CHALIECO

中鋁國際工程股份有限公司

China Aluminum International Engineering Corporation Limited

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

Stock Code: 2068

Interim Report 2013

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PRESIDENT'S STATEMENT

Dear Shareholders:

To begin with, I would like to express the deepest gratitude on behalf of Chalieco, to all parties who have long been paying close attention to, and supporting, Chalieco's development.

In the first half of 2013, notwithstanding complexities and difficulties ahead in the market, Chalieco persisted in the expansion of markets and the prevention and control of risks and the full completion of tasks for the year through operations innovation, capturing opportunities for development and unswervingly expanding markets and thus, satisfactory periodical results were achieved. As at 30 June 2013, the value of newly-signed business contracts by Chalieco in the first half of the year was amounted to RMB18.4 billion with revenue of RMB7,054 million and profit before tax of RMB393 million.

2013 is the tenth anniversary of the establishment of Chalieco as the Company enters into a stage of transition of rapid development and critical stage for reform and development. Currently, the world economic situation is extremely complicated to the extent that the growth in most of the emerging economies has experienced an apparent slowdown, and the global economy is glutted with instability and uncertainty. The domestic nonferrous metals industry is undergoing severe overcapacity with scarce newly-developed projects. Meanwhile, the capital market shows a sign of ongoing recession and the overall situation is rather tough, all of which have stressed the production and operation of the enterprise with unpredictable challenges and risks. In this respect, Chalieco will proceed with confidence to overcome difficulties ahead and seek opportunities for development amidst the tough and challenging environment. It will continuously innovate its operation mode and further enhance its capacity to develop markets. It will fully leverage on the supportive function of science and technology and devote itself to be the pacemaker in the technology of nonferrous metals industry. Chalieco will endeavor to firmly build the philosophy of creating value for its customers and adhere to its customer-oriented principle, remain be committed to embracing its social responsibilities and unswervingly stride towards the goal of being the world tiptop engineering company with the most promising prospect.

We are convinced that, with the solid foundation laid in past decade, the strong support from customers and shareholders and the unremitting efforts of all the staff, Chalieco will be bound to overcome current difficulties and make splendid achievements on the new path of development.

He Zhihui
President of the Company

CORPORATE PROFILE

Chalieco was incorporated in the PRC on 16 December 2003, with Chinalco as its controlling shareholder. It was listed on the main board of the Stock Exchange on 6 July 2012.

Chalieco is a leading technology, engineering service and equipment provider in the nonferrous metals industry in China, capable of providing full business-chain integrated engineering solutions throughout various stages of the nonferrous metals industry chain. The businesses of the Company include engineering design and consultancy, engineering and construction contracting and equipment manufacturing.

Chalieco regards technological innovation as its core competency, and has developed a series of proprietary technologies relating to mining, ore-dressing, smelting and metal material processing.

As at the Latest Practicable Date, the Company had the following 18 principal subsidiaries under the direct shareholding of the Company:

Shenyang Aluminum & Magnesium Engineering Research Institute Co., Ltd.
(瀋陽鋁鎂設計研究院有限公司)

Guiyang Aluminum and Magnesium Design Institute Co., Ltd.
(貴陽鋁鎂設計研究院有限公司)

Changsha Engineering & Research Institute Limited for Nonferrous Metallurgy
(長沙有色冶金設計研究院有限公司)

China Nonferrous Metals Processing Technology Co., Ltd.
(中色科技股份有限公司)

China Nonferrous Metals Changsha Investigation and Design Research Institute Co., Ltd.
(中國有色金屬長沙勘察設計研究院有限公司)

Sixth Metallurgical Construction Company of China Nonferrous Metals Industry
(中國有色金屬工業第六冶金建設有限公司)

China Nonferrous Metals Industry's 12th Metallurgical Construction Co., Ltd.
(中色十二冶金建設有限公司)

Shandong Aluminum Engineering Co., Ltd.
(山東鋁業工程有限公司)

China Aluminum Great Wall Construction Co., Ltd.
(中鋁長城建設有限公司)

Chalieco (Tianjin) Construction Co., Ltd.
(中鋁國際(天津)建設有限公司)

China Aluminum International Technology Development Co., Ltd.
(中鋁國際技術發展有限公司)

Chalieco Trading Co., Ltd.
(中鋁國際工程設備有限公司)

Duyun Development Zone Tongda Construction Co., Ltd.
(都勻開發區通達建設有限公司)

Chongqing Tongye Construction Engineering Co., Ltd.
(重慶通冶建設工程有限公司)

Wenzhou Tonggang Construction Co., Ltd
(溫州通港建設有限公司)

Wenzhou Tongrun Construction Co., Ltd
(溫州通潤建設有限公司)

China Aluminum International Engineering (India) Private Limited
(中鋁國際工程(印度)私人有限責任公司)

Chalieco Venezuela C.A.
(中鋁國際委內瑞拉股份有限公司)

FINANCIAL SUMMARY

1. KEY OPERATION RESULT

	For the six months ended June 30, 2013 (RMB'000) (unaudited)	2012 (RMB'000) (unaudited and restated)	Amount of Change (RMB'000)	% of Change %
Revenue	**7,053,784**	6,875,766	178,018	2.6
Gross profit	**1,004,789**	1,272,165	(267,376)	(21.0)
Operating profit	**436,607**	770,734	(334,127)	(43.4)
Profit before tax	**392,733**	717,910	(325,177)	(45.3)
Profit for the period	**285,921**	555,337	(269,416)	(48.5)
Profit attributable to equity owners of the Company	**281,571**	534,695	(253,124)	(47.3)
Basic earnings per share (RMB)	**0.11**	0.23		

Note: Basic earnings per share for the six months ended June 30, 2013 of the Group were RMB0.11 per share, equivalent to HK$0.14 per share (with reference to the middle exchange rate of RMB to Hong Kong dollars as announced by the People's Bank of China on June 28, 2013).

2. SEGMENT RESULTS

	For the six months ended June 30, 2013 (RMB'000) (unaudited)	2012 (RMB'000) (unaudited and restated)	Amount of Change (RMB'000)	% of Change %
Segment revenue				
Engineering design and consultancy	**989,492**	849,044	140,448	16.5
Engineering and construction contracting	**5,864,356**	5,550,977	313,379	5.6
Equipment manufacturing	**391,231**	518,701	(127,470)	(24.6)
Subtotal	**7,245,079**	6,918,722	326,357	4.7
Inter-segment elimination	**(191,295)**	(42,956)		
Total	**7,053,784**	6,875,766	178,018	2.6

3. ASSETS AND LIABILITIES

	As at June 30, 2013 ***(RMB'000)*** **(unaudited)**	As at December 31, 2012 *(RMB'000)* (Restated)	**Amount of Change** *(RMB'000)*	**% of Change** *%*
Total assets	**21,949,754**	20,121,601	1,828,153	9.1
Total liabilities	**17,022,534**	14,923,799	2,098,735	14.1
Total equity	**4,927,220**	5,197,802	(270,582)	(5.2)
Consolidated equity attributable to equity owners of the Company	**4,780,751**	5,073,700	(292,949)	(5.8)

4. FINANCIAL HIGHLIGHT

Subject to severe market condition, and thanks to the Group's efforts in developing overseas and domestic markets, its newly signed contracts amounted to RMB18,400 million, representing a growth of 139% over the same period last year. The Group maintained a healthy growth momentum. The contracts backlog of the Company as of June,30 2013 amounted to RMB49,400 million, representing an increase of 6.2% over the end of 2012. Significant increase in revenue secured our future results. Business of the Group in the first half of the year rose steadily. The Group achieved operation revenue of RMB7,054 million, representing a year-on-year growth of 2.6%.

Despite tighten national financial policies and rigid capital liquidity, the Group kept relatively strong capital control and management ability. At the end of June, 2013, the Group's cash balance was RMB3,147 million, accounting for 14.3% of total assets, which basically remained at the same level as in 2012. On one hand, it shows that the Group was benefited from its relatively strong financing capability. On the other hand, it reveals the efficiency and results of the Group's funds central management, which provides strong support and security for its business expansion.

MANAGEMENT DISCUSSION AND ANALYSIS

1. BUSINESS REVIEW

Stepping into the year of 2013, the global economic condition has become more complicated. Despite the gradual recovery of the US economy, developed economies such as Europe and Japan remained fatigued. The growth of most emerging economies obviously slowed down and the global economy was still under an intensified adjustment period, making the progress of economic recovery full of instabilities and uncertainties.

As the growth of the Chinese economy decelerated and the conflicts of overcapacity continued to aggravate, industry restructuring and structural adjustment became essential. The development of nonferrous metals industry in China was faced with increasing pressure in relation to resources, energy and environment, resulting serious overcapacity. Enterprises faced more challenges in production and operation as the price of products lingered at low levels, pushing down the effectiveness in the industry.

Amid the rigorous market environment, the Group adjusted its operating strategy and strived to facilitate a pilot market-oriented and revolutionary approach in an active manner in the first half year. The Group strived to expand markets and enhanced its management, resulting a steady growth in the domestic business and favorable international business situation.

(1) Keeping abreast of market changes and adjusting operating strategy. New round of construction period in China prioritized new urbanization development and obviously focused on infrastructures and civil constructions after the 18th National Congress of the Communist Party of China. The Group started strategic planning and implementation in advance through an analysis on the market trend and policies. Keeping abreast of the urbanization development, the Group actively expanded in various sectors such as municipal facilities, roads and public housing, thus realizing transformation in operation aspect. In the meantime, the Group leveraged on the brand advantage of being a listed company and combined the benefits of traditional designs, construction and financing, so as to implement the BT business mode and improve the profitability of our projects, ensuring the corporate development on an ongoing basis.

The aggregated value of contracts newly signed in the first half of 2013 amounted to RMB18,400 million, representing an increase of 139% as compared with the corresponding period over last year. The contracts backlog of the Company as of 30 June 2013 amounted to RMB49,400 million, representing an increase of 6.2% over the end of 2012.

(2) Market reform activated corporate vigor. The Group commenced a series of trial market-oriented reforms together with an accountability system on the business objectives to its members and newly-built projects such as Changkan Institute (長勘院), Shanlv Engineering (山鋁工程), Changlv Construction (長鋁建) and Tianjin Construction (天津建設). Such reforms included open recruitment of general manager, redeployment of the management team according to the candidates nominated by the general manager, performance appraisal during the term of office, risk premium pledge and additional bonus. These policies closely linked the management team with the benefits of the Company, thus activating corporate vigor.

(3) Strong expansion in the domestic market. The Group fully demonstrated its edges on brand awareness, management and financing in the first half year and a number of major projects were smoothly progressing. Currently, the headquarters of the Group acted as a leader and its members were responsible for strategic planning. Local companies intensified the development of business structure in the market with our businesses covered the whole country like a “chess game”.

(4) The momentum of development in international market was decent. Over the first half year, the Group insisted on a strategy of development of “go abroad” and continued to put more efforts in exploring the international market. The Group successfully entered into a main work contract worth of approximately 500 million U.S. dollar which further solidifies our influence in the market of South America. Moreover, we entered into relevant design contract and supply of equipment material contract with companies in countries such as Malaysia and Turkey.

(5) The project management continued to be improved and practically enhanced the risk management. The project in progress in the first half of the year advanced smoothly which further upgraded the level of project management. We established and completed our HSE project safety management system with reference to the experience of advanced corporate safety management; established the project coordination group in key regions so as to organize and coordinate the development of a number of projects orderly; completed the building of project management and information system which has been applied to all project promotion. Meanwhile, we built a risk prevention and control system which uses internal control as a core system. The establishment of a risk prevention and control plan in key areas has been completed.

(6) Smooth progress in scientific research. According to the ranking of global design companies published by ENR, the Company was selected as “THE TOP 225 INTERNATIONAL DESIGN FIRMS”. According to the “2013 Ranking of Overseas Total EPC Contracting” issued by China Exploration & Design Association (中國勘察設計協會), the Company ranked at 11. The establishment of “National Enterprise Post-Doctoral Research Center” of Suzhou research institute of CNPT was approved and it became the second post-doctoral research center of the Group after GAMI. Significant projects were implemented orderly. The approved project of the Group named “Efficient and environmental-friendly electrolytic tank technology with high-capacity” was optimized. The laboratory experiment of “Technological development of production of alumina from coal ash” was completed and received preliminary technology and economic assessment. “Safety On-line monitoring of mine and technical development of digital close-shot photogrammetry” was widely used. The Company successfully obtained contracts amounting to approximately RMB60 million for this. “Safe self-rescue key technique and equipment research in mine site” passed the inspection of safety and monitoring department and put on records, which is formulating the industrial standards and specifications.

For the six months period ended 30 June 2013, Chalieco accumulated 149 applied patents and 173 granted patents, of which 1 is international granted patent. As of 30 June 2013, there are 5,140 applied patents in total, of which 133 are international and 3,619 were granted, of which 31 are international.

Prospects and Outlook

It is anticipated that China's economy will remain a stable growth in the second half of the year amid the complicated international economic condition and weak global economic growth. China's government will further increase its support for enterprises on technical transformation, energy saving as well as emission reduction and closing down backward production capacity. It also encourages enterprises to develop new materials and promotes industrial restructuring and transformation and upgrading. The implementation of relevant policies will raise the standard and enhance the sustainable development of non-ferrous industry. Judging from the situation, the Group will react with the changes of the situation and increase its anti-risk ability to ensure a stable growth in its economic benefits.

(1) Make full use of each type of resources and enlarge the scale of market expansion. The Group will further enhance the cooperation of banks and enterprises to safeguard its business expansion. It will also strengthen the operation and information resources sharing within the Group to uplift the ability of market expansion of the Company as a whole.

(2) Speed up the expansion into international market. For business strategy of foreign business, the Group will promote the establishment of overseas offices in Brazil and Russia. It will enhance the international market study, maximize the expansion capability in resources and energy-rich region and keep up the follow-up of potential projects in countries such as Venezuela, Brazil, Russia, Guinea, Vietnam and India to drive the sustainable growth of international business.

(3) Increase the research and development of significant technological projects and play a supporting role for technology. The Group will further improve the system of encouragement of technology, value inflow of technological talents and enlarge the investment in technological research and development to actively promote the research and development of advanced technique of the industry, creating results as soon as possible and support the long-term development of the Company. SAMI and CNPT will keep up the reporting of "National Engineering Technique Research Center".

(4) Implement the share option incentive scheme to increase enthusiasm of our management crew. It aims at establishing long-term incentive scheme which strongly relate the Company's results to its long-term strategy, promoting business sustainable development and implementation of scheme of stock appreciation right.

The Group is confident that its operation business can grow in pace with results to return gains to its shareholders and society.

2. FINANCIAL REVIEW

(1) Overview

For the six months ended June 30, 2013, the Group's revenue was RMB7,053.78 million, representing an increase of RMB178.02 million or 2.6% over the same period of last year. The Group realized a net profit of RMB285.92 million, representing a decrease of RMB269.42 million or 48.5% over the corresponding period of last year. Among which, profit attributable to equity owners of the Company was RMB281.57 million, representing a decrease of RMB253.12 million or 47.3% over the corresponding period of last year. The decrease in profit was primarily due to the structural change of the Group's business. Orders of design business with higher profit margin decreased whereas that of the engineering and construction contracting business increased. In addition, affected by market price inflation, the profit margin of the Group declined due to an upsurge of material cost and payroll costs. Nevertheless, the gross profit margin was maintained at a relatively high level among the industry.

(2) Condensed Consolidated Results of Operations

1) Revenue

The Group generated revenue primarily from the engineering design and consultancy, engineering and construction contracting and equipment manufacturing businesses.

For the six months ended June 30, 2013, the revenue of the Group was RMB7,053.78 million, representing an increase of RMB178.02 million or 2.6% over the same period of the previous year. Increase in revenue was benefited from sufficient executed orders brought down from first half of the year. It was also the result of the Group's active promotion of diversified development and development of municipal construction engineering projects under the condition of excess production capacity of non-ferrous metal industry and shrinking industrial construction business. A large number of newly signed contracts commissioned. As a result, the Group's revenue maintained a growth momentum albeit continuous sluggish external economic environment.

For the six months ended June 30, 2013, the revenue generated in China and overseas regions amounted to RMB6,298.98 million and RMB754.80 million, respectively, accounting for 89.3% and 10.7% of the total revenue. The comparison with the data for the same period of the previous year is as below:

By region	**From January 1, to June 30, 2013 *(RMB'000)* (unaudited)**	%	From January 1, to June 30, 2012 *(RMB'000)* (unaudited and restated)	%
China	**6,298,981**	**89.3**	5,984,016	87.0
Overseas				
Vietnam	**208,586**	**3.0**	491,668	7.2
India	**108,723**	**1.5**	123,834	1.8
Venezuela	**352,649**	**5.0**	81,916	1.2
Others	**84,845**	**1.2**	194,332	2.8
Subtotal	**754,803**	**10.7**	891,750	13.0
Total	**7,053,784**	**100**	6,875,766	100

Note: Others include revenue from countries such as Azerbaijan, Malaysia, Peru, the U.S., Laos, the United Arab Emirates (regions).

2) **Cost of Sales**

For the six months ended June 30, 2013, the cost of sales of the Group amounted to RMB6,049.00 million, representing an increase of RMB445.39 million or 7.9% over the same period of the previous year, which was due to the rise in costs for materials, equipment and subcontracting resulted from increase in the engineering and construction contracting business.

3) **Gross profit**

For the six months ended June 30, 2013, the gross profit of the Group amounted to RMB1,004.79 million, representing a decrease of RMB267.38 million provided that the gross profit margin was maintained at 14.2%. The decrease was mainly due to the rise in material cost and payroll costs resulted from increase in the engineering and construction contracting business under the structural change of orders in 2013.

4) **Selling and marketing expenses**

For the six months ended June 30, 2013, the selling and marketing expenses of the Group amounted to RMB173.83 million, representing a decrease of RMB0.92 million or 0.5% over the same period of the previous year.

5) Administrative expenses

For the six months ended June 30, 2013, the administrative expenses of the Group amounted to RMB404.71 million, representing an increase of RMB31.97 million or 8.6% over the same period of the previous year, which was primarily due to the increase in payroll costs.

6) Other income

For the six months ended June 30, 2013, the other income of the Group amounted to RMB9.46 million, representing a decrease of RMB13.61 million over the same period of the previous year.

7) Other gains

For the six months ended June 30, 2013, the other gains of the Group amounted to RMB0.90 million, representing a decrease of RMB22.10 million over the same period of the previous year.

8) Operating profit

For the six months ended June 30, 2013, the operating profit of the Group amounted to RMB436.61 million, representing a decrease of RMB334.13 million or 43.4% over the same period of the previous year.

9) Finance income

For the six months ended June 30, 2013, the finance income of the Group amounted to RMB49.58 million, representing an increase of RMB18.77 million or 60.9% over the same period of the previous year.

10) Finance expenses

For the six months ended June 30, 2013, the finance expenses of the Group amounted to RMB92.44 million, representing an increase of RMB9.69 million or 11.7% over the same period of the previous year.

11) Income tax expense

For the six months ended June 30, 2013, the income tax expense of the Group amounted to RMB106.81 million, representing a decrease of RMB55.76 million or 34.3% over the same period of the previous year, which was primarily attributable to the decrease of profit before tax.

12) Profit for the period

For the six months ended June 30, 2013, the profit for the period of the Group amounted to RMB285.92 million, representing a decrease of RMB269.42 million or 48.5% over the same period of the previous year.

13) Profit attributable to equity owners of the Company

For the six months ended June 30, 2013, the profit attributable to equity owners of the Company amounted to RMB281.57 million, representing a decrease of RMB253.12 million or 47.3% over the same period of the previous year.

(3) Discussion of the Operating Results by Segment

The following table shows revenue, gross profit, gross profit margin, segment result and operating profit margin of our business segments for the periods indicated:

	Revenue For the half year ended June 30,		Gross Profit For the half year ended June 30,		Gross Profit Margin For the half year ended June 30,		Segment Result For the half year ended June 30,		Segment Result Margin For the half year ended June 30,	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
	(RMB'000)		*(RMB'000)*		%		*(RMB'000)*		%	
	(unaudited)	(unaudited and restated)	**(unaudited)**	(unaudited and restated)			**(unaudited)**	(unaudited and restated)		
Engineering design and consultancy	**989,492**	849,044	**393,518**	390,827	**39.8**	46.0	**170,406**	184,704	**17.2**	21.8
Engineering and construction contracting	**5,864,356**	5,550,977	**542,741**	739,392	**9.3**	13.3	**255,175**	507,635	**4.4**	9.1
Equipment manufacturing	**391,231**	518,701	**90,457**	141,946	**23.1**	27.4	**16,051**	78,395	**4.1**	15.1
Subtotal	**7,245,079**	6,918,722	**1,026,716**	1,272,165			**441,632**	770,734		
Inter-segment elimination	**(191,295)**	(42,956)	**(21,927)**	–			**(5,025)**	–		
Total	**7,053,784**	6,875,766	**1,004,789**	1,272,165	**14.2**	18.5	**436,607**	770,734	**6.2**	11.2

1) **Engineering design and consultancy**

The principal segment result data for our engineering design and consultancy business is as follows:

	For the half year ended June 30, 2013		2012		
	***(RMB'000)* (unaudited)**	***% of Segment Revenue***	*(RMB'000)* (unaudited and restated)	*% of Segment Revenue*	**% of Change**
Segment revenue	**989,492**	**100.0**	849,044	100.0	16.5
Cost of sales	**(595,974)**	**(60.2)**	(458,217)	(54.0)	30.1
Gross profit	**393,518**	**39.8**	390,827	46.0	0.7
Selling and marketing expenses	**55,597**	**(5.6)**	(55,998)	(6.6)	(0.7)
Administrative expenses	**(170,780)**	**(17.3)**	(169,421)	(20.0)	0.8
Other income and other gains	**3,265**	**0.3**	19,296	2.3	(83.1)
Segment result	**170,406**	**17.2**	184,704	21.7	(7.7)

Segment revenue. Revenue from the engineering design and consultancy business before inter-segment elimination increased by RMB140.45 million or 16.5% over the same period of the previous year, primarily due to significant upsurge of revenue arising from the design-oriented EPC contracting business commenced by certain design units.

Cost of sales. Cost of sales of the engineering design and consultancy business increased by RMB137.76 million or 30.1% over the same period of the previous year, primarily due to the increase in costs of raw materials and subcontracting costs as consumed by EPC contracting business.

Gross profit. Gross profit of the engineering design and consultancy business increased by RMB2.69 million or 0.7% over the same period of the previous year.

Selling and marketing expenses. Selling and marketing expenses of the engineering design and consultancy business decreased by RMB0.40 million or 0.7% over the same period of the previous year.

Administrative expenses. Administrative expenses of the engineering design and consultancy business increased by RMB1.36 million or 0.8% over the same period of the previous year.

Other income and other gains. Other income and other gains derived from the engineering design and consultancy business decreased by RMB16.03 million over the same period of the previous year.

Segment result. As a result of the foregoing, segment result for the period from the engineering design and consultancy business decreased by RMB14.30 million or 7.7% over the same period of the previous year.

2) **Engineering and construction contracting**

The principal segment result data for our engineering and construction contracting business is as follows:

	For the half year ended June 30, 2013 (RMB'000) (unaudited)	2013 % of Segment Revenue	2012 (RMB'000) (unaudited and restated)	2012 % of Segment Revenue	% of Change
Segment revenue	**5,864,356**	**100.0**	5,550,977	100.0	5.6
Cost of sales	**(5,321,615)**	**(90.7)**	(4,811,585)	(86.7)	10.6
Gross profit	**542,741**	**9.3**	739,392	13.3	(26.6)
Selling and marketing expenses	**(114,148)**	**(1.9)**	(113,907)	(2.1)	0.2
Administrative expenses	**(178,079)**	**(3.0)**	(143,911)	(2.6)	23.7
Other income and other gains or loss – net	**4,661**	**(0.1)**	26,061	0.5	(82.1)
Segment result	**255,175**	**4.4**	507,635	9.1	(49.7)

Segment revenue. Revenue of the engineering and construction contracting business before inter-segment elimination increased by RMB313.38 million or 5.6% over the same period of the previous year, primarily attributable to sufficient contracts brought forward from first half of the year by the segment and on-time completion of construction through continuous production operation management.

Cost of sales. Cost of sales of the engineering and construction contracting business increased by RMB510.03 million or 10.6% over the same period of the previous year, primarily due to the increase in costs of raw materials and subcontracting costs as a result of market price inflation.

Gross profit. Gross profit of the engineering and construction contracting business decreased by RMB196.65 million or 26.6% over the same period of the previous year.

Selling and marketing expenses. Selling and marketing expenses of the engineering and construction contracting business increased by RMB0.24 million over the same period of the previous year.

Administrative expenses. Administrative expenses of the engineering and construction contracting business increased by RMB34.17 million or 23.7% over the same period of the previous year, primarily due to the increase in research and development expenses over last year resulting from increase in Company's investments research and development.

Other income and other gains. Our other income and other gains decreased by RMB21.40 million over the same period of the previous year.

Segment result. As a result of the foregoing, segment result for the period of the engineering and construction contracting business decreased by RMB252.46 million or 49.7% over the same period of the previous year.

3) Equipment manufacturing

The principal segment result data for the equipment manufacturing business is as follows:

	For the half year ended June 30,				
	2013		2012		
	(RMB'000) **(unaudited)**	***% of Segment Revenue***	*(RMB'000)* (unaudited and restated)	*% of Segment Revenue*	**% of Change**
Segment revenue	**391,231**	**100.0**	518,701	100.0	(24.6)
Cost of sales	**(300,774)**	**(76.9)**	(376,755)	(72.6)	(20.2)
Gross profit	**90,457**	**23.1**	141,946	27.4	(36.3)
Selling and marketing expenses	**(4,089)**	**(1.0)**	(4,852)	(0.9)	(15.7)
Administrative expenses	**(72,750)**	**(18.6)**	(59,407)	(11.5)	22.5
Other income and other gains	**2,433**	**0.6**	708	0.1	243.6
Segment result	**16,051**	**4.1**	78,395	15.1	(79.5)

Segment revenue. Revenue of the equipment manufacturing business before inter-segment elimination decreased by RMB127.47 million or 24.6% over the same period of the previous year, primarily attributable to shrinking market of non-ferrous metal processing industry.

Cost of sales. Cost of sales of the equipment manufacturing business decreased by RMB75.98 million or 20.2% over the same period of the previous year, primarily due to decrease in cost along with decrease in revenue.

Gross profit. Gross profit of the equipment manufacturing business decreased by RMB51.49 million or 36.3% over the same period of the previous year.

Selling and marketing expenses. Selling and marketing expenses of the equipment manufacturing business decreased by RMB0.76 million over the same period of the previous year.

Administrative expenses. Administrative expenses of the equipment manufacturing business increased by RMB13.34 million or 22.5% over the same period of the previous year, primarily attributable to increase in research and development expenses of the segment to commit to the expansion into markets.

Other income and other gains. Other income and other gains derived from the equipment manufacturing business increased by RMB1.73 million over the same period of the previous year.

Segment result. As a result of the foregoing, segment result for the year of the equipment manufacturing business decreased by RMB62.34 million or 79.5% over the same period of the previous year.

3. LIQUIDITY AND CAPITAL RESOURCES

As at June 30, 2013, cash and cash equivalents held by the Group amounted to RMB2,830.49 million, representing an increase of RMB70.83 million as compared with that as at December 31, 2012, primarily due to increase in capital from the Group's fund raising activities to meet production operation needs.

As at June 30, 2013, the current assets of the Group, exclusive of cash and cash equivalents, amounted to RMB14,343.20 million, among which notes and trade receivables, amounts due from customers for contract work, prepayments and other receivables, inventories, available-for-sale financial assets, restricted capital and time deposit were RMB5,305.04 million, RMB5,695.21 million, RMB2,105.63 million, RMB843.34 million, RMB61.00 million, RMB157.86 million and RMB159.05 million, respectively.

As at June 30, 2013, the current liabilities of the Group amounted to RMB15,037.67 million, among which trade and other payables, short-term borrowings and dividend payables were RMB10,247.30 million, RMB3,472.13 million, RMB588.88 million, respectively.

As at June 30, 2013, the net current assets of the Group, the difference between total current assets and current liabilities, amounted to RMB2,136.02 million, representing a decrease of RMB429.69 million or 16.7% over that as at December 31, 2012.

As at June 30, 2013, the outstanding borrowings of the Group amounted to RMB3,733.40 million. Among which, short-term borrowings were RMB3,472.13 million and long-term borrowings were RMB261.27 million, the total of which increased by RMB1,349.56 million over that as at December 31, 2012, including RMB1,278.64 million from short-term borrowings and RMB70.92 million from long-term borrowings.

(1) Cash flows

Cash flows used in operating activities. For the six months ended June 30, 2013, the net cash flows used in operating activities amounted to RMB890.58 million, representing an increase of RMB445.23 million or 100.0% over the same period of the previous year, primarily due to the payment for BT projects and advances for contracting projects construction capital.

Cash flows used in investing activities. For the six months ended June 30, 2013, the net cash used in investing activities amounted to RMB337.44 million, representing a decrease of RMB98.90 million or 22.7% from the same period of the previous year, primarily due to the collection of time deposits and tradable financial assets.

Cash flows generated from financing activities. For the six months ended June 30, 2013, the net cash generated from our financing activities amounted to RMB1,314.44 million, representing an increase of RMB703.94 million or 115.3% over the same period of the previous year, primarily due to increase in capital from the Group's fund raising activities to meet production operation needs.

(2) Security

As at 30 June 2013, we pledged trade receivables amounting to RMB65.07 million to the bank for short-term borrowing amounting to RMB50.00 million; and we secured certain equipment with net book value amounting to RMB6.97 million for borrowing amounting to RMB13.00 million.

(3) Gearing ratio

The Group monitors our capital structure on the basis of gearing ratio. This ratio is calculated as net debt divided by total capital. Net debts are calculated as the total borrowings and other liabilities (including short-term borrowings, long-term borrowings, trade and other payables, as shown in the condensed consolidated balance sheets) less restricted cash, time deposits and cash and cash equivalents. Total capital is calculated as equity, as shown in the condensed consolidated balance sheets, plus net debts less non-controlling interest. We had gearing ratios of approximately 66.6% (restated) and 72.1% as of December 31, 2012 and June 30, 2013, respectively. The increase of gearing ratio as of June 30, 2013 as compared with that as of December 31, 2012 was primarily due to (i) an increase of RMB1,349.56 million in bank borrowings and (ii) decrease in equity resulting from the provision of dividend payables of RMB532.63 million pursuant to the resolution relating to distribution of bonus to shareholders passed on the general meeting in 2013.

4. CONTINGENCIES

The Group has been involved in a number of lawsuits and other legal proceedings arising in the ordinary course of business. Provision has been made for the probable losses to us on those claims when our management can reasonably estimate the outcome of the lawsuits based on its judgments and the legal advice. No provision would be made for pending lawsuits when the outcome of the lawsuits cannot be reasonably estimated or our management believes the outflow of resources is not probable. It is not anticipated that any material liabilities will arise from the contingent liabilities other than such provision.

5. COMMITMENTS

(1) Capital commitments

Our capital commitments as of the dates indicated below are as follows:

	June 30, 2013 *(RMB'000)*	December 31, 2012 *(RMB'000)*
Contracted but not provided for		
– Property, plant and equipment	**281,772**	188,218
Authorized but not contracted for		
– Property, plant and equipment	**71,016**	37,310
– Intangible assets	**18,000**	–
Total	**370,788**	225,528

(2) Operating leasing commitments

We lease various offices, warehouses, residential properties and machinery under irrevocable operating lease agreements. These leases have varying terms, price adjustment clauses and renewal rights. The future aggregate minimum lease payments under irrevocable operating leases are as follows:

	June 30, 2013 *(RMB'000)*	December 31, 2012 *(RMB'000)*
Less than one year	**4,765**	8,149
One year to five years	**3,910**	2,249
More than five years	**1,130**	–
Total	**9,805**	10,398

(3) Loan commitment

On 27 February 2013, the Twelfth Construction, a wholly owned subsidiary of the Group, entered into a jointly development contract ("Jointly Development Contract") with Guiyang Wudang District Stated-owned Assets Operation Company Limited ("Wudang Company", 貴陽市烏當區國有資產運營公司) and Chengdu Zhongwei Investment Company Limited ("Zhongwei Company", 成都中維投資有限公司) to perform the first-level land development of Luowang Yunjing Medicine&Food Industrial Park (洛灣雲錦醫藥食品新型工業園). According to the terms of the Jointly Development Contract, the three parties will set up a new company named Guizhou Tongye Construction and Development Company Limited ("Guizhou Tongye", 貴州通冶建設發展有限公司) (Note 24) to operate the development and the Twelfth Construction will need to provide financing amounting to RMB300 million to Guizhou Tongye with an interest rate of 18% per annum. The Government of Guizhou Wudang District will guarantee the financing. As of 30 June 2013, no financing has been provided.

6. CAPITAL EXPENDITURE

Our capital expenditures were used mainly for the construction of production facilities and the purchase of equipment. For six months ended June 30, 2013 and June 30, 2012, our capital expenditures were RMB233.11 million and RMB123.23 million, respectively.

The following table sets forth our capital expenditures for the periods indicated:

	For the six months ended June 30,	
	2013	2012
	(RMB'000)	*(RMB'000)*
	(unaudited)	(unaudited and restated)
Engineering design and consultancy	**79,379**	26,422
Engineering and construction contracting	**78,753**	85,064
Equipment manufacturing	**74,980**	11,745
Total	**233,112**	123,231

7. RISK FACTORS

We are exposed to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The overall risk management program of the Company focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

Foreign exchange risk

As we operate globally with majority of our operations located in China, Southeast Asia, South Asia and South America, our financial position and results of operations can be affected by movements of those currencies relevant to our operations, mostly RMB, US dollar and Euro. The Company is exposed to foreign exchange risk primarily through sales and purchases that give rise to receivables and payables, borrowings and cash balances that are denominated in foreign currencies.

RMB is not a freely convertible currency and the PRC government may at its discretion restrict access to foreign currencies for current account transactions in the future. Changes in the PRC foreign exchange control system may prevent the Company from satisfying sufficient foreign currency demands.

Interest rate risk

The Company's income and operating cash flows are substantially independent from changes in market interest rates, as the Company has no significant interest-bearing assets and borrowings.

Price risk

The Company is exposed to equity securities price risk, because the Company's equity securities investments are classified as available-for-sale financial assets or other financial assets at fair value through profit or loss which are required to be stated at their fair values.

Credit risk

The Company's credit risk is primarily attributable to restricted cash, time deposit, cash and cash equivalents, trade and other receivables and other current assets.

Substantially all of the Company's time deposits, cash and cash equivalents are deposited in the PRC state-owned/controlled banks, the credit risk of which the Directors believe to be insignificant.

The Company has policies in place to ensure that services are rendered and products are sold to customers with a sound credit record, and the Company performs periodic credit evaluations of its customers. The Company typically does not require collateral from trade debtors. The Directors consider that the Company does not have a significant concentration of credit risk.

Regarding balances with related parties, the Company assesses the credibility of the related parties by reviewing their operating results and gearing ratios periodically.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet, after deducting any impairment allowance.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and availability of funding from an adequate amount of committed credit facilities. Due to the dynamic nature of our business, we aim to maintain flexibility in funding by keeping committed credit lines available.

Management monitors the cash flow forecasts of the Company, which comprises the undrawn borrowing facility and cash and cash equivalents available at each month end in meeting its liabilities.

Effects of inflation

The PRC has not experienced significant inflation in recent years, and thus inflation in the PRC has not materially affected our operations during the track record period. Although there can be no assurance as to the impact of inflation in future periods, we have not been materially and adversely affected by any recent inflationary or deflationary pressures in China.

8. EMPLOYEES AND REMUNERATION POLICY

Employees

As of 30 June 2013, we had a total of 10,530 employees. The following table shows a breakdown of the employees by business segment as of 30 June 2013:

	Number of Employees	% of Total
Engineering technicians	3,938	37.4
Operation and management personnel	2,906	27.6
Production and operation personnel	3,165	30.1
Service and other personnel	521	4.9
Total	10,530	100.0

The following table shows a breakdown of the employees by level of education as of 30 June 2013:

	Number of Employees	% of Total
Graduate degree	782	7.4
Undergraduate degree	3,723	35.4
Associate degree	2,667	25.3
Others	3,358	31.9
Total	10,530	100.0

In accordance with regulations applicable to enterprises and the relevant requirements of various local governments in areas in which we operate, we make contributions to the pension contribution plan, employees' medical insurance, unemployment insurance, maternity insurance and workers' compensation injury insurance. The amount of our contributions is based on the specified percentages of our employee's aggregate salaries as required by relevant PRC authorities. We also make contributions to an employee housing fund according to applicable PRC regulations. In addition to statutory contributions, we also provide supplementary benefits to our employees. These benefits include supplemental medical insurance plans and plans that are not covered by mandatory insurance required by the PRC government, for current employees, and annual bonuses for our current employees.

For the first half of 2013, our employee benefits expenses amounted to RMB549.67 million.

We sign written employment contracts with employees pursuant to the Labour Contract Law, setting out the probation period and violation penalties, dissolution of labor contracts, payment of remuneration and economical compensation as well as social security premiums terms. The Company has taken a variety of measures to improve its employment relationship management and fulfill its statutory obligations in a practical manner. The Company provides training for employees according to corporation business development strategies, operation objectives and job responsibilities, and continuously explores innovative training models.

The Company has established a labour union to protect employees' rights and encourage employees to participate in the management of the Company. We have not experienced any strikes or other labour disputes which have interfered with our management and operations.

We endeavor to provide training for our staff. The scope of our induction and ongoing training programs includes management skills and techniques training, overseas exchange programs and other courses. Through continued education allowance, we also encourage our staff to engage in programs for obtaining higher academic and employment qualifications.

9. SUBSEQUENT EVENTS

In connection with the Jointly Development Contract, Twelfth Construction, Wudang Company and Zhongwei Company set up a project company named Guizhou Tongye Construction and Development Company Limited ("Guizhou Tongye", 貴州通冶建設發展有限公司) on 4 July 2013, with a registered capital amounting to RMB100 million which will be paid in stages. The above three companies held 45%, 45% and 10%, respectively, of the equity interest of Guizhou Tongye. After providing RMB300 million of the financing as stipulated in the shareholders' agreement (Note 20 (c)), besides the 45% of the equity interest in Guizhou Tongye, the Twelfth Construction will hold 67% of the voting rights in Guizhou Tongye. As of the date of this report, Guizhou Tongye had received paid-up capital amounting to RMB30 million, in which Twelfth Construction paid RMB13.5 million and no financing had been provided by Twelfth Construction to Guizhou Tongye.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

pwc 羅兵咸永道

TO THE BOARD OF DIRECTORS OF
CHINA ALUMINUM INTERNATIONAL ENGINEERING CORPORATION LIMITED
(incorporated in the People's Republic of China with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 25 to 70, which comprises the interim condensed consolidated balance sheet of China Aluminum International Engineering Corporation Limited (中鋁國際工程股份有限公司, the "Company") and its subsidiaries (together, the "Group") as at 30 June 2013 and the related interim condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on the The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting". The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 16 August 2013

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	Six months ended 30 June 2013 RMB'000 (unaudited)	2012 RMB'000 (unaudited and restated)
Revenue	6	**7,053,784**	6,875,766
Cost of sales		**(6,048,995)**	(5,603,601)
Gross profit		**1,004,789**	1,272,165
Selling and marketing expenses		**(173,834)**	(174,757)
Administrative expenses		**(404,707)**	(372,739)
Other income		**9,460**	23,065
Other gains		**899**	23,000
Operating profit		**436,607**	770,734
Finance income		**49,581**	30,811
Finance costs		**(92,442)**	(82,751)
Share of losses of associates	11	**(1,013)**	(884)
Profit before taxation		**392,733**	717,910
Income tax expense	7	**(106,812)**	(162,573)
Profit for the period		**285,921**	555,337
Items that may be reclassified to profit or loss			
Fair value losses on available-for-sale financial assets, net of tax		**(14,600)**	(6,252)
Item that will not be reclassified subsequently to profit or loss			
Remeasurements of post employment benefit obligations, net of tax		**(27,544)**	(13,274)
Other comprehensive income for the period, net of tax		**(42,144)**	(19,526)
Total comprehensive income for the period		**243,777**	535,811

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	Six months ended 30 June	
		2013	2012
		RMB'000	*RMB'000*
		(unaudited)	(unaudited and restated)
Profit for the period attributable to:			
Equity owners of the Company		**281,571**	534,695
Non-controlling interests		**4,350**	20,642
		285,921	555,337
Total comprehensive income for the period attributable to:			
Equity owners of the Company		**239,683**	515,320
Non-controlling interests		**4,094**	20,491
		243,777	535,811
Earnings per share for profit attributable to equity owners of the Company		***RMB***	*RMB*
– Basic	8	**0.11**	0.23
– Diluted	8	**0.11**	0.23
Dividends	9	**–**	–

The notes on pages 34 to 70 form an integral part of this unaudited interim condensed consolidated financial information.

UNAUDITED INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

	Note	At 30 June 2013 RMB'000 (unaudited)	At 31 December 2012 RMB'000 (audited and restated)
Assets			
Non-current assets			
Property, plant and equipment	10	**1,665,377**	1,577,011
Land use rights	10	**819,204**	798,030
Investment properties		**29,531**	30,007
Notes and trade receivables	12	**1,263,428**	1,215,820
Prepayments and other receivables	13	**248,842**	192,543
Intangible assets	10	**202,669**	220,729
Investments in associates	11	**46,747**	47,760
Available-for-sale financial assets		**171,699**	191,329
Deferred income tax assets		**324,240**	312,632
Other non-current assets		**4,334**	4,845
Total non-current assets		**4,776,071**	4,590,706
Current assets			
Available-for-sale financial assets		**61,000**	1,000
Inventories		**843,336**	712,624
Notes and trade receivables	12	**5,305,038**	5,198,928
Prepayments and other receivables	13	**2,105,625**	1,603,072
Amounts due from customers for contract work	14	**5,695,209**	4,776,992
Current income tax prepayments		**16,080**	4,103
Financial assets at fair value through profit or loss		**–**	413
Restricted cash		**157,863**	275,805
Time deposits		**159,046**	198,305
Cash and cash equivalents		**2,830,486**	2,759,653
Total current assets		**17,173,683**	15,530,895
Total assets		**21,949,754**	20,121,601

UNAUDITED INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

	Note	**At 30 June 2013 RMB'000 (unaudited)**	At 31 December 2012 RMB'000 (audited and restated)
Equity			
Share capital	15	**2,663,160**	2,663,160
Reserves		**2,117,591**	2,410,540
Consolidated equity attributable to owners of the Company		**4,780,751**	5,073,700
Non-controlling interests		**146,469**	124,102
Total equity		**4,927,220**	5,197,802
Liabilities			
Non-current liabilities			
Deferred income		**87,944**	79,022
Borrowings	17	**261,271**	190,349
Retirement and other supplemental benefit obligations	16	**1,345,890**	1,323,545
Deferred income tax liabilities		**12,926**	21,851
Trade and other payables	18	**276,838**	343,841
Total non-current liabilities		**1,984,869**	1,958,608

UNAUDITED INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

	Note	**At 30 June 2013 *RMB'000* (unaudited)**	At 31 December 2012 *RMB'000* (audited and restated)
Current liabilities			
Trade and other payables	18	**10,247,297**	10,292,577
Dividends payable	19	**588,878**	53,080
Financial liabilities at fair value through profit or loss		**–**	1,499
Amounts due to customers for contract work	14	**551,052**	211,443
Borrowings	17	**3,472,132**	2,193,491
Current income tax liabilities		**58,981**	94,097
Retirement and other supplemental benefit obligations	16	**119,325**	119,004
Total current liabilities		**15,037,665**	12,965,191
Total liabilities		**17,022,534**	14,923,799
Total equity and liabilities		**21,949,754**	20,121,601
Net current assets		**2,136,018**	2,565,704
Total assets less current liabilities		**6,912,089**	7,156,410

The interim condensed consolidated financial information has been approved by the Board of Directors on 16 August 2013 and was signed on its behalf.

Zhang Chengzhong
Director

Wang Jun
Director

The notes on pages 34 to 70 form an integral part of this unaudited interim condensed consolidated financial information.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Note	Attributable to equity owners of the Company									
		Share capital RMB'000 (unaudited)	Capital reserve RMB'000 (unaudited)	Statutory surplus reserve RMB'000 (unaudited)	Investment revaluation reserve RMB'000 (unaudited)	Remeasurements of post employment benefit obligations RMB'000 (unaudited)	Special reserve RMB'000 (unaudited)	Retained earnings RMB'000 (unaudited)	Total RMB'000 (unaudited)	Non-controlling interests RMB'000 (unaudited)	Total equity RMB'000 (unaudited)
At 1 January 2012 (restated)		2,300,000	1,380	7,084	144,644	(90,223)	49,966	454,323	2,867,174	78,994	2,946,168
Profit for the period		–	–	–	–	–	–	534,695	534,695	20,642	555,337
Other comprehensive income:											
Fair value change of available-for-sale financial assets – gross		–	–	–	(8,200)	–	–	–	(8,200)	–	(8,200)
Fair value change of available-for-sale financial assets – tax		–	–	–	1,948	–	–	–	1,948	–	1,948
Remeasurements of post employment benefit obligations – gross	3	–	–	–	–	(18,761)	–	–	(18,761)	(178)	(18,939)
Remeasurements of post employment benefit obligations – tax	3	–	–	–	–	5,638	–	–	5,638	27	5,665
Total comprehensive income		–	–	–	(6,252)	(13,123)	–	534,695	515,320	20,491	535,811
Appropriation of special reserve		–	–	–	–	–	7,239	(7,239)	–	–	–
At 30 June 2012 (restated)		2,300,000	1,380	7,084	138,392	(103,346)	57,205	981,779	3,382,494	99,485	3,481,979

The notes on pages 34 to 70 form an integral part of this unaudited interim condensed consolidated financial information.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Note	Attributable to equity owners of the Company								Non-controlling interests	Total equity
		Share capital	Capital reserve	Statutory surplus reserve	Remeasurements of post employment benefit obligations	Investment revaluation reserve	Special reserve	Retained earnings	Total		
		RMB'000 (unaudited)	*RMB'000* (unaudited)	*RMB'000* (unaudited)	*RMB'000* (unaudited)	*RMB'000* (unaudited)	*RMB'000* (unaudited)	*RMB'000* (unaudited)	*RMB'000* (unaudited)	*RMB'000* (unaudited)	*RMB'000* (unaudited)
At 1 January 2013 (restated)		2,663,160	719,102	48,691	(6,463)	114,370	56,617	1,478,223	5,073,700	124,102	5,197,802
Profit for the period		–	–	–	–	–	–	281,571	281,571	4,350	285,921
Other comprehensive income:											
Fair value change of available-for-sale financial assets – gross		–	–	–	–	(19,418)	–	–	(19,418)	–	(19,418)
Fair value change of available-for-sale financial assets – tax		–	–	–	–	4,818	–	–	4,818	–	4,818
Remeasurements of post employment benefit obligations – gross	3	–	–	–	(35,497)	–	–	–	(35,497)	(342)	(35,839)
Remeasurements of post employment benefit obligations – tax	3	–	–	–	8,209	–	–	–	8,209	86	8,295
Total comprehensive income		–	–	–	(27,288)	(14,600)	–	281,571	239,683	4,094	243,777
Dividends		–	–	–	–	–	–	(532,632)	(532,632)	–	(532,632)
Capital contribution made by the non-controlling interest		–	–	–	–	–	–	–	–	14,525	14,525
Acquisition of subsidiaries under non-common control		–	–	–	–	–	–	–	–	3,748	3,748
Appropriation of special reserve		–	–	–	–	–	3,528	(3,528)	–	–	–
At 30 June 2013		2,663,160	719,102	48,691	(33,751)	99,770	60,145	1,223,634	4,780,751	146,469	4,927,220

The notes on pages 34 to 70 form an integral part of this unaudited interim condensed consolidated financial information.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
	(unaudited)	(unaudited and restated)
Cash flows from operating activities		
Cash used in operations	**(750,802)**	(249,188)
Income tax paid	**(150,739)**	(205,180)
Interest received	**10,957**	9,010
Net cash used in operating activities	**(890,584)**	(445,358)
Cash flows from investing activities		
Purchase of property, plant and equipment	**(199,770)**	(85,756)
Purchase of intangible assets	**(922)**	(4,222)
Purchase of land use rights	**(30,653)**	(30,721)
Purchase of available-for-sale financial assets	**(100,000)**	(1,090,000)
Acquisition of subsidiary	**(3,368)**	–
Financing provided to Build-Transfer contract counterparty	**(100,000)**	(39,700)
Interest received from available-for-sale financial assets and time deposits	**6,656**	6,229
Decrease/(increase) in time deposits	**39,259**	(108,297)
Proceeds from disposal of property, plant and equipment	**–**	4,516
Proceeds from disposal of available-for-sale financial assets	**40,878**	899,364
Government grants	**9,527**	500
Settlement on expiration of foreign exchange contract	**(1,396)**	9,866
Dividends received	**2,352**	1,887
Net cash used in investing activities	**(337,437)**	(436,334)

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
	(unaudited)	(unaudited and restated)
Cash flows from financing activities		
Capital contributions by the non-controlling interests of the subsidiaries	**14,525**	–
Borrowings and loans received from banks	**2,710,064**	1,702,719
Repayments of borrowings and loans from banks	**(1,454,000)**	(1,104,838)
Borrowings and loans received from related parties	**120,000**	–
Dividends paid to Chinalco Group by subsidiaries described in Note 1.2	**–**	(8,418)
Dividends paid to equity holders of the Company	**–**	(18,458)
Dividends paid to non-controlling interests	**–**	(1,725)
Interest paid	**(76,146)**	(54,427)
Advance prepayment received from Build-Transfer contract counterparty	**–**	230,000
Repayment of working capital received from related party	**–**	(134,347)
Working capital received from employees	**–**	101,183
Repayment of working capital received from employees	**–**	(101,183)
Net cash generated from financing activities	**1,314,443**	610,506
Net increase/(decrease) in cash and cash equivalents	**86,422**	(271,186)
Cash and cash equivalents at beginning of period	**2,759,653**	2,154,465
Exchange losses on cash and cash equivalents	**(15,589)**	(235)
Cash and cash equivalents at end of period	**2,830,486**	1,883,044

The notes on pages 34 to 70 form an integral part of this unaudited interim condensed consolidated financial information.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. GENERAL INFORMATION AND REORGANISATION

1.1 General information

China Aluminum International Engineering Corporation Limited (中鋁國際工程股份有限公司, the “Company”) and its subsidiaries (together, the “Group”) is principally engaged in engineering design and consultancy, engineering and construction contracting and equipment manufacturing.

The Company was established as a company with limited liability under the name of China Aluminum International Engineering Co., Ltd. (中鋁國際工程責任有限公司) in the People’s Republic of China (the “PRC”) on 16 December 2003 under the Company Law of the PRC. The address of its registered office is Building C, No. 99 Xingshikou Road, Haidian District, Beijing, the PRC.

The directors of the Company (the “Directors”) regard Aluminum Corporation of China (中國鋁業公司, “Chinalco”) as being the ultimate holding company of the Group, which is owned and controlled by the State-Owned Assets Supervision and Administration Commission of the State Council of the PRC. The Company has completed its primary listing (the “Listing”) on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 6 July 2012.

This interim condensed consolidated financial information is presented in Renminbi (“RMB”), unless otherwise stated.

This interim condensed consolidated financial information has not been audited.

1.2 Reorganisation

Upon the establishment of the Company, Chinalco held its 95% equity interest and China Aluminum International Trading Company Limited (中鋁國際貿易有限公司), a wholly-owned subsidiary of Aluminum Corporation of China Limited (中國鋁業股份有限公司), which is a subsidiary of Chinalco, held the remaining 5% equity interest. On 10 February 2011, China Aluminum International Trading Company Limited transferred its 5% equity interest in the Company to Chinalco and subsequently the Company became a wholly-owned subsidiary of Chinalco. Pursuant to a reorganisation of the engineering and construction contracting, design consultation business and equipment manufacturing business of Chinalco and its subsidiaries (collectively, the “Chinalco Group”) in preparation for the initial listing (the “Listing”) of the Company’s shares on the Main Board of The Stock Exchange of Hong Kong Limited (the “Reorganisation”), the Company became the holding company of the subsidiaries now comprising the Group. The Company then transformed into a joint stock company with limited liability and renamed as China Aluminum International Engineering Corporation Limited (中鋁國際工程股份有限公司) on 30 June 2011.

2. BASIS OF PREPARATION

These unaudited interim condensed consolidated financial information for the six months ended 30 June 2013 has been prepared in accordance with IAS 34, “Interim financial reporting”. The unaudited interim condensed consolidated financial information should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 December 2012, which have been prepared in accordance with International Financial Reporting Standards (“IFRSs”).

3. ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual consolidated financial statements for the year ended 31 December 2012, as described in those annual financial statements.

- IAS 19 (revised) 'Employee benefits'. IAS 19 (revised) amends the accounting for employment benefits. The Group has applied the standard retrospectively in accordance with the transition provisions of the standard. The impact on the Group has been in the following areas:

  The standard has eliminated the corridor approach and all of the actuarial gain or loss to be recognised immediately in the other comprehensive income. The effect has been that the income statement charge had increased by RMB639,500 and the other comprehensive income had decreased by RMB13,274,000 for the period ended 30 June 2012; the income statement charge had increased by RMB34,450,200 and the other comprehensive income had increased by RMB84,122,000 for the year ended 31 December 2012.

  The deferred tax assets of the Group had increased by RMB1,847,950 as at 1 January 2012 and decreased by RMB11,736,500 as at 31 December 2012.

  'Retirement benefit obligation' as previously reported has been restated at the reporting dates to reflect the effect of the above. Amounts have been restated as at 1 January 2012 as RMB1,561,552,000 (previously RMB1,541,925,000); 30 June 2012 as RMB1,578,633,000 (previously RMB1,540,364,000) and 31 December 2012 as RMB1,442,549,000 (previously RMB1,486,178,000).

  The effect of the change in accounting policy on the statement of cash flows and on earnings per share was immaterial.

- IFRS 10, 'Consolidated financial statements'. Under IFRS 10, subsidiaries are entities (including structured entities) over which the Group had the control. The Group controls an entity when the Group had power over an entity, is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred into the Group. They are deconsolidated from the date of the control ceases. The Group has applied the IFRS 10 retrospectively in accordance with the transition provisions of IFRS 10. There is no financial effect to the Group's unaudited interim condensed consolidated financial information.

- IFRS 12, 'Disclosure of interest in other entities', address the disclosure requirement for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Group had applied this standard. There is no material financial effect to the Group's unaudited interim condensed consolidated financial information.

- IFRS 13, 'Fair value measurement'. IFRS 13 measurement and disclosure requirements are applicable for the year ended 31 December 2013. The Group had included the disclosures for financial assets (see Note 5) and non-financial assets.

4. ESTIMATES

The preparation of the interim condensed consolidated financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these interim condensed consolidated financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2012.

5. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

5.1 Financial risk factors

The activities of the Group expose them to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

The interim condensed consolidated financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2012.

There have been no changes in the risk management department since 31 December 2012 or in any risk management policies since 31 December 2012.

5.2 Liquidity risk

Compared to 31 December 2012, there was no material change in the contractual undiscounted cash flows for financial liabilities.

5.3 Fair value estimation

The table below analyses the financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2).

- Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs) (level 3).

5. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

5.3 Fair value estimation (continued)

The following table presents the Group's assets that are measured at fair value as at 30 June 2013 and 31 December 2012.

	At 30 June 2013 *RMB'000* **(unaudited)**	At 31 December 2012 *RMB'000* (audited and restated)
Level 1		
Available-for-sale financial assets		
– Listed equity securities	**161,727**	181,145
Level 2		
Financial assets at fair value through profit or loss	**–**	413
Financial liabilities at fair value through profit or loss	**–**	(1,499)
	161,727	180,059

There were no transfers between Levels 1 and 2 during the period.

5.4 Valuation techniques used to derive Level 2 fair values

Level 2 Financial assets/liabilities at fair value through profit or loss comprise of forward foreign exchange contracts. These forward foreign exchange contracts have been fair valued using forward exchange rates that are quoted in an active market. The effects of discounting are generally insignificant for Level 2 forward foreign exchange contracts.

5.5 Group's valuation processes

The Group's finance department includes a team that performs the valuations of financial assets required for financial reporting purposes, including Level 3 fair values. This team reports directly to the chief financial officer (CFO). Discussions of valuation processes and results are held between the CFO and the valuation team at least once every quarter, in line with the Group's reporting dates.

The main Level 3 input used by the Group pertains to the discount rate for forward foreign exchange contracts where the counterparty is experiencing financial difficulty. It is estimated based on the weighted average cost of capital of public companies that are, in the opinion of the Group, in a comparable financial position with the counterparty to the forward contract. The Group has subscriptions to information brokers that allow the Group to gather such information.

5. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

5.5 Group's valuation processes (continued)

Changes in Level 2 and 3 fair values are analysed at each reporting date during the valuation discussions between the CFO and the valuation team. As part of this discussion, the team presents a report that explains the reasons for the fair value movements.

5.6 Fair value of financial assets and liabilities measured at amortised cost

The fair value of borrowings are as follows:

	At 30 June 2013 *RMB'000* **(unaudited)**	At 31 December 2012 *RMB'000* (audited and restated)
Non-current	**261,271**	190,349
Current	**3,472,132**	2,193,491
	3,733,403	2,383,840

The fair value of the following financial assets and liabilities approximate their carrying amounts:

- Trade and other receivables
- Other current financial assets
- Cash and cash equivalents
- Restricted cash
- Time deposits
- Trade and other payables

6. REVENUE AND SEGMENT INFORMATION

(a) Revenue

The Group's revenue is set out below:

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
	(unaudited)	(unaudited and restated)
Engineering design and consultancy	**907,260**	822,446
Engineering and construction contracting	**5,861,723**	5,550,977
Equipment manufacturing	**284,801**	502,343
	7,053,784	6,875,766

(b) Segment information

Management has determined the operating segments based on the reports reviewed by the Senior Management that are used to make strategic decisions.

The Senior Management considers the business from a product and service perspective, which mainly includes three reportable operating segments: (i) engineering design and consultancy; (ii) engineering and construction contracting and (iii) equipment manufacturing.

Inter-segment sales were conducted at prices no less than cost and with terms mutually agreed among those business segments. Operating expenses of a functional unit are allocated to the relevant segment which is the predominant user of the services provided by the unit. Operating expenses of other shared services which cannot be allocated to a specific segment and corporate expenses are included as unallocated costs.

Segment assets consist primarily of property, plant and equipment, land use rights, investment properties, intangible assets, investment in associates, other non-current assets, inventories, amounts due from customers for contract work, notes and trade receivables, prepayments and other receivables, restricted cash, time deposits and cash and cash equivalents. Unallocated assets comprise deferred income tax assets and prepaid income tax.

Segment liabilities comprise operating liabilities and borrowings. Unallocated liabilities comprise items such as current income tax liabilities and deferred income tax liabilities.

Capital expenditure comprises additions to property, plant and equipment (Note 10), land use rights (Note 10), investment properties, intangible assets (Note 10) and other non-current assets, including additions resulting from acquisitions through business combinations (Note 22).

6. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment information (continued)

The segment information provided to the Senior Management for the reportable segments is as follow:

(i) For the six months end 30 June 2012:

The segment results for the six months ended 30 June 2012 are as follows:

	Engineering design and consultancy	**Engineering and construction contracting**	**Equipment manufacturing**	**Inter-segment elimination**	**Total**
	RMB'000 (unaudited and restated)	*RMB'000* (unaudited and restated)	*RMB'000* (unaudited and restated)	*RMB'000* (unaudited and restated)	*RMB'000* (unaudited and restated)
Segment revenue and results					
Segment revenue	849,044	5,550,977	518,701	(42,956)	6,875,766
Inter-segment revenue	(26,598)	–	(16,358)	42,956	–
Revenue	822,446	5,550,977	502,343	–	6,875,766
Segment result	184,704	507,635	78,395	–	770,734
Finance income	5,321	24,217	1,273	–	30,811
Finance cost	(18,699)	(57,598)	(6,454)	–	(82,751)
Share of loss of associates	–	(884)	–	–	(884)
Profit before income tax	171,326	473,370	73,214	–	717,910
Income tax expense					(162,573)
Profit for the period					555,337
Other segment items					
Amortisation	20,264	5,887	2,695	–	28,846
Depreciation	24,641	34,282	5,617	–	64,540
Provision for					
– impairment on trade and other receivables	(80)	(552)	831	–	199
– foreseeable losses on construction contracts	–	(198)	–	–	(198)

6. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment information (continued)

(ii) The segments assets and liabilities as at 31 December 2012 are as follows:

	Engineering design and consultancy *RMB'000* (audited and restated)	Engineering and construction contracting *RMB'000* (audited and restated)	Equipment Manufacturing *RMB'000* (audited and restated)	Inter-segment elimination *RMB'000* (audited and restated)	Total *RMB'000* (audited and restated)
Assets					
Segment assets	3,914,661	18,276,771	1,651,630	(4,038,196)	19,804,866
Unallocated assets					
– Deferred income tax assets					312,632
– Current income tax prepayments					4,103
Total assets					20,121,601
Liabilities					
Segment liabilities	1,833,070	13,273,595	1,083,383	(1,382,197)	14,807,851
Unallocated liabilities					
– Deferred income tax liabilities					21,851
– Current income tax liabilities					94,097
Total liabilities					14,923,799

6. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment information (continued)

(iii) As at and for the six months ended 30 June 2013:

	Engineering design and consultancy	Engineering and construction contracting	Equipment manufacturing	Inter-segment elimination	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Segment revenue and results					
Segment revenue	989,492	5,864,356	391,231	(191,295)	7,053,784
Inter-segment revenue	(82,232)	(2,633)	(106,430)	191,295	–
Revenue	907,260	5,861,723	284,801	–	7,053,784
Segment result	170,406	255,175	16,051	(5,025)	436,607
Finance income	6,508	42,879	194	–	49,581
Finance expenses	(19,656)	(67,083)	(5,703)	–	(92,442)
Share of loss of associates	–	(1,013)	–	–	(1,013)
Profit before income tax	157,258	229,958	10,542	(5,025)	392,733
Income tax expense					(106,812)
Profit for the period					285,921
Other segment items					
Amortisation	20,142	7,501	1,529	–	29,172
Depreciation	21,350	27,688	12,692	–	61,730
Provision for/(reversal of)					
– impairment on trade and other receivables	5,302	(1,265)	9,214	–	13,251
– foreseeable losses on construction contracts	–	(367)	–	–	(367)

6. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment information (continued)

(iii) As at and for the six months ended 30 June 2013 (continued):

	Engineering design and consultancy *RMB'000* (unaudited)	Engineering and construction contracting *RMB'000* (unaudited)	Equipment Manufacturing *RMB'000* (unaudited)	Inter-segment elimination *RMB'000* (unaudited)	Total *RMB'000* (unaudited)
Assets					
Segment assets	3,663,157	19,863,500	1,961,485	(3,878,708)	21,609,434
Unallocated assets					
– Deferred income tax assets					324,240
– Current income tax prepayments					16,080
Total assets					21,949,754
Liabilities					
Segment liabilities	1,963,207	14,810,723	1,291,592	(1,114,895)	16,950,627
Unallocated liabilities					
– Deferred income tax liabilities					12,926
– Current income tax liabilities					58,981
Total liabilities					17,022,534
Capital expenditure	79,379	78,753	74,980	–	233,112

6. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment information (continued)

(iv) Analysis of information by geographical regions

Revenue

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
	(unaudited)	(unaudited and restated)
The PRC	**6,298,981**	5,984,016
Other countries	**754,803**	891,750
	7,053,784	6,875,766

Non-current assets, other than financial instruments and deferred tax assets

	At 30 June 2013	At 31 December 2012
	RMB'000	*RMB'000*
	(unaudited)	(audited and restated)
The PRC	**4,263,201**	4,074,663
Other countries	**16,931**	12,082
	4,280,132	4,086,745

6. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment information (continued)

(iv) Analysis of information by geographical regions (continued)

Total assets

	At 30 June 2013 RMB'000 (unaudited)	At 31 December 2012 RMB'000 (audited and restated)
The PRC	**21,592,503**	19,792,784
Other countries	**16,931**	12,082
Unallocated assets	**340,320**	316,735
	21,949,754	20,121,601

Note: Total assets are allocated based on the location of the assets.

Capital expenditures

	Six months ended 30 June	
	2013 RMB'000 (unaudited)	2012 RMB'000 (unaudited and restated)
The PRC	**227,305**	123,115
Other countries	**5,807**	116
	233,112	123,231

(v) **Revenue of approximately RMB659 million and RMB967 million were derived from one single largest related party and one third party customer for the six months ended 30 June 2013 and 2012, respectively. These revenues are attributable to the engineering and construction contracting segment.**

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
	(unaudited)	(unaudited and restated)
Current tax		
PRC enterprise income tax for the period (i)	**101,861**	161,839
Deferred tax		
Origination and reversal of temporary differences	**4,951**	734
Income tax expense	**106,812**	162,573

Note:

(i) PRC enterprise income tax

On 16 March 2007, the National People's Congress issued the "Corporate Income Tax Law of the PRC" which became effective from 1 January 2008 and the applicable income tax rate was adjusted from 33% to 25%.

Certain subsidiaries of the Group located in special regions of the PRC were granted tax concessions including referential tax rates of 15%.

Other certain subsidiaries of the Group obtained the certificates of high and new tech enterprises from the Ministry of Science and Technology, Ministry of Finance and offices of the State Administration of Taxation and local taxation bureaus of all provinces, which granted tax preferential rate of 15% for three years.

Except above subsidiaries taxed at preferential rate of 15%, most of the companies now comprising the Group are subjected to income tax rate of 25% for the six months ended 30 June 2013 and 2012.

Income tax expense is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the year ending 31 December 2013 is 27% (the estimated average tax rate for the six months ended 30 June 2012 was 23%).

8. EARNINGS PER SHARE

(a) Basic

The basic earnings per share are calculated by divided the profit attribute to equity owners of the Company by the weighted average number of shares in issue during the period.

	Six months ended 30 June	
	2013	2012
	(unaudited)	(unaudited and restated)
Profit attributable to equity owners of the Company (RMB'000)	**281,571**	534,695
Weighted average number of ordinary shares in issue	**2,663,160,000**	2,300,000,000
Basic earnings per shares (RMB)	**0.11**	0.23

(b) Diluted

As the Company had no dilutive ordinary shares for the six months ended 30 June 2013 and 2012, dilutive earnings per share for the six months ended 30 June 2013 and 2012 is the same as basic earnings per share.

9. DIVIDENDS

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
	(unaudited)	(unaudited and restated)
Dividends declared by the Company	**532,632**	–

Pursuant to a resolution of board of directors on 14 March 2013, the Company has proposed a dividend of RMB0.2 per share totalling RMB532,632,000, which was approved at the Annual General Meeting on 8 May 2013.

No interim dividend was proposed by the Directors of the Company for the six months ended 30 June 2013 and 2012.

10. PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND LAND USE RIGHTS

	Property, plant and equipment *RMB'000* (unaudited and restated)	Intangible assets *RMB'000* (unaudited and restated)	Land use rights *RMB'000* (unaudited and restated)
Six months ended 30 June 2012			
Opening net book amount at 1 January 2012	1,329,329	250,179	713,515
Additions	91,429	4,421	30,721
Depreciation and amortisation	(66,322)	(19,709)	(9,137)
Disposals	(4,862)	(200)	–
Closing net book amount at 30 June 2012	1,349,574	234,691	735,099
Six months ended 30 June 2013			
Opening net book amount at 1 January 2013	1,577,011	220,729	798,030
Additions	155,634	3,396	31,388
Depreciation and amortisation	(67,268)	(18,529)	(10,214)
Disposals	–	(2,927)	–
Closing net book amount at 30 June 2013	1,665,377	202,669	819,204
At 30 June 2013			
Cost	2,432,157	334,239	890,410
Accumulated depreciation	(765,863)	(131,570)	(71,206)
Impairment	(917)	–	–
Net book amount (i)	1,665,377	202,669	819,204

(i) As of 30 June 2013, the Group secured certain equipment with net book value amounting to RMB6.97 million for borrowing amounting to RMB13 million (Note 17(i)).

11. INVESTMENTS IN ASSOCIATES

	At 30 June 2013 RMB'000 (unaudited)	At 31 December 2012 RMB'000 (audited and restated)
Investments in associates	46,747	47,760

The movements of investments in associates for the six-month period ended 30 June are as follows:

	Six months ended 30 June	
	2013 RMB'000 (unaudited)	2012 RMB'000 (unaudited and restated)
Beginning of period	47,760	50,018
Share of loss	(1,013)	(884)
At end of period	46,747	49,134

The Group's share of the results of its associate which is unlisted, and its share of the aggregated assets and liabilities are as follows:

Name	Place and date of incorporation/ establishment	Registered and fully paid capital	Effective interest held		Principal activities and place of operations
			Direct held	Indirect held	
Shenzhen Hengtong Development Co., Ltd. (深圳恒通實業發展有限公司)	The PRC/ 26 October 1982	115,737	–	46%	Consulting/ The PRC

11. INVESTMENTS IN ASSOCIATES (Continued)

The Group's share of the results of its associate, its aggregated assets and liabilities, are as follows:

	At 30 June 2013 *RMB'000*	At 31 December 2012 *RMB'000*
Assets	**56,149**	57,700
Liabilities	**(9,402)**	(9,940)
Equity	**46,747**	47,760

	Six months ended 30 June	
	2013 *RMB'000*	2012 *RMB'000*
Revenue	**3,242**	3,144
Loss for the period	**1,013**	884

There are no material contingent liabilities and commitments relating to the Group's interests in the associate and no material contingent liabilities and commitments of the associate itself.

12. NOTES AND TRADE RECEIVABLES

	At 30 June 2013 *RMB'000* **(unaudited)**	At 31 December 2012 *RMB'000* (audited and restated)
Trade receivables	**6,541,980**	6,076,251
Less: Provision for impairment	**(229,523)**	(218,068)
	6,312,457	5,858,183
Notes receivable	**256,009**	556,565
	6,568,466	6,414,748
Less: Non-current portion (i)	**(1,263,428)**	(1,215,820)
Current notes and trade receivables	**5,305,038**	5,198,928

12. NOTES AND TRADE RECEIVABLES (Continued)

(i) The non-current portion mainly comprises of the following:

On 27 January 2011, the Group entered into a build-transfer contract ("Build-Transfer Contract") with Duyun Industrial Aggregation District Capital Operation Company Ltd. (都勻工業聚集區資本營運有限公司, "Duyun Company") to construct a road in Duyun, the PRC. In accordance with the contract terms, the outstanding receivables will be collected over three years upon the completion of the construction. The Group has commenced the construction of the road in 2011. As of 30 June 2013 and 31 December 2012, the non-current trade receivables amounted to RMB607.30 million and RMB550.53 million, respectively, representing receivable arising from provision of service pursuant to the contract construction of the road, which would be collected from 2014 to 2016 in accordance with the contract. In connection with the Build-Transfer Contract, the Company also provided and received certain financing to and from Duyun Company (Notes 13(ii) and 18(i)).

On 15 February 2012, China Nonferrous Metal entered into a settlement plan with China Henan Aluminum Fabrication Co., Ltd. (中鋁河南鋁業有限公司, the "Henan Lv") to agree on a repayment schedule. According to the repayment schedule, the outstanding trade receivable balance arising from provision of service pursuant to the contract construction amounting to RMB24.5 million will be settled in the next few years, with amounts of RMB10 million, RMB10 million and RMB4.5 million to be paid in 2013, 2014 and 2015, respectively. As at 30 June 2013 and 31 December 2012, RMB14.5 million was classified as non-current trade receivables.

On 30 December 2010, the Company and Yunnan Yun Aluminum Zexin Fabrication Co., Ltd (雲南雲鋁澤鑫鋁業有限公司, the "Yunnan Yunlv") entered into a construction contract whereby both parties agreed on certain specific repayment terms. 50% of the progress bill will be paid two years subsequent to the date of billing including an interest at the interest rate published by the People's Bank of China, and the maximum amount of the unpaid receivable would not exceed RMB500 million. As of 30 June 2013 and 31 December 2012, the non-current trade receivable amounted to RMB224.96 million and RMB429.10 million, respectively, representing receivable from the construction contract.

On 12 July 2011, the Group and Qinghai West Hydropower Co., Ltd (青海西部水電有限公司, the "Western Electric Power") entered into a construction contract whereby both parties agreed on some specific repayment terms. 50% of the progress bill of construction and equipment (60% will be applied under special condition) will be paid two years subsequent to the date of billing including an interest at 110% of the interest rate published by the People's Republic Bank of China, and the maximum amount of the unpaid receivable would not exceed RMB700 million. As of 30 June 2013 and 31 December 2012, the non-current trade receivable amounted to RMB412.76 million and RMB177.14 million, respectively, which would be collected from the year ended 31 December 2014 to 2015.

(ii) The carrying amounts of the notes and trade receivables approximate their fair value.

(iii) As of 30 June 2013, the Group pledged trade receivables amounting to RMB65.07 million for borrowing amounting to RMB50 million (Note 17(ii)).

All notes receivable of the Group are bank's acceptance bills and usually collected within six months from the date of issue.

The Group has policies in place to ensure that services are rendered and products are sold to customers with appropriate credit history and the Group reforms periodic credit evaluations of its customers. Normally the Group does not require collaterals from trade debtors.

However, the Group requested an advance payment from the proprietor of the specific Build-Transfer Contract to minimise the credit risk involved in a Build-Transfer Contract where the Group would normally undertake the financing of the construction. The Directors consider that the Group does not have a significant concentration of credit risk.

Regarding balances with related parties, the Group assesses the credibility of the related parties by reviewing the operating results and gearing ratios periodically. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet after deducting any impairment allowance.

12. NOTES AND TRADE RECEIVABLES (Continued)

Ageing analysis of trade receivables is as follows:

	At 30 June 2013 *RMB'000* **(unaudited)**	At 31 December 2012 *RMB'000* (audited and restated)
Within 1 year	**4,111,028**	4,303,957
Between 1 and 2 years	**1,771,415**	1,362,903
Between 2 and 3 years	**355,324**	124,342
Between 3 and 4 years	**124,323**	136,682
Between 4 and 5 years	**60,454**	50,285
Over 5 years	**119,436**	98,082
Trade receivables – gross	**6,541,980**	6,076,251
Less: Provision for impairment	**(229,523)**	(218,068)
Trade receivables – net	**6,312,457**	5,858,183

13. PREPAYMENTS AND OTHER RECEIVABLES

	At 30 June 2013 RMB'000 (unaudited)	At 31 December 2012 RMB'000 (audited and restated)
Prepayments		
Prepayments to suppliers	1,054,833	810,740
Prepayments to property developer (i)	234,346	167,394
Other receivables		
Financing provided to proprietor (ii)	400,117	289,249
Interest receivable	1,006	2,816
Amounts due from related parties (iii)	15,284	72,876
Retention fund	48,509	76,124
Receivables of export tax refund	4,904	14,649
Staff advance	100,102	70,084
Bid security	221,198	152,062
Deposit	55,394	12,557
Payment on behalf of third parties	113,648	66,099
Deductible value-added tax	67,735	52,969
Others	111,381	80,328
	1,139,278	889,813
Total prepayments and other receivables	2,428,457	1,867,947
Less: Provision for impairment	(73,990)	(72,332)
Prepayments and other receivables – net	2,354,467	1,795,615
Less: Non-current portion (iv)	(248,842)	(192,543)
Current portion	2,105,625	1,603,072

(i) On 22 September 2011, Changsha Institute entered into a sale and purchase contract with Hunan Runhe Real Estate Development Co., Ltd. (湖南潤和房地產開發有限公司) to acquire an office building to be used for business operations and prepaid an amount of RMB167.39 million as at 31 December 2012, and further prepaid RMB66.95 million in the six months period ended 30 June 2013.

13. PREPAYMENTS AND OTHER RECEIVABLES (Continued)

(ii) In connection with the Build-Transfer Contract (Note 12(i)), the Company is required to provide financing to Duyun Company. As of 30 June 2013 and 31 December 2012, RMB266.70 million had been provided, respectively. This receivable is secured by a guarantee granted by Qian Nan Bu Yi Miao Zu Zi Zhi Zhou local government (黔南布依族苗族自治州政府), repayable in full upon completion of the road and bear interest at bank lending rate plus 2% per annum (see also Notes 12 (i) and 18 (i)). As of 30 June 2013, the receivable from Duyun Company is RMB300.12 million, which comprises the capital and the interest.

On 21 May 2013, the Group entered into a Build-Transfer Contract with Taiyuan Jingxiu Homeland Investment Management Company Limited (太原市錦繡家園投資管理有限公司, "Taiyuan Company") to construct a building in Taiyuan, the PRC. In accordance with the contract terms, the outstanding receivables will be collected in six months upon the completion of the construction. As of 30 June 2013, the Group has not commenced the construction. In connection with the Build-Transfer contract, the Group is required to provide financing amounting RMB100 million to Taiyuan Company at an interest rate per annum of 15%. This receivable will be collected once Taiyuan Company gets financing from other parties. The relevant receivables from the construction and the financing provided to the Taiyuan Company are guaranteed by 30% of the equity interest in the Taiyuan Company held by its shareholders.

(iii) The amounts due from related parties are unsecured, interest free and repayable on demand.

(iv) Other than the prepayments to property developers, the remaining non-current prepayments and other receivables mainly relate to retention fund and are due within five years from the end of the reporting period.

The carrying amounts of the prepayments and other receivables approximate their fair value.

Ageing analysis of other receivables is as follows:

	At 30 June 2013 *RMB'000* **(unaudited)**	At 31 December 2012 *RMB'000* (audited and restated)
Within 1 year	**651,063**	732,983
Between 1 and 2 years	**381,831**	68,078
Between 2 and 3 years	**31,779**	16,085
Between 3 and 4 years	**9,756**	10,476
Between 4 and 5 years	**6,926**	5,325
Over 5 years	**57,923**	56,866
Other receivables – gross	**1,139,278**	889,813
Less: Provision for impairment	**(73,990)**	(72,332)
Other receivables – net	**1,065,288**	817,481

The Group does not hold any collateral as security.

14. AMOUNTS DUE TO/(FROM) CUSTOMERS FOR CONTRACT WORK

	At 30 June 2013 ***RMB'000*** **(unaudited)**	At 31 December 2012 *RMB'000* (audited and restated)
Contract cost incurred plus recognised profit less recognised losses	**42,739,843**	37,558,005
Less: Progress billings	**(37,595,686)**	(32,992,456)
Contract work-in-progress	**5,144,157**	4,565,549
Representing:		
Amounts due from customers for contract work	**5,695,697**	4,778,130
Less: Provision	**(488)**	(1,138)
Net amounts due from customers for contract work	**5,695,209**	4,776,992
Amounts due to customers for contract work	**(551,052)**	(211,443)
	5,144,157	4,565,549

	Six months ended 30 June	
	2013 ***RMB'000*** **(unaudited)**	2012 *RMB'000* (unaudited and restated)
Contract revenue recognised as revenue for the six months period	**5,861,723**	5,550,977

15. SHARE CAPITAL

On 6 July 2012, the Company newly issued 363,160,000 ordinary shares at HK$3.93 as the result of the Listing.

	At 30 June 2013 ***RMB'000*** **(unaudited)**	At 31 December 2012 *RMB'000* (audited and restated)
Number of shares	**2,663,160,000**	2,663,160,000
Share capital (RMB'000)	**2,663,160**	2,663,160

16. RETIREMENT AND OTHER SUPPLEMENTAL BENEFIT OBLIGATIONS

(a) State-managed retirement plan

The Chinese employees of the Group participate in employee social security plans organised and administrated by the PRC government authority. The PRC companies are required to contribute from 20%–22%, depending on the applicable local regulations, of salaries, wages and bonuses to the state-managed retirement plans. The obligation of these PRC companies with respect to the state-managed retirement plans is to make the specified contributions.

The total cost charged to the unaudited interim condensed consolidated statements of comprehensive income during the six-month period ended 30 June 2013 and 2012 are as follows:

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
	(unaudited)	(unaudited and restated)
Contributions to state-managed retirement plans	**65,781**	53,942

At each balance sheet date, the following amounts due in respect of the reporting period had not been paid to the state-managed retirement plans:

	At 30 June 2013	At 31 December 2012
	RMB'000	*RMB'000*
	(unaudited)	(audited and restated)
Amounts due to state-managed retirement plans included in trade and other payables	**7,492**	4,038

16. RETIREMENT AND OTHER SUPPLEMENTAL BENEFIT OBLIGATIONS (Continued)

(b) Early retirement and supplemental benefit obligations

The Group has implemented a supplemental defined benefit retirement scheme to certain employees who were retired on or before 31 December 2012 in the PRC. Such supplementary pension subsidies are considered to be defined benefit plans as the Group is obligated to provide post-employment benefits to these employees.

The amount of early retirement and supplemental benefit obligations recognised in the consolidated balance sheets are determined as follows:

	At 30 June 2013	At 31 December 2012
	RMB'000	*RMB'000*
	(unaudited)	(audited and restated)
Current portion of defined benefits obligations	**119,325**	119,004
Non-current portion defined benefits obligations	**1,345,890**	1,323,545
Present value of defined benefits obligations	**1,465,215**	1,442,549

The movements of the Group's early retirement and supplemental benefit obligations for the six-month period ended 30 June 2013 and 2012 are as follows:

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
	(unaudited)	(unaudited and restated)
At beginning of period	**1,442,549**	1,561,552
For the period		
– interest cost	**25,949**	26,234
– payment	**(44,234)**	(50,285)
– actuarial losses	**35,797**	18,939
– past service cost	**4,699**	21,658
– current service cost	**455**	535
At end of period	**1,465,215**	1,578,633

16. RETIREMENT AND OTHER SUPPLEMENTAL BENEFIT OBLIGATIONS (Continued)

(b) Early retirement and supplemental benefit obligations (continued)

The above obligations were determined based on actuarial valuations performed by an independent qualified actuarial firm, Towers Watson Consulting Company Limited (韜睿惠悦諮詢公司), incorporated in Shanghai, the PRC, using the projected unit credit actuarial cost method.

The material actuarial assumptions used in valuing these obligations are as follows:

(i) Discount rates adopted (per annum):

	At 30 June 2013 ***RMB'000***	At 31 December 2012 *RMB'000*
Discount rate	**3.50%**	3.75%

(ii) Mortality: Average life expectancy of residents in the PRC;

(iii) Average medical expense increase rate: 8%;

(iv) Cost of living adjustment (COLA) for beneficiaries: 4.5%;

(v) Medical costs paid to early retirees are assumed to continue until the death of the retirees.

17. BORROWINGS

	At 30 June 2013 **_RMB'000_** **(unaudited)**	At 31 December 2012 *RMB'000* (audited and restated)
Bank borrowings		
– guaranteed by the Company to its subsidiaries	**1,015,000**	1,040,000
– secured by property, plant and equipment (i)	**13,000**	–
– secured by trade receivables (ii)	**50,000**	–
– unsecured	**2,375,403**	1,183,840
Borrowings from related party		
– unsecured (iii)	**280,000**	160,000
	3,733,403	2,383,840
Less: non-current portion	**(261,271)**	(190,349)
Current portion	**3,472,132**	2,193,491

(i) As of 30 June 2013, the Group secured certain equipment with net book value amounting to RMB6.97 million for borrowing amounting to RMB13 million (Note 10).

(ii) As of 30 June 2013, the Group pledged trade receivables amounting to RMB65.07 million for borrowing amounting to RMB50 million (Note 12).

(iii) On 24 August 2012, the Group and Chinalco Finance Company Limited ("Chinalco Finance") entered into a financial service agreement, pursuant to which Chinalco Finance has agreed to provide the Company with deposit services, settlement services, credit lending services and miscellaneous financial services. The credit lending services are on normal commercial terms and do not require security or collaterals. During the six months period ended 30 June 2013, the Group borrowed RMB50 million from Chinalco Finance.

On 28 April 2013, the Group got an entrusted loan from Luoyang Institute amounting to RMB70 million at an interest rate per annum of 5.4%, which is 90% of the one-year lending rate published by the People's Bank of China. This loan will be repaid on 27 April 2014.

17. BORROWINGS (Continued)

As at 30 June 2013 and 31 December 2012, the Group's borrowings were repayable as follows:

	At 30 June 2013	At 31 December 2012
	RMB'000	*RMB'000*
	(unaudited)	(audited and restated)
Within 1 year	**3,472,132**	2,193,491
Between 1 and 2 years	**31,271**	30,349
Between 2 and 5 years	**230,000**	160,000
	3,733,403	2,383,840

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	At 30 June 2013	At 31 December 2012
	RMB'000	*RMB'000*
	(unaudited)	(audited and restated)
RMB	**2,846,771**	2,339,349
USD (RMB equivalent)	**886,632**	44,491
	3,733,403	2,383,840

The estimated fair values of borrowings and loans are approximate their carrying amounts.

The effective interest rates of borrowings and loans are 2.48%–9.00% and 1.74%–7.54% as at 30 June 2013 and 31 December 2012, respectively.

The Group has the following undrawn borrowing facilities:

	At 30 June 2013	At 31 December 2012
	RMB'000	*RMB'000*
– Expiring within one year	**2,793,754**	4,926,701
– Expiring beyond one year	**6,563,996**	4,197,780
	9,357,750	9,124,481

The facilities expiring within one year are annual facilities subject to review at various dates during the respective period/year.

18. TRADE AND OTHER PAYABLES

	At 30 June 2013 RMB'000 (unaudited)	At 31 December 2012 RMB'000 (audited and restated)
Trade and notes payable		
Trade payables	**6,312,333**	5,777,592
Notes payable	**210,062**	280,840
	6,522,395	6,058,432
Other payables		
Advance payment from Duyun Company (i)	**420,733**	412,485
Advances from customers	**2,590,168**	3,108,486
Staff welfare payable	**132,743**	180,445
Tax payable	**230,748**	218,941
Deposit payable	**213,890**	215,388
Housing funds raised by employees	**4,315**	4,339
Amounts paid by other parties on behalf of the Group	**225,541**	205,425
Equipment payables	**8,773**	486
Amounts due to related parties	**26,307**	62,077
Others	**148,522**	169,914
	4,001,740	4,577,986
Total trade and other payables	**10,524,135**	10,636,418
Less: Non-current portion	**(276,838)**	(343,841)
Current portion	**10,247,297**	10,292,577

Note:

(i) In accordance with the Build-Transfer Contract entered into between the Group and Duyun Company in relation to construction of a road in Duyun, the PRC (Note 12(i) and 13(ii)), the Group received advance payment from Duyun Company during the years ended 31 December 2012 and 2011 amounting to RMB280 million and RMB120 million, respectively. Included in the non-current portion of the trade payables amounting to RMB276.8 million and RMB343.8 million as at 30 June 2013 and 31 December 2012, respectively, comprised of the payment in advance and its corresponding interest. The Group requested for payment in advance in accordance with the financial risk management policy to better manage the credit risk. This effective annual interest rate of the advance repayment approximately 3.60% and 4.12% for the period ended 30 June 2013 and 2012, respectively and the advance repayment will be repaid between 2013 to 2016.

The carrying amounts of the Group's trade and other payables at 30 June 2013 and 31 December 2012 approximate their fair values.

18. TRADE AND OTHER PAYABLES (Continued)

Ageing analysis of trade payables is as follows:

	At 30 June 2013 *RMB'000* **(unaudited)**	At 31 December 2012 *RMB'000* (audited and restated)
Within 1 year	**4,918,881**	4,054,921
Between 1 and 2 years	**985,784**	1,326,340
Between 2 and 3 years	**233,195**	161,797
Over 3 years	**174,473**	234,534
	6,312,333	5,777,592

The carrying amounts of the Group's trade and other payables are denominated in the following currencies:

	At 30 June 2013 *RMB'000* **(unaudited)**	At 31 December 2012 *RMB'000* (audited and restated)
RMB	**8,953,079**	8,731,315
USD (RMB equivalent)	**1,308,783**	1,642,373
Other foreign currencies (RMB equivalent)	**262,273**	262,730
	10,524,135	10,636,418

19. DIVIDENDS PAYABLE

	At 30 June 2013 RMB'000 (unaudited)	At 31 December 2012 RMB'000 (audited and restated)
Dividend declared after the Listing (i)	532,632	–
Dividends payable to non-controlling interest of a subsidiary	3,166	–
Dividends payable to the then shareholder of a subsidiary prior to the transfer to the Group (ii)	53,080	53,080
	588,878	53,080

(i) Pursuant to the Annual General Meeting held on 8 May 2013, a final dividend for the year of 2012 of RMB0.2 per ordinary share, totalling approximately RMB532,632,000 was declared. As of the reporting date, the dividends payable amounting to RMB152,737,000 has not been paid to Chinalco and Luoyang Institute.

(ii) The payment plan of the dividends payable to the then shareholder of the subsidiary before transfer to the Group pursuant to the Reorganisation (Note 1.2), amounting to RMB53,080,000 has not yet been agreed between the subsidiary and the then shareholder as at 30 June 2013.

20. COMMITMENTS

(a) Capital commitments

Capital commitments for the purchase of property, plant and equipment outstanding at each year/period-end not provided for in the financial statement are as follows:

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Contracted but not provided for		
– Property, plant and equipment	281,772	188,218
Authorised but not contracted for		
– Property, plant and equipment	71,016	37,310
– Intangible assets	18,000	–
	370,788	225,528

20. COMMITMENTS (Continued)

(b) Operating leasing commitments

The Group leases various offices, warehouses, residential properties and machinery under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	At 30 June 2013 *RMB'000*	At 31 December 2012 *RMB'000*
Within 1 year	**4,765**	8,149
1 year to 5 years	**3,910**	2,249
Over 5 years	**1,130**	–
	9,805	10,398

(c) Loan commitment

On 27 February 2013, the Twelfth Construction, a wholly owned subsidiary of the Group, entered into a jointly development contract ("Jointly Development Contract") with Guiyang Wudang District Stated-owned Assets Operation Company Limited ("Wudang Company", 貴陽市烏當區國有資產運營公司) and Chengdu Zhongwei Investment Company Limited ("Zhongwei Company", 成都中維投資有限公司) to perform the first-level land development of Luowang Yunjing Medicine&Food Industrial Park (洛灣雲錦醫藥食品新型工業園). According to the terms of the Jointly Development Contract, the three parties will set up a new company named Guizhou Tongye Construction and Development Company Limited ("Guizhou Tongye", 貴州通冶建設發展有限公司) (Note 24) to operate the development and the Twelfth Construction will need to provide financing amounting to RMB300 million to Guizhou Tongye with an interest rate of 18% per annum. The Government of Guizhou Wudang District will guarantee the financing. As of the date of this reporting, no financing has been provided.

21. CONTINGENCIES

The Group has been named in a number of lawsuits and other legal proceedings arising in the ordinary course of business. Provision has been made for the probable losses to the Group on those claims when management can reasonably estimate the outcome of the lawsuits based on management's judgments and the legal advice. No provision has been made for pending lawsuits when the outcome of the lawsuits cannot be reasonably estimated or management believes the outflow of resources is not probable.

In addition, the Group had contracted with an Iranian company in 2005 and 2008, on certain construction contracts (the "Iran Contracts") in the amounts of RMB7,179.2 million and Euro 199 million, respectively. As of the date of this financial information, the conditions precedent to commencement of work have not been fulfilled. Consequently, no work has started yet. On 8 May 2012, the Group has served a written notice to the Iranian company to terminate these two contracts. This termination may constitute a breach of the contracts and the Group may be liable to compensate the Iranian company for any actual damages it sustains as a result up to 15% of the total contract price of each of the Iran Contracts. The Directors are of the view that the conditions precedent in the contracts have not been satisfied and that actual damages are minimal. Chinalco has agreed to indemnify the Group for all liabilities, losses, damages, costs and expenses (if any) that are incurred by the Group in connection with the termination of the Iran Contracts. The potential compensation, even if any, would not be material to the Group, and would be reflected in the interim condensed consolidated statement of comprehensive income for the financial period ending 30 June 2013.

22. BUSINESS COMBINATION

The Group has the following acquisitions during the six months period ended 30 June 2013:

(i) In January 2013, the Group acquired 70% of the equity interest in Guizhou Chenhuida Mining Design Company Limited (貴州晨輝達礦業設計有限公司, "Chenhuida") from an independent third party at a consideration of RMB2.1 million.

(ii) On 18 January 2013, the Group entered into an equity transfer agreement with Guiyang Aluminum and Magnesium Assets Management Company Limited (貴陽鋁鎂資產管理有限公司), a wholly owned subsidiary of Chinalco, to acquire 50% of the equity interest of Zhuhai Xinfeng Mechanical and Electrical Equipment Company Limited (珠海新峰機電設備有限公司, "Zhuhai Xinfeng") at a consideration of RMB2.8 million. In April 2013, the shareholders paid RMB14.8 million to increase the capital of Zhuhai Xinfeng in which, RMB9.4 million was paid by the Group. Subsequent to the capital injection, the Group held 60% of the equity interest in Zhuhai Xinfeng.

Currently, the Group is in the process of performing fair value assessment on the net identifiable assets of Chenhuida and Zhuhai Xinfeng as at the acquisition dates in accordance with IFRS 3, Business Combination. As at 30 June 2013, the Group had not finalised the fair value assessments for the net identifiable assets. The fair value of net identifiable assets determined on provision basis at the acquisition dates are not expected to be materially different from the considerations.

The acquired business contributed revenues of RMB23.69 million and net profit of RMB4.8 million to the Group for the six months ended 30 June 2013. If the acquisition had occurred on 1 January 2013, the contributed revenue and profit for the six months ended 30 June 2013 would have been RMB28.6 million and RMB5.0 million.

23. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

Related parties are those parties that have the ability to control the other party or exercise significant influence in making financial and operation decisions. Parties are also considered to be related if they are subject to common control. The Group is subject to the control of the PRC government which also controls a significant portion of the productive assets and entities in the PRC (collectively known as the "state-owned enterprises").

In accordance with IAS 24 "Related Party Disclosures", other state-owned enterprises and their subsidiaries, directly or indirectly controlled by the PRC government are regarded as related parties of the Group ("other state-owned enterprises"). For the purpose of related party disclosures, the Group has in place procedures to identify the immediate ownership structure of its customers and suppliers to determine whether they are state-owned enterprises. Many state-owned enterprises have multi-layered corporate structure and the ownership structures change over time as a result of transfers and privatisation programs. Nevertheless, management believes that meaningful information relating to related party transactions has been adequately disclosed.

In addition to the related party information shown elsewhere in this report, the following is a summary of significant related party transactions entered into in the ordinary course of business between the Group and its related parties, including other state-owned enterprises, during the six-month period ended 30 June 2013 and 2012, and balances as at 30 June 2013 and 31 December 2012 arising from related party transactions.

The transactions with related parties are carried out on pricing and settlement terms agreed with counter parties in the ordinary course of business.

(a) Significant related party transactions arising with Chinalco and its subsidiaries and jointly controlled entity

	For the six months ended 30 June	
	2013 ***RMB'000*** **(unaudited)**	2012 *RMB'000* (unaudited and restated)
Sales of goods or provision of service to:		
– Ultimate holding company	**3,952**	–
– Fellow subsidiaries of ultimate holding company	**970,236**	1,234,068
– A jointly controlled entity of ultimate holding company	**–**	673
	974,188	1,234,741
Purchases of goods and service from fellow subsidiaries	**33,379**	195,744
Rental expense	**36**	5,400
Borrowings from related parties (Note 17(iii))	**120,000**	–
Interest received from related parties	**24**	–
Interest paid to related parties	**5,436**	–

* General contracting services includes services of project constructions and projects designs.

23. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(a) Significant related party transactions arising with Chinalco and its subsidiaries and jointly controlled entity (continued)

Apart from transactions with Chinalco and its fellow subsidiaries and jointly controlled entity of ultimate holding company, the Group has transactions with other state-owned enterprises include but not limited to the following:

– Sales and purchases of goods and services;

– Purchases of assets;

– Lease of assets; and

– Bank deposits and borrowings.

In the ordinary course of business, the Group sells goods and services to, and purchase goods and services from other state-owned enterprises based on terms as set out in the underlying agreements, market price or actual cost incurred, or as mutually agreed.

The Group places deposits with and receives loans mainly from state-owned financial institutions in the ordinary course of business. The deposit and loans are in accordance with terms as set out in the respective agreement, and the interest rates are set at prevailing market rates.

23. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(b) Period/year end balances arising from Chinalco and its subsidiaries and jointly controlled entity

	At 30 June 2013 *RMB'000* **(unaudited)**	At 31 December 2012 *RMB'000* (audited and restated)
Trade receivables		
– Fellow subsidiaries	**1,645,573**	1,689,972
– Associates of ultimate holding company	**–**	34,394
– A jointly controlled entity of ultimate holding company	**6,110**	43,432
	1,651,683	1,767,798
Prepayments to suppliers		
– Fellow subsidiaries	**52,537**	46,264
Other receivables		
– Fellow subsidiaries	**70,466**	83,675
– Associates of ultimate holding company	**–**	2,664
	70,466	86,339
Trade payables		
– Fellow subsidiaries	**166,762**	191,705
Advance from customers		
– Fellow subsidiaries	**276,418**	182,426
– A jointly controlled entity of ultimate holding company	**–**	6,795
	276,418	189,221
Other payables		
– Fellow subsidiaries	**31,382**	36,253
Borrowings		
– Fellow subsidiaries (Note 17(iii))	**280,000**	160,000
Dividends payable		
– Ultimate holding company	**435,352**	–
– Fellow subsidiaries	**70,465**	53,080
	505,817	53,080

23. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(b) Period/year end balances arising from Chinalco and its subsidiaries and jointly controlled entity (continued)

(i) Trade receivables, prepayments and other receivables due from ultimate holding company, subsidiaries, associates, a jointly controlled entity of ultimate holding company are unsecured, interest free and repayable on demand.

(ii) Trade and other payables due to ultimate holding company, subsidiaries and a jointly controlled entity of ultimate holding company are unsecured, interest free and have no fixed term of repayment.

(iii) All trade receivables and payables will be settled accordingly to the terms agreed with the parties involved.

(c) Key management personnel remuneration

Key management includes directors (executive and non-executive), supervisors, president, vice presidents, secretary to the Board of Directors and chief accountant of the Company. The compensation paid or payable to key management from employee services is shown below:

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
Salaries and other allowances	**972**	1,169
Discretionary bonus	**–**	–
Retired benefits	**113**	96
	1,085	1,265

24. EVENTS AFTER THE BALANCE SHEET DATE

Other than the subsequent event disclosed elsewhere in this report and below, no other significant subsequent events took place subsequent to 30 June 2013:

– In connection with the Jointly Development Contract (Note 20 (c)), the Twelfth Construction, Wudang Company and Zhongwei Company set up a project company named Guizhou Tongye Construction and Development Company Limited ("Guizhou Tongye", 貴州通冶建設發展有限公司) on 4 July 2013, with a registered capital amounting to RMB100 million which will be paid in stages. The above three companies held 45%, 45% and 10%, respectively, of the equity interest of Guizhou Tongye. After providing of the financing as stipulated in the shareholders' agreement (Note 20 (c)), besides the 45% of the equity interest, the Twelfth Construction will hold 67% of the voting rights. As of the date of this reporting, the Guizhou Tongye had received the paid-up capital amounting to RMB30 million, in which the Twelfth Construction paid RMB13.5 million and no financing had been paid by the Twelfth Construction.

CORPORATE GOVERNANCE

The Company has committed to enhancing corporate governance standard at all times and regarded it as an indispensable part to create values for shareholders. The Company has established a modern corporate governance structure which comprises a number of effectively balanced and independently operated bodies including general meetings of shareholders, the Board, the supervisory board and senior management with reference to the code provisions as set out in the Corporate Governance Code in Appendix 14 to the Listing Rules. The Company has also adopted the Corporate Governance Code as its own corporate governance practices.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

As a company listed on the Stock Exchange, the Company has been striving to maintain a high standard of corporate governance. For the six months ended 30 June 2013, the Company had complied with the Corporate Governance Code in Appendix 14 to the Listing Rules and adopted the suggested best practices therein where appropriate.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS, SUPERVISORS AND RELEVANT EMPLOYEES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 to the Listing Rules as the code of conduct and rules governing dealings by all of our Directors and supervisors in the securities of the Company. Having made specific enquiries of the Directors and supervisors of the Company, all Directors and supervisors have confirmed that they have strictly complied with the required standard set out in the Model Code during the reporting period. The Company has also set up guidelines in respect of the dealings by its relevant employees (as defined in the Listing Rules) in the Company’s securities, which are on no less exacting terms than the Model Code. The Company is not aware of any breach of the guidelines by its relevant employees.

The Board will examine the corporate governance practices and operation of the Company from time to time so as to ensure the compliance with relevant requirements under the Listing Rules and to protect Shareholders’ interests.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has appointed a sufficient number of independent non-executive Directors with appropriate professional qualifications, or appropriate accounting or related financial management expertise in accordance with the requirements of the Listing Rules. The Company appointed a total of three independent non-executive Directors, including Mr. Sun Chuanyao, Mr. Jiang Jianxiang and Mr. Cheung Hung Kwong.

AUDIT COMMITTEE

The Company has established an audit committee in accordance with the requirements of the Listing Rules. The primary responsibilities of the audit committee include communication with, supervision and inspection of external audit for the Company, regulation of internal audit, evaluation and improvement of the Company's internal control system, and risk analysis of the significant investment projects under operation. These include: to make proposals to the Board on the appointment, or removal of the external audit firms, review and monitor the external auditor's independence and objectivity and the effectiveness of the audit procedures in accordance with the applicable standards, and approve the remuneration and terms of engagement of the external auditor; to supervise the internal auditing mechanism of the Company and its implementation, and ensure that the internal audit function is adequately resourced within the Company, and to review and monitor its effectiveness; to communicate between the internal audit and the external auditors; to audit financial information of the Company and its disclosure and examine the Company's accounting practices and policies; to examine the Company's internal control system, and make comments and suggestions for the improvement and perfection of the Company's internal control system; to oversee the Company's internal control and risk management system, and study important investigation results on internal control issues and the response from the management; to make comments and suggestions for the appraisal and replacement of the person in charge of the audit committee of the Company; to review any letters issued by the external auditor to the management, including any vital queries raised by the auditor in respect of accounting records, financial statements or internal control systems as well as the management's response; to review whether the mechanism allowing employees to report on or complain about, by way of whistle-blowing, any misconduct in respect of the Company's financial reports, internal control or other matters is well established, and ensure a proper arrangement of the Company which may enable fair and independent investigation and follow-up procedures for relevant issues; to set up relevant procedures to deal with the complaints within the scope of duties and conduct fair and independent investigation and adopt appropriate actions; to keep regular contact with the Board, senior management and external auditors.

The audit committee consists of three Directors: Mr. Cheung Hung Kwong (independent non-executive Director), Mr. Jiang Jianxiang (independent non-executive Director) and Mr. Zhang Zhankui (non-executive Director). Mr. Cheung Hung Kwong serves as the chairman of the audit committee.

On 15 August 2013, the audit committee reviewed and confirmed the announcement of interim results of the Group for the six months ended 30 June 2013, the 2013 interim report (which contained the unaudited interim condensed consolidated financial information prepared under International Accounting standard 34 "Interim Financial Report").

1. EQUITY INTERESTS

As of 30 June 2013, the total share capital of the Company was RMB2,663,160,000, divided into 2,663,160,000 Shares of RMB1.00 each (Domestic Shares and H Shares).

2. SUBSTANTIAL SHAREHOLDERS

As of 30 June 2013, so far as known to the Directors of the Company, the following persons (other than the Directors, supervisors or chief executives of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed pursuant to Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance:

Name of shareholder	**Class of shares**	**Capacity**	**Number of shareholding in Shares/ underlying shares** *(Shares)*	**Percentage of shareholding in relevant class of shares** *(%)* (Note 1)	**Percentage of shareholding in total share capital** *(%)* (Note 1)
Chinalco (Note 2)	Domestic Shares	Beneficial owner/ Interest of controlled corporation	2,263,684,000 (L) (Note 2)	100%	85%
The Seventh Metallurgical Construction Corp. Ltd.	H Shares	Beneficial owner	69,096,000 (L)	17.30%	2.59%
CNMC Trade Company Limited	H Shares	Beneficial owner	59,225,000 (L)	14.83%	2.22%
Leading Gain Investments Limited	H Shares	Nominee of other person (other than passive trustee)	29,612,000 (L)	7.41%	1.11%
China XD Group	H Shares	Beneficial owner	29,612,000 (L)	7.41%	1.11%
Yunnan Tin (Hong Kong) Yuan Xin Company Limited	H Shares	Beneficial owner	29,612,000 (L)	7.41%	1.11%
Global Cyberlinks Ltd.	H Shares	Beneficial owner	20,579,000 (L)	5.15%	0.77%

Note:

1. The percentage is calculated based on number of underlying shares/total number of shares issued on 30 June 2013.

2. Chinalco is beneficially interested in 2,176,758,534 Domestic Shares, representing approximately 81.74% of the total share capital of the Company. Luoyang Institute is a wholly-owned subsidiary of Chinalco and is interested in 86,925,466 Domestic Shares, representing approximately 3.26% of the total share capital of the Company. Chinalco is deemed to be interested in the Domestic Shares held by Luoyang Institute under the SFO.

3. INTERESTS OF THE DIRECTORS AND CHIEF EXECUTIVE

As at the listing date of the Company, none of the Directors, supervisors and chief executives of the Company had any interest and/or short position in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Hong Kong Securities and Futures Ordinance "Securities and Futures Ordinance") which were required to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (including interests and short positions which they were taken or deemed to have under such provisions of Securities and Futures Ordinance) or which were required, pursuant to section 352 of the Securities and Futures Ordinance, to be entered in the register referred to therein, or were required, pursuant to the Model Code to be notified to us and the Stock Exchange.

4. CHANGE IN SUPERVISORS

Approved by a resolution of the first employees meeting of the Company held on 15 May 2013, due to job change, Mr. Long Chaosheng ceased to be an employee representative supervisor of the Company, with effect from 15 May 2013. Mr. He Bincong has been appointed as new employee representative supervisor of the Company, with effect from 15 May 2013 until the expiration of the term of the current session of the supervisory board of the Company. In addition, according to the resolution passed on the sixth meeting of the first session of supervisory board of the Company held on 16 May 2013, Mr. He Bincong has been appointed as the chairman of supervisory board, with immediate effect.

5. PURCHASE, SALE OR REDEMPTION OF THE LISTING SECURITIES OF THE COMPANY

Neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's securities during the period from the Listing Date up to the Latest Practicable Date.

6. LITIGATION AND ARBITRATION OF MATERIAL IMPORTANCE

As at the Latest Practicable Date, the Company was not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against the Company.

7. BUSINESS IN CONNECTION WITH SANCTIONED COUNTRIES

As at the Latest Practicable Date, the risk management committee of the Company confirmed that the proceeds raised from global offering of the Company had been deposited with a designated bank account and no such proceeds had been used in business in connection with Sanctioned Countries or used as payment for the compensation under the Iran Contracts.

From the beginning of the reporting period to the Latest Practicable Date, the Company did not enter into any new business in connection with Sanctioned Countries, nor did it have any business planning or arrangement for transactions with Sanctioned Countries. The Board has no intention to enter into any business with Sanctioned Countries.

DEFINITIONS

"Board"	the board of Directors of the Company
"Chinalco"	Aluminum Corporation of China (中國鋁業公司)
"Chalieco", "Company", "the Company" "we" or "us"	China Aluminum International Engineering Corporation Limited (中鋁國際工程股份有限公司), a joint stock limited company incorporated in the PRC
"Changkan Institute"	China Nonferrous Metal Changsha Investigation and Design Research Institute Co., Ltd. (中國有色金屬長沙勘察設計研究院有限公司), a company incorporated in the PRC with limited liability and a wholly owned subsidiary of our Company
"Changlv Construction"	China Aluminum Great Wall Construction Co., Ltd. (中鋁長城建設有限公司), a company incorporated in the PRC with limited liability and a wholly owned subsidiary of our Company
"Changsha Institute"	Changsha Engineering & Research Institute Limited for Nonferrous Metallurgy (長沙有色冶金設計研究院有限公司), a company incorporated in the PRC with limited liability and a wholly owned subsidiary of our Company
"CNPT"	China Nonferrous Metals Processing Technology Co., Ltd. (中色科技股份有限公司), a joint stock limited company incorporated in the PRC and a subsidiary owned as to 73.5% by our Company, and (where the context requires) its subsidiaries
"Director(s)"	director(s) of the Company
"Domestic Shares"	ordinary shares of RMB1.00 each in the share capital which are subscribed for and fully paid in Renminbi
"Duyun Company"	Duyun Industrial Concentration Zone Capital Operation Co., Ltd. (都勻工業聚集區資本運營有限公司), an independent third party
"GAMI"	Guiyang Aluminum and Magnesium Design Institute Co., Ltd. (貴陽鋁鎂設計研究院有限公司), a company incorporated in the PRC with limited liability and a wholly owned subsidiary of our Company, and (where the context requires) its subsidiaries
"Global Offering"	has the same meaning ascribed thereto in the Prospectus
"Group"	the Company and its subsidiaries from time to time
"H Shares"	the overseas listed foreign invested shares of RMB1.00 each in the ordinary share capital of the Company, which are subscribed for and traded in Hong Kong dollars and have been approved for the granting of listing, and permission to deal, on the Stock Exchange

"Iran Contracts"	have the meaning ascribed thereto under the chapter headed "Iran Contracts" in the Prospectus
"Latest Practicable Date"	15 August 2013
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Luoyang Institute"	Luoyang Engineering & Research Institute for Nonferrous Metals Processing (洛陽有色金屬加工設計研究院), an enterprise incorporated in the PRC owned by the wholepeople, one of our Promoters and Shareholders
"MIIT"	the Ministry of Industry and Information Technology of the People's Republic of China
"PRC"	the People's Republic of China
"Prospectus"	the prospectus of the Company dated 22 June 2012
"SAMI"	Shenyang Aluminum & Magnesium Engineering Research Institute Co., Ltd. (瀋陽鋁鎂設計研究院有限公司), a company incorporated in the PRC with limited liability and a wholly owned subsidiary of our Company, and (where the context requires) its subsidiaries
"Sanctioned Countries"	countries which are the targets of economic sanctions imposed by the U.S. and other jurisdictions, including but not limited to Cuba, Sudan, North Korea, Iran, Syria and Myanmar
"Shanlv Engineering"	Shandong Aluminum Engineering Co., Ltd. (山東鋁業工程有限公司), a company incorporated in the PRC with limited liability and a wholly owned subsidiary of our Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Tianjin Construction"	Chalieco (Tianjin) Construction Co., Ltd. (中鋁國際(天津)建設有限公司), a company incorporated in the PRC with limited liability and a subsidiary of our Company

CORPORATE INFORMATION

CORPORATE LEGAL PERSON

Mr. Zhang Chengzhong

REGISTERED OFFICE

Building C, No.99 Xingshikou Road, Haidian District, Beijing, PRC

HEAD OFFICE IN THE PRC

Building C, No.99 Xingshikou Road, Haidian District, Beijing, PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 4501, Far East Finance Centre, No.16 Harcourt Road, Admiralty, Hong Kong

COMPANY'S WEBSITE

www.chalieco.com.cn

STOCK CODE

2068

THE MEMBERS OF THE BOARD

Non-executive Directors

Zhang Chengzhong
Zhang Zhankui
Ma Xiaoling

Executive Directors

He Zhihui
Wu Yuewu
Wang Jun

Independent Non-executive Directors

Sun Chuanyao
Cheung Hung Kwong
Jiang Jianxiang

THE COMMITTEES OF THE BOARD

Audit Committee

Mr. Cheung Hung Kwong *(Chairman)*
Mr. Jiang Jianxiang
Mr. Zhang Zhankui

Remuneration Committee

Mr. Sun Chuanyao *(Chairman)*
Mr. Jiang Jianxiang
Ms. Ma Xiaoling

Nomination Committee

Mr. Zhang Chengzhong *(Chairman)*
Mr. Sun Chuanyao
Mr. Jiang Jianxiang

Risk Management Committee

Mr. Zhang Chengzhong *(Chairman)*
Mr. Jiang Jianxiang
Mr. He Zhihui

SUPERVISORS

He Bincong
Dong Hai
Ou Xiaowu

COMPANY SECRETARY

Mr. Wang Jun

AUTHORIZED REPRESENTATIVES

Mr. He Zhihui
Building C, No.99 Xingshikou Road, Haidian District, Beijing
PRC

Mr. Wang Jun
Building C, No.99 Xingshikou Road, Haidian District, Beijing
PRC

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
22nd Floor, Prince's Building, Central
Hong Kong

LEGAL ADVISORS

As to Hong Kong law

Clifford Chance
28th Floor, Jardine House, One Connaught Place, Central
Hong Kong

As to PRC law

Jia Yuan Law Offices
F407–408, Ocean Plaza, Fuxingmengnei Avenue, Beijing
PRC

COMPLIANCE ADVISOR

China International Capital Corporation Hong Kong Securities Limited
29th Floor, One International Finance Centre, 1 Habour View Street, Central
Hong Kong

H SHARE REGISTRAR

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

PRINCIPAL BANKERS

China Construction Bank Corporation

Beijing Jin'an Sub-branch
Wu No.12, Fuxing Road, Haidian District, Beijing
PRC

Bank of China Limited

Beijing Finance Street Sub-branch
2nd Floor, Investment Square, No.27 Finance Street, Xicheng District, Beijing
PRC

Bank of Communication Co., Ltd.

Beijing Branch
1st Floor, Tongtai Building, No.33 Finance Street, Xicheng District, Beijing
PRC

China Minsheng Banking Corp., Ltd.

Beitaipingzhuang Sub-branch
No.2–5 Xinjiekouwai Avenue, Xicheng District, Beijing
PRC