ALERIS ASIA PACIFIC LIMITED

REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2020

ALERIS ASIA PACIFIC LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31 December 2020.

Principal activity

The principal activity of the Company during the year was investment holding. The principal activity of its subsidiary is set out in Note 11 to the financial statements.

Results and dividends

The Company's profit for the year ended 31 December 2020 and its state of affairs at that date are set out in the financial statements on pages 7 to 22.

The directors do not recommend the payment of any dividend in respect of the year ended 31 December 2020.

Share capital

Details of movements in the Company's share capital during the year are set out in note 10 to the financial statements.

Business review

No business review is presented for the year ended 31 December 2020 as the Company has been able to claim an exemption under section 388(3)(a) of the Hong Kong Companies Ordinance Cap. 622 since it is a wholly-owned subsidiary of Aleris Aluminum Netherlands B.V..

Directors

The directors of the Company during the year and up to the date of this report were:

SangYoun So	(appointed on 14 April 2020)
Christopher Robert Clegg	(resigned on 14 April 2020)
Eric Michael Rychel	(resigned on 14 April 2020)

In accordance with Article 80 of the Company's Articles of Association, all the directors will retire and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

Directors' material interests in transactions, arrangements and contracts that are significant in relation to the Company's business

No transactions, arrangements and contracts of significance in relation to the Company's business to which the Company's subsidiary, fellow subsidiaries or its holding companies was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Arrangements to purchase shares or debentures

At no time during the year was the Company or its subsidiary, fellow subsidiaries or holding companies was a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

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.

Permitted indemnity provision

During the year and up to the date of this report, there was or is a permitted indemnity provision pursuant to section 469 of the Hong Kong Companies Ordinance (Cap. 622) being in force for the benefit of any of the directors of the Company (whether made by the Company or otherwise) or an associated company (if made by the Company).

Auditor

The financial statements have been audited by PricewaterhouseCoopers who retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-appointment.

On behalf of the board of directors

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SangYoun So, Director

Hong Kong, 9 July 2021

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBER OF ALERIS ASIA PACIFIC LIMITED
(Incorporated in Hong Kong with limited liability)

Opinion

What we have audited

The financial statements of Aleris Asia Pacific Limited (the "Company") set out on pages 7 to 22, which comprise:

- the statement of financial position as at 31 December 2020;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

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

Independence

We are independent of the Company in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the report of the directors, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the director.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 9 July 2021

ALERIS ASIA PACIFIC LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 US$	2019 US$
Revenue	5	2,678,975	3,375,643
Other income	6	12,703	-
Impairment of investment in a subsidiary	11	(238,981,746)	-
Administration expenses		(38,169)	(39,771)
Finance costs	7	(790,000)	(1,216,667)
(Loss)/profit before income tax	8	(237,118,237)	2,119,205
Income tax expense	9	-	(484,007)
(Loss)/profit and total comprehensive income for the year		(237,118,237)	1,635,198

The notes on pages 12 to 22 are an integral part of these financial statements.

ALERIS ASIA PACIFIC LIMITED

STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2020

	Note	2020 US$	2019 US$
NON-CURRENT ASSETS			
Investment in a subsidiary	11	217,959,306	451,941,052
Loan to a subsidiary	12	-	48,887,898
		217,959,306	500,828,950
CURRENT ASSETS			
Loan to a subsidiary	12	48,887,898	-
Amount due from a subsidiary	13	7,893,539	5,214,564
Cash and cash equivalents	14	273,806	311,975
		57,055,243	5,526,539
CURRENT LIABILITIES			
Amount due to a subsidiary	13	-	12,703
Amounts due to fellow subsidiaries	13	297,513	910,846
Amount due to an intermediate holding company	13	1,542,272	1,542,272
		1,839,785	2,465,821
NET CURRENT ASSETS		55,215,458	3,060,718
TOTAL ASSETS LESS CURRENT LIABILITIES		273,174,764	503,889,668
NON-CURRENT LIABILITY			
Loan from a fellow subsidiary	16	-	20,000,000
Net assets		273,174,764	483,889,668

The notes on pages 12 to 22 are an integral part of these financial statements.

ALERIS ASIA PACIFIC LIMITED

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AT 31 DECEMBER 2020

	Note	2020 US$	2019 US$
EQUITY			
Share capital	17	490,364,692	485,364,692
Capital reserve	15	21,403,333	-
Accumulated losses		(238,593,261)	(1,475,024)
Total equity		273,174,764	483,889,668

The financial statements on pages 7 to 22 were approved by the board of directors on 9 July 2021 and were signed on its behalf by:

.....
SangYoun So, Director

The notes on pages 12 to 22 are an integral part of these financial statements.

ALERIS ASIA PACIFIC LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital US$	Capital reserve US$	Accumulated losses US$	Total US$
At 1 January 2019	474,364,692	-	(3,110,222)	471,254,470
Increase in share capital via cash contribution	11,000,000	-	-	11,000,000
Profit and total comprehensive income for the year	-	-	1,635,198	1,635,198
At 31 December 2019 and at 1 January 2020	485,364,692	-	(1,475,024)	483,889,668
Increase in share capital (Note 17)	5,000,000	-	-	5,000,000
Capital contribution from shareholder (Note 15)	-	21,403,333	-	21,403,333
Loss and total comprehensive income for the year	-	-	(237,118,237)	(237,118,237)
At 31 December 2020	490,364,692	21,403,333	(238,593,261)	273,174,764

The notes on pages 12 to 22 are an integral part of these financial statements.

ALERIS ASIA PACIFIC LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 US$	2019 US$
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit before income tax	(237,118,237)	2,119,205
Adjustments for		
Finance costs	790,000	1,216,667
Interest income	(2,678,975)	(3,375,643)
Impairment of investment in a subsidiary	238,981,746	-
Write-off of amount due to a subsidiary	(12,703)	-
	(38,169)	(39,771)
Changes in working capital		
Decrease in accruals and other payables	-	(1,693)
Increase in an amount due to an intermediate holding company	-	1,693
Cash used in operations	(38,169)	(39,771)
Interest paid	(1,403,333)	(1,216,667)
Oversea tax paid	-	(484,007)
Net cash used in operating activities	(1,441,502)	(1,740,445)
Cash flows from investing activities		
Interest received	-	1,396,666
Issuance of shares	5,000,000	-
Contribution to a subsidiary	(5,000,000)	(10,656,672)
Capital contribution from shareholder	21,403,333	-
Net cash from/(used in) investing activities	21,403,333	(9,260,006)
Cash flows from financing activities		
Increase in amount due to an intermediate holding company	-	11,000,000
Repayment of loan from a fellow subsidiary	(20,000,000)	-
Net cash (used in)/from financing activities	(20,000,000)	11,000,000
Net decrease in cash and cash equivalents	(38,169)	(451)
Cash and cash equivalents at beginning of year	311,975	312,426
Cash and cash equivalents at end of year	273,806	311,975

The notes on pages 12 to 22 are an integral part of these financial statements.

ALERIS ASIA PACIFIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 Corporate information

Aleris Asia Pacific Limited is a limited company incorporated in Hong Kong. The Company's registered office is located at Suite 3201, Jardine House, 1 Connaught Place, Central, Hong Kong.

During the year, the Company was principally engaged in investment holding.

The Company is a wholly-owned subsidiary of Aleris Aluminum Netherlands B.V., a company incorporated in the Netherlands. In the opinion of the directors, the Company's ultimate holding company is Hindalco Industries Limited, a company incorporated in the India and listed on the National Stock Exchange of India.

2 Summary of significant accounting policies

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

For the purposes of compliance with sections 379 and 380 of the Hong Kong Companies Ordinance (Cap. 622), the financial statements of the Company have been prepared to present a true and fair view of the financial position and financial performance of the Company only. Consequently, the financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs, which term collectively includes Hong Kong Accounting Standards (HKASs) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance (Cap. 622) that are relevant to the preparation of company level financial statements by an immediate parent company.

The Company is a wholly owned subsidiary of Aleris Aluminum Netherlands B.V. and it has satisfied the exemption criteria sets out in section 379(3)(a) of the Hong Kong Companies Ordinance (Cap. 622) and therefore it is not required to prepare consolidated financial statements.

Given the above, the financial statements are not prepared for the purposes of compliance with HKFRS 10 “Consolidated financial statements” (HKFRS 10) so far as the preparation of consolidated financial statements is concerned. As a consequence, the financial statements do not give all the information required by HKFRS 10 about the economic activities of the Group of which the Company is the parent. Furthermore, as these financial statements are prepared in respect of the Company only, disclosures required by HKFRS 12 “Disclosures of Interests in Other Entities” have not been made.

These financial statements are presented in United States Dollars (“US$”), which is also the functional currency of the Company, unless otherwise stated.

2 Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

The adoption of revised standards

The following amendments to existing standards have been adopted by the Company for the first time for the financial year beginning on 1 January 2020:

Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting
Amendments to HKAS 1 and HKAS 8	Definition of Material
HKFRS 3 (Amendment)	Definition of a Business

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Amendments not yet adopted

The following amendments to existing standards are effective for annual periods beginning on or after 1 January 2021 and have not been applied in preparing these consolidated financial statements:

		Effective for accounting periods beginning on or after
Amendments to HKAS 39, HKFRS 7, HKFRS 9, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform	1 January 2021
Annual Improvements to HKFRSs	Annual Improvements to HKFRSs 2018-2020	1 January 2022
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced

Certain amendments to standards have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the Company. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2.2 Investment in a subsidiary

Subsidiary is an entity (including structured entity) over which the Company has control. The Company controls an entity when the Company is exposed to, 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.

Investment in a subsidiary is accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiary are accounted for by the Company on the basis of dividend received and receivable.

2 Summary of significant accounting policies (Continued)

2.3 Impairment of investment in a subsidiary

Impairment testing of investment in a subsidiary is required upon receiving dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investments in the separate financial statements exceeds the carrying amount in the financial statements of the investee's net assets including goodwill.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in United States Dollars, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses are presented in profit or loss.

Translation differences on non-monetary financial assets and liabilities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss.

2.5 Financial assets

(a) Classification

The Company classifies its financial assets as those to be measured at amortised cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

(b) Recognition and measurement

Regular way purchases and sales of financial assets are recognized on the trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At initial recognition, the Company measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost.

2 Summary of significant accounting policies (Continued)

2.5 Financial assets (Continued)

(c) Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the recognized amounts: and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.6 Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

2.7 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

2.8 Share capital

Ordinary shares are classified as equity.

2.9 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2 Summary of significant accounting policies (Continued)

2.10 Interest income

Interest income is recognised using the effective interest method.

2.11 Related parties

A party is considered to be related to the Company if:

(a) the party is a person or a close member of that person's family and that person
- (i) has control or joint control over the Company;
- (ii) has significant influence over the Company; or
- (iii) is a member of the key management personnel of the Company or of a parent of the Company;

or

(b) the party is an entity where any of the following conditions applies:
- (i) the entity and the Company are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity;
- (iii) the entity and the Company 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 controlled or jointly controlled by a person identified in (a);
- (vi) 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); and
- (vii) the entity, or any member of a group of which it is a part it is a part, provides key management personnel services to the Company or to the parent of the Company.

3 Financial risk management

3.1 Financial risk factors

The Company's activities expose it to credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

(a) Credit risk

As at 31 December 2020, the Company's maximum exposure to credit risk which may cause a financial loss to the Company due to failure to discharge an obligation by the counterparties provided by the Company is arising from the carrying amount of the respective recognised financial assets as stated in the statement of financial position.

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

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies or with good reputation.

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(a) Credit risk (Continued)

Loans to a subsidiary and amount due from a subsidiary are continuously monitored by assessing the credit quality, taking into account its financial position and past experience. Where necessary, impairment loss is made for estimated irrecoverable amount.

(b) Liquidity risk

In the management of the liquidity risk, the Company monitors and maintains a level of cash and cash equivalents and funds from its group companies deemed adequate by the management to finance the Company's operations and mitigate the effects of fluctuations in cash flows.

The table below analyses the Company's financial liabilities based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	On demand US$'000	Within one year US$'000	Between one and five years US$'000	More than five years US$'000	Total US$'000	Carrying amount US$'000
At 31 December 2020						
Amounts due to fellow subsidiaries	298	-	-	-	298	298
Amount due to an intermediate holding company	1,542	-	-	-	1,542	1,542
	1,840	-	-	-	1,840	1,840
At 31 December 2019						
Loan from a fellow subsidiary	-	1,200	4,800	21,200	27,200	20,000
Amount due to a subsidiary	13	-	-	-	13	13
Amounts due to fellow subsidiaries	911	-	-	-	911	911
Amount due to an Intermediate holding company	1,542	-	-	-	1,542	1,542
	2,466	1,200	4,800	21,200	29,666	22,466

3 Financial risk management (Continued)

3.2 Capital management

The Company manages its capital to ensure that entities in the Company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from 2019.

The capital structure of the Company consists of debt (which includes amount due to a subsidiary, amounts due to fellow subsidiaries, amount due to an intermediate holding company and loan from a fellow subsidiary) and equity attributable to owner of the Company (comprising issued share capital and accumulated losses).

The Company is not subject to any externally imposed capital requirements.

3.3 Fair value estimation

The carrying values of loan to a subsidiary, amount due from a subsidiary, cash and cash equivalents, other payables, amount due to a subsidiary, amounts due to fellow subsidiaries, amount due to an intermediate holding company and loan from a fellow subsidiary approximate their fair values due to the short term maturities of these assets and liabilities.

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Impairment of loans to a subsidiary and amount due from a subsidiary

The Company estimates the provisions for impairment of loans to a subsidiary and amount due from a subsidiary by assessing its recoverability based on credit history, prevailing market conditions as well as forward looking estimates at the end of each reporting period. This requires the use of estimates and judgements. Provisions are applied to loans to a subsidiary and amount due from a subsidiary where events or changes in circumstances indicate that the balances may not be collectible. Where the expectation is different from the original estimate, such difference will affect the carrying amount of loans to a subsidiary and amount due from a subsidiary and thus the impairment loss in the period in which such estimate is changed. The Company reassesses the provisions at the end of each reporting period.

Impairment of investment in a subsidiary

The Company estimates the provision for impairment of investment in a subsidiary based on an assessment of the future economic benefits of the investment that will flow to the Company. The identification of provision requires the use of estimates and judgements. Where the expectation is different from the original estimate, such difference will impact the carrying amount of investment in the period in which such estimate has been changed. The Company reassesses the provision at the end of each reporting period.

5 Revenue

Revenue represented loan interest income generated during the year.

6 Other income

	2020 US$	2019 US$
Write-off of amount due to a subsidiary	12,703	-

7 Finance costs

Finance costs represented loan interest expenses incurred during the year.

8 (Loss)/profit before income tax

The Company's (loss)/profit before income tax is arrived at after charging auditor's remuneration of US$32,769 (2019: US$30,245) during the year.

9 Income tax expense

No provision for Hong Kong profits tax has been made as there were no assessable profits arising in or derived from Hong Kong for the both years.

	2020 US$	2019 US$
Current – People's Republic of China		
Withholding tax	-	484,007

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

	2020 US$	2019 US$
(Loss)/profit before income tax	(237,118,237)	2,119,205
Tax at Hong Kong profits tax rate of 16.5% (2019: 16.5%)	(39,124,509)	349,669
Withholding tax in respect of interest income	-	484,007
Income not subject to tax	(444,127)	(556,981)
Expenses not deductible for tax purposes	39,568,636	207,312
Income tax expense	-	484,007

The Company has not recognised deferred tax assets arising from unused tax losses approximately US$1,009,922 (2019: approximately US$1,009,922) at 31 December 2020. These tax losses do not have expiry date once agreed by the Inland Revenue Department.

10 Directors' emoluments

During the year, no emoluments, retirement benefits and payments or benefits in respect of termination of directors' services were made to or receivable by, directly or indirectly, the directors of the Company (2019: Nil).

No consideration was provided to or receivables by any third party for making available the services of a person as a director of the Company (2019: Nil).

There were no loans, quasi-loans or other dealings in favour of the directors of the Company, their controlled bodies corporate and their connected entities (2019: Nil).

No significant transactions, arrangements and contracts in relation to the Company's business to which the Company was a party and in which the director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2019: None).

11 Investment in a subsidiary

	2020 US$	2019 US$
Unlisted investments, at cost	456,941,052	451,941,052
Impairment of investment in a subsidiary	(238,981,746)	-
	217,959,306	451,941,052

Details of the Company's subsidiary at 31 December 2020 were as follows:

Name of entity	Place of registration and operations	Issued and fully paid registered capital	Proportion ownership directly attributable of the Company 2020	2019	Principal activity
Aleris Aluminum (Zhenjiang) Co.	The People's Republic of China ("PRC")	Ordinary shares of US$455,000,000	100%	100%	Manufacturing aluminum material

During the year, the Company made a further capital injection of US$5,000,000 to its subsidiary was satisfied by a cash contribution. The Company made an impairment of investment in a subsidiary of US$238,981,746 in the statement of profit or loss, by which the carrying amount of the investment exceeds its recoverable amount.

In the prior year, the Company made a further capital injection of US$45,000,000 to its subsidiary, of which US$30,940,000 was satisfied via a credit to the Company's loan to the subsidiary and US$3,403,328 was satisfied via a credit to the Company's amount due from the subsidiary. The balance of US$10,656,672 was satisfied by a cash contribution.

12 Loans to a subsidiary

Loans to a subsidiary were unsecured, carried interest of 5.39% per annum (2019: 6% per annum) and repayable within one year.

13 Amounts due from/(to) group companies

The amounts due are unsecured, interest-free and repayable on demand.

14 Cash and cash equivalents

	2020 US$	2019 US$
Cash at bank	273,806	311,975

As at 31 December 2020 and 2019, cash and cash equivalents were denominated in United States Dollars and European Dollars.

15 Capital reserve

On 21 August 2020, the immediate holding company has made a contribution to the Company of US$21,403,333 (equivalent to EUR18,074,849.15 to the capital of the Company.

16 Loan from a fellow subsidiary

As at 31 December 2019, loan from a fellow subsidiary was unsecured, carried interest of 6% per annum and repayable within one year.

17 Share capital

	Number of shares	Share capital US$
Ordinary shares issued and fully paid:		
At 1 January 2019	1,000	485,364,692
Issuance of shares	-	5,000,000
At 31 December 2020	1,000	490,364,692

On 10 January 2020, the Company's issued ordinary share capital was increased by US$5,000,000 via cash contribution of US$5,000,000 from the immediate holding company;

On 24 July 2019, the Company's issued ordinary share capital was increased by US$5,000,000 via cash contributions of US$5,000,000 from the immediate holding company; and

On 9 October 2019, the Company's issued ordinary share capital was increased by US$6,000,000 via cash contributions of US$6,000,000 from the immediate holding company.

18 Notes to the statement of cash flows

Major non-cash transactions:

(a) During the year, interest income of US$2,678,975 (2019: US$3,375,643) was debited to an amount due from a subsidiary.

(b) During the year, interest expense of US$790,000 ((2019: US$1,216,667) was credited to an amount due to a fellow subsidiary.

18 Notes to the statement of cash flows (Continued)

Major non-cash transactions: (Continued)

(c) During the year, the immediate holding company made a capital injection of US$5,000,000 to the Company was satisfied by a cash contribution. In the prior year, the Company made a further capital injection of US$45,000,000 to its subsidiary, of which US$30,940,000 was satisfied via a credit to the Company's loan to the subsidiary and US$3,403,328 was satisfied via a credit to the Company's amount due from the subsidiary. The balance of US$10,656,672 was satisfied by a cash contribution.

19 Related party transactions

In addition to those disclosed elsewhere in these financial statements, the following transactions were carried out with related parties:

	Note	2020 US$	2019 US$
Subsidiary:			
Interest income	12	2,678,975	3,375,643
Fellow subsidiary:			
Interest expenses	16	790,000	1,216,667

Compensation to key management personnel

None of the key management personnel or directors received or will receive any fees or emoluments in respect of their services of the Company during the year (2019: Nil).