liu Zhongtian, Mr. Lu Changqing, and Mr. Chen Yan shall retire by rotation at the forthcoming annual general meeting and, being eligible, will offer themselves for reelection.

Board Committees

The Board has established Audit Committee, Nomination and Remuneration Committee, Corporate Governance Committee and Strategy and Development Committee (collectively, the "Board Committees"). The Board Committees are formed with specific written terms of reference which deal with their authority and duties clearly. The Board Committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

Audit Committee

The audit committee of the Company ("Audit Committee") comprises three members who are all independent nonexecutive Directors, namely, Mr. Wong Chun Wa (chairman), Mr. Wen Xianjun and Mr. Shi Ketong. None of them is a member of the former or existing auditors of the Company.

The Audit Committee acts as the key representative body for overseeing the Company's relations with the external auditor and is primarily responsible for the review and supervision of the Group's financial reporting process, risk management and internal controls and review of the Company's financial statements. The Audit Committee meets regularly with the Company's external auditor to discuss the audit procedures and accounting issues. The Audit Committee should meet at least twice a year. In the Year under Review, four meetings were held by the Audit Committee. The Audit Committee has reviewed and discussed the audited annual results for the year ended 31 December 2014, the unaudited quarterly results of the periods ended 31 March 2015 and 30 September 2015, the unaudited interim results for the six months ended 30 June 2015 with the senior management of the Company, and has also reviewed the risk management and internal control and financial reporting matters of the Group.

In addition, the Audit Committee reviews arrangements by which employees of the Company can, in confidence, raise concerns about possible improprieties in financial reporting, risk management and internal control or other matters, and it ensures that proper arrangements are in place for fair and independent investigation of such concerns and appropriate follow-up actions.

The term of reference of the Audit Committee is available on the Company's website and the Stock Exchange's website.

The attendance of Directors at the Audit Committee meetings held in the Year under Review was as follows:

Audit Committee Members	Attendance
Mr. Wong Chun Wa	4
Mr. Wen Xianjun	4
Mr. Shi Ketong	4

Nomination and Remuneration Committee

We established a remuneration committee in accordance with the requirements of Appendix 14 of the Listing Rules in 2009. In compliance with the Governance Code, the Company expanded its remuneration committee's duties on 28 December 2011 to include nomination-related authority and duties and changed its name to the Nomination and Remuneration Committee. Members of the Nomination and Remuneration Committee comprise Mr. Wen Xianjun (chairman), Mr. Liu and Mr. Shi Ketong.

The Nomination and Remuneration Committee is responsible for nomination-related duties, including, without limitation, reviewing the structure, size, diversity and composition of the Board, determining nomination policy for Directors, making recommendations of suitable candidates to the Board for directorships, assessing independence of the independent non-executive Directors, and making recommendations to the Board on the appointment and reappointment of Directors and succession planning for Directors. The Nomination and Remuneration Committee regards increased diversity at the Board level as an important means to enhance Board effectiveness and corporate governance. In reviewing the composition of the Board and making recommendations of suitable candidates to the Board for directorships, the Nomination and Remuneration Committee takes a balanced view towards the consideration of a number of factors, including but not limited to gender, ethnicity, age, cultural and educational background, or professional knowledge, skills and experience.

The Nomination and Remuneration Committee is also responsible for remuneration-related duties, including, without limitation, examining and determining the remuneration packages of individual executive Directors and senior management, establishing a formal and transparent procedure for development remuneration policy, assessing performance of executive Directors, approving the terms of executive Directors' service contracts, and ensuring no Director or his/her associate is involved in deciding his/her own remuneration.

The term of reference of the Nomination and Remuneration Committee is available on the Company's website and the Stock Exchange's website.

The Nomination and Remuneration Committee should meet at least once a year. Two meetings were held by the Nomination and Remuneration Committee during the Year under Review to discuss the nomination and remuneration of Directors, review the diversity of the Board and assess relevant policies. The attendance of Directors at the Nomination and Remuneration Committee meetings held during the Year under Review was as follows:

Nomination and Remuneration Committee Members	Attendance
Mr. Wen Xianjun	2
Mr. Liu	2
Mr. Shi Ketong	2

Corporate Governance Committee

We have established a corporate governance committee ("Corporate Governance Committee"). Members of the Corporate Governance Committee consist of three independent non-executive Directors of the Company, namely Mr. Lo Wa Kei, Roy (chairman), Mr. Wen Xianjun and Mr. Shi Ketong.

The Corporate Governance Committee is primarily responsible for developing, reviewing and monitoring the Company's policies and practices on corporate governance matters and on compliance with the Governance Code and other relevant legal and regulatory requirements. It is also responsible for reviewing and monitoring the training and continuous professional development of the Directors and senior management and compliance with the code of conduct applicable to the employees and Directors.

The Corporate Governance Committee should meet at least four times a year. Four meetings were held by the Corporate Governance Committee in 2015. The attendance of Directors at the Corporate Governance Committee meetings held in 2015 was as follows:

Corporate Governance Committee Members	Attendance
Mr. Lo Wa Kei, Roy	4
Mr. Wen Xianjun	4
Mr. Shi Ketong	4

Strategy and Development Committee

We have established a strategy and development committee ("Strategy and Development Committee"). Members of the Strategy and Development Committee comprise Mr. Liu (chairman), Mr. Lu Changqing and Mr. Wen Xianjun. The primary functions of the Strategy and Development Committee are to review and formulate strategic positioning, development plans, market development and operation strategies, and strategies on its material projects, business expansion, capital expenditure, and asset restructuring of our Group.

The Strategy and Development Committee should meet at least once a year. Two meetings were held by the Strategy and Development Committee in 2015. The attendance of Directors at the Strategy and Development Committee meetings held in 2015 was as follows:

Strategy and Development Committee Members	Attendance
Mr. Liu	2
Mr. Lu Changqing	2
Mr. Wen Xianjun	2

Board Meetings and General Meeting

The Board conducts meetings on a regular basis to discuss the overall strategy as well as the operation and financial performance of the Group. During the Year under Review, the Board held 11 meetings based on the needs of the operation and business development of the Group. Besides, the Directors also attended the annual general meeting held on 15 May 2015 (the "2015 AGM") to understand the views of the shareholders.

The attendance of each Director at the Board meetings and the 2015 AGM was as follows:

Members of the Board	Board Meetings	2015 AGM
Executive Directors		
Mr. Liu	11	1
Mr. Lu Changqing	11	1
Mr. Chen Yan	11	1
Ms. Zhong Hong	11	1
Mr. Gou Xihui	11	1
Independent Non-executive Directors		
Mr. Wong Chun Wa	11	1
Mr. Wen Xianjun	11	1
Mr. Shi Ketong	11	1
Mr. Lo Wa Kei, Roy	11	1

Reasonable notices of Board meetings have been given to the Directors prior to the meetings whereby the Directors can put forward his/her proposed items into the meeting agenda. The meeting procedures of the Board have complied with the Articles of the Company as well as the relevant rules and regulations. The agenda and relevant materials were prepared and approved by the joint company secretaries and were provided to all Directors in a timely manner before the Board meeting. Minutes of the Board meetings recorded in sufficient details the matters considered and decisions made during the Board meetings. Drafts of these minutes are circulated to all Directors for their review and the final versions of which are kept by the joint company secretaries and are available for inspection by the Directors of the Company.

Training for Directors

The Company has regularly provided the Directors with information of relevant training courses and requires the Directors to attend at least 8 hours of training per year. During the Year under Review, the Directors have participated in continuous professional development programmes and provided the Company with a record of their training received as follows:

Name of Director	Area(s) of training	Hours of training
Mr. Liu	Regulatory; industry updates	12
Mr. Lu Changqing	Regulatory; industry updates; capital market	19
Mr. Chen Yan	Regulatory; industry updates	12
Ms. Zhong Hong	Regulatory; industry updates	12
Mr. Gou Xihui	Regulatory; industry updates	12
Mr. Wong Chun Wa	Regulatory; accounting; capital market	36
Mr. Wen Xianjun	Regulatory; industry updates	23
Mr. Shi Ketong	Law and regulatory	18.5
Mr. Lo Wa Kei, Roy	Regulatory; internal control; corporate governance	20

Training for Company Secretary

The Company has regularly provided the joint company secretaries with information of relevant training courses. During the Year under Review, the joint company secretaries have participated in continuous professional development programmes and provided the Company with a record of their training received as follows:

Name of Company Secretary	Area(s) of training	Hours of training
Mr. Cheung Lap Kei	Regulatory; accounting; capital market	26
Mr. Lu Changqing	Regulatory; industry updates; capital market	19

Supply of and Access to Information

All Directors have full and timely access to all relevant information as well as advice and services of the joint company secretaries, with a view to ensuring that the meeting procedures of the Board and all applicable rules and regulations are followed. Upon making request to the Board, all Directors may obtain independent professional advice at the Company's expense for carrying out their functions. The chairmen of the Board committees also regularly report at Board meetings on their recommendations and activities. The external auditor attended the 2015 AGM and will be invited to attend the forthcoming annual general meeting to answer questions about the conduct of the audit, preparation and content of the auditors' reports, accounting policies, and auditors' independence.

The constitutional documents of the Company are available at the Company's website and the Stock Exchange's website. During the Year under Review, there is no change to the constitutional documents of the Company

Remuneration of Senior Management

The remuneration policy of the senior management has been recommended, reviewed and approved by our Nomination and Remuneration Committee. The remuneration of the senior management whose names appear in the Section headed "Profiles of Directors and Senior Management" in this annual report has been disclosed in Note 9 to the Financial Statements on pages 101 to 102 of this annual report.

Directors' and Auditor's Responsibility for the Financial Statements

The Directors of the Company acknowledge their responsibility to present a balanced, clear and understandable assessment in the consolidated financial statements of the annual and interim results. In preparing the Consolidated Financial Statements for the Year under Review, the Directors have selected appropriate accounting policies and applied them consistently, adopted appropriate International Financial Reporting Standards, and made prudent and reasonable judgments and estimates, and have prepared the Consolidated Financial Statements on an ongoing basis. The statement of the independent auditor of the Company about their reporting responsibilities and opinion on the Consolidated Financial Statements for the Year under Review is set out in the Section headed "Independent Auditor's Report" on page 75 of this annual report.

Management Function

The Company's Articles set out matters which are specifically reserved to the Board for its decision. The management team of the Company holds meetings regularly to review and discuss with executive Directors on daily operational issues, financial and operating performance as well as to monitor and ensure the management properly implement the directions and strategies set by the Board. The responsibilities of the senior management members are set out in their respective biographies in the Section headed "Profiles of the Directors and Senior Management" on pages 36 to 40 of this annual report.

The senior management has provided the Board with sufficient explanation and information to enable the Board to make an informed assessment of financial and other information put before it for approval. They have also provided monthly updates, including the management accounts and management updates, which gives a balanced and understandable assessment of the Company's performance, position and prospects in sufficient details to the Directors to enable them to discharge their duties.

Risk Management and Internal Control

The Board and the senior management are responsible for establishing, implementing and maintaining a sound and effective risk management and internal control system. The goal of our risk management and internal control mechanism is to provide reasonable assurance regarding the achievement of objectives in relation to the following and to promote fulfilment of the Company's corporate development strategy:

(i) effectiveness and efficiency of operations;

(ii) reliability of financial reporting; and

(iii) compliance with applicable laws and regulation.

Through the Audit Committee, the Board has reviewed the risk management and internal control mechanism in respect of financial, operational and compliance matters of the Group and its subsidiaries and has considered the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function. The Board will conduct periodical review on the relevant improvement and enhancement procedures in order to strengthen the risk management and internal control measures of the Group.

Independent Auditor's Appointment and Remuneration

The Company's independent auditor is KPMG. At the annual general meeting on 15 May 2015, the shareholders of the Company passed an ordinary resolution to re-appoint KPMG as the auditor of the Group to hold office until the conclusion of the next annual general meeting of the Company.

For the Year under Review, the remuneration payable by the Company to KPMG for statutory audit services was RMB8,000,000.

Communications with Shareholders and Investor Relations Department

We adhere to the principle of good faith and strictly comply with and implement the Listing Rules to disclose discloseable information on a true, accurate, complete and timely basis and all other information that might have significant impact on the decisions of shareholders and other stakeholders in an active and timely manner. In addition, the Company takes efforts in ensuring that all shareholders have equal access to information and are familiar with the detailed procedures for voting by poll. As such, the Company has honestly performed its statutory obligation in respect of information disclosure.

Pursuant to the Articles, shareholders of the Company, holding not less than one-tenth of the paid-up capital of the Company, have the right to convene an extraordinary general meeting at all times by written requisition to the Board or the secretary of the Company; such meeting shall be convened within two months after the deposit of such written requisition. Shareholders can propose a candidate for election as a Director at a general meeting by lodging a notice to the Company's head office or registered office within 7 days prior to the date of such a meeting. The Company has also ensured that its shareholders have the right to raise questions at general meetings. There are no provisions allowing shareholders to move new resolutions at general meetings under the Companies Law of the Cayman Islands or the Articles of the Company. Shareholders who wish to move a resolution may request the Company to convene a general meeting following the procedures as set out above.

Shareholders of the Company are welcome to send their written enquiries to the Board via our investor relations consultant whose contact details are available at the website of the Company or the Company at 56/F, Bank of China Tower, 1 Garden Road, Hong Kong (Attention: the Board of Directors).

Our senior management is dedicated to maintaining an open dialogue with the investment community to ensure thorough understanding of our Company and our business as well as strategies. The Company has established a shareholder communication policy to ensure effective communication between our shareholders and the Company. Since the Listing, we have emphasized the importance of investor relations by establishing and developing a highly effective investor relations department (the "Investor Relations Department"). The main function of the Investor Relations Department is to make fair, consistent and transparent disclosures and maintain appropriate communications with global investors.

For future investor relations, the Company will actively organize activities relating to investor relations and strengthen corporate responsibilities in order to ensure that our operating strategies, financial performance and development prospects are fully known to and understood by global investors.

A summary of the major investor relations activities of the Company in the Year under Review is set forth as follows:

Continual Communications with Shareholders, Investors and Analysts

The Board has adopted a shareholder communication policy to ensure effective communication between our shareholders and the Company. The Investor Relations Department has strictly followed our policies and relevant regulations in treating all shareholders, investors and research analysts in a fair and transparent manner. During the Year under Review, we held a number of meetings and telephone conferences with investors and research analysts to promote and establish effective channels for dual communications between the Company and investors. In addition, we responded promptly to investors' enquiries through telephone or email.

Site Visits

During the Year under Review, the Investor Relations Department arranged a number of site visits to our production base for investors, research analysts and media to enable them to have more lucid understanding of the production of our products.

Media Relations

We strive to establish more solid and closer relationship with the media through press releases, press meetings and management interviews in order to communicate our operating strategies and financial performance to the general public by much faster and effective means.

Looking forward, the Company will strive to develop and maintain closer relationships with investors, analysts and media and enhance management of investor relations with the goal to maximize our shareholders' wealth.

By order of the Board

Liu Zhongtian

Chairman

Hong Kong, 24 March 2016

Machinery and Equipment and Electric Power Engineering

Aluminium, a green metal, is an ideal material for industrial energy conservation and emission reduction.

Given its good ductility, aluminium can be produced in different shapes as needed, and used in different areas of the machinery and equipment and electric power engineering sectors, thus making it a preferred choice in the process of industrial upgrading.

Corporate Social Responsibility Report

During the Year under Review, the Group continued to carry out activities benefitting its staffs, clients, the environment and the community. It was dedicated to providing development platforms for its employees to realize their own career goals and personal value, to grow with the enterprise and share in its development results. The Group provided a variety of high-quality products for its customers, creating value through sincere cooperation. It actively promoted energy conservation, emission reduction, environmental protection and is a leader in the promotion and development of a green aluminium industry.

The Group is dedicated to placing social responsibility at the core of our long-term development. While we embrace the development trend of this era, we seize business opportunities, continuously creates value, we contribute to the society and our shareholders with an aim of maximising the benefits of our stakeholders such as our community, environment, customers, employees and partners.

A Quality Workplace

The support and efforts of all staff members are pivotal to the development of the Group. The Group is committed to a people-oriented management approach by establishing a comprehensive mechanism for hiring, training and development, as well as employee motivation. We are dedicated to creating a favourable workplace and growth prospects for our staff, and providing them with competitive remuneration packages, so as to ensure that they can unleash their potential, realise self-fulfilment and create values in their respective positions.

Protecting Employee Interests and Fostering a Harmonious Workplace

The Group focuses on building a harmonious workplace, a comprehensive benefits and remuneration system and a reasonable career planning framework for its employees. We uphold the principles of impartiality, fairness, and merit-based employment, and are constantly improving the criteria for personnel selection and appointment. Our systems for recruitment, induction training, and competitive job application have been formulated in accordance with the law to provide ample promotion opportunities for outstanding employees and pave way for their career development.

The Group has provided staff with competitive remuneration as well as annual leave entitlements in accordance with the Labour Law. The Group strictly complies with the national social security laws and regulations. The Group offers social insurance benefits to all employees such as endowment insurance, medical insurance, unemployment insurance, work injury insurance, maternity insurance and housing provident funds. The Group has introduced the most comprehensive employee medical insurance system in the region. The Group not only secures full-time staff members' salary benefits and career development, but also offers job opportunities to university graduates. The Group offers a number of graduate trainee jobs with a retention rate of no less than 89.5% every year. In addition to training programmes, the Group has been raising the trainees' salaries and benefits. On top of the standard subsidies stipulated by policies, the Group also provides job-specific subsidies to trainees.

The Group actively creates employment opportunities for local residents. During the Year under Review, the Group was awarded one of the "Top 20 Private Industrial Enterprises in Respect of Job Creation and Recruitment in Liaoyang City in 2014". At 31 December 2015, the Group had a total of 12,861 employees. Our employees come from mainland China, Hong Kong and overseas. Among which, 99.8% were from mainland China, and 0.2% were from Hong Kong and overseas. We had 11,125 male employees, accounting for 86.5% of the total workforce, and 1,736 female employees, accounting for 13.5% of the total workforce.

During the Year under Review, 621 employees left the Group, representing a staff turnover rate of 6.3%. Turnover rate of employees aged 20 to 30 was 2.2%; aged 30 to 40 was 10.3%; aged 40 to 50 was 4.1% and aged over 50 was 5.3%.

Gender Breakdown of Employees

	At 31 December 2015	
		%
Male employee	11,125	86.5
Female employee	1,736	13.5

Geographical Breakdown of Employees

	At 31 December 2015	
		%
Mainland China	12,837	99.8
Hong Kong and overseas	24	0.2

Emphasis on Production Safety and Fulfilment of Social Responsibility

Safety management and safety supervision are critical for the production of heavy industry. In adherence to the principle of equal emphasis on "management, equipment and training" and a "safety-first, prevention-based and comprehensive management" approach, the Group is committed in the implementation of safety production responsibility system. It has also enhanced employees' awareness on production safety and the ability of handling emergencies by formulating safe production guidelines, launching production safety training programmes and contests about production safety knowledge.

During the Year under Review, the Group conducted training, assessment and safety management certification for the major personnel in charge and the safety management personnel. The Group carried out monthly comprehensive inspections with the participation of all production units and the respective department heads. An overhaul was conducted to fix individual equipment and areas in our plants with safety hazards to further reinforce production safety. Moreover, we introduced initiatives such as the Safe Production Month and production safety contests to continuously improve the safety awareness of employees and allow them to gain experience in safe operation.

Safety training for staff

Emergency fire drill

During the Year under Review, the Group did not experience any incident of significant casualties, nor was there any incident that involved staff fatality.

During the Year under Review, the Group revised and improved several sets of regulation systems, including the “Compilation of Safe Production Systems”, “Regulations for Safe Operation for Different Functions”, “Emergency Response and Preventative Measures” and the “Safety Management System for Dangerous Operation”, supplementing “Management System for Sling”, “Notice on Regulating Procurement of Labour Protection Appliances” and “Notice on Special Rectification for the Safety of Hazardous Chemicals, Flammable and Explosive Articles” to regulate safe production. During the year, we organized a total of 150 production safety training programmes involving specialised operators such as crane workers, electricians, welders, fitters and riveters. All the specialised operators have attained the corresponding certificates.

Emphasis on Staff Development with a View to Enhancing Overall Staff Quality

One of the key focus of the Group is lifelong learning and the career development of our employees. By pursuing talent development which is effectively in line with corporate development, emphasizing, sustainable development and focusing on vocational education and training, our Group has significantly improved the employee’s ability to coordinate, execute and innovate in production and their technical skills, providing support and security for the employees’ career development. We have implemented a strategy of building corporate strengths by high-calibre personnel for our three core businesses, namely, industrial aluminium extrusion products, deep processing and aluminium flat rolling.

During the Year under Review, the Group conducted theoretical and operational skill training for our various specialised operation personnel, in line with our emphasis on enhancing professional skills of specialised operation personnel to establish a high calibre team adapted to continuous learning. We also teamed up with local governments to offer a retraining training program known as “Pre-appointment Bridge-up Training” (“崗前培訓服務橋”) for previously laid-off workers pending re-employment, in order to enhance their operation capability and professionalism. Taking the opportunity of the installation and operation of newly acquired large-sized extrusion presses, we provided systematic expertise training to technical personnel at all levels and effectively safeguarded and improved the Group’s productivity. We also arranged seminars on various types of legal knowledge hosted by legal experts to enhance the legal awareness of our relevant staff. In addition, the Group regularly organized skill assessment contests for different technical staff during the Year under Review in order to upgrade both their theoretical knowledge and practical operational skills.

During the Year under Review, the Group strictly implemented the certification system for all staff at all levels and positions. We organized training programmes for all staff with a total of 21,184 attendance. Among which, general-grade employees accounted for 18,941 person-times or 89.4% of the total enrolment, while management personnel accounted for 2,243 person-times or 10.6% of the total enrolment.

Compliance with Labour Standards to Safeguard Employees' Rights

The Group has always attached great importance to and complied with the international human rights and labour standards to which the Chinese government is a signatory. We resolutely prevent the occurrence of any incidents of child labour employment, forced labour, employment discrimination and occupational discrimination.

During the recruitment process, we carefully examine the age information of the candidates in order to prevent the hiring of child labour (workers aged below 16 years) in any manner. Since its inception, no incident of child labour employment has occurred in the Group.

Upon employment, employees sign labour contracts with the Company, where terms such as job position, working hours, benefits and remuneration will be specified in the aforesaid contracts. During the employment period, the Company respects staff freedom in employment and resolutely refuses to restrict their personal freedom or direct forced labour by ways such as withholding wage payments or seizure of identification documents. Upon the resignation of an employee, we will not restrict their development for any reason through any means. Since its inception, no incident of forced labour has occurred in the Group.

In addition, the Group stands resolutely against discrimination due to any differences including gender, age, race and religion. Since the inception of the Group, no incidents of employment discrimination has been reported.

Helping Employees through Poverty Relief and School Assistance

Over the years the Group has been consistently engaged in poverty relief activities with the aim of "providing genuine aid to the genuinely impoverished", and has established a long-term poverty relief mechanism that provides assistance in general livelihood, education and medical care. The "Charity Relief Foundation" has been set up to provide financial assistance to employees and their families who are in financial difficulties, with a view to showing care and empathy for employees and the community, as well as to further improve our staff administration system. During the Year under Review, our Charity Relief Foundation launched a new trial scheme to further optimize the charity relief system for our employees. The "Charity Relief Foundation" consists of four major funds, namely the major disease assistance fund, relief fund for accident-caused poverty, student aid fund and livelihood assistance fund, basically covering all the difficulties our staff members may face.

For the past 10 years the Group has organized an annual "Assembly for Poverty Relief" around the end or beginning of the year. This initiative has assisted many employees in resolving problems in their work and life. Moreover, the Group is committed to improving its financial aid to staff in innovative ways from time to time. During the Year under Review, the Group organized donations to employees with financial difficulties. The Group launched a "one-on-one" poverty relief activity to enhance communications with employees in financial difficulties, to understand their living conditions and offer assistance in more timely manner. Through our trade union, specific funds were allocated to show our care for employees in serious financial difficulties. The "Golden Autumn Schooling Assistance" campaign was also conducted to provide grants for children of employees in financial difficulties.

Corporate Social Responsibility Report

Environmental Protection

The concept of low-carbon development strategy is applied to every process in the production and operation of our group. As an environmentally-friendly enterprise, the Group has implemented recycling and reuse concepts in the production and operation in order to achieve waste and emission reduction and ultimately maximizing energy utilization. By doing so, the Group can make full use of the energy in an integrated manner, forming a development path which integrates with the characteristics of recycling, green, low carbon and environmental protection.

Energy Conservation, Low Pollution and Effective Resource Conservation

The Group actively promotes the use of clean energy by relying on its own technical advantages and advanced equipment. As natural gas is a high quality, efficient and clean energy which has an extremely low emission of pollutants such as dust and exhaust gas, its carbon emissions are much lower than that of standard coal and it does not generate any solid waste such as slag. Since March 2012 onwards, the Group has completely replaced high energy-consuming, high-pollution coal power with natural gas as our production fuel. In 2013, we implemented the “Diesel to Natural Gas Project” for the homogenising furnaces in its smelting and casting plants. The Group has installed the world’s advanced multipoint gas detection equipment in our production plant areas to ensure safe use of the clean energy.

While introducing this advanced equipment, the Group also places great emphasis on energy saving and environmental protection. Smelting and casting workshops are equipped with internationally leading dust removal equipment, and cold rolling workshops with a full oil recovery system for rolling oil smoke. Hot-vapour demulsification treatment has been adopted to process waste emulsion to protect water resources. The Group makes full utilization of the waste heat generated from the exhaust gas in the smelting and holding furnaces. Scrap will be reused after being processed in the waste recycling workshops.

The Group implements full recycling and processing programme for industrial waste water in strict compliance with national environmental protection policies. During the Year under Review, the Group’s industrial water consumption amounted to 3,443,000 tonnes (Year 2014: 3,570,000 tonnes), waste water discharge amounted to 3,271,000 tonnes (Year 2014: 3,392,000 tonnes) and chemical oxygen demand (COD) amounted to 164.6 tonnes (Year 2014: 143.7 tonnes). The COD emission concentration was 50.3mg/litre (Year 2014: 42mg/litre), far less than the national standard of 150mg/litre. Solid waste from the production includes general solid waste and hazardous waste. During the Year under Review, we generated approximately 80 tonnes (Year 2014: 88 tonnes) of general solid waste and approximately 20 tonnes (Year 2014: 26.6 tonnes) of hazardous waste, and we have hired a certified agency to process all the hazardous waste. The Group reported slight increases in COD and COD emission concentration due to the increase in the production volume of the Group during the Year under Review. The Group’s initiatives, including “Coal to Natural Gas” and “Diesel to Natural Gas”, have significantly reduced the emissions and discharges of slag, polluted air and dust.

Exploring Eco-friendly Business Model for the Protection of Environmental Resources

As one of the most environmental-friendly metals, aluminium is an impetus for promoting a low-carbon economy because it can be recycled indefinitely. Approximately 75% of aluminium materials are still in use since 1888, which means that the aluminium applications have contributed to significant reductions in greenhouse gas emissions and solid-liquid waste discharge. This is precisely why this sector in which the Group operates has been designated for key support under the national "13th Five-Year Plan".

In fact, energy consumption required for aluminium scrap recycling represents only 5% of total energy consumption required for bauxite mining, alumina extraction, electrolysis of primary aluminium and aluminium ingot casting. Moreover, it can save 10 tonnes of water and 11 tonnes of solid materials as well as reduce emission of 0.8 tonnes of carbon dioxide and 0.6 tonnes of sulphur dioxide.

In view of its growing demand for water resources in tandem with the continuous expansion in production capacity and volume underpinning its rapid development, the Company enhanced water usage management in its production processes and the recycling of water resources during the Year under Review. Water usage mainly include aluminium alloy rod casting, aluminium extrusion press quenching and spraying etc. The traditional idea of "water usage on an as-needed basis" was replaced by a new standard, in which water of different qualities were selected according to production needs. The enterprise living water circulation system, waste water circulation system and clear water circulation system have been set up accordingly. Each of these circulation systems is equipped with an independent valve and meter with a meter installation and simultaneous testing ratio of above 98%. Water consumed in the Group's production process is recycled through its in-house water circulation and treatment system: underground water is tested for quality and then undergoes purification, while water consumed in production is repatriated to the cooling tower for purification and reuse. We have succeeded in achieving a balance between water pumping and natural circulation and eliminating waste water discharge in the production. The complete water purification, circulation and treatment system has totally fulfilled the Group's water usage requirements in production, with all benchmarks being in compliance with the relevant requirements of the environmental authorities.

During the Year under Review, a designated environmental protection department set up by the Group conducted routine inspection and monitoring on the emission and discharge of the waste in the production departments and formulated relevant environmental protection measures, carrying the concept of clean production into routine work to achieve energy conservation and emission reduction, in a move to implement the "Environmental Responsibility System" in continuous compliance with the "Environmental Protection Law", "Clean Production Promotion Law" and other relevant PRC laws and regulations.

The Group is dedicated in establishing a low-carbon society with an objective of meeting the requirements of a low-carbon economy. We strive for leveraging the advantages of clean production as well as comprehensive governance based on the principles of "reduce volume, reuse and recycle". As a national model of a eco-friendly enterprise, the Group has actively joined the "Green Hong Kong・Carbon Audit" organized by the Environmental Protection Department of the Government of the Hong Kong Special Administrative Region as a "Carbon Audit・Green Partner" by signing the Carbon Reduction Charter and undertaking to carry out activities in support of energy saving and greenhouse gas emission reduction, in a bid to improve air quality.

As a result of its diligent efforts to realise the harmonious development between the production of the enterprise and the ecological environment, the Group has passed ISO14001 Environmental Management System Certification and has established a garden-style ecological factory. During the Year under Review, the Group was awarded the "Advanced Enterprise in Energy Saving and Emission Reduction among Private Industrial Enterprises in Liaoyang City, 2014" ("遼陽市民營工業企業2014年節能減排先進企業") and received the "Chinese Enterprises Environmental Protection Qingxin Prize" ("中國企業環保清馨獎") again with the title of "Enterprise of the Year in Environmental Protection and Technology Innovation" ("年度環保科技創新企業") in recognition of our commitment in green and innovative development.

Corporate Social Responsibility Report

Operating Practices

The Group is committed to achieving mutual growth and win-win situations with its customers, striving to create better products and services. Based on the foundation of producing high quality products for development, our Group will continue to increase its workforce and investment in technology research and development to produce more high-quality and innovative products so as to spearhead the development of the industry and to drive the progress of our society.

Building a Quality Supply Chain through Stringent Supervision and Management System

The Group is committed to establishing a procurement supply chain based on the principles of mutual benefits, risk sharing and co-development. Its ultimate goal in supplier relationship management is to set up a world-class procurement and supply chain system. We are dedicated to maintaining long-term, stable and strategic cooperative relationships with leading suppliers at home and abroad. Focusing on strategic procurement, we seek co-development with suppliers on the basis of equality, mutual benefit and win-win situation.

During the Year under Review, the Group exercised quality control by locking in partnerships with quality and reliable suppliers. Suppliers were categorized, assessed and put on record according to the history of cooperation, size of purchases and performance track records etc. Currently, the Group seeks procurement from dozens of regular local suppliers, whose supplies are subject to assessment from time to time by reference to the inspection passing rate, timely delivery rate, frequency of extra freight costs, frequency of production interruption, response to users' feedback, and the extent to which the Company has been affected by the supplier's quality problems etc. Such measures have provided effective monitoring and protection in regulating the procurement process and have ensured a fair, impartial and stringent process of supplier selection.

The Group exercises regulation over the conduct of the Company's Directors, management and staff on a continued basis and safeguards the legitimate interests of suppliers by the adoption of a fair and transparent approach of procurement management. Third-party supervision on internal and external management and the complaint mechanism are also being constantly enhanced. During the Year under Review, the Group was not subject to any legal proceedings arising from corruption issues.

Delivering Quality through Technological Innovation and Strengthening Intellectual Property Protection

Technological innovation has always been the core competitive advantage of the Group's products. Established in 1998, our enterprise technology centre was installed with internationally advanced scientific equipment and instruments, 6 specialised research offices, 22 analytical laboratories and 5 innovation teams in close tracking of the latest industrial technologies. In 2012, the centre was certified as a "Nationally Accredited Enterprise Technology Centre".

The Group was certified as the "National High and New Technology Enterprise" in 2013. During the Year under Review, the Group, together with Shenyang Aerospace University and AVIC SAC Commercial Aircraft Company Limited, established Liaoning Aerospace Aluminium Joint Research and Development Laboratory, and became a member of "Cooperation Mechanism between Upstream and Downstream Players for Aluminium Application in Civil Aviation" as designated by Ministry of the Industry and Information Technology of the State.

During the Year under Review, the Group ranked 308th in FORTUNE China's Top 500 Chinese Companies, and was listed as No. 1 in the Top 100 Science and Technology Innovation Enterprises in Liaoyang City and recognized as "2014 Liaoyang Excellent Private Enterprise" ("遼陽市2014年優秀民營企業"), "Top 20 Liaoyang Private Industrial Enterprise for Sales Revenue in 2014" ("遼陽市民營工業企業2014年銷售收入20強"), and "Top 20 Liaoyang Private Enterprise for Technological Innovation in 2014" ("遼陽市民營企業2014年科技創新20強"), respectively. We were also recognized in the "Top List of Innovation Cases of Commercial Brand in 2015" ("2015商業品牌案例創新榜") for our technological innovation and high-quality products.

During the Year under Review, the Group continued to undertake a number of technology projects at national, provincial, municipal and district levels, including the National Strategic Product Innovation Project, Key New Products Programme, the 863 Programme, the Project for Foundation Enhancement Through Industrial Transformation and Upgrade, the Special Project of Industrial Revitalization and Technological Upgrade, and provincial projects on industrial and technological breakthrough, patented technology transformation and research achievements transformation etc., and obtained the National Special Investment Supporting Fund. The Group also received several awards on technological innovation and advancement, such as the "China Outstanding Patented Invention Award", "China Nonferrous Metals Industry Science and Technology Award", "Liaoning Science and Technology Award", and "Liaoyang Science and Technology Award", and obtained 30 patents, including 6 invention patents and 24 utility model patents. The Group participated in the formulation and revision of 8 state-level industry standards, among which the national standards of Aluminium Alloy Plates for Automobile, Wrought Aluminium and Aluminium Alloy Heat Treatment, Wrought Aluminium and Aluminium Alloy Columniform Ingots, Aluminium Alloy Tube Extrusions for High-frequency Electricity Conduction in Power Station, Ultrasonic Testing Methods for Wrought Aluminium Alloy Ingots, Aluminium Alloy Extrusions for All-aluminium Bridge, Aluminium Alloy Extrusions for Roofing Structure, and Aluminium Alloy Compartment Blocks for Heavy Haul Freight Train were approved to be promulgated for implementation soon. In addition, the national standard of Fatigue Test Methods for Aluminium and Aluminium Alloys which we drafted were also approved. As of 31 December 2015, the Group had been awarded international accreditations in various sectors such as railway, automobile, vessel and aviation, including the Det Norske Veritas certification, IRIS certification, EN15085 certification, TS16949 certification, AS9100C certification. In total, we have obtained 370 patents, demonstrating our leading technology standards and unique exemplary role in the industry.

Since its inception, the Group has placed great emphasis on technology innovation. In adherence to the principle of "technology as the herald and innovation as the driving force", we emphasise proprietary research and joint development characterised by the combination of production, knowledge, research and applications. Currently, we have formed a complementary system of technological innovations for the industry chain. We have successively undertaken several R&D tasks in respect of national-level projects, including a major special project commissioned by the Ministry of Industry and Information Technology — 200MN extrusion press for hard alloys with poor formability; the Project for Foundation Enhancement Through Industrial Transformation and Upgrade commissioned by the Ministry of Industry and Information Technology — 7XXX High Performance Aluminium Alloys for Chassis of High-speed Train; the Special Project of Industrial Revitalization and Technological Retrofit commissioned by the National Development and Reform Commission – retrofit and enhancement of specialised non-ferrous metal materials for high-end equipment — lightweight materials for aviation and vehicle — manufacture of large-size and high quality aluminium alloy ingot and complex section aluminium; the National Science & Technology Support Programme — large and complex cross-section aluminium alloy extrusions; the National Torch Programme — industrialization of large and complex cross-section aluminium alloy extrusions with applications in transportation equipment and research for the industrialization of aluminium alloy train compartment and components for urban rails and high-speed passenger rails; and the National 863 Programme — high-quality broad-width aluminium alloy structural components, the National Key New Products Programme — 6005A large and complex cross-section aluminium alloy extrusions, 6082 aluminium alloy extrusions for high-speed MUs and 2024 aluminium alloy rod products for aviation applications. We also own a number of proprietary technologies in developing new materials, technologies and processes for aluminium alloys.

The Group believes product quality is pivotal for it development and success. Hence, it has developed a full-fledged quality management system to continuously enhance the standard of its quality management and product quality. As of 31 December 2015, the Group employed more than 400 professional quality inspectors, who are responsible for ensuring product safety and improving product quality through quality inspection and testing procedures such as stress tests, fatigue tests and metal crack detection. The Group has established a system for regular disclosure of product quality information and its quality assurance ability has been steadily improved. Its quality, surveying and laboratory systems are subject to supervision and examination by accreditation authorities on an annual basis. Administration systems for the collection, compilation, communication, analysis, feedback and decision-making in respect of product quality information have been put into operation, and a stringent procedure for product recall has been formulated.

During the Year under Review, none of our products sold or delivered were involved in any recall due to safety and health reasons, nor did we receive any complaint about our products sold or services rendered.

The Group places a strong emphasis on the protection of consumers' interests. We persist in the provision of customised services and roll out pre-sales, in-process and after-sales customer service on all fronts. Confidentiality agreements with customers are signed and customer data is strictly protected. During the Year under Review, we did not receive any complaints as a result of divulging consumers' private information.

The Group has been committed to establishing a credit management system to further improve the contract management organization and linkage management system. The Group also abides by the tenet of "integrity and trustworthiness" and performs contracts in strict accordance with the management responsibilities and authorised scope. During the Year under Review, the Group was awarded as "Exemplary Private Enterprise for Honest Operation of Liaoyang in 2014" ("遼陽市民營企業2014年誠信標兵"), "Credit Worthy Model Enterprise in Liaoyang 2014-2015" ("遼陽市2014-2015年度誠信示範企業"), "Liaoning Provincial Exemplary Enterprise for Creditworthy Operation" ("遼寧省誠信示範企業"), "Top 20 Liaoyang Private Industrial Enterprise for Paying Tax" ("遼陽市民營工業企業2014年納税20強") and "A-class Tax Credit Enterprises in Liaoyang" ("遼陽市納税信用A級企業"). The Group has an outstanding performance in its corporate and brand awareness, soundness of contract management system, regulation of contracts, operational efficiency and trustworthiness in the society.

During the Year under Review, owing to its green innovation development and outstanding performance in social responsibility, the Group was awarded the title of the "Most Respected Company in China".

Corporate Social Responsibility Report

Community Involvement

The Group has been adhering to the philosophy of "Always be grateful and repay proactively to the community". While focusing on value creation, the Group actively fulfils its social responsibility and led its employees to engage in community welfare. In recent years, the Group has been committed in developing various charity programmes including education, disaster relief and poverty alleviation. Since 2011, the Group has invested approximately RMB3.4 million in the development of community welfare programmes.

Sincerely, Commitment to Community Services to Repay the Society

Since its establishment, the Group has been committed to improving social welfare, making increasing efforts in fulfilling corporate social responsibility. Following the principle of "do good deeds in a genuine manner and do them well", we have implemented long-term mechanisms and worked closely on concrete planning, organization and implementation.

The Group is devoted in particular to the welfare of underprivileged groups such as children and senior citizens. Children are the hope and the future of the nation. Caring and improving the livelihood of children is the responsibility and obligation of all parties in society. Since 2011, the Group has paid regular visits to municipal children's welfare homes and homes for disabled veterans, and donated daily necessities to improve their livelihood which have become the Group's key social responsibility activities.

The Group is also committed to educational development. Education and culture are the foundation for social and economic development. We protect and foster education and culture, contributing to community development. We have made financial contributions to local education authorities, key primary schools and Dalian Medical University etc.

In 2016, while the Group will continue to create value and strengthen corporate management, corporate social responsibility will remain essential for the group's long-term development. While production is a core focus of the Group, more focus will be placed on the realization of human values and the stringent requirements for green, low carbon and environmental protection in the production process. We will also improve our corporate social responsibility management system, while focusing on strengthening internal control and optimising the enterprise system.

In 2016, the group will continue to strengthen the fulfilment of social responsibility, and is using both it economic responsibility and environmental protection responsibility, for evaluating the Group's development. It will recruit talents and enhance the Group's management and execution capability, so as to increase the confidence of investors and to further advance development of the Group.

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
CHINA ZHONGWANG HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of China Zhongwang Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 76 to 133, which comprise the consolidated statements of financial position as at 31 December 2015, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2015 and of the Group's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
24 March 2016

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2015
(Expressed in Renminbi ("RMB"))

	Note	2015 RMB'000	2014 RMB'000
Revenue	4	**16,171,246**	15,971,218
Cost of sales		**(10,851,223)**	(11,504,049)
Gross profit		**5,320,023**	4,467,169
Investment income	5	**235,783**	171,923
Other income	6	**172,852**	238,358
Selling and distribution costs		**(136,305)**	(155,733)
Administrative and other operating expenses		**(1,455,407)**	(1,261,089)
Share of profits less losses of associates	15	**2,070**	3,687
Finance costs	7(a)	**(615,894)**	(493,987)
Profit before taxation	7	**3,523,122**	2,970,328
Income tax	8	**(718,141)**	(493,308)
Profit for the year attributable to equity shareholders of the Company		**2,804,981**	2,477,020
Other comprehensive income	10		
Items that may be reclassified subsequently to profit or loss:			
— Exchange differences arising on translation of financial statements of overseas subsidiaries		**(60,489)**	24
— Cash flow hedge: net movement in the hedging reserve		**(1,700)**	(1,213)
Total comprehensive income for the year attributable to equity shareholders of the Company		**2,742,792**	2,475,831
Earnings per share			
Basic (RMB)	11	**0.40**	0.36
Diluted (RMB)	11	**0.40**	0.36

The notes on pages 82 to 133 form part of these consolidated financial statements. Details of dividends payable to equity shareholders of the Company are set out in Note 30(b).

Consolidated Statement of Financial Position

as at 31 December 2015
(Expressed in RMB)

	Note	2015 RMB'000	2014 RMB'000
Non-current assets			
Property, plant and equipment	12	**31,172,208**	19,124,175
Prepaid lease payments	13	**5,909,731**	5,115,292
Interest in associates	15	**2,707,564**	60,494
Deposits for acquisition of property, plant and equipment and prepaid lease	16	**6,343,590**	9,263,325
Pledged bank deposits	20	**480,307**	460,000
Available-for-sale financial assets	21	**—**	701,160
Deferred tax assets	29(b)	**77,322**	40,556
		46,690,722	34,765,002
Current assets			
Inventories	17	**3,326,401**	3,192,409
Trade and bills receivables	18	**1,433,664**	818,100
Other receivables, deposits and prepayments	19	**5,455,037**	2,508,968
Available-for-sale financial assets	21	**1,351,418**	1,602,382
Prepaid lease payments	13	**128,589**	111,753
Pledged bank deposits	20	**2,788,873**	1,181,400
Short-term deposits	22	**25,919**	126,059
Cash and cash equivalents	22	**10,200,103**	9,463,342
		24,710,004	19,004,413
Current liabilities			
Trade payables	23	**2,405,803**	753,862
Bills payable	24	**2,475,856**	1,539,430
Other payables and accrued charges	25	**2,908,927**	2,814,329
Current tax liabilities	29(a)	**183,344**	89,779
Debentures	27	**2,500,000**	3,000,000
Bank and other loans	26(a)	**12,432,298**	8,898,417
Derivative financial instruments	28	**15,403**	13,710
		22,921,631	17,109,527
Net current assets		**1,788,373**	1,894,886
Total assets less current liabilities		**48,479,095**	36,659,888

Consolidated Statement of Financial Position

as at 31 December 2015
(Expressed in RMB)

	Note	2015 RMB'000	2014 RMB'000
Non-current liabilities			
Bank and other loans	26(b)	**19,461,146**	10,287,816
Debentures	27	**2,400,000**	1,700,000
Deferred tax liabilities	29(b)	**626,951**	343,480
		22,488,097	12,331,296
NET ASSETS		**25,990,998**	24,328,592
CAPITAL AND RESERVES			
Share capital	30(c)	**605,397**	605,397
Reserves	30(d)	**25,385,601**	23,723,195
TOTAL EQUITY		**25,990,998**	24,328,592

Approved and authorised for issue by the board of directors on 24 March 2016.

Lu Changqing
Director

Chen Yan
Director

The notes on pages 82 to 133 form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2015
(Expressed in RMB)

	Note	Share capital	Share premium	Special reserve	Other reserve	Surplus reserve	Enterprise development fund	Share option reserve	Exchange reserve	Hedging reserve	Retained profits	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Note 30(d)(iv))	(Note 30(d)(iii))	(Note 30(d)(i))	(Note 30(d)(ii))					
At 1 January 2014		474,675	9,039,698	(2,992,978)	635,898	1,534,954	1,534,954	148,172	(4,569)	—	9,268,088	19,638,892
Changes in equity for 2014:												
Profit for the year		—	—	—	—	—	—	—	—	—	2,477,020	2,477,020
Other comprehensive income for the year		—	—	—	—	—	—	—	24	(1,213)	—	(1,189)
Total comprehensive income for the year		—	—	—	—	—	—	—	24	(1,213)	2,477,020	2,475,831
Shares issued under open offer		127,514	3,194,526	—	—	—	—	—	—	—	—	3,322,040
Final dividends for the year 2013		—	(729,723)	—	—	—	—	—	—	—	—	(729,723)
Interim dividends for the year 2014		—	(448,148)	—	—	—	—	—	—	—	—	(448,148)
Exercise of share option		3,208	166,204	—	—	—	—	(105,226)	—	—	—	64,186
Recognition of share-based payment	36	—	—	—	—	—	—	5,514	—	—	—	5,514
Appropriations		—	—	—	—	239,090	239,090	—	—	—	(478,180)	—
		130,722	2,182,859	—	—	239,090	239,090	(99,712)	—	—	(478,180)	2,213,869
At 31 December 2014 and 1 January 2015		**605,397**	**11,222,557**	**(2,992,978)**	**635,898**	**1,774,044**	**1,774,044**	**48,460**	**(4,545)**	**(1,213)**	**11,266,928**	**24,328,592**
Changes in equity for 2015:												
Profit for the year		**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**2,804,981**	**2,804,981**
Other comprehensive income for the year		**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(60,489)**	**(1,700)**	**—**	**(62,189)**
Total comprehensive income for the year		**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(60,489)**	**(1,700)**	**2,804,981**	**2,742,792**
Final dividends for the year 2014		**—**	**(446,057)**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(446,057)**
Interim dividends for the year 2015		**—**	**(637,043)**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(637,043)**
Recognition of share-based payment	36	**—**	**—**	**—**	**—**	**—**	**—**	**2,714**	**—**	**—**	**—**	**2,714**
Appropriations		**—**	**—**	**—**	**—**	**292,148**	**292,148**	**—**	**—**	**—**	**(584,296)**	**—**
		—	**(1,083,100)**	**—**	**—**	**292,148**	**292,148**	**2,714**	**—**	**—**	**(584,296)**	**(1,080,386)**
At 31 December 2015		**605,397**	**10,139,457**	**(2,992,978)**	**635,898**	**2,066,192**	**2,066,192**	**51,174**	**(65,034)**	**(2,913)**	**13,487,613**	**25,990,998**

The notes on pages 82 to 133 form part of these consolidated financial statements.

Consolidated Cash Flow Statement

for the year ended 31 December 2015
(Expressed in RMB)

	Note	2015 RMB'000	2014 RMB'000
Operating activities			
Profit before taxation		3,523,122	2,970,328
Adjustments for:			
Finance costs		615,894	493,987
Depreciation of property, plant and equipment		553,696	483,155
Share-based payment expenses		2,714	5,514
Loss/(gain) on disposal of property, plant and equipment		10,938	(736)
Bank deposits interest income		(181,368)	(120,474)
Interest income from available-for-sale financial assets		(54,415)	(51,449)
Amortisation of prepaid lease payments		128,235	112,360
Share of profits less losses of associates		(2,070)	(3,687)
Gain on bargain purchase	31(c)	(46,688)	—
Reversal of impairment losses on trade and bills receivables		—	(9,436)
Operating cash flows before movements in working capital		4,550,058	3,879,562
(Increase)/decrease in inventories		(126,544)	544,169
Increase in trade and bills receivables		(793,564)	(147,820)
Decrease/(increase) in other receivables, deposits and prepayments		469,901	(894,710)
Increase/(decrease) in trade payables		1,650,876	(728,333)
Increase/(decrease) in bills payable		936,426	(752,090)
Increase in other payables and accrued charges		481,698	103,715
Cash generated from operations		7,168,851	2,004,493
Income tax paid	29(a)	(397,336)	(216,537)
Net cash generated from operating activities		6,771,515	1,787,956

Consolidated Cash Flow Statement

for the year ended 31 December 2015
(Expressed in RMB)

	Note	2015 RMB'000	2014 RMB'000
Investing activities			
Withdrawal/(placement) in short-term deposits		**100,140**	(126,059)
Placement in pledged bank deposits		**(1,621,210)**	(72,946)
Acquisition of subsidiaries	31	**(204,842)**	—
Payment for establishment of associates		**(1,535,000)**	—
Disposal of subsidiaries		**(2,999,519)**	—
Payment for the purchases of property, plant and equipment and prepaid lease payments		**(10,196,729)**	(8,759,776)
Bank deposits interest received		**132,507**	189,723
Payment for the purchases of financial investments		**(645,000)**	(3,960,600)
Proceeds from disposal of financial investments		**1,573,600**	1,687,000
Interest from financial investments received		**77,939**	21,507
Net cash used in investing activities		**(15,318,114)**	(11,021,151)
Financing activities			
Proceeds from new bank and other loans		**23,160,847**	13,117,863
Repayment of bank borrowings		**(11,445,102)**	(3,273,142)
Proceeds from debentures issued		**3,200,000**	1,200,000
Repayment of debentures		**(3,000,000)**	(3,200,000)
Net proceeds from open offer		**—**	3,322,040
Interest paid		**(1,549,285)**	(673,594)
Dividends paid		**(1,083,100)**	(1,177,871)
Net proceeds from exercise of share options		**—**	64,186
Net cash generated from financing activities		**9,283,360**	9,379,482
Net increase in cash and cash equivalents		**736,761**	146,287
Cash and cash equivalents at 1 January		**9,463,342**	9,317,055
Cash and cash equivalents at 31 December		**10,200,103**	9,463,342

The notes on pages 82 to 133 form part of these consolidated financial statements.

Notes to the Financial Statements

(Expressed in RMB unless otherwise indicated)

1 Corporate information

China Zhongwang Holdings Limited (the "Company") is a public limited company incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its immediate holding company is Zhongwang International Group Limited ("ZIGL"), a limited company incorporated in the British Virgin Islands. The addresses of the registered office and principal place of business of the Company are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and No. 299, Wensheng Road, Liaoyang City, Liaoning, China, respectively.

The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in the manufacturing and sales of aluminium products.

2 Significant accounting policies

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations issued by the International Accounting Standards Board ("IASB"), and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by the Group is set out below.

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2015 comprise the Group and the Group's interest in associates.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

— financial instruments classified as available-for-sale (see Note 2(f)); and

— derivative financial instruments (see Note 2(g)).

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 3.

2 Significant accounting policies (continued)

(c) Changes in accounting policies

The IASB has issued the following amendments to IFRSs that are first effective for the current accounting period of the Group.

— Amendments to IAS 19, *Employee benefits: Defined benefit plans: Employee contributions*

— *Annual Improvements to IFRSs 2010–2012 Cycle*

— *Annual Improvements to IFRSs 2011–2013 Cycle*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended IFRSs are discussed below:

Amendments to IAS 19, Employee benefits: Defined benefit plans: Employee contributions

The amendments introduce a relief to reduce the complexity of accounting for certain contributions from employees or third parties under defined benefit plans. When the contributions are eligible for the practical expedient provided by the amendments, a company is allowed to recognise the contributions as a reduction of the service cost in the period in which the related service is rendered, instead of including them in calculating the defined benefit obligation. The amendments do not have an impact on these financial statements as the Group does not operate any defined benefit plans.

Annual Improvements to IFRSs 2010–2012 Cycle and 2011–2013 Cycle

These two cycles of annual improvements contain amendments to nine standards with consequential amendments to other standards. Among them, IAS 24, *Related party disclosures* has been amended to expand the definition of a “related party” to include a management entity that provides key management personnel services to the reporting entity, and to require the disclosure of the amounts incurred for obtaining the key management personnel services provided by the management entity. These amendments do not have an impact on the Group’s related party disclosures as the Group does not obtain key management personnel services from management entities.

(d) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

In the Company’s statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (Note 2(k)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

Notes to the
Financial Statements

(Expressed in RMB unless otherwise indicated)

2 Significant accounting policies (continued)

(e) Investment in associates

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (Note 2(k)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated income statement, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of comprehensive income.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate.

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in the consolidated income statement.

In the Company's statement of financial position, investment in associates is stated at cost less impairment losses (Note 2(k)), unless classified as held for sale (or included in a disposal group that is classified as held for sale).

(f) Investments in available-for-sale financial assets

Investments in debt securities are initially stated at fair value, which is their transaction price unless it is determined that the fair value at initial recognition differs from the transaction price and that fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets. Cost includes attributable transaction costs.

Investments in debt securities which do not fall into categories of investments in securities held for trading and held-to-maturity are classified as available-for-sale financial assets. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in other comprehensive income and accumulated separately in equity in the fair value reserve. Where these investments are interest bearing, interest calculated using the effective interest method is recognised in the consolidated income statement in accordance with the policy set out in Note 2(t)(iii).

When the investments are derecognised or impaired (Note 2(k)), the cumulative gain or loss recognised in equity is reclassified to the consolidated income statement. Investments in debt securities are recognized/derecognised on the date the Group commits to purchase/sell the investments or they expire.

(g) Derivative financial instruments

Derivative financial instruments are recognised initially at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in the consolidated income statement, except where the derivatives qualify for cash flow hedge accounting, in which case recognition of any resultant gain or loss is in accordance with Note 2(h).

2 Significant accounting policies (continued)

(h) Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised liability, the effective portion of any gains or losses on remeasurement of the derivative financial instrument to fair value are recognised in other comprehensive income and accumulated separately in equity in the hedging reserve. The ineffective portion of any gain or loss is recognised immediately in the consolidated income statement.

The associated gain or loss is reclassified from equity to the consolidated income statement in the same period or periods during which the liability assumed affects the consolidated income statement (such as when interest expense is recognised).

(i) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (Note 2(k)).

Construction in progress represents property, plant and equipment under construction and equipment pending installation, and is initially recognised in the consolidated statement of financial position at cost less impairment losses (Note 2(k)). The construction in progress is transferred to property, plant and equipment when the asset is substantially ready for its intended use.

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (Note 2(w)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in the consolidated statement of comprehensive income on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value using the straight-line method over their estimated economic useful lives as follows:

	Estimated economic useful lives
Buildings	20 years
Machinery	10 to 15 years
Motor vehicles	5 years
Furniture, fixtures and equipment	5 to 10 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value are reviewed annually. No depreciation is provided in respect of construction in progress until it is completed and ready for its intended use.

(j) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to the consolidated income statement in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in the consolidated income statement as an integral part of the aggregate net lease payments made. Contingent rentals are charged to the consolidated income statement in the accounting period in which they are incurred.

Payments made on the acquisition of land held under an operating lease is stated at cost less accumulated amortisation and impairment losses (Note 2(k)). Amortisation is charged to the consolidated income statement on a straight-line basis over the period of the lease term.

2 Significant accounting policies (continued)

(k) Impairment of assets

(i) Impairment of investments in debt and equity securities and other receivables

Investments in debt and equity securities and other current and non-current receivables that are stated at cost or amortised cost or are classified as available-for-sale financial assets are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

— significant financial difficulty of the debtor;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

— a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence exists, any impairment loss is determined and recognised as follows:

— For investments in associates accounted for under the equity method in the consolidated financial statements (Note 2(e)), the impairment loss is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with Note 2(k)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with Note 2(k)(ii).

— For trade and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

  If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through the consolidated income statement. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

— For available-for-sale financial assets, the cumulative loss that has been recognised in the fair value reserve is reclassified to the consolidated income statement. The amount of the cumulative loss that is recognised in the consolidated income statement is the difference between the acquisition cost and current fair value, less any impairment loss on that asset previously recognised in the consolidated income statement.

  Impairment losses in respect of available-for-sale debt securities are reversed if the subsequent increase in fair value can be objectively related to an event occurring after the impairment loss was recognised. Reversals of impairment losses in such circumstances are recognised in the consolidated income statement.

  Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade and other receivable directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in the consolidated income statement.

2 Significant accounting policies (continued)

(k) Impairment of assets (continued)

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

— property, plant and equipment;

— prepaid lease payments; and

— Investments in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated.

— Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

— Recognition of impairment losses

An impairment loss is recognised in the consolidated income statement if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable), or value in use (if determinable).

— Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to the consolidated income statement in the year in which the reversals are recognised.

(l) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

2 Significant accounting policies (continued)

(m) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (Note 2(k)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(n) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in the consolidated income statement over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(o) Trade and other payables

Trade and other payables are initially recognised at fair value, and are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(p) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(q) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the share option reserve within equity. The fair value is measured at grant date using the binomial lattice model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the consolidated income statement for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the share option reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the share option reserve) except where forfeiture is only due to not achieving vesting conditions. The equity amount is recognised in the share option reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits).

(r) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in the consolidated income statement except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

2 Significant accounting policies (continued)

(r) Income tax (continued)

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

— in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

— in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

    — the same taxable entity; or

    — different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

Notes to the Financial Statements

(Expressed in RMB unless otherwise indicated)

2 Significant accounting policies (continued)

(s) Provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(t) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the consolidated income statement as follows:

(i) Sale of goods

Revenue is recognised when goods are delivered at the customers' premises which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

(ii) Rental income from operating leases

Rental income receivable under operating leases is recognised in the consolidated income statement in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in the consolidated income statement as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

(iii) Interest income

Interest income is recognised as it accrues using the effective interest method.

(iv) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in the consolidated income statement on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in the consolidated income statement over the useful life of the asset by way of reduced depreciation expense.

(u) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in the consolidated income statement.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into RMB at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

2 Significant accounting policies (continued)

(u) Translation of foreign currencies (continued)

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to the consolidated income statement when the profit or loss on disposal is recognised.

(v) Research and development expenditure

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

(w) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(x) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(y) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

2 Significant accounting policies (continued)

(y) Segment reporting (continued)

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 Accounting judgement and estimates

Notes 32 and 36 contain information about the assumptions and their risk factors relating to fair value of financial instruments and share options granted. Other key sources of estimation uncertainty are as follows:

(a) Depreciation

Property, plant and equipment are depreciated on a straight-line basis over the estimated economic useful lives of the relevant assets, after taking into account their estimated residual value. The Group reviews the estimated economic useful lives and residual value of the assets annually in order to determine the amount of depreciation expenses to be recorded during the periods. The useful lives are based on the Group's historical experience with similar assets taking into account anticipated technological changes. The depreciation expenses for future periods are adjusted if there are significant changes from previous estimates.

(b) Impairment on property, plant and equipment

Determining whether its property, plant and equipment are impaired requires an estimation of their recoverable amounts. The recoverable amount calculation requires the Group to estimate the future cash flows expected to arise from those assets and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. In the opinion of directors of the Company, no impairment loss on property, plant and equipment is necessary for the year ended 31 December 2015 and 2014.

(c) Impairment of receivables

In relation to trade and other receivables, a provision for impairment is made and an impairment loss is recognised in the consolidated income statement when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of the invoice. Management uses judgment in determining the probability of insolvency or significant financial difficulties of the debtor.

(d) Secured borrowings

The Group has entered into several arrangements with financial leasing institutions in which the Group sold certain equipment to these institutions and then leased back with scheduled lease payments. The Group has an option to buy back these equipment at a token price at the end of each lease term, i.e. the bargain purchase option. The aggregate carrying value of these equipment amounted to approximately RMB2,472,295,000 at 31 December 2015 (2014: RMB3,909,866,000).

In the context of IAS 17, the leaseback of these equipment results in a finance lease due to the bargain purchase option. However, considering the facts that (1) the consideration of the bargain purchase option is set at a token price, and (2) it is almost certain that the Group would exercise such option since these equipment are closely related to the business operations of the Group and their remaining estimated useful lives would be ranging from ten to fourteen years at the end of each lease term, the predetermined bargain purchase option will in effect cause the financial institution (the legal owner of the equipment) to resell the equipment back to the Group at the end of each lease term. On this basis, even though there is no legal obligation for the Group to repurchase, the repurchase is almost certain with the presence of the bargain purchase option.

3 Accounting judgement and estimates (continued)

(d) Secured borrowings(continued)

Accordingly, this indicates that these arrangements do not, in substance, involve a lease under IAS 17, instead, the sales and leaseback transaction is closely interrelated and shall be accounted for as one transaction when the overall economic effect cannot be understood without reference to the series of transactions as a whole. The substance of these arrangements are cash borrowings, secured by the underlying assets and repayable in instalments over the lease term. The information of the underlying assets and the secured loans are disclosed in Note 12 and Note 26(b)(v).

4 Revenue and segment reporting

(a) Revenue

The principal activities of the Group are manufacturing and sales of aluminium products.

Revenue represents the sales value of aluminium products sold to customers, revenue generated from financial services and metal trade agency commission. The amount of each significant category of revenue recognised during the year is as follows:

	2015 RMB'000	2014 RMB'000
Sales of aluminium products		
— industrial aluminium extrusion products	**13,046,688**	13,142,032
— deep-processed products	**1,951,524**	1,727,539
— construction products	**1,095,190**	1,045,134
Financial services	**45,263**	—
Metal trade agency commission	**32,581**	56,513
	16,171,246	15,971,218

(b) Segment reporting

Information reported to the Group's executive directors, being the chief operating decision maker, for the purpose of resources allocation and assessment of performance focuses on the type of products (i.e. aluminium extrusion products produced for construction use or industrial use, aluminium deep-processed products and aluminium flat-rolled products). Each type of product has different client base and requires different production technology. The Group's operating segments under IFRS 8 are as follows:

— aluminium extrusion products for industrial markets ("Industrial");

— aluminium deep-processed products ("Deep-processed");

— aluminium extrusion products for construction markets ("Construction"); and

— aluminium flat-rolled products ("Flat-rolled").

(i) Segment revenues and profit

During the year ended 31 December 2015, the Group changed the structure of its internal organisation in a manner that the financial information of the Deep-processed segment is separately reported to and reviewed by the chief operating decision maker as a result of the growing importance of the Deep-processed segment to the Group. The financial information of the Deep-processed segment was included in the Industrial segment during the year ended 31 December 2014 because the chief operating decision maker did not allocate resources to or assess the performance of this segment separately. As a result of the above change in internal organisation in 2015, the corresponding figures of segment reporting for the year ended 31 December 2014 were restated to reflect the separation of Deep-processed segment from the Industrial segment.

4 Revenue and segment reporting (continued)

(b) Segment reporting (continued)

(i) Segment revenues and profit (continued)

The following is an analysis of the Group's revenue and profit by operating segment.

	Segment revenue	
	2015 RMB'000	2014 RMB'000
Industrial:		
— Revenue from external customers	**13,046,688**	13,142,032
— Inter-segment sales	**1,250,563**	1,016,244
Deep-processed	**1,951,524**	1,727,539
Construction	**1,095,190**	1,045,134
Others	**77,844**	56,513
	17,421,809	16,987,462
Elimination of inter-segment revenue	**(1,250,563)**	(1,016,244)
Total	**16,171,246**	15,971,218

	Segment profit	
	2015 RMB'000	2014 RMB'000
Industrial	**4,562,744**	3,778,302
Deep-processed	**634,971**	549,503
Construction	**50,061**	85,452
Others	**77,222**	56,337
	5,324,998	4,469,594
Elimination of unrealised inter-segment profits	**(4,975)**	(2,425)
Total	**5,320,023**	4,467,169
Investment income and other income	**408,635**	410,281
Selling and distribution costs	**(136,305)**	(155,733)
Administrative and other operating expenses	**(1,455,407)**	(1,261,089)
Share of profits less losses of associates	**2,070**	3,687
Finance costs	**(615,894)**	(493,987)
Profit before taxation	**3,523,122**	2,970,328
Income tax	**(718,141)**	(493,308)
Profit for the year	**2,804,981**	2,477,020

Segment profit represents gross profit earned by each segment. This is the measure reported to the Group's chief operating decision maker for the purpose of resources allocation and performance assessment.

4 Revenue and segment reporting (continued)

(b) Segment reporting (continued)

(ii) Segment assets and liabilities

The following is an analysis of the Group's assets by operating segment, which is also the information presented to the chief operating decision maker:

	2015 RMB'000	2014 RMB'000
Industrial	16,773,652	12,256,620
Deep-processed	1,024,382	688,921
Construction	264,412	246,477
Flat-rolled	29,443,366	19,734,800
Unallocated assets		
— Property, plant and equipment	1,722,060	1,801,527
— Prepaid lease payments	57,552	58,626
— Available-for-sale financial assets	1,351,418	2,303,542
— Interest in associates	2,707,564	60,494
— Deferred tax assets	77,322	40,556
— Inventories	1,955,975	2,838,083
— Other receivables, deposits and prepayments	2,527,821	2,508,968
— Pledged bank deposits	3,269,180	1,641,400
— Short-term deposits	25,919	126,059
— Cash and cash equivalents	10,200,103	9,463,342
Total assets	71,400,726	53,769,415

For the purpose of monitoring segment performances and allocating resources between segments:

All assets are allocated to operating segments other than certain property, plant and equipment, certain prepaid lease payments, available-for-sale financial assets, interest in associates, deferred tax assets, certain raw materials and certain work in progress included in inventories, certain other receivables, deposits and prepayments, pledged bank deposits, short-term deposits, and cash and cash equivalents which are commonly used by all segments or used for corporate operation.

Segment assets mainly comprise of certain property, plant and equipment, prepaid lease payments, inventories, trade and bills receivables, and other receivables, deposits and prepayments that can be identified to a particular operating segment.

No segment liability information is presented since the liabilities of each reportable segment are not reported or provided to the Group's chief operating decision maker regularly.

4 Revenue and segment reporting (continued)

(b) Segment reporting (continued)

(iii) Other segment information

Amounts included in the measure of segment profit or segment assets for the year ended 31 December 2015:

	Industrial RMB'000	Deep-processed RMB'000	Construction RMB'000	Flat-rolled RMB'000	Unallocated RMB'000	Consolidated RMB'000
Additions to property, plant and equipment	**3,020,526**	**32,466**	**—**	**9,487,285**	**107,528**	**12,647,805**
Additions to prepaid lease payments	**480,844**	**200,515**	**—**	**272,910**	**—**	**954,269**
Additions to deposits for acquisition of property, plant and equipment and prepaid lease	**160,172**	**—**	**—**	**4,828,572**	**—**	**4,988,744**
Depreciation of property, plant and equipment	**351,253**	**17,423**	**44,101**	**—**	**140,919**	**553,696**
Amortisation of prepaid lease payments	**87,323**	**1,501**	**—**	**38,337**	**1,074**	**128,235**
Loss on disposal of property, plant and equipment	**10,715**	**—**	**—**	**—**	**223**	**10,938**

Amounts included in the measure of segment profit or segment assets for the year ended 31 December 2014:

	Industrial RMB'000	Deep-processed RMB'000	Construction RMB'000	Flat-rolled RMB'000	Unallocated RMB'000	Consolidated RMB'000
Additions to property, plant and equipment	2,512,949	49,927	—	9,739,501	33,290	12,335,667
Additions to prepaid lease payments	408,965	—	—	—	—	408,965
Additions to deposits for acquisition of property, plant and equipment and prepaid lease	392,723	—	—	2,870,385	—	3,263,108
Depreciation of property, plant and equipment	271,140	14,604	55,258	—	142,153	483,155
Amortisation of prepaid lease payments	80,227	—	—	31,059	1,074	112,360
Reversal of impairment losses on trade receivables	—	—	9,436	—	—	9,436
Gain on disposal of property, plant and equipment	—	—	—	—	736	736

4 Revenue and segment reporting (continued)

(b) Segment reporting (continued)

(iv) Geographical information

The management has categorised the revenue by location of customers as follows:

	2015 RMB'000	2014 RMB'000
People's Republic of China ("PRC")	13,798,214	13,793,620
United States of America	1,781,549	1,864,181
Germany	151,551	109,393
United Kingdom	92,401	41,053
Others	347,531	162,971
	16,171,246	15,971,218

Nearly all non-current assets of the Group are located in the PRC.

(v) Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	2015 RMB'000	2014 RMB'000
Customer A*	1,785,516	1,848,782
Customer B**	1,747,343	Note
Customer C**	1,642,799	1,626,298

Note: The corresponding revenue did not contribute over 10% of the total revenue of the Group.

* Revenue from Industrial and Deep-processed segment.

** Revenue from Industrial segment.

5 Investment income

	2015 RMB'000	2014 RMB'000
Bank deposits interest income	**181,368**	120,474
Interest income from available-for-sale financial assets	**54,415**	51,449
	235,783	171,923

6 Other income

	2015 RMB'000	2014 RMB'000
Government subsidies (Note)	**205,374**	179,251
Sales of equipment	**177,051**	173,911
Cost of sales of equipment	**(149,740)**	(153,342)
Rental income	**167**	160
Gain on bargain purchase (Note 31(c))	**46,688**	—
Gain on sales of scrap materials, consumables and moulds	**30,478**	16,363
(Loss)/gain on disposal of property, plant and equipment	**(10,938)**	736
Exchange (loss)/gain	**(126,228)**	21,279
	172,852	238,358

Note: The amounts mainly represent subsidies received from the Finance Bureau and other government departments of Liaoyang City, Daqing City, Panjin City and Dalian City as incentive payments for the Group's achievements and contribution to the local community and to subsidise the Group's expenditure in technological research and market development.

7 Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

	2015 RMB'000	2014 RMB'000
(a) Finance costs		
Interests on bank loans and other borrowings	1,291,697	788,147
Less: Interest expense capitalised into property, plant and equipment, and deposits for acquisition of property, plant and equipment*	(711,093)	(306,657)
	580,604	481,490
Interest rate swaps: cash flow hedges, reclassified from equity (Note 10(b))	35,290	12,497
Total finance costs	615,894	493,987

* The borrowing costs have been capitalised at an average interest rate of 4.31% per annum (2014: 4.19%).

	2015 RMB'000	2014 RMB'000
(b) Staff costs #		
Staff costs (including directors' emoluments):		
— Salaries and other benefits	991,983	732,512
— Contributions to defined contribution retirement plan	61,300	43,036
— Equity-settled share-based payment expenses	2,714	5,514
	1,055,997	781,062
(c) Other items		
Amortisation of prepaid lease payments (Note 13) #	128,235	112,360
Depreciation of property, plant and equipment (Note 12) #	553,696	483,155
Reversal of impairment losses on trade receivables (Note 18(b))	—	(9,436)
Operating lease charges in respect of office premises	70,027	45,884
Auditors' remuneration		
— Audit services	8,000	4,800
— Other services	—	200
Research and development costs	505,463	507,689
Cost of inventories recognised as an expense #	10,851,223	11,504,049

Cost of inventories recognised as an expense includes approximately RMB1,024,097,000 (2014: RMB945,785,000) relating to staff costs, depreciation and amortisation expenses, which amount is also included in the respective total amounts disclosed separately above or in Note 7(b) for each of these type of expenses.

8 Income tax

(a) Taxation in the consolidated statement of comprehensive income represents:

	2015 RMB'000	2014 RMB'000
Current tax — PRC tax		
Provision for the year	486,313	357,792
(Over)/under-provision in respect of prior years	(49)	9
Withholding tax on intra-group interest income	16,538	12,794
	502,802	370,595
Deferred taxation (Note 29(b))	215,339	122,713
Total income tax	718,141	493,308

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2015 RMB'000	2014 RMB'000
Profit before taxation	3,523,122	2,970,328
Notional tax on profit before taxation, calculated at the PRC income tax rate of 25%	880,781	742,582
Tax effect of differential tax rate (Note (i))	184,575	31,993
Effect of PRC preferential tax rate (Note (ii))	(284,942)	(234,298)
Tax effect of non-deductible expenses	11,769	2,556
Tax effect of non-taxable income	(518)	(922)
Tax relief related to additional tax deduction on research and development costs incurred	(62,507)	(63,461)
Tax effect of tax losses not recognised	42,255	49,111
Tax effect of utilisation of previously unrecognised tax losses	(10,696)	(1,363)
Tax effect of intra-group interest income	(42,527)	(32,899)
(Over)/under-provision in respect of prior years	(49)	9
Actual tax expense	718,141	493,308

Note:

(i) The provision for PRC current income tax is based on a statutory income tax rate of 25% of the assessable income of the Group as determined in accordance with the relevant income tax rules and regulations of the PRC, except for the Company and certain subsidiaries of the Group incorporated in countries other than the PRC are subject to income tax rates ranging from 0% to 40% pursuant to the rules and regulations of their respective countries of incorporation.

(ii) On 11 November 2013, Liaoning Zhongwang Group Company Limited ("Liaoning Zhongwang") was recognised as a High and New Technology Enterprise by Liaoning provincial government. This entitled Liaoning Zhongwang to pay PRC income tax at a 15% preferential income tax rate for a period of three years from 2013 to 2015.

9 Directors' and senior managements' emoluments

	2015 RMB'000	2014 RMB'000
Directors' emoluments		
Salaries and other benefits	8,673	8,844
Retirement benefit scheme contributions	63	29
Employee share option benefits	706	1,435
	9,442	10,308

The emoluments of this one (2014: two) senior management is within the following bands:

	2015 Number of individuals	2014 Number of individuals
RMB1,500,001–RMB2,000,000	1	2

Directors' emoluments during each of the years ended 31 December 2015 and 2014 are analysed as follows:

	2015				2014			
	Salaries and other benefits RMB'000	Retirement benefit scheme contributions RMB'000	Share-based payments RMB'000	Total RMB'000	Salaries and other benefits RMB'000	Retirement benefit scheme contributions RMB'000	Share-based payments RMB'000	Total RMB'000
Name of directors			(Note(i))				(Note(i))	
Executive directors:								
Mr. Liu Zhongtian	2,006	6	—	2,012	2,004	6	—	2,010
Ms. Zhong Hong	1,504	1	121	1,626	1,504	6	245	1,755
Mr. Chen Yan	1,506	6	121	1,633	1,504	6	245	1,755
Mr. Lu Changqing	1,551	44	121	1,716	1,528	5	245	1,778
Mr. Gou Xihui	1,506	6	199	1,711	1,504	6	404	1,914
Independent non-executive directors:								
Mr. Wong Chun Wa	200	—	36	236	200	—	74	274
Mr. Wen Xianjun (Note (ii))	—	—	36	36	200	—	74	274
Mr. Shi Ketong	200	—	36	236	200	—	74	274
Mr. Lo Wa Kei, Roy	200	—	36	236	200	—	74	274
Total	8,673	63	706	9,442	8,844	29	1,435	10,308

Note:

(i) These represent the estimated value of share options granted to the directors under the Company's share option scheme. The value of these share options is measured according to the Group's accounting policies for share-based payment transactions as set out in Note 2(q)(ii). The details of these benefits in kind, including the principal terms and number of options granted, are disclosed in Note 36.

(ii) The Group's independent non-executive director Mr. Wen Xianjun has waived his salaries and other benefits amounting to RMB200,000 for the year ended 31 December 2015.

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9 Directors' and senior managements' emoluments (continued)

For each of the years ended 31 December 2015 and 2014, all five highest paid individuals are the directors of the Group whose emoluments are included in the disclosure set out above.

During each of the years ended 31 December 2015 and 2014, no emoluments was paid by the Group to any of the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

10 Other comprehensive income

(a) Tax effects relating to each component of other comprehensive income

	2015	2014
	RMB'000	RMB'000
Exchange differences arising on translation of financial statements of overseas subsidiaries (before and after tax)	**(60,489)**	24
Cash flow hedge: net movement in hedging reserve (before and after tax)	**(1,700)**	(1,213)
Other comprehensive income	**(62,189)**	(1,189)

(b) Components of other comprehensive income, including reclassification adjustments

	2015	2014
	RMB'000	RMB'000
Cash flow hedge:		
Effective portion of changes in fair value of hedging instruments recognised during the year	**(36,990)**	(13,710)
Reclassification adjustments for amounts transferred to the consolidated income statement (Note 7(a))	**35,290**	12,497
Net movement in the hedging reserve during the year recognised in other comprehensive income	**(1,700)**	(1,213)

11 Earnings per share

The calculation of the basic and diluted earnings per share is based on the consolidated profit attributable to the equity shareholders of the Company for each of the years ended 31 December 2015 and 2014 and on the number of shares as follows:

	2015 RMB'000	2014 RMB'000
Profit attributable to equity shareholders of the Company	2,804,981	2,477,020

	2015 '000	2014 '000
Number of shares		
Weighted average number of ordinary shares	5,449,472	5,435,176
Weighted average number of convertible preference shares	1,619,126	1,494,946
Weighted average number of shares for the purpose of basic earnings per share	7,068,598	6,930,122
Effect of dilutive potential ordinary shares:		
— Share options issued by the Company	—	4,484
Weighted average number of shares for the purpose of diluted earnings per share	7,068,598	6,934,606
Earnings per share		
Basic (RMB)	0.40	0.36
Diluted (RMB)	0.40	0.36

The computation of diluted earnings per share does not assume the exercise of certain share options because they are antidilutive for each of the years ended 31 December 2015 and 2014.

12 Property, plant and equipment

	Note	Buildings	Machinery	Motor vehicles	Furniture, fixtures and equipment	Construction in progress	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost							
At 1 January 2014		1,088,008	7,534,688	106,623	56,112	1,436,087	10,221,518
Transfer in/(out)		74,634	237,174	—	—	(311,808)	—
Additions		—	108,828	14,830	10,708	6,006,817	6,141,183
Transfer from deposits for acquisition of property, plant and equipment		—	—	—	—	6,194,484	6,194,484
Disposals		—	—	(2,285)	—	—	(2,285)
At 31 December 2014		1,162,642	7,880,690	119,168	66,820	13,325,580	22,554,900
At 1 January 2015		1,162,642	7,880,690	119,168	66,820	13,325,580	22,554,900
Transfer in/(out)		900,034	2,073,625	4,983	13,727	(2,992,369)	—
Additions		—	44,342	10,773	20,083	4,791,310	4,866,508
Transfer from deposits for acquisition of property, plant and equipment		—	—	—	—	7,578,029	7,578,029
Disposals		—	(65,814)	(6,890)	(2,177)	—	(74,881)
Addition through acquisition of subsidiaries	31(b)	17,383	5,710	—	11,046	169,129	203,268
Disposal of a subsidiary		—	—	(1,806)	(12,543)	—	(14,349)
At 31 December 2015		**2,080,059**	**9,938,553**	**126,228**	**96,956**	**22,871,679**	**35,113,475**
Accumulated depreciation and impairment							
At 1 January 2014		266,215	2,593,678	52,927	36,194	—	2,949,014
Charge for the year		51,322	409,496	16,763	5,574	—	483,155
Written back on disposals		—	—	(1,444)	—	—	(1,444)
At 31 December 2014		317,537	3,003,174	68,246	41,768	—	3,430,725
At 1 January 2015		317,537	3,003,174	68,246	41,768	—	3,430,725
Charge for the year		70,499	457,190	17,052	8,955	—	553,696
Written back on disposals		—	(36,888)	(6,115)	(1,958)	—	(44,961)
Addition through acquisition of subsidiaries	31(b)	2,592	822	—	77	—	3,491
Disposal of a subsidiary		—	—	(233)	(1,451)	—	(1,684)
At 31 December 2015		**390,628**	**3,424,298**	**78,950**	**47,391**	**—**	**3,941,267**
Net book value							
At 31 December 2015		**1,689,431**	**6,514,255**	**47,278**	**49,565**	**22,871,679**	**31,172,208**
At 31 December 2014		845,105	4,877,516	50,922	25,052	13,325,580	19,124,175

At 31 December 2015, certain of the Group's machineries with a carrying amount of approximately RMB3,564,185,000 (2014: RMB3,909,866,000) were used to secure the Group's borrowings (see Note 3(d), Note 26(b)(iii), Note 26(b)(iv) and Note 26(b)(v)).

13 Prepaid lease payments

Lease prepayments comprise interests in leasehold land held for own use under operating leases located in the PRC as follows:

	Note	2015 RMB'000	2014 RMB'000
Cost			
At 1 January		5,546,199	5,137,234
Additions		175,574	162,610
Transfer from deposits for acquisition of prepaid lease		330,450	246,355
Addition through acquisition of subsidiaries	31(b)	448,245	—
At 31 December		6,500,468	5,546,199
Accumulated amortisation			
At 1 January		319,154	206,794
Charge for the year		128,235	112,360
Addition through acquisition of subsidiaries	31(b)	14,759	—
At 31 December		462,148	319,154
Net book value			
At 31 December		6,038,320	5,227,045
Analysed for reporting purpose:			
Current assets		128,589	111,753
Non-current assets		5,909,731	5,115,292

At 31 December 2015, certain of the Group's land use rights with a carrying amount of approximately RMB1,441,519,000 (2014: Nil) were used to secure the Group's borrowings (Note 26(b)(iii)).

(Expressed in RMB unless otherwise indicated)

14 Interest in subsidiaries

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Name of company	Place of incorporation/ establishment	Form of business structure	Place of operation	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiaries	Issued and fully paid share capital/ registered capital	Principal activities
Liaoning Zhongwang Group Company Limited* 遼寧忠旺集團有限公司	The PRC	Wholly foreign owned enterprise	The PRC	100%	—	100%	USD2,233,000,000	Manufacturing of aluminium products
Zhongwang China Investment Limited	British Virgin Islands	Incorporated	Hong Kong	100%	100%	—	USD2.00	Investment holding
Zhongwang China Investment (HK) Limited	Hong Kong	Incorporated	Hong Kong	100%	—	100%	HKD2.00	Investment holding and trading of aluminium products
Zhongwang Aluminium Company Limited* 忠旺鋁業有限公司	The PRC	Domestic Limited Liability Company ("DLLC")	The PRC	100%	—	100%	RMB300,000,000	Investment holding and trading of aluminium products and other materials
Liaoning Zhongwang Aluminium Company Limited* 遼寧忠旺鋁業有限公司**	The PRC	DLLC	The PRC	100%	—	100%	RMB20,650,000,000	Investment holding and manufacturing of aluminium products
Daqing Zhongwang Aluminium Company Limited* 大慶忠旺鋁業有限公司**	The PRC	DLLC	The PRC	100%	—	100%	RMB230,000,000	Manufacturing of aluminium products
Yingkou Zhongwang Aluminium Company Limited* 營口忠旺鋁業有限公司	The PRC	DLLC	The PRC	100%	—	100%	RMB200,000,000	Manufacturing of aluminium products
Panjin Zhongwang Aluminium Company Limited* 盤錦忠旺鋁業有限公司**	The PRC	DLLC	The PRC	100%	—	100%	RMB200,000,000	Manufacturing of aluminium products

(Expressed in RMB unless otherwise indicated)

14 Interest in subsidiaries (continued)

Name of company	Place of incorporation/ establishment	Form of business structure	Place of operation	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiaries	Issued and fully paid share capital/ registered capital	Principal activities
Tianjin Zhongwang Aluminium Company Limited* 天津忠旺鋁業有限公司**	The PRC	DLLC	The PRC	100%	—	100%	RMB20,000,000,000	Manufacturing of aluminium products
Liaoning Zhongwang Mechanical Equipment Manufacturing Company Limited* 遼寧忠旺機械設備製造有限公司	The PRC	DLLC	The PRC	100%	—	100%	RMB50,000,000	Manufacturing of machinery
Liaoning Zhongwang Import & Export Trade Company Limited* 遼寧忠旺進出口貿易有限公司	The PRC	DLLC	The PRC	100%	—	100%	RMB100,000,000	Trading of aluminium products, ingots, rods and other materials
Zhongwang Import & Export Trade Company Limited* 忠旺進出口有限公司	The PRC	DLLC	The PRC	100%	—	100%	RMB1,000,000,000	Trading of aluminium ingots, rods and other materials
Liaoning Zhongwang Advanced Aluminium Alloy Processing Company Limited* 遼寧忠旺鋁合金精深加工有限公司**	The PRC	DLLC	The PRC	100%	—	100%	RMB200,000,000	Manufacturing of aluminium products
Liaoning Zhongwang Special Vehicle Manufacturing Company Limited* 遼寧忠旺特種車輛製造有限公司	The PRC	DLLC	The PRC	100%	—	100%	RMB200,000,000	Manufacturing of Special Vehicle and Parts

*   The English translations of the names of these companies are for reference only. The official names of these companies are in Chinese.
**   These companies have not commenced operation at 31 December 2015.

Notes to the Financial Statements

(Expressed in RMB unless otherwise indicated)

15 Interest in associates

The following list contains only the particulars of material associates, all of which are unlisted corporate entities whose quoted market price is not available:

Name of company	Place of establishment and business	Form of business structure	Proportion of ownership interest: Group's effective interest	Proportion of ownership interest: Held by a subsidiary	Registered Capital	Principal activities
Beijing Zhongwang Huarong Investment Company Limited* ("Zhongwang Huarong") 北京忠旺華融投資有限公司	The PRC	DLLC	20%	20%	RMB2,700,000,000	Investment holding (Note (i))
Beijing Zhongwang Xinda Investment Company Limited* ("Zhongwang Xinda") 北京忠旺信達投資有限公司	The PRC	DLLC	20%	20%	RMB2,800,000,000	Investment holding (Note (i))
Zhongwang Group Finance Limited* ("Zhongwang Finance Company") 忠旺集團財務有限公司	The PRC	DLLC	35%	35%	RMB3,000,000,000	Financial information consulting (Note (i))
Liaoning Wanning Import & Export Trade Company Limited* ("Liaoning Wanning") 遼寧萬寧進出口貿易有限公司	The PRC	DLLC	30%	30%	RMB500,000,000	Trading of metal materials (Note (ii))

* The English translation of the names of these companies are for reference only. The official names of these companies are in Chinese.

Note:

(i) In September 2015, the Group disposed of 80% equity interest in each of Zhongwang Huarong and Zhongwang Xinda at a consideration amounting to RMB80,000,000 and RMB160,000,000, respectively. The Group retains 20% equity interest in Zhongwang Huarong and Zhongwang Xinda, respectively, and they become associates of the Group after disposal.

In December 2015, the Group disposed of 32% and 33% equity interest in Zhongwang Finance Company to Zhongwang Xinda and Zhongwang Huarong, respectively, at considerations aggregated amounting to RMB1,950,000,000, of which RMB250,000,000 was for setting-off the amount owed by the Group to Zhongwang Xinda and Zhongwang Huarong. The Group retains 35% equity interest in Zhongwang Finance Company and Zhongwang Finance Company becomes an associate of the Group after disposal.

Zhongwang Huarong, Zhongwang Xinda and Zhongwang Finance Company are strategic partners for the Group in developing the financial service business.

(ii) The investment in Liaoning Wanning enables the Group to widen its customer base in metal materials trading market.

All of the above associates are accounted for using the equity method in the consolidated financial statements.

15 Interest in associates (continued)

Summarised financial information of the material associates, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

	Zhongwang Huarong		Zhongwang Xinda		Zhongwang Finance Company		Liaoning Wanning	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Gross amounts of the associates'								
Current assets	**2,600,007**	—	**2,650,177**	—	**4,029,513**	—	**13,391,420**	—
Non-current assets	**1,200,700**	—	**1,124,500**	—	**12,665**	—	**—**	—
Current liabilities	**1,100,707**	—	**974,677**	—	**1,042,178**	—	**12,890,644**	—
Equity	**2,700,000**	—	**2,800,000**	—	**3,000,000**	—	**500,776**	—
Revenue	**—**	—	**—**	—	**—**	—	**4,714,470**	—
Profit from continuing operations	**—**	—	**—**	—	**—**	—	**776**	—
Total comprehensive income	**—**	—	**—**	—	**—**	—	**776**	—
Reconciled to the Group's interests in the associates								
Gross amounts of net assets of the associate	**2,700,000**	—	**2,800,000**	—	**3,000,000**	—	**500,776**	—
Group's effective interest	**20%**	N/A	**20%**	N/A	**35%**	N/A	**30%**	N/A
Group's share of net assets of the associate	**540,000**	—	**560,000**	—	**1,050,000**	—	**150,233**	—
Carrying amount in the consolidated financial statements	**540,000**	—	**560,000**	—	**1,050,000**	—	**150,233**	—

Aggregate information of associates that are not individually material:

	2015	2014
	RMB'000	RMB'000
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	**407,331**	60,494
Aggregate amounts of the Group's share of those associates'		
Profit from continuing operations	**1,837**	3,687
Total comprehensive income	**1,837**	3,687

16 Deposits for acquisition of property, plant and equipment and prepaid lease

	2015 RMB'000	2014 RMB'000
Deposits for acquisition of property, plant and equipment (Note)	**6,337,532**	8,932,875
Deposits for acquisition of prepaid lease	**6,058**	330,450
	6,343,590	9,263,325

Note: Included in deposits for acquisition of property, plant and equipment are deposits paid to three suppliers of equipment for production of aluminium flat-rolled products amounting to approximately RMB4,806,971,000 (2014: RMB7,301,248,000).

17 Inventories

	2015 RMB'000	2014 RMB'000
Raw materials	**1,942,195**	2,319,109
Work in progress	**711,043**	580,733
Finished goods	**673,163**	292,567
	3,326,401	3,192,409

18 Trade and bills receivables

All of the trade and bills receivables are expected to be recovered within one year.

(a) Ageing analysis

As of the end of the reporting periods, the ageing analysis of trade and bills receivables based on the invoice date and net of allowance for doubtful debts, is as follows:

	2015 RMB'000	2014 RMB'000
0 to 90 days	**995,764**	653,307
91 to 180 days	**305,509**	69,870
Over 180 days	**132,391**	94,923
	1,433,664	818,100

For the year ended 31 December 2015, the Group allows an average credit period of 90 days (2014: 90 days) for domestic sales and an average credit period of 180 days (2014:180 days) for overseas sales. Further details on the Group's credit policy are set out in Note 32(a).

18 Trade and bills receivables (continued)

(b) Impairment of trade and bills receivables

Impairment losses in respect of trade and bills receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade and bills receivables directly (Note 2(k)).

The movement in the allowance for bad and doubtful debts during the year is as follows:

	2015 RMB'000	2014 RMB'000
At 1 January	—	9,436
Reversal of impairment losses	—	(9,436)
At 31 December	—	—

At 31 December 2015, no trade and bills receivables was individually determined to be impaired (2014: nil). Consequently, no specific allowances of doubtful debts was recognised (2014: nil).

(c) Trade and bills receivables that are not impaired

The ageing analysis of trade and bills receivables that are neither individually nor collectively considered to be impaired is as follows:

	2015 RMB'000	2014 RMB'000
Neither past due nor impaired	1,173,226	673,393
Less than 3 months past due	134,489	49,784
More than 3 months but less than 12 months past due	79,731	54,795
Over 12 months past due	46,218	40,128
	260,438	144,707
	1,433,664	818,100

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired related to a number of independent customers that have a good track record with the Group. As there has not been a significant change in credit quality, the directors considered these amounts are still recoverable and there is no further credit provision required in excess of the allowance for doubtful debts. The Group does not hold any collateral over these balances.

19 Other receivables, deposits and prepayments

At 31 December 2015, included in other receivables, deposits and prepayments of the Group are deductible value added tax amounting to approximately RMB2,972,722,000 (2014: RMB1,492,382,000), and consideration receivable arising from disposal of subsidiaries amounting to RMB1,940,000,000, which has been received after the reporting date.

All of the other receivables, deposits and prepayments are expected to be recovered or recognised as expenses within one year.

20 Pledged bank deposits

The Group pledged bank deposits as collateral in respect of issuance of bills and letters of credit by the Group and to secure the Group's bank loans (Note 24, Note 26(a) and Note 26(b)). The pledged bank deposits will be released upon the settlement of relevant payables and bank loans.

21 Available-for-sale financial assets

	2015 RMB'000	2014 RMB'000
Unlisted financial products, at fair value (Note 32(e))	**1,351,418**	2,303,542
Analysed for reporting purpose:		
Current assets	**1,351,418**	1,602,382
Non-current assets	**—**	701,160
	1,351,418	2,303,542

At 31 December 2015, the financial products held by the Group generate annual target return rate ranged from 4.35% to 6.05% (2014: 3.80% to 6.05%).

At 31 December 2015, all of the Group's available-for-sale financial assets (2014: certain of the Group's available-for-sale financial assets with a carrying amount of approximately RMB1,495,388,000) were used to secure the Group's bank loans (Note 26(a)(i) and Note 26(b)(ii)).

22 Short-term deposits and cash and cash equivalents

Short-term deposits are fixed deposits with banks with an original maturity of more than three months but not more than one year.

Cash and cash equivalents comprise cash held by the Group with an original maturity of three months or less. At 31 December 2015, included in cash and cash equivalents of the Group were fixed deposits of RMB30,000,000 (2014: RMB138,004,000) with an original maturity of three months or less.

23 Trade payables

All the trade payables are expected to be settled within one year or are repayable on demand. The following is an ageing analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2015 RMB'000	2014 RMB'000
0 to 90 days	**1,672,120**	133,729
91 to 180 days	**675,500**	241,784
181 days to 1 year	**58,183**	378,349
	2,405,803	753,862

24 Bills payable

At 31 December 2015, all the bills payable are repayable within 365 days (2014: 180 days) and are denominated in Renminbi.

At 31 December 2015, bills payable amounting to RMB786,356,000 (2014: RMB592,430,000) was secured by deposits placed in banks with an aggregate carrying value of RMB364,400,000 (2014: RMB192,430,000).

25 Other payables and accrued charges

All of the other payables and accrued charges are expected to be settled or recognised as revenue within one year or are repayable on demand.

Included in other payables and accrued charges of the Group were approximately RMB1,991,686,000 (2014: RMB2,318,904,000) owed to suppliers who have supplied production machineries and contractors who have provided construction services to the Group.

26 Bank and other loans

(a) Short-term bank and other loans are analysed as follows:

	2015 RMB'000	2014 RMB'000
Bank loans:		
— Secured by certain financial assets (Note (i))	1,950,154	1,223,800
— Guaranteed by subsidiaries	324,680	305,949
— Guaranteed by related parties	1,000,000	—
— Unguaranteed and unsecured	2,564,680	3,934,520
Loans from an associate:		
— Unguaranteed and unsecured	992,010	—
	6,831,524	5,464,269
Add:		
— Current portion of long-term bank and other loans	5,100,774	2,261,647
— Non-current portion of long-term bank loans repayable on demand (Note (ii) and Note 26(b))	500,000	1,172,501
	12,432,298	8,898,417

Note:

(i) At 31 December 2015, a short-term bank loan with notional principle of United States Dollars ("USD") 200,000,000 (equivalent to approximately RMB1,298,720,000) is secured by pledged bank deposits of RMB1,330,100,000; another short-term bank loan with notional principle of Hong Kong Dollars ("HKD") 777,546,000 (equivalent to approximately RMB651,434,000) is secured by available-for-sale financial assets of RMB650,124,000. At 31 December 2014, a short-term bank loan with notional principle of USD200,000,000 (equivalent to approximately 1,223,800,000) is secured by bank deposits of RMB518,950,000 and available-for-sale financial assets of RMB794,228,000 (Note 20 and Note 21).

(ii) At 31 December 2015, a long-term bank loan with principal amount of RMB500,000,000 contains clauses which give the lenders unconditional rights to demand immediate repayment of the loans at any time. At 31 December 2014, some of the Group's long-term bank loans with principle amount of HKD1,486,248,000 (equivalent to approximately RMB1,172,501,000) contain clauses which give the lenders unconditional rights to demand immediate repayment of the loans at any time.

26 Bank and other loans (continued)

(b) Long-term bank and other loans are analysed as follows:

	2015 RMB'000	2014 RMB'000
Bank loans:		
— Secured by bank deposits (Note (i))	973,766	446,113
— Secured by certain financial assets (Note (ii))	771,413	726,388
— Guaranteed by subsidiaries	5,519,560	4,283,300
— Guaranteed by subsidiaries and secured by prepaid lease payments and property, plant and equipment (Note (iii))	9,567,546	—
— Guaranteed by related parties	649,360	2,111,900
— Guaranteed by a related party and secured by property, plant and equipment (Note (iv))	665,640	—
— Unguaranteed and unsecured	4,940,000	2,390,000
Other loans:		
— Secured by property, plant and equipment (Note (v))	1,174,635	2,964,263
— Unguaranteed and unsecured	800,000	800,000
	25,061,920	13,721,964
Less:		
— Current portion of long-term bank and other loans	(5,100,774)	(2,261,647)
— Non-current portion of long-term bank loans repayable on demand (Note 26(a))	(500,000)	(1,172,501)
	19,461,146	10,287,816

Note:

(i) At 31 December 2015, current portion of long-term bank loan with notional principle of HKD565,488,000 (approximately RMB473,766,000) (2014: HKD565,488,000, equivalent to approximately RMB446,113,000) is secured by pledged bank deposits of RMB460,000,000 (2014: RMB460,000,000), another long-term bank loan with notional principal of RMB500,000,000 (2014: nil) is secured by pledged bank deposits of RMB480,307,000 (2014: nil) (Note 20).

(ii) At 31 December 2015, a long-term bank loan with notional principle of HKD920,760,000 (approximately RMB771,413,000) (2014: HKD920,760,000, equivalent to approximately RMB726,388,000) is secured by available-for-sale financial assets of RMB701,294,000 (31 December 2014: RMB701,160,000) (Note 21).

(iii) At 31 December 2015, a long-term bank loan is guaranteed by subsidiaries and secured by certain land use rights and property, plant and equipment of the Group (Note 12 and Note 13). The aggregate carrying value of the secured land use rights and property, plant and equipment amounted to approximately RMB1,441,519,000 and RMB176,290,000, respectively, at 31 December 2015 (2014: nil).

(iv) At 31 December 2015, a long-term bank loan is guaranteed by a related party and secured by certain property, plant and equipment of the Group (Note 12). The aggregate carrying value of the secured property, plant and equipment amounted to approximately RMB915,600,000 at 31 December 2015 (2014: nil).

(v) At 31 December 2015, some long-term loans from financial leasing institutions are secured by certain property, plant and equipment of the Group (Note 3(d) and Note 12). The aggregate carrying value of the secured property, plant and equipment amounted to approximately RMB2,472,295,000 at 31 December 2015 (2014: RMB3,909,866,000).

26 Bank and other loans (continued)

(b) Long-term bank and other loans are analysed as follows: (continued)

The long term bank and other loans are repayable as follows:

	2015 RMB'000	2014 RMB'000
Within 1 year or on demand	**5,600,774**	3,434,148
After 1 year but within 2 years	**4,544,326**	3,685,232
After 2 years but within 5 years	**5,349,274**	6,602,584
After 5 years	**9,567,546**	—
	25,061,920	13,721,964

All of the long-term bank and other loans, including the non-current portion of long-term bank loans repayable on demand, are carried at amortised cost and are not expected to be settled within one year.

Certain of the Group's banking facilities are subject to the fulfilment of covenants relating to the Group's balance sheet ratios, shareholdings of the Company or remaining listed in major stock exchange, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants the drawn down facilities would become payable on demand. In addition, as disclosed in Note 26(a), some of the Group's long-term bank loan agreements contain clauses which give the lender the right at its sole discretion to demand immediate repayment at any time irrespective of whether the Group has complied with the covenants and met the scheduled repayment obligations.

The Group regularly monitors its compliance with these covenants, the Group is up to date with the scheduled repayments of the long-term bank loans and does not consider it probable that the banks will exercise their discretion to demand repayment for so long as the Group continues to meet these requirements. At 31 December 2015, none of the covenants relating to drawn down facilities had been breached (2014: nil).

Details of the Group's management of liquidity risk are set out in Note 32(b).

27 Debentures

During the year ended 31 December 2012, the Group issued unsecured debentures of RMB2,000,000,000 and RMB1,000,000,000 with maturity of three years and repayable on 25 June 2015 and 23 August 2015, respectively, and with effective interest rate of 4.93% and 5.35% per annum, respectively. These debentures were fully repaid on their maturity dates.

During the year ended 31 December 2013, the Group issued an unsecured debenture of RMB500,000,000 with maturity of three years and repayable on 8 October 2016, with effective interest rate of 6.90% per annum.

During the year ended 31 December 2014, the Group issued unsecured debentures of RMB100,000,000 and RMB1,100,000,000 with maturity of three years and six years and repayable on 10 January 2017 and 22 October 2020, respectively, and with effective interest rate of 7.50% and 5.48% per annum, respectively.

During the year ended 31 December 2015, the Group issued unsecured debentures of RMB2,000,000,000 and RMB1,200,000,000 with maturity of 270 days and three years and repayable on 9 April 2016 and 27 May 2018, respectively, and with effective interest rate of 4.60% and 5.40% per annum, respectively.

28 Derivative financial instruments

	2015 RMB'000	2014 RMB'000
Unlisted interest rate swap (Note 32(e))	**15,403**	13,710

The Group uses interest rate swaps to reduce the risk of changes in market interest rates (Note 32(c)). The interest rate swaps entered into by the Group for swapping floating interest rates, usually referenced to HIBOR, into fixed rates are accounted for as cash flow hedges. At 31 December 2015, the notional amount of the outstanding interest rate swap agreements was approximately RMB1,245,179,000 (2014: RMB1,172,501,000). These agreements will expire in 2016.

29 Income tax in the consolidated statement of financial position

(a) Current tax liabilities in the consolidated statement of financial position represents:

	2015 RMB'000	2014 RMB'000
At 1 January	**89,779**	(64,279)
Current tax (Note 8(a))	**502,802**	370,595
Income tax paid	**(397,336)**	(216,537)
Disposal of a subsidiary	**(11,901)**	—
At 31 December	**183,344**	89,779

(b) Deferred tax assets/liabilities recognised:

(i) *The components of deferred tax assets/liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:*

Deferred tax assets/ (liabilities) arising from:	Impairment of property, plant and equipment RMB'000	Tax value of losses carried forward RMB'000	Government subsidies RMB'000	Depreciation allowances in excess of the related depreciation RMB'000	Capitalisation of borrowing costs RMB'000	PRC withholding tax RMB'000 (Note 29(e))	Fair value adjustments arising from acquisition of subsidiaries RMB'000 (Note 31(b))	Total RMB'000
At 1 January 2014	14,015	17,205	—	(68,460)	(92,971)	(50,000)	—	(180,211)
(Charged)/credited to the consolidated income statement (Note 8(a))	(4,545)	13,881	—	(55,385)	(76,664)	—	—	(122,713)
At 31 December 2014	9,470	31,086	—	(123,845)	(169,635)	(50,000)	—	(302,924)
At 1 January 2015	**9,470**	**31,086**	**—**	**(123,845)**	**(169,635)**	**(50,000)**	**—**	**(302,924)**
Acquisition of subsidiaries	**—**	**—**	**—**	**—**	**—**	**—**	**(31,366)**	**(31,366)**
(Charged)/credited to the consolidated income statement (Note 8(a))	**(4,547)**	**26,050**	**15,263**	**(55,362)**	**(197,615)**	**—**	**872**	**(215,339)**
At 31 December 2015	**4,923**	**57,136**	**15,263**	**(179,207)**	**(367,250)**	**(50,000)**	**(30,494)**	**(549,629)**

29 Income tax in the consolidated statement of financial position (continued)

(b) Deferred tax assets/liabilities recognised: (continued)

(ii) Reconciliation to the consolidated statement of financial position

	2015 RMB'000	2014 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	**77,322**	40,556
Net deferred tax liabilities recognised in the consolidated statement of financial position	**(626,951)**	(343,480)
	(549,629)	(302,924)

(c) Deferred tax assets not recognised

At 31 December 2015, the Group had estimated unused tax losses of approximately RMB512,331,000 (2014: RMB385,900,000) available for offset against future profits, deferred tax asset has not been recognised in respect of the unused tax losses due to the unpredictability of future profit streams. The tax value of these losses carried forward of approximately RMB46,522,000, RMB23,773,000, RMB108,564,000, RMB164,452,000 and RMB169,020,000 will expire in 2016, 2017, 2018, 2019 and 2020, respectively.

(d) Deferred tax liabilities not recognised

No deferred taxation has been provided for in the consolidated financial statements in respect of temporary differences relating to the undistributed profits of a PRC subsidiary amounting to approximately RMB13,547,730,000 (2014: RMB11,210,497,000) as the Company controls the dividend policy of such subsidiary and it has been determined that it is probable that these profits will not be distributed in the foreseeable future. At the end of the reporting period, the Group had no other significant unprovided deferred taxation.

(e) Under the relevant tax rules and regulations of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. Deferred taxation of RMB50,000,000 has been provided for in the consolidated financial statements in respect of temporary difference arising from the withholding tax on accumulated profits of a PRC subsidiary generated during the year ended 31 December 2008.

30 Capital, reserves and dividends

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

The Company

	Share capital	Share premium	Share option reserve	Hedging reserve	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2014	474,675	9,039,698	148,172	—	(1,202,947)	8,459,598
Changes in equity for 2014:						
Loss for the year	—	—	—	—	(127,787)	(127,787)
Unrealised loss on cashflow hedges	—	—	—	(1,213)	—	(1,213)
Shares issued under open offer	127,514	3,194,526	—	—	—	3,322,040
Final dividends for the year 2013	—	(729,723)	—	—	—	(729,723)
Interim dividends for the year 2014	—	(448,148)	—	—	—	(448,148)
Exercise of share option	3,208	166,204	(105,226)	—	—	64,186
Recognition of share-based payment	—	—	5,514	—	—	5,514
At 31 December 2014 and 1 January 2015	**605,397**	**11,222,557**	**48,460**	**(1,213)**	**(1,330,734)**	**10,544,467**
Changes in equity for 2015:						
Profit for the year	**—**	**—**	**—**	**—**	**339,561**	**339,561**
Unrealised loss on cashflow hedges	**—**	**—**	**—**	**(1,700)**	**—**	**(1,700)**
Final dividends for the year 2014	**—**	**(446,057)**	**—**	**—**	**—**	**(446,057)**
Interim dividends for the year 2015	**—**	**(637,043)**	**—**	**—**	**—**	**(637,043)**
Recognition of share-based payment	**—**	**—**	**2,714**	**—**	**—**	**2,714**
At 31 December 2015	**605,397**	**10,139,457**	**51,174**	**(2,913)**	**(991,173)**	**9,801,942**

(b) Dividends

(i) *Dividends payable to equity shareholders of the Company and holders of convertible preference shares:*

	2015	2014
	RMB'000	RMB'000
Interim dividend declared and paid of HKD0.11 (approximately equivalent to RMB0.09) per ordinary share and convertible preference share (2014: HKD0.08)	**637,043**	448,148
Final dividend proposed after the end of the reporting period of HKD0.06 (approximately equivalent to RMB0.05) per ordinary share and convertible preference share (2014: HKD0.08)	**355,197**	448,715

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

30 Capital, reserves and dividends (continued)

(b) Dividends (continued)

(ii) Dividends payable to equity shareholders of the Company and holders of convertible preference shares attributable to the previous financial year, approved and paid during the year:

	2015 RMB'000	2014 RMB'000
Final dividend in respect of the previous financial year, approved and paid during the year, of HKD0.08 (approximately equivalent to RMB0.06) per ordinary share and convertible preference share (2014: HKD0.13)	446,057	729,723

(c) Share capital

(i) Authorised and issued share capital

	No. of shares	Share capital	
		HKD'000	RMB'000
Ordinary share of HKD0.10 each:			
Authorised:			
At 1 January 2014, 31 December 2014 and 31 December 2015	20,000,000,000	2,000,000	N/A
Issued:			
At 1 January 2014	5,406,306,400	540,631	474,675
Shares issued under open offer	2,703,583	270	213
Shares issued under pre-IPO share option scheme	40,400,000	4,040	3,208
Shares issued pursuant to conversion of convertible preference share	62,317	6	5
At 31 December 2014 and 1 January 2015	5,449,472,300	544,947	478,101
Shares issued pursuant to conversion of convertible preference share	840	—	—
At 31 December 2015	5,449,473,140	544,947	478,101
Convertible preference share of HKD0.10 each:			
Authorised:			
At 1 January 2014, 31 December 2014 and 31 December 2015	10,000,000,000	1,000,000	N/A
Issued:			
At 1 January 2014	—	—	—
Shares issued under open offer	1,619,188,337	161,919	127,301
Shares issued pursuant to conversion of convertible preference share	(62,317)	(6)	(5)
At 31 December 2014 and 1 January 2015	1,619,126,020	161,913	127,296
Shares issued pursuant to conversion of convertible preference share	(840)	—	—
At 31 December 2015	1,619,125,180	161,913	127,296

30 Capital, reserve and dividends (continued)

(c) Share capital (continued)

(i) Authorised and issued share capital (continued)

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

Pursuant to an ordinary resolution passed at a board meeting of the Company on 28 November 2013, an issue of ordinary shares and/or unlisted convertible preference shares by the Company at a price of HKD2.61 per share on the basis of 3 new ordinary shares for every 10 existing ordinary shares then held by the qualifying shareholders on the record date and payable in full on the acceptance (the "Open Offer") was approved. The Open Offer was completed and 2,703,583 new ordinary shares and 1,619,188,337 convertible preference shares were issued on 28 January 2014, resulting in net proceeds of approximately HKD4,225,400,000 (approximately RMB3,322,040,000) to the Company. The Company intends to apply the net proceeds of the Open Offer in full to fund the capital commitments of high value-added aluminium flat-rolled project in Tianjin, PRC.

The convertible preference shares are non-redeemable by the Company. The holders of the convertible preference shares ("Convertible Preference Shareholders") may request the Company to convert one convertible preference share into one ordinary share from the date of allotment and issue of the convertible preference shares. The conversion is subject to the condition that the Convertible Preference Shareholders shall not exercise the conversion rights if upon the conversion, the percentage of the ordinary shares held by the public would drop below the minimum public float requirements under the Listing Rules applicable to the Company.

The Convertible Preference Shareholders are entitled to participate pari passu in any dividends payable to the holders of the ordinary shares on a pro rata as-if-converted basis. On return of capital on winding up or otherwise, the assets of the Company available for distribution shall be applied towards repayment of an amount equal to the aggregate of nominal amounts of the convertible preference shares, and the Convertible Preference Shareholders shall not have preference to participate in any remaining assets.

The Convertible Preference Shareholders shall not be entitled to vote at general meetings of the Company unless a resolution is to be proposed at a general meeting for winding-up the Company or a resolution is to be proposed at a general meeting which if passed would vary, modify or abrogate the rights and privileges of the convertible preference shares.

The convertible preference shares are not listed on the Stock Exchange.

(d) Nature and purpose of reserves

(i) Surplus reserve

The Articles of Association of Liaoning Zhongwang state that it may make an appropriation of 10% of its profit for the year (prepared in accordance with Accounting Standards for Business Enterprises ("ASBE") issued by the Ministry of Finance of the PRC) each year to the surplus reserve until the balance reaches 50% of its paid-in capital. The surplus reserve shall only be used for making good losses, capitalisation into paid-in capital and expansion of its production and operation.

(ii) Enterprise development fund

Pursuant to the PRC Company Law, Liaoning Zhongwang may make an allocation to the enterprise development fund from its profit for the year (prepared in accordance with ASBE) at a rate determined by directors. The enterprise development fund can be used for making good losses and capitalisation into paid-in capital. Both the surplus reserve and the enterprise development fund form part of the shareholders' equity but are non-distributable other than in liquidation.

30 Capital, reserve and dividends (continued)

(d) Nature and purpose of reserves (continued)

(iii) Other reserve

Other reserve mainly represents the capitalisation of accumulated profits of Liaoning Zhongwang into its paid-in-capital. Pursuant to a resolution passed at the shareholder's meeting dated 18 February 2009, accumulated profits of approximately RMB506,849,000 and RMB127,287,000 was capitalised into the paid-in-capital of Liaoning Zhongwang for the year ended 31 December 2009 and 2008 respectively.

(iv) Special reserve

Special reserve arising from a corporate reorganisation in 2008 represents (i) the difference between the 40% of the registered capital of Liaoning Zhongwang as well as the entire issued share capital of other subsidiaries and the nominal value of the shares of the Company issued for the acquisition and (ii) the consideration paid by a subsidiary of the Company for acquiring 60% equity interest in Liaoning Zhongwang.

(e) Distributability of reserves

At 31 December 2015, the aggregate amount of reserves available for distribution to equity shareholders of the Company, as calculated was RMB9,148,284,000 (2014:RMB9,939,070,000). After the end of the reporting period the directors proposed a final dividend of HKD0.06 per ordinary share (2014: HKD0.08 per share), amounting to RMB355,197,000 (2014: RMB448,715,000) (Note 30(b)). This dividend has not been recognised as a liability at the end of the reporting period.

(f) Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes bank and other loans and debentures as disclosed in Notes 26 and 27 respectively and equity attributable to equity shareholders of the Company, comprising issued share capital, reserves and accumulated profits.

The Group's board of directors reviews the capital structure on a continuous basis. As part of this review, the board of directors considers the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the issuance of new shares, dividend payment, raising of new debts or repayment of existing debts. The Group's overall strategy remains unchanged from last year.

31 Acquisition of subsidiaries

During the year ended 31 December 2015, the Group acquired controlling interest in 2 subsidiaries which are principally engaging in manufacturing, selling and repairing of special vehicles, semi-trailers and their spare parts in the PRC.

The acquired businesses contributed revenue of approximately RMB1,308,000 and net loss for the year of approximately RMB28,681,000 to the Group for the period from the respective dates of acquisitions to 31 December 2015. If the acquisition had occurred on 1 January 2015, the Group's turnover would have been approximately RMB16,171,387,000, and profit for the year would have been approximately RMB2,779,952,000. These amounts have been calculated using the Group's accounting policies and by adjusting the results of the subsidiary to reflect the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment had applied from 1 January 2015, together with the consequential tax effect.

(a) Consideration transferred

The total consideration of the acquisition of RMB206,331,000 was satisfied by cash.

31 Acquisition of subsidiaries (continued)

(b) Identifiable assets acquired and liabilities assumed

The following summarises the recognised amount of assets acquired and liabilities assumed at their respective dates of acquisition:

	Fair Value RMB'000
Property, plant and equipment	199,777
Prepaid lease payments	433,486
Deposits for acquisition of property, plant and equipment and prepaid lease	44,347
Inventories	7,448
Other receivables, deposits and prepayments	11,565
Pledged bank deposits	6,570
Cash and cash equivalents	1,489
Trade payables	(1,065)
Other payables and accrued charges	(419,232)
Deferred tax liabilities	(31,366)
Identifiable net assets	253,019

(c) Gain on bargain purchase

Gain on bargain purchase at the acquisition date arising from the acquisition has been recognised as follows:

	RMB'000
Identifiable net assets	253,019
Aggregate purchase consideration satisfied by cash	(206,331)
Gain on bargain purchase (Note 6)	46,688

The Group recognised a gain on bargain purchase of approximately RMB46,688,000 in the consolidated statement of comprehensive income for the year ended 31 December 2015, which was, in the opinion of the directors, primarily attributable to the Group's good reputation in the industry and sufficient available funds for the ongoing development of the project. These amounts have been included in other income in the consolidated statement of comprehensive income.

(d) Analysis of net cash outflow of the acquisition of subsidiaries

	RMB'000
Cash consideration	206,331
Less: Cash and cash equivalents acquired	(1,489)
Net cash outflow of cash and cash equivalents in respect of the acquisition of subsidiaries	204,842

32 Financial risk management and fair values of financial instruments

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are disclosed below:

(a) Credit risk

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debtor at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group's bank balances and cash are deposited with banks with either good reputation or with strong financial backgrounds. In this regard, the directors of the Company consider that the credit risk on liquid funds is limited.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, 30% (2014: 24%) and 30% (2014: 24%) of the total trade and bills receivables was due from the Group's largest customer and the five largest customers, respectively, within the Industrial segment and Deep-processed segment.

The Group does not provide any guarantees which would expose the Group to credit risk.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and bills receivables are set out in Note 18.

(b) Liquidity risk

The Group's liquidity position is monitored on a daily basis by the management and is reviewed monthly by the directors of the Company. The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities and derivative financial liabilities based on the agreed repayment terms. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows. To the extent that interest flows are at variable rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

For the bank loans subject to repayment on demand clauses which can be exercised at the bank's sole discretion, the analysis shows the cash outflow based on the contractual repayment schedule and, separately, the impact to the timing of the cash outflows if the lender was to invoke its unconditional rights to call the loan with immediate effect.

32 Financial risk management and fair values of financial instruments (continued)

(b) Liquidity risk (continued)

		Contractual and undiscounted cash flow							
	Weighted average interest rate	On demand or less than 90 days	91 to 180 days	181 days to 1 year	1 to 2 years	2–5 years	Over 5 years	Total	Carrying amounts
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2015									
Non-interest bearing	—	5,212,050	1,619,971	827,330	—	—	—	7,659,351	7,659,351
Bank and other loans	4.24	4,047,994	3,937,365	4,982,380	4,879,176	7,345,013	11,722,138	36,914,066	31,393,444
Long-term bank loans subject to repayment on demand clauses-scheduled repayment	2.39	4,250	4,250	8,500	507,319	—	—	524,319	500,000
Debentures	5.29	7,500	2,133,800	594,780	232,580	2,545,640	—	5,514,300	4,900,000
Interest rate swaps held as cash flow hedging instruments (Note 28)		(5,162)	20,422	182	—	—	—	15,442	15,403
		9,266,632	7,715,808	6,413,172	5,619,075	9,890,653	11,722,138	50,627,478	44,468,198
Adjustments to disclose cash flows on long-term bank loans based on lender's right to demand repayment		495,750	(4,250)	(8,500)	(507,319)	—	—	(24,319)	
		9,762,382	7,711,558	6,404,672	5,111,756	9,890,653	11,722,138	50,603,159	
At 31 December 2014									
Non-interest bearing	—	3,614,371	951,699	418,163	—	—	—	4,984,233	4,984,233
Bank and other loans	4.19	802,916	4,436,123	3,144,379	4,044,030	6,821,862	—	19,249,310	18,013,732
Long-term bank loans subject to repayment on demand clauses-scheduled repayment	2.39	6,993	6,993	13,985	1,187,425	—	—	1,215,396	1,172,501
Debentures	5.47	7,800	2,098,600	1,148,280	602,580	288,340	1,160,280	5,305,880	4,700,000
Interest rate swaps held as cash flow hedging instruments (Note 28)		(4,773)	19,700	(10,840)	9,703	—	—	13,790	13,710
		4,427,307	7,513,115	4,713,967	5,843,738	7,110,202	1,160,280	30,768,609	28,884,176
Adjustments to disclose cash flows on long-term bank loans based on lender's right to demand repayment		1,165,508	(6,993)	(13,985)	(1,187,425)	—	—	(42,895)	
		5,592,815	7,506,122	4,699,982	4,656,313	7,110,202	1,160,280	30,725,714	

The amounts included above for variable interest rate instruments for non-derivative financial liabilities and derivative financial liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

32 Financial risk management and fair values of financial instruments (continued)

(c) Interest rate risk

(i) Hedging

Interest rate swaps, denominated in Hong Kong dollars, have been entered into to reduce the risk of changes in market interest rates. At 31 December 2015, the Group and the Company had interest rate swaps with a notional contract amount of HKD1,486,248,000 (2014: HKD1,486,248,000), which it has designated as cash flow hedges of the interest rate risk inherent in its variable rate bank borrowings.

The swaps mature over the next years matching the maturity of the related loans (Note 32(b)) and have fixed swap rates of 1.94% and 3.40% respectively (2014: 1.94% and 3.40%). The net fair value of swaps entered into by the Group and the Company at 31 December 2015 was HKD18,386,000 (2014: HKD17,379,000). These amounts are recognised as derivative financial instruments (Note 28).

(ii) Interest rate profile

The following table details the interest rate profile of the Group's borrowings at the end of the reporting period, after taking into account the effect of interest rate swaps designated as cash flow hedging instruments (Note 32(c)(i)):

	2015		2014	
	Effective interest rate %	RMB'000	Effective interest rate %	RMB'000
Fixed rate borrowings:				
Bank and other loans	1.30–5.01	7,904,263	1.94–5.40	6,028,451
Debentures	4.60–7.50	4,900,000	4.93–7.50	4,700,000
		12,804,263		10,728,451
Variable rate borrowings:				
Bank and other loans	2.27–5.35	23,989,181	1.76–6.15	13,157,782
Total borrowings		36,793,444		23,886,233
Fixed rate borrowings as a percentage of total borrowings		34.8%		44.9%

(iii) Sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to interest rates for non-derivative financial instruments at the end of the reporting period. For variable-rate borrowings, the analysis is prepared assuming the borrowings outstanding at the end of the reporting period were outstanding for the whole year.

A 50 basis points (2014: 50 basis points) increase or decrease in variable-rate bank borrowings represents management's assessment of the reasonably possible change in interest rates. If interest rate increases or decreases by the aforesaid basis point, and all other variables were held constant, the Group's profit after tax and retained profits for the year ended 31 December 2015 would decrease or increase by approximately RMB100,904,000 (2014: RMB58,904,000).

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax and retained profits assuming that the change in interest rates had occurred at the end of the respective reporting periods and had been applied to re-measure those non-derivative financial instruments held by the Group which expose the Group to cash flow interest rate risk at the end of the respective reporting periods. The impact on the Group's profit after tax and retained profits is estimated as an annualised impact on interest expenses of such a change in interest rates. The analysis is performed on the same basis for 2014.

32 Financial risk management and fair values of financial instruments (continued)

(d) Currency risk

(i) Exposure to currency risk

The Group have certain receivables, payables, bank balances and bank loans denominated in foreign currencies, which expose the Group to foreign currency risk.

The Group has not entered into any forward contracts or derivatives to hedge against its foreign currency exposure. However, the management of the Group will consider to hedge these balances should the need arise.

The carrying amount of the Group's foreign currency denominated monetary assets and liabilities at the reporting date is as follows. For presentation purposes, the amounts of the exposure are shown in RMB, translating using the spot rate at the year end date. Differences resulting from the translation of the financial statements of foreign operation into the Group's presentation currency are excluded.

	2015 RMB'000	2014 RMB'000
Trade receivables		
USD	474,302	281,456
EURO	21,708	50,695
Great Britain Pound ("GBP")	12,717	8,785
Other receivables		
HKD	857	1,315
USD	511,520	152,929
EURO	55,459	17,717
JPY	3,528	684
Bank balances and cash		
HKD	460	534,112
USD	3,069	52,170
EUR	768	—
Other payables		
HKD	16,008	14,092
USD	42,264	31,429
EURO	4,340	2,179
GBP	1,560	687
Bank loans		
HKD	1,896,613	1,172,501
USD	9,084,546	7,349,470

32 Financial risk management and fair values of financial instruments (continued)

(d) Currency risk (continued)

(ii) Sensitivity analysis

The Group entities are mainly exposed to USD, HKD, EURO and GBP against RMB. The following table details the Group's sensitivity to a 5% (2014: 5%) increase and decrease in RMB against relevant foreign currencies. 5% (2014: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 5% (2014: 5%) change in foreign currency rates. A positive number below indicates an increase in profit after tax and retained profits where RMB strengthen 5% (2014: 5%) against relevant foreign currencies. A negative number below represents a decrease in profit after tax and retained profits. For a 5% (2014: 5%) weakening of RMB against the relevant currency, there would be an equal and opposite impact on the profit after tax and retained profits.

	2015 Increase/ (decrease) in profit after tax and retained profits RMB'000	2014 Increase/ (decrease) in profit after tax and retained profits RMB'000
RMB against HKD impact	95,565	39,216
RMB against USD impact	382,729	326,655
RMB against EURO impact	(2,904)	(2,556)
RMB against GBP impact	(418)	(312)
RMB against JPY impact	(150)	(29)

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year ended exposure does not reflect the exposure during the year.

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit after tax and retained profits measured in the respective functional currencies, translated into RMB at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to remeasure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The sensitivity analysis is performed on the same basis for 2014.

32 Financial risk management and fair values of financial instruments (continued)

(e) Fair value measurement of financial instruments

(i) Financial instruments carried at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorized into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

Level 3 valuations: Fair value measured using significant unobservable inputs.

The Group has a team headed by the finance manager performing valuations for the financial instruments, including unlisted available-for-sale debt securities which are categorized into Level 3 of the fair value hierarchy. The team reports directly to the chief financial officer and the audit committee. A valuation report with analysis of changes in fair value measurement is prepared by the team at each interim and annual reporting date, and is reviewed and approved by the chief financial officer. Discussion of the valuation process and results with the chief financial officer and the audit committee is held twice a year, to coincide with the reporting dates.

		Fair value measurements as at 31 December 2015 categorised into			Fair value measurements as at 31 December 2014 categorised into	
	Fair value at 31 December 2015	Level 2	Level 3	Fair value at 31 December 2014	Level 2	Level 3
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Group recurring fair value measurements						
Assets:						
Financial products classified as available-for-sale financial assets	**1,351,418**	**—**	**1,351,418**	2,303,542	—	2,303,542
Liabilities:						
Interest rate swaps	**(15,403)**	**(15,403)**	**—**	(13,710)	(13,710)	—

During the years ended 31 December 2014 and 2015, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows.

Valuation techniques and inputs used in Level 3 fair value measurements

The fair value of financial products classified as available-for-sale financial assets are determined using discounted cash flow method and the significant unobservable input used in the fair value measurement is risk spread. The fair value measurement is negatively correlated to the risk spread. For the year ended 31 December 2015, it is estimated that with all other variables held constant, an increase/decrease in the risk spread by 1% would have no material impact on the Group's other comprehensive income.

32 Financial risk management and fair values of financial instruments (continued)

(e) Fair value measurement of financial instruments (continued)

(i) Financial instruments carried at fair value (continued)

Reconciliation of Level 3 fair value measurements of financial instruments:

	2015 RMB'000	2014 RMB'000
Unlisted available-for-sale financial assets:		
At 1 January	2,303,542	—
Payment for purchases	645,000	3,960,600
Total realised gains recognised in the consolidated income statement during the period	47,997	21,507
Total unrealised gains recognised in the consolidated income statement during the period	6,418	29,942
Proceeds from disposal	(1,573,600)	(1,687,000)
Interest received	(77,939)	(21,507)
At 31 December	1,351,418	2,303,542

(ii) Fair values of financial instruments carried at other than fair value

The fair value of financial assets and financial liabilities recorded at amortised cost are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors consider that the carrying amounts of the financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values.

33 Commitments

(a) Capital commitments

	2015 RMB'000	2014 RMB'000
Capital commitments in respect of the acquisition of property, plant and equipment contracted for	7,435,505	15,850,342

(b) Operating lease commitments

The Group as lessee

At 31 December 2015 and 2014, the Group had the following future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2015 RMB'000	2014 RMB'000
Within 1 year	44,465	42,031
After 1 year but within 5 years	31,085	52,913
	75,550	94,944

Operating lease payments represent rentals payable by the Group for its office premises. Leases are negotiated for an average term of three years and rentals are fixed for an average of three years.

34 Retirement benefit plan

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes each month at the lesser of HKD1,500 or 5% of the relevant payroll costs to the scheme, which contribution is matched by employees.

The employees of the subsidiaries operated in the PRC are members of a state-managed retirement benefits scheme operated by the PRC government. The Group is required to contribute a specified percentage of its payroll costs to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions under the scheme.

The amounts of contributions made by the Group in respect of the retirement benefit schemes during each of the years ended 31 December 2015 and 2014 are disclosed in Note 7(b).

35 Related party transactions

The Group had the following significant related party transactions during the year:

(a) Key management personnel remuneration

The directors of the Company consider that the directors are the key management personnel of the Group, whose remunerations have been disclosed in Note 9.

(b) Related party transactions

During the years ended 31 December 2015 and 2014, the Group entered into the following related party transactions:

	2015	2014
	RMB'000	RMB'000
Goods purchased from a related company	**—**	17
Rental income from an associate	**150**	150
Goods sold to an associate	**33,283**	20,789
Disposal of a subsidiary to associates (Note)	**1,950,000**	—
Guarantees obtained from related companies	**2,315,000**	2,111,900

Note: Zhongwang Finance Company was a subsidiary of the Company prior to 31 December 2015, the Company disposed of 65% equity interest on 31 December 2015, after disposal, Zhongwang Finance Company became an associate of the Group. Zhongwang Finance Company is a non-bank financial institution incorporated in the PRC, provided deposit services, credit services and miscellaneous financial services to the Group. The terms for the provision of financial services to the Group is no less favourable than those of the same type of financial services that may be provided to the Group by other financial institutions.

(c) Related party balances

The outstanding balances arising from the above transactions at consolidated statement of financial position are as follows:

	2015	2014
	RMB'000	RMB'000
Amounts due to a related party	**17**	17
Amounts due from a related party	**1,833**	3,743
Amounts due to an associate	**50,000**	—
Dividends receivable from an associate	**91,489**	—
Short-term loans from an associate	**992,010**	—
Consideration receivable from associates	**1,700,000**	—

(Expressed in RMB unless otherwise indicated)

36 Share-based payments

Share option scheme

Pursuant to an ordinary resolution of the board of directors passed on 17 April 2008, a share option scheme (the "Scheme") was conditionally approved and adopted to provide grantees, including directors, senior management and consultants of any member of the Group, with an opportunity to subscribe for the ordinary shares of the Company. The period within which the options must be exercised shall be determined by the directors at the time of grant and such period must expire no later than ten years from the date the offer has been made to the grantees. All outstanding options shall lapse when the employment of the holder ceases or where the holder is no longer a member of the Group. Each of the five consecutive anniversary of the grant date, a grantee shall be entitled to exercise his/her option to subscribe for up to 20% of the total number of shares of the Company under his/her option during such period.

The maximum number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme or any other share option schemes adopted by the Company shall not exceed ten percent of the shares in issue upon the listing of the shares of the Company on the Stock Exchange (the Company may refresh this ten percent limit under certain conditions) or thirty percent of the shares in issue from time to time where there are options to be granted and yet to be exercised. The total number of shares issued and to be issued upon exercise of the options granted to each qualified person under the Share Option Scheme or any other share option schemes adopted by the Company in any twelve month period must not exceed one percent of the shares in issue. Any further grant of options which would result in the number of shares exceeding one percent requires a shareholders' approval with the relevant participant and its associates abstaining from voting.

Details of the Share Option Scheme is as follows:

Grantees	Grant date	Exercisable period	Exercise price	Number of share options granted on grant date	Forfeited during the years	Outstanding as at 31 December 2015
			HKD			
Category:	22 March 2011	22 March 2012 to 21 March 2021	3.90			
— Directors				**11,700,000**	**—**	**11,700,000**
— Employees				**34,000,000**	**(700,000)**	**33,300,000**
				45,700,000	**(700,000)**	**45,000,000**

The fair value of options under the Share Option Scheme was calculated using the binominal option pricing model by an independent valuer, Savills Valuation and Professional Services Limited. The inputs into the model are as follows:

	Share Option Scheme
Estimated share price at grant date	HKD3.83
Exercise price	HKD3.90
Expected volatility	53%
Expected life	10 years
Risk-free interest rate	2.75%
Expected dividend yield	5.9%

Expected volatility was determined by using the historical volatility of the price return of the ordinary shares of comparable companies. Because the binominal option price model requires the input of highly subjective assumptions, including the volatility of share price, changes in subjective input assumptions can materially affect the fair value estimation.

The fair values of options under the Share Option Scheme on the grant date is approximately RMB52,496,000.

36 Share-based payments (continued)

Share option scheme (continued)

The following table discloses movement of the Company's share options held by grantees during the year:

	Outstanding as at 1 January 2015 and 31 December 2015	Exercisable as at 31 December 2015
The Scheme	**45,000,000**	**36,000,000**

During the year ended 31 December 2015, share-based payment expenses of approximately RMB2,714,000 (2014: RMB5,514,000) in relation to the Scheme are recognised in the consolidated income statement.

37 Company-level statement of financial position

	Note	**2015** RMB'000	2014 RMB'000
Non-current assets			
Interest in subsidiaries		**19,714,210**	19,713,198
Current assets			
Other receivables, deposits and prepayments		**32,420**	50,912
Cash and cash equivalents		**31,683**	10,905
		64,103	61,817
Current liabilities			
Other payables and accrued charges		**53,975**	60,709
Amount due to subsidiaries		**316,140**	24,263
Bank loans		**4,520,013**	3,998,566
Derivative financial instruments		**15,403**	13,710
		4,905,531	4,097,248
Net current liabilities		**(4,841,428)**	(4,035,431)
Total assets less current liabilities		**14,872,782**	15,677,767
Non-current liabilities			
Bank loans		**5,070,840**	5,133,300
NET ASSETS		**9,801,942**	10,544,467
CAPITAL AND RESERVES	30(a)		
Share capital		**605,397**	605,397
Reserves		**9,196,545**	9,939,070
TOTAL EQUITY		**9,801,942**	10,544,467

(Expressed in RMB unless otherwise indicated)

38 Non-adjusting events after the reporting period

(a) On the Proposed Asset Restructuring and Proposed Spin-off

On 22 March 2016, Liaoning Zhongwang Superior Fabrication Investment Limited ("Zhongwang Fabrication"), an indirectly wholly-owned subsidiary of the Company, entered into an assets transfer agreement with CRED Holding Co., Ltd. ("CRED Holding"), a company incorporated in the PRC and currently listed on the Shanghai Stock Exchange, pursuant to which Zhongwang Fabrication has agreed to sell and CRED Holding has agreed to purchase the total equity interests in Liaoning Zhongwang at an estimated consideration of RMB28.2 billion and CRED Holding has agreed to sell and Zhongwang Fabrication has agreed to purchase the total equity interests in Xinjiang CRED Holding Company Limited, a wholly-owned subsidiary of CRED Holding, at an estimated consideration of RMB200 million. Both considerations will be offset against each other and the balance will be satisfied by the issuance of approximately 3,932,584,000 consideration shares by CRED Holding to Zhongwang Fabrication. To raise funds for the further development of Liaoning Zhongwang upon completion of the transaction, CRED Holding also plans to allot and issue by way of non-public offer no more than approximately 702,247,000 placing shares to not less than six but no more than ten qualified designated investors in the PRC at an issue price of RMB7.12 per placing share to raise no more than RMB5 billion subject to the approval of the general meeting of CRED Holding and China Securities Regulatory Commission ("CSRC"). Upon completion of the transaction, Liaoning Zhongwang will become a wholly owned subsidiary of CRED Holding Group in accordance with the relevant PRC laws and CRED Holding will become an indirectly non-wholly owned subsidiary of the Company. The asset restructuring pursuant to the assets transfer agreement constitutes a spin-off pursuant to the applicable requirements under Practice Note 15 of the Rules Governing the Listing of Securities on The Stock Exchange ("Practice Note 15"). The Company will submit a spin-off proposal to the Stock Exchange pursuant to Practice Note 15 in relation to the proposed spinoff. The transactions contemplated under the assets transfer agreement and the proposed spinoff are subject to, among other things, approvals of the relevant PRC regulatory authorities, including Ministry of Commerce and CSRC, and approvals of the Stock Exchange and an extraordinary general meeting of the Company.

(b) Grant of share options

On 6 January 2016, the Company granted a total of 450,000,000 share options to 7 directors and 152 staff of the Company ("the Grantees"), subject to acceptance of the Grantees, to subscribe for a total of 450,000,000 ordinary shares of HKD0.1 each of the Company under the share option scheme of the Company adopted on 17 April 2008, the holders of the share options shall have the right to subscribe for ordinary shares at an exercise price of HKD3.93 per share during the period from 6 January 2016 to 5 January 2026.

39 Immediate and ultimate controlling party

At 31 December 2015, the directors consider the immediate parent and ultimate controlling party of the Group to be Zhongwang International Group Limited and Prime Famous Management Limited, respectively, both of which are incorporated in the British Virgin Islands.

40 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2015

Up to the date of issue of these financial statements, the IASB has issued a few amendments and new standards which are not yet effective for the year ended 31 December 2015 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group:

	Effective for accounting periods beginning on or after
IFRS 15, *Revenue from contracts with customers*	1 January 2017
IFRS 9, *Financial instruments*	1 January 2018

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

Five-year Financial Summary

Results

	2015 RMB'000	2014 RMB'000	2013 RMB'000	2012 RMB'000	2011 RMB'000
Revenue	**16,171,246**	15,971,218	14,306,751	13,497,170	10,305,694
Profit for the year attributable to equity shareholders of the Company	**2,804,981**	2,477,020	2,126,625	1,806,783	1,105,027

Assets and liabilities

	2015 RMB'000	2014 RMB'000	2013 RMB'000	2012 RMB'000	2011 RMB'000
Total assets	**71,400,726**	53,769,415	40,353,143	33,649,698	27,774,599
Total liabilities	**45,409,728**	29,440,823	20,714,251	16,141,715	12,097,070
Total equity attributable to equity shareholders of the Company	**25,990,998**	24,328,592	19,638,892	17,507,983	15,677,529