中鋁國際工程股份有限公司

CHALIECO

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

Annual Report 2013

CONTENTS

The Alumina project in Lam Dong of Vietnam constructed by Chalieco

CHAIRMAN'S STATEMENT

Dear Shareholders,

In the development of nonferrous metals industry in the PRC, Chalieco always adheres to the corporate value of "Prudence, Honesty, Simple and Efficiency", helping the technology development of nonferrous metals engineering. A decade of operation marks a decade of achievements and blossoming.

In 2013, under the leadership of the Board, we realized another all-time high in the operating results as a result of the hard work of all staff led by the management. As such, on behalf of the Board and for myself, I would like to thank every friend inside and outside China who cares about Chalieco. Owing your understanding, trust, care and support, Chalieco is able to grow rapidly and reinforce our success today. In the coming years, Chalieco will continue to discharge its responsibilities in good faith. In tapping the exploration, design, construction contracting and industrialization projects, we target to be the No.1 in the industry and always take efficiency and innovation as our priority. To continuously expand in the foreign markets, we achieve our goal of creating value for our customers by leveraging the advance technology and dominant construction capability.

Chalieco always works hard to fulfill the pledge. For staff, we deliver values, honor and missions. For partners, we offer equality, co-operation, integrity and mutual benefit. For shareholders, we give trust, respect and returns.

We are ready to work with all our friends, standing in unity and building for the future!

Zhang Chengzhong
Chairman

PRESIDENT'S STATEMENT

Dear Shareholders,

In 2013, in face of the complicating operation environment and the difficult challenges in the industry, the Company's management carefully analyzed the market situation and innovated our operating philosophy and focused on enhancing three areas: production operation, structural adjustment and management improvement. We kept confidence despite the adverse environment, with total assets, operating income and profits of the Group for the reporting year reached record high. The Company is receiving increasing recognition in the industry and has successfully became one of "the world's largest 250 contractors", "the world's largest 250 international contractors" and "the world's largest 225 international design companies". All along, we managed to maintain as the top nonferrous metals engineering contractor in the PRC.

Since its establishment in 2003, the Company has travelled a brilliant journey for a decade. It was a decade with continous exploration, expansion and innovation and a decade with cross development and outstanding achievement. Looking forward to the next decade, opportunities will arise along with risks while hope remains in the challenges. We will follow the modern trend of deepening reform and innovative development and fully elaborate the comprehensive advantages and synergies of Chalieco. Together with all shareholders, we will bear the risks, expand the market, seek the development and win the future.

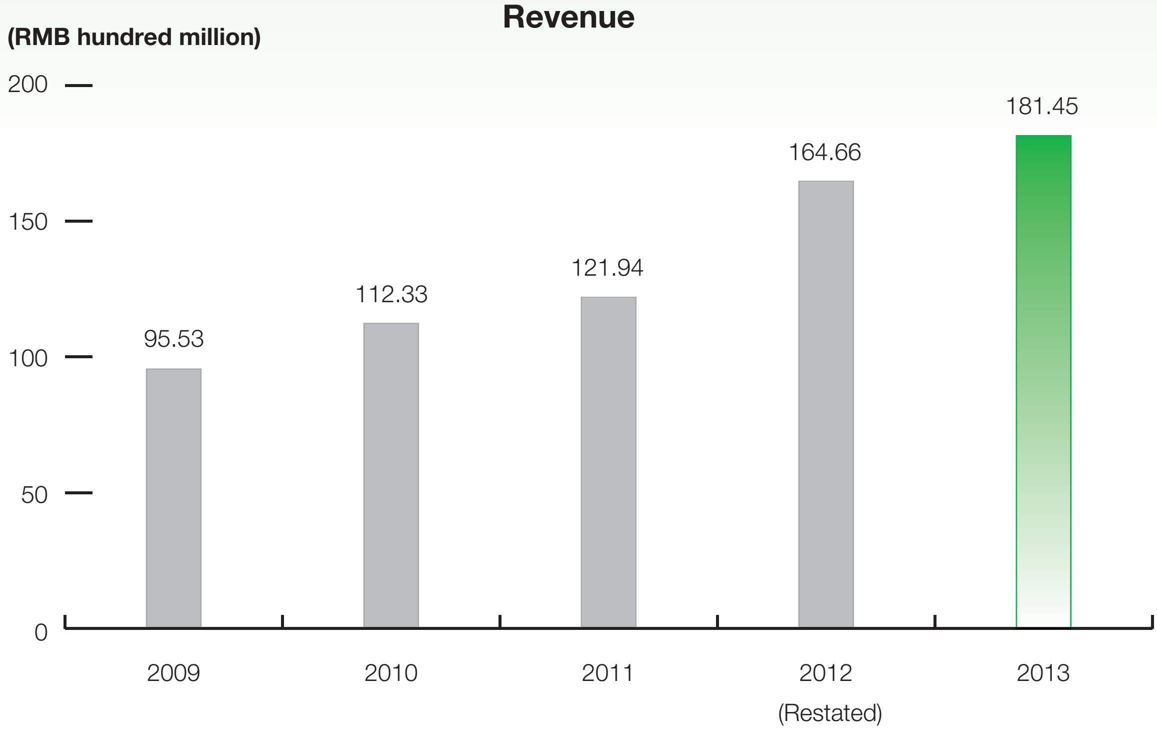
As said in "Book of Documents, the rites of Zhou (《尚書 • 周官》)", "ambition makes noble achievements, diligence makes extensive business". We deeply believe that our results came from the diligent and dedicated working attitude of all staff, the endeavored support and expectation of all shareholders as well as the faith and trust from all customers as always.

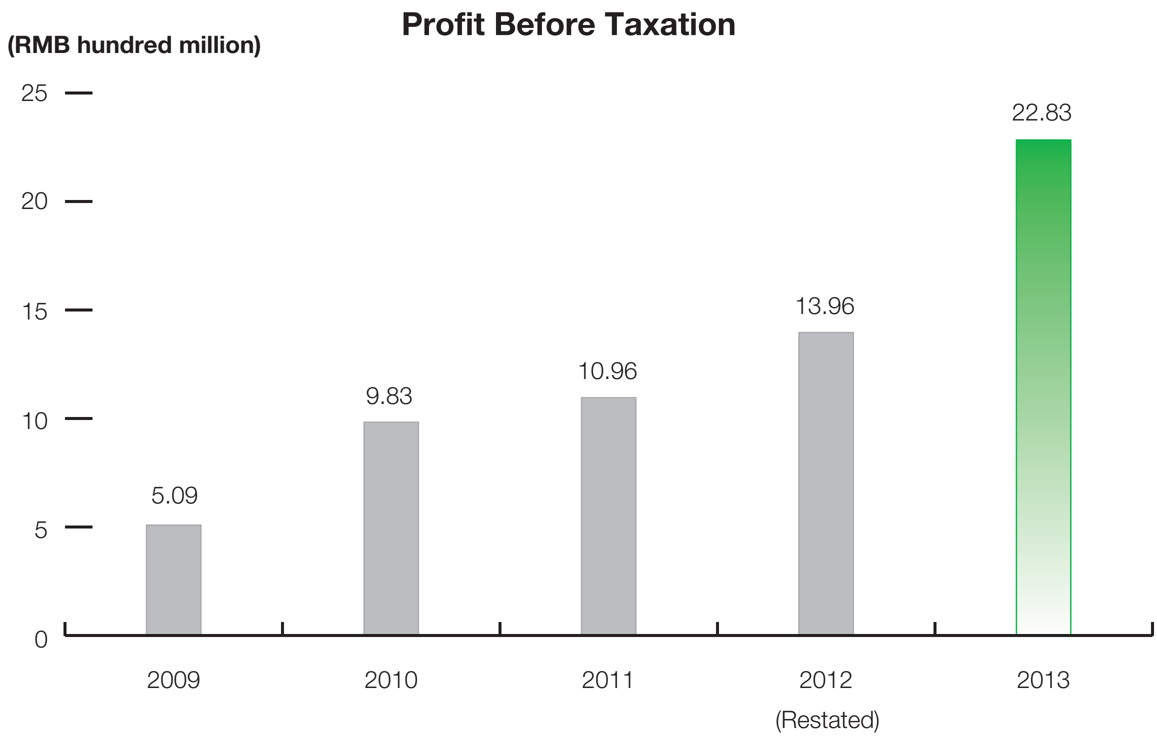
Looking forward to 2014, the Company set steady growth in the value of newly-signed business contracts, operating income and operating results; paying continuous attention to environmental protection and humanities as the operating targets. Meanwhile, we will put more effort in expanding our business and technological development to enhance the competitive advantages of the Company in the industry constantly.

To all shareholders, we will take the impending atmosphere with the aforesaid targets. We will further enhance the ability and level against market fluctuation by accelerating our transformation, innovating operating style, intensifying the research and development and pay more attention on preventing and controlling risks, so as to use another fruitful results to reward our shareholders, staff and society.

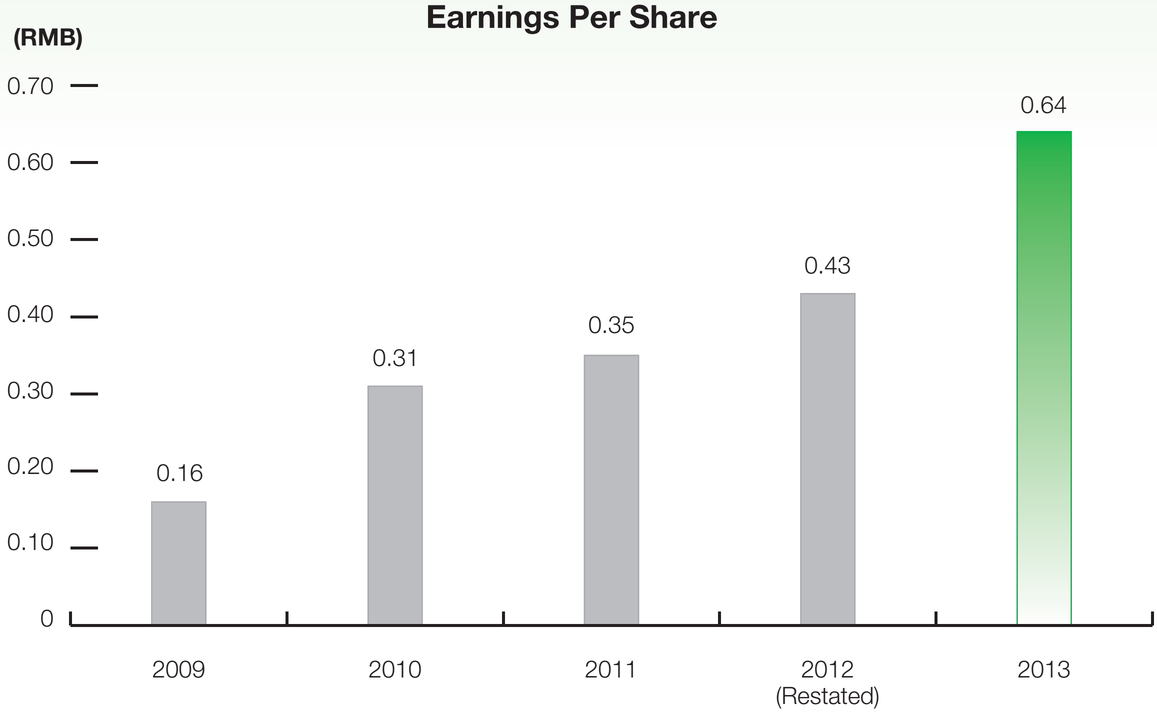
He Zhihui
President

FINANCIAL INFORMATION SUMMARY

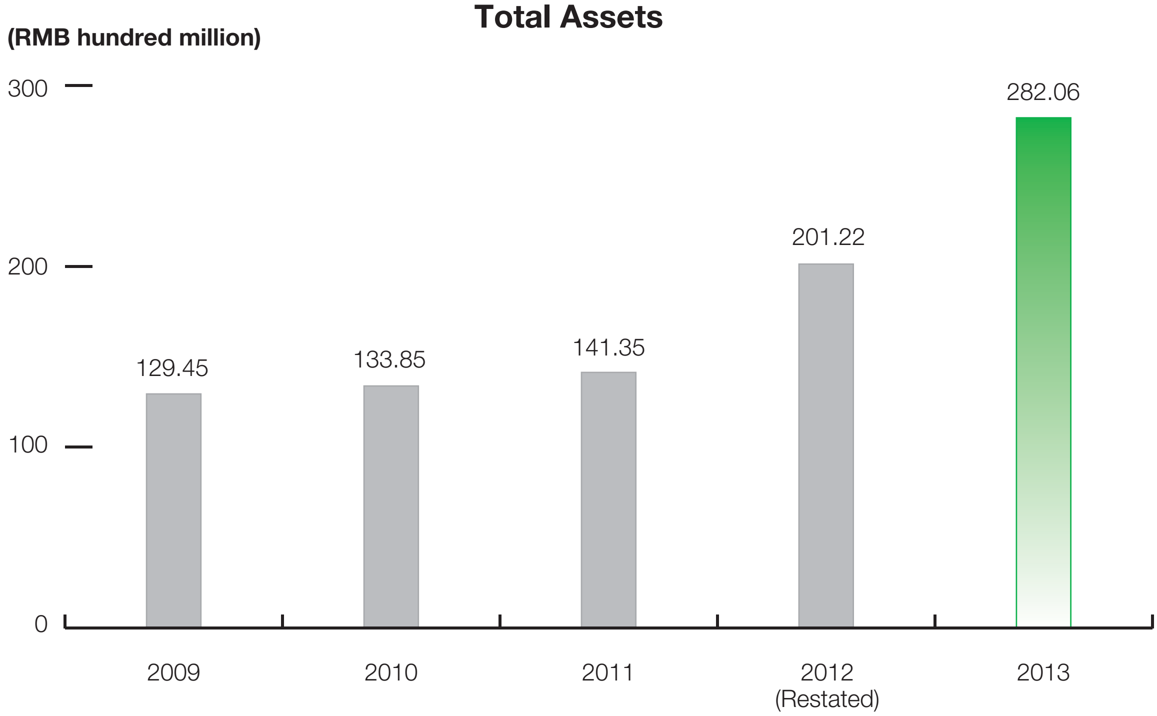




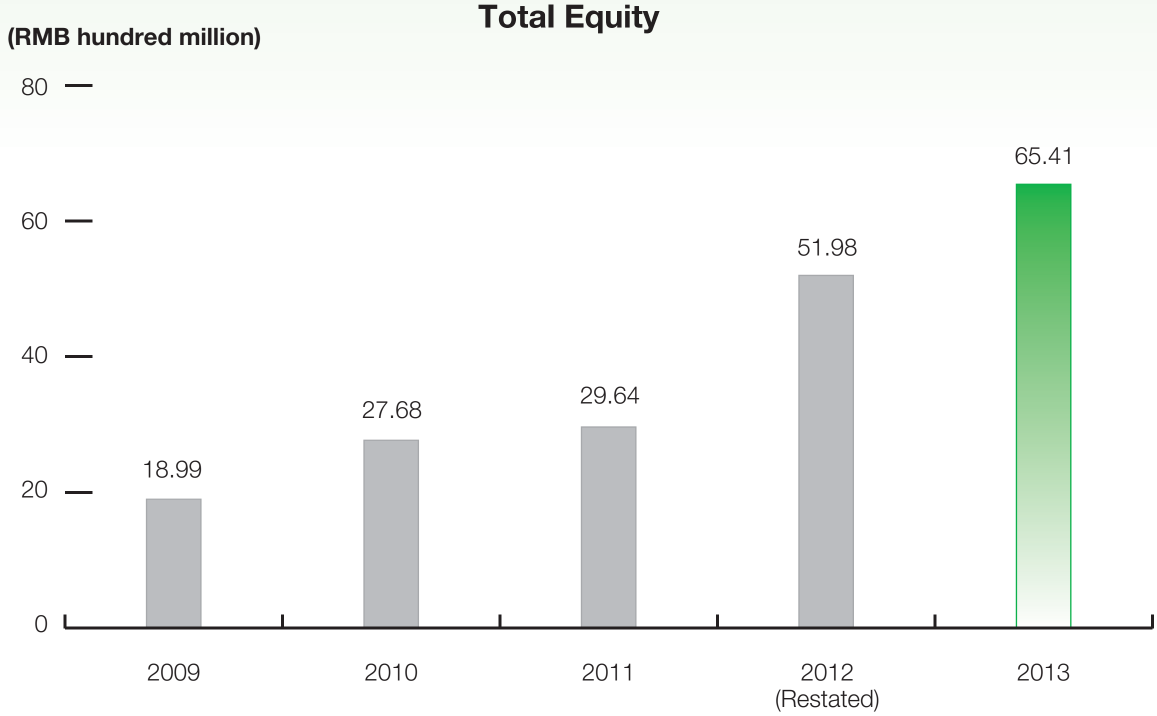
Earnings Per Share



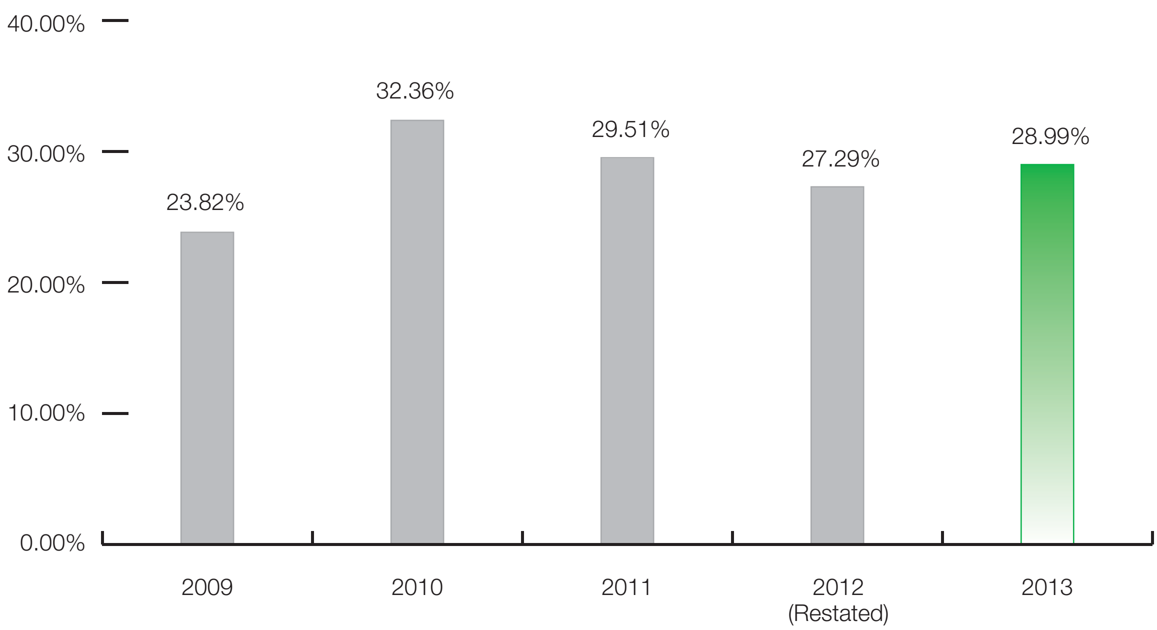
Total Assets



Total Equity



Return on Net Assets



CORPORATE PROFILE

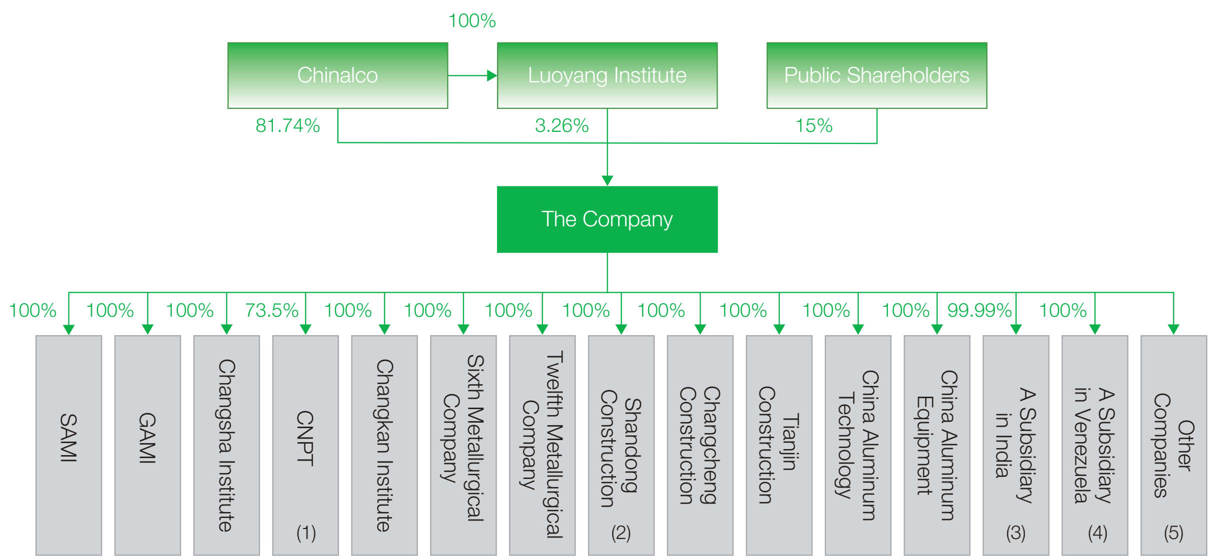
THE ISSUANCE AND LISTING OF THE SHARES

The Company is a subsidiary of Chinalco and listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 2068) on 6 July 2012 with an offering price of HK$3.93 per share. As at 31 December 2013, the total number of shares in issue of the Company is 2,663,160,000 shares, comprising 399,476,000 H Shares, which accounts for 15% of the issued share capital, and 2,263,684,000 Domestic Shares.

BUSINESS OVERVIEW

The Group is a leading technology, engineering service and equipment provider in the nonferrous metals industry in China, capable of providing full business-chain integrated solutions for the nonferrous metals enterprises. Our businesses mainly include engineering design and consultancy, engineering and construction contracting and equipment manufacturing.

CORPORATE STRUCTURE



Notes:

(1) The remaining 26.5% of the equity interest is held by Suzhou Changguang Enterprises Development Co., Ltd. (蘇州長光企業發展有限公司) (17.5%), China Nonferrous Engineering Co., Ltd. (中國有色工程有限公司) (6%), Beijing General Research Institute for Nonferrous Metals (北京有色金屬研究總院) (2%) and Powder Metallurgy Engineering Research Centre of Central South University Co., Ltd (中南大學粉末冶金工程研究中心有限公司) (1%), all of which are independent third parties.

(2) Shanlv Construction was renamed as Shandong Construction in October 2013.

(3) China Aluminium International Engineering (India) Private Limited. The remaining 0.01% interests are held by Mr. Zhang Jiazhi, one of our employees.

(4) Chalieco Venezuela C.A..

(5) Including Duyun Tongda, Wenzhou Tonggang, Wenzhou Tongrun and etc.

MANAGEMENT DISCUSSION AND ANALYSIS

1. INDUSTRY OVERVIEW AND SEGMENT BUSINESS CONDITION

Overview for Nonferrous Metal Industry in 2013

According to the statistic of China Nonferrous Metals Industry Association (中國有色金屬工業協會), in 2013, fixed assets investment of China's nonferrous metals was RMB660.9 billion, representing a growth of 19.8%, 4.2% higher than that of last year. Among which, a fixed assets investment in mining, smelting and processing was RMB124.1 billion, RMB206.4 billion, and RMB330.3 billion, respectively, representing growth of 14.4%, (1.0%) and 40.8%, respectively, of which investments in processing increased substantially, investments in mining grew steadily while investments in smelting slowed, showing a significant adjustment in investments.

Business Operation

In 2013, in face of the complicated operating environment in both domestic and overseas and difficult challenges in the industry, the Group focused on enhancing three areas: production operation, structural adjustment and management improvement. We insisted on reforming by adopting a market-oriented and revolutionary approach. We grasped the historical chances of "new urbanization" timely to actively explore new operating model and made great efforts in expanding new arena in the market, creating a new record high in production operating results.

Successful expansion in business coverage through insisting on implementing various intiatives

Firstly, the Company brought our technological advantage in the industry into full play to consolidate the traditional nonferrous market. Leveraging the technology, capital and services as a breakthrough, the Group actively expanded traditional nonferrous metals projects to grasp the opportunity in the limited traditional market. The Group successfully signed some traditional industry projects such as the construction project for extra large and high performance aluminum alloy with Nanshan Aluminum (南山鋁業) and circular economy relating to associated resources project with Shenhua Zhungeer Coal (神華准格爾煤炭).

Secondly, while consolidating the traditional market, the Company expanded the business to new urbanization construction in the PRC. In 2013, in view of the chances brought by new urbanization construction, municipal and civil businesses became new hot spots for market development. Utilizing the advantages of brands and quality, the Company worked diligently in diversifying the cooperation models and successfully signed projects including new district in Wuxiang, Nanning (南寧五象新區) and Xi'an Xixian New Area (西安西鹹新區).

We fully exerted the influence of overseas institutions to proactively collect market information and increased efforts in expanding the overseas market. In 2013, the Company for the first time expanded its business into the African market by signing a design and consultancy contract of an integrated project of Guinea bauxite and alumina with a European company. There have also been some remarkable breakthroughs by the Company's subsidiaries in the overseas market. One of the Company's subsidiary successfully signed a design and consultancy contract of an electrolytic reformation project with Qili Aluminium Corporation (齊力鋁業公司) in Malaysia and another subsidiary as well successfully signed the EPC contract of the highway form Kodbo (科布多) to Bayan-ulgii (巴音烏列蓋)in Outer Mongolia with the Transportation Department in Mongolia.

The Company also signed several equipment supply contracts with customers from Venezuela, Turkey, Australia, UAE and Kazakhstan. Meanwhile, the projects in countries including Venezuela, Vietnam, Indonesia, Brazil, Saudi Arabia, India were actively in progress.

Intensified the market-oriented reform to enhance the Group's competitiveness

In 2013, the Company had successfully implemented the open recruitment of general managers for 4 subsidiaries, namely Changkan Institute, Shandong Construction, Changcheng Construction and Tianjin Construction, established a new operational team, and commenced the pilot testing of reform on business target supported by accountability system on those 4 subsidiaries.

To facilitate the continuous development of the Company's business, following approval of the SASAC and the general meeting of the Company, the Company implemented the H Share Appreciation Rights Scheme and Initial Grant in 2013, providing medium and long term incentives to certain Directors, senior management and key management officers. Meanwhile, the Group signed "Letter of responsibility for managing targets" (管理目標責任書) with 9 subsidiaries such as the Sixth Metallurgical Company, the Twelfth Metallurgical Company and the Changsha Institute, which consolidated term assessment and tied the enterprise development with the benefits of enterprise operation team tightly.

Reach a breakthrough in market model through innovative operation mind

For market development, the Company focused on promoting two areas, which were sharing resources and actively cooperating with subsidiaries. By making use of the capital advantage, the management experience, the reputation of state-owned enterprise and the brand superiority, the Company received large projects and sought more cooperation with large companies. At the same time, during the process of market development, the Group kept trying to innovate the business model based on its own conditions and the demand of customers. By strengthening the cooperation with owners and utilizing the relevant national and urban-rural policies, the Company entered the construction arena of new rural areas.

Securing the capital for the business development with effective realization of the dormant assets

In 2013, to realize dormant assets and significantly increase the value of assets, the Sixth Metallurgical Company, a wholly-owned subsidiary of the Company, sold its entire 46% equity interest in Shenzhen Hengtong Industry Development Co., Ltd. by way of open offer on the Shanghai United Assets and Equity Exchange and received proceeds of approximately RMB1,767 million from the transaction. This transaction realized the non-controlling shareholding and equipped the Company with sufficient cash flow, securing the capital for the implementation of upcoming contracts and new business expansion for the Company.

Successful initial issuance of non-public debt financing instruments

In December 2013, the Group fully leveraged its advantages of good credit and market image and successfully issued non-public debt financing instruments. This issuance has raised RMB2.5 billion with low interest rate, which secured sufficient capital for the Company for subsequent business development and debt structure adjustment.

Contracts

The aggregated value of contracts newly signed in 2013 amounted to RMB39,300 million, representing an increase of 7% as compared with the corresponding period over last year. The contracts backlog of the Group as at 31 December 2013 amounted to RMB61,500 million, representing an increase of 32.25% over the end of 2012.

Credit ratings

Standard & Poor's assigned the Company an issuer rating of BB+ and stand-alone credit profile of BB.

Condition of scientific research

Progress of Construction of technological platform

Currently, the Group possesses 1 national level engineering technical research center and 6 provincial technical centers, 2 national post-doctoral research centers and 1 joint research and development center at provincial level post-doctoral technological research station. There were 4 national "863" significant technological projects, 1 State Torch Program and 1 international cooperation project approved. As at 31 December 2013, the Group had 6 National Engineering, Survey and design Masters and 22 survey and design Masters in Nonferrous metals industry.

Alumina project of Guangxi Huayin Aluminium Co., Ltd

Application for patents and authorization

In 2013, the Group applied for 522 patents, of which 1 was international patent, and 368 patents were granted authorization, of which 11 are patents with international authorization. There were 54 technical standards and models for different levels which were edited and sub-edited by the Group, of which 45 were standards of national level. Applications for 35 patents of provincial industrial methods were granted. As at 31 December 2013, the Group has totally applied for 5,469 patents and 3,775 were granted authorization, of which 134 are international patents and 42 were granted authorization.

Major scientific research projects

A batch of material research and development projects were progressing well and the technological results were remarkable. The national 863 projects "600kA large pre-baked positive electrolytic tank technological development" has passed the project technology inspection and technological achievements identification of the Ministry of Science and Technology and China Nonferrous Metals Industry Association. Such technology is an innovative large-capacity electrolytic saving technology which possesses intellectual property and the technology, as a whole, reaches leading international standard. The "Aluminum cell full current reduction magnetic technology with live welding equipment research and development" project has completed and passed the industry assessment. Such technology has solved the difficulty in large-scale aluminum cell with live welding which had been a problem in China's aluminum industry for years and helped to raise the technological standard of overhauling the aluminum reduction cell, bringing huge benefits to the economy and society. The "Six safe self-rescue key techniques and equipment research in mine site" has been implemented by many enterprises of the Chinalco and has filed to the relevant national safety and monitoring department and put on records, laying a foundation for extensive promotion and application. The " Aluminum and aluminum alloy isothermal melting technology and equipment development" project has passed several melting tests and made a number of achievements. Not only has it filled the gaps of similar technology in China, but also has laid a foundation for industrialization of the technological achievements. The "Safety On-line monitoring of mine and technical development of digital close-shot photogrammetry" project has successfully passed the result assessment of Science and Technology Department of Hunan Province. This technology has reached leading international standard in mine safety and has been widely used by a lot of enterprises in China. It has brought favourable economic and social benefits and has a bright prospect in the market.

Awards attained

In 2013, the Group completed the verification (or evaluation) of 14 provincial technological achievements, for example, the "Straight down 220kV EHV research and application of 1530VDC electrolytic rectifier technology". Two achievements, the "Method of reducing current levels of aluminum cell" and the "Aluminum cell electric short circuit method and apparatus for electrolytic series without blackout", have received the China Patent Award Excellence Award (中國專利獎優秀獎), 14 technological results including the "three dimensional system EWRS of mine" attained 6 Provincial Technological First Class Awards from industry association, 6 Provincial Technological Second Class Award and 2 Provincial Technological Third Class Award. 6 projects including the "Geological prediction for main driftway no. 575 of Chongqing aluminum mining project" attained 2 First Class, 2 Second Class and 2 Third Class of Excellent Engineering and Survey Awards from Ministry of China Electrolytic Series Industry. 18 projects including the "Yellow River Hydro Aluminum Joint Project" were awarded 9 First Class and 9 Second Class of Excellent Engineering and Design Awards from Ministry of China's Nonferrous Metals Industry. 11 projects including the "Feasibility study report for fly ash utilization by industrial pilot plant in Junger Mine" were awarded 5 First Class, 4 Second Class and 2 Third Class of Excellent Engineering and Consultation Awards from Ministry of Chinair Nonferrous Metals Industry. The "Development and application of technological and management system" was awarded First Class of Excellent Computer Software Achievement from Ministry of China a Nonferrous Metals Industry (中國有色金屬行業部級優秀計算機軟件成果獎).

Investment in R&D of Technology

In 2013, the Company continued to enlarge its investment in research and development of technology. The expenditure on research and development of technology amounted to RMB769.9 million, representing 4.24% of the total operating revenue of the year.

2. OPERATING RESULTS ANALYSIS AND DISCUSSION

Overview

Revenue and net profit continuously increased in 2013. Revenue amounted to RMB18,144.8 million, representing an increase of 10.2% from RMB16,466.0 million in 2012. Net profit amounted to RMB1,701.8 million, representing an increase of 52.8% from RMB1,113.7 million in 2012. Net profit attributable to shareholders rose by 58.8% from RMB1,072.2 million in 2012 to RMB1,702.4 million. Earning per share was RMB0.64, representing an increase of 48.8% from RMB0.43 in 2012.

Revenue

Our revenue was mainly generated from engineering design and consultancy, engineering and construction contracting, as well as equipment manufacturing.

The Group recorded a revenue of RMB18,144.8 million in 2013, representing an increase of 10.2% from RMB16,466.0 million in 2012. The primary reasons to the growth in income were that the Group received sufficient business orders, engineering and construction contracting business and engineering design and consultancy business grew at a faster pace, projects under construction increased and entered into construction peak seasons in droves, resulting in an increase in revenue.

The following table sets forth our segment revenue:

	2013		2012		
	(RMB'000)	**(representing the percentage of income before inter-segment elimination)**	(RMB'000) (Restated)	(representing the percentage of income before inter-segment elimination)	Percentage of growth over last year
Engineering design and consultancy	**2,021,515.17**	**10.79**	2,140,444.60	12.79	(5.56)
Engineering and construction contracting	**15,787,884.73**	**84.23**	13,569,084.70	81.09	16.35
Equipment manufacturing	**933,890.06**	**4.98**	1,024,075.97	6.12	(8.81)
Subtotal	**18,743,289.96**	**100.00**	16,733,605.27	100.00	12.01
Inter-segment elimination	**(598,538.30)**		(267,633.00)		
Total revenue	**18,144,751.66**		16,465,972.27		10.20

Gains on disposal of an associate

The Group sold its entire 46.00% equity interests in Shenzhen Hengtong Industry Development Co., Ltd. and got a net gain of RMB1,711.7 million in 2013.

Operating expenses

The Group recorded operating expenses of RMB17,490.1 million in 2013, representing an increase of 15.79% from RMB15,104.7 million in 2012, primarily due to an increase in operating expenses as a result of an increase in the scale of production, while the ratio of engineering and construction contracting segments business also increased, leading to a higher growth in cost than the growth in revenue.

Finance expense – net

The Group recorded net finance expense of RMB118.9 million in 2013, representing an increase of 72.82% from RMB68.8 million in 2012, primarily due to the increase in interest-bearing liabilities.

Operating profit

The Group recorded an operating profit of RMB2,403.9 million in 2013, representing an increase of 63.89% from RMB1,466.8 million in 2012, primarily due to the disposal of the entire 46.00% equity interests in Shenzhen Hengtong Industry Development Co., Ltd. by the Group which received an affluent investment gain.

Income tax expense

The Group recorded income tax expense of RMB581.1 million in 2013, representing an increase of 105.99% from RMB282.1 million in 2012, primarily due to an increase in profit before tax. Our effective income tax rate increased from 20.21% in 2012 to 25.45% in 2013, mainly due to an increase in the percentage of realized profit of the subsidiaries which was not entitled to the preferential income tax rate during the year to total corporate profit.

Profit for the year

In 2013, the Group's profit for the year was RMB1,701.8 million, representing an increase of 52.80% from RMB1,113.7 million in 2012. Profit attributable to equity owners of the Group was RMB1,702.4 million, representing an increase of 58.78% from RMB1,072.2 million in 2012.

Dividends

In 2013, the Company proposed dividend of RMB1.3 for every ten shares (tax inclusive) in cash, in aggregated amount of RMB346.2 million, based on the issued 2,663.16 million ordinary shares as at 31 December 2013, which was at the same level with the dividend of RMB1.3 for every ten shares in cash (excluding the dividend of the profit available for distribution earned in the fourth quarter of 2011) in 2012.

Segment Operating Results

The following table sets forth the gross profit and segment results of each of our business segments for the periods as indicated:

	2013		2012		**Growth**	
	Gross Profit (RMB'000)	**Segment results (RMB'000)**	Gross Profit (RMB'000) (Restated)	Segment results (RMB'000) (Restated)	Gross Profit (RMB'000)	Segment results (RMB'000)
Engineering design and consultancy	**730,150.34**	**323,292.52**	937,501.23	473,562.18	(207,350.89)	(150,269.66)
Engineering and construction contracting	**1,201,355.86**	**365,636.82**	1,524,500.98	885,514.35	(323,145.12)	(519,877.53)
Equipment manufacturing	**183,808.90**	**30,342.62**	264,250.24	106,840.92	(80,441.34)	(76,498.30)
Subtotal	**2,115,315.10**	**719,271.96**	2,726,252.45	1,465,917.45	(610,937.35)	(746,645.49)
Inter-segment elimination	**(38,112.50)**	**(27,144.87)**	(19,688.58)	920.51	(18,423.92)	(28,065.38)
Total	**2,077,202.60**	**692,127.09**	2,706,563.87	1,466,837.66	(629,361.27)	(774,710.87)

Engineering Design and Consultancy

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

	2013		2012		
	(RMB'000)	(% of Segment Revenue)	(RMB'000) (Restated)	(% of Segment Revenue)	% of Change
Segment revenue	2,021,515.17	100.00	2,140,444.60	100.00	(5.56)
Cost of sales	(1,291,364.83)	(63.88)	(1,202,943.37)	(56.20)	7.35
Gross profit	730,150.34	36.12	937,501.23	43.80	(22.12)
Sales and marketing expenses	(82,155.63)	(4.06)	(125,031.71)	(5.84)	(34.29)
Administrative expenses	(348,248.69)	(17.23)	(372,935.22)	(17.42)	(6.62)
Other income and other gains or loss – net	23,546.50	1.16	34,027.88	1.59	(30.80)
Segment results	323,292.52	15.99	473,562.18	22.12	(31.73)

Segment revenue. In 2013, revenue from engineering design and consultancy business before inter-segment elimination was RMB2,021.5 million, representing a decrease of 5.56% from RMB2,140.4 million in 2012, primarily due to the adjustment of national tax policy, where the tax paid for design income changed from business tax to VAT. The amount included in revenue after adjustment did not include the part of VAT leading to decrease in revenue. Meanwhile, the price was discounted by the Group to promote the growth of EPC business driven by the design.

Cost of sales. In 2013, cost of sales of engineering design and consultancy business was RMB1,291.4 million, representing an increase of 7.35% from RMB1,202.9 million in 2012, primarily due to increases in the material cost.

Gross profit. In 2013, gross profit of engineering design and consultancy business was RMB730.1 million, representing a decrease of 22.12% from RMB937.5 million in 2012. The gross profit margin was 36.12%, representing a decrease from 43.80% in 2012, resulting in a decrease in revenue primarily due to the aforesaid reasons. However, the gross profit margin remained under the control of the Group and stood at a leading level in the industry.

Sales and marketing expenses. In 2013, sales and marketing expenses of engineering design and consultancy business were RMB82.2 million, representing a decrease of 34.29% from RMB125.0 million in 2012, primarily due to the change in tax types resulting in a decrease in business tax.

Administrative expenses. In 2013, administrative expenses of engineering design and consultancy business were RMB348.2 million, representing a decrease of 6.62% from RMB372.9 million in 2012, primarily due to the adoption of more stringent policies to control expenses and decrease the cost.

Segment results. As a result of the foregoing, segment results for the year from our engineering design and consultancy business were RMB323.3 million, representing a decrease of 31.73% from RMB473.6 million in 2012, which contributed 44.95% to the operating results of the Group.

Engineering and Construction Contracting

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

	2013		2012		
	(RMB'000)	**(% of Segment Revenue)**	(RMB'000) (Restated)	(% of Segment Revenue)	**% of Change**
Segment revenue	**15,787,884.73**	**100.00**	13,569,084.70	100.00	16.35
Cost of sales	**(14,586,528.87)**	**(92.39)**	(12,044,583.72)	(88.76)	21.10
Gross profit	**1,201,355.86**	**7.61**	1,524,500.98	11.24	(21.20)
Sales and marketing expenses	**(311,991.74)**	**(1.98)**	(294,487.86)	(2.17)	5.94
Administrative expenses	**(531,658.87)**	**(3.37)**	(393,687.37)	(2.90)	35.05
Other income and other gains or loss – net	**7,931.57**	**0.05**	49,188.60	0.36	(83.88)
Segment results	**365,636.82**	**2.32**	885,514.35	6.53	(58.71)

Segment revenue. In 2013, revenue of engineering and construction contracting business before inter-segment elimination was RMB15,787.9 million, representing an increase of 16.35% from RMB13,569.1 million in 2012, primarily due to the fact that the Group received sufficient business orders, new projects increased, and revenue increased as projects under construction entered into construction peak seasons.

Cost of sales. In 2013, cost of sales of engineering and construction contracting business was RMB14,586.5 million, representing an increase of 21.1% from RMB12,044.6 million in 2012, primarily due to income growth, which was in line with the growth of contracting cost and material cost.

Gross profit. In 2013, gross profit of engineering and construction contracting business was RMB1,201.4 million, representing a decrease of 21.2% from RMB1,524.5 million in 2012. The gross profit margin was 7.61%, representing a decrease from 11.24% in 2012, primarily because less projects with higher gross profits were implemented as a result of changes in business structure of the project commenced. In addition, certain discounts were given to clients on settlement to accelerate the collection of proceeds of some projects which were coming to an end, causing an impact on the gross profit of this segment for the current period.

Sales and marketing expenses. In 2013, sales and marketing expenses of engineering and construction contracting business were RMB312.0 million, representing an increase of 5.94% from RMB294.5 million in 2012, primarily due to the increase in business tax, in line with business growth.

Administrative expenses. In 2013, administrative expenses of engineering and construction contracting business were RMB531.7 million, representing an increase of 35.05% from RMB393.7 million in 2012, primarily due to the growth of investment in research and development.

Segment results. As a result of the foregoing, segment results for the year of our engineering and construction contracting business were RMB365.6 million, representing a decrease of 58.71% from RMB885.5 million in 2012, contributing 50.83% to the operating results of the Group.

Equipment Manufacturing

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

	2013		2012		
	(RMB'000)	**(% of Segment Revenue)**	(RMB'000) (Restated)	(% of Segment Revenue)	**% of Change**
Segment revenue	**933,890.06**	**100.00**	1,024,075.97	100.00	(8.81)
Cost of sales	**(750,081.16)**	**(80.32)**	(759,825.73)	(74.20)	(1.28)
Gross profit	**183,808.90**	**19.68**	264,250.24	25.80	(30.44)
Sales and marketing expenses	**(8,066.27)**	**(0.86)**	(11,218.08)	(1.10)	(28.10)
Administrative expenses	**(152,459.14)**	**(16.33)**	(169,424.65)	(16.54)	(10.01)
Other income and other gains or loss – net	**7,059.13**	**0.76**	23,233.41	2.27	(69.62)
Segment results	**30,342.62**	**3.25**	106,840.92	10.43	(71.60)

Segment revenue. In 2013, revenue of the equipment manufacturing business before inter-segment elimination was RMB933.9 million, representing a decrease of 8.81% from RMB1,024.1 million in 2012, primarily owing to the consolidation of non-ferrous metal processing industry, and the Group's reduction of the selling price in a bid to expand in the market.

Cost of sales. In 2013, cost of sales of our equipment manufacturing business was RMB750.1 million, representing a decrease of 1.28% from RMB759.8 million in 2012, primarily due to the operation transformation and the implementation of more effective measures to cut cost.

Gross profit. In 2013, gross profit of our equipment manufacturing business was RMB183.8 million, representing a decrease of 30.44% from RMB264.3 million in 2012. The gross profit margin decreased from 25.80% in 2012 to 19.68% in 2013, primarily due to the impact of price reduction, which was still within the tolerance limits of the Group.

Sales and marketing expenses. In 2013, selling and marketing expenses of equipment manufacturing business were RMB8.1 million, representing a decrease of 28.10% from RMB11.2 million in 2012, primarily owing to the remarkable control on cost.

Administrative expenses. In 2013, administrative expenses of equipment manufacturing business were RMB152.5 million, representing a decrease of 10.01% from RMB169.4 million in 2012, primarily owing to the remarkable control on cost.

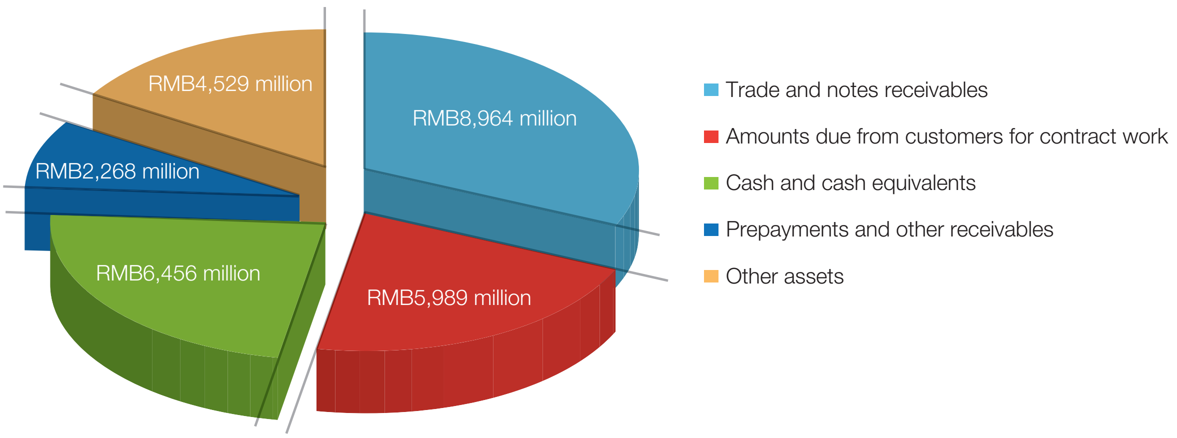
Segment results. As a result of the foregoing, segment results for the year of our equipment manufacturing business were RMB30.3 million, representing a decrease of 71.60% from RMB106.8 million in 2012, contributing 4.22% to the operating results of the Group.

Condition of Assets and Liabilities

At the end of 2013, the total assets of the Group were RMB28,206.4 million and total liabilities were RMB21,665.1 million.

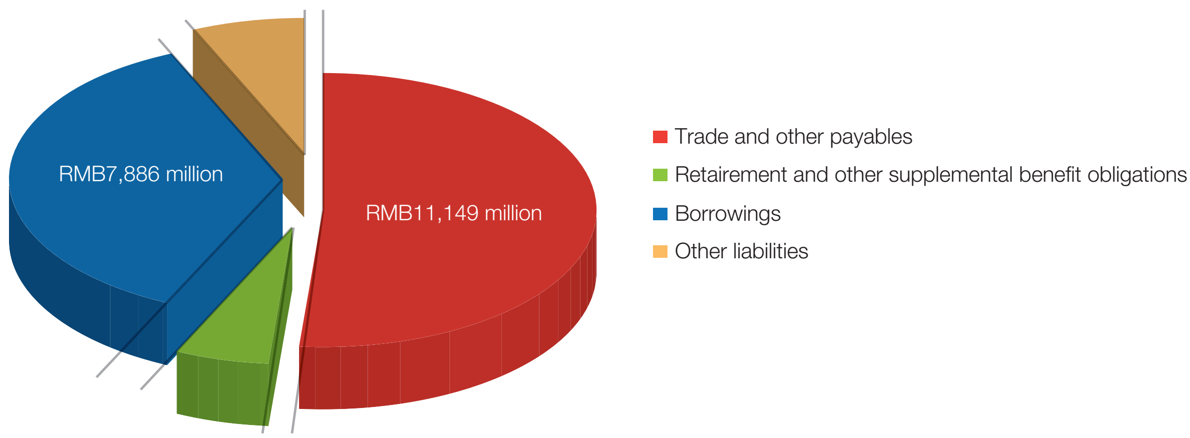
The structure of the assets is as follows:

As at 31 December 2013, due to the characteristics of the business, proportion of trade and notes receivables to the composition of assets was the largest with an amount of RMB8,963.7 million, representing 31.78% of the total assets, following which were cash and cash equivalents with an amount of RMB6,456.2 million, representing 22.89% of the total assets; amounts due from customers for contract work amounted to RMB5,989.3 million, representing 21.23% of the total assets.



The structure of the liabilities is as follows:

Proportion of trade and other payables to the composition of liabilities was the largest with an amount of RMB11,149.0 million at the end of 2013, representing 51.46% of the total liabilities, following which was bank borrowings with an amount of RMB7,885.9 million (including short-term corporate bonds amounted to RMB2,500.0 million), representing 36.40% of the total liabilities.



3. FINANCIAL REVIEW

Liquidity and capital resources

As at 31 December 2013, the Group had cash and cash equivalents of RMB6,456.2 million, representing an increase of RMB3,696.5 million from RMB2,759.7 million in the end of 2012, primarily due to (i) an increase of RMB5,503.9 million in cash as a result of issuance of bonds by the Company and additional bank borrowings; (ii) an increase of RMB1,757.6 million in cash after disposal of an equity investment; (iii) a decrease of RMB708.5 million in cash after payment of dividend and interest; (iv) a decrease of RMB2,167.1 million after payment of capital requirement of production operation; and (v) cash payment of RMB460.6 million for investment such as purchase of fixed asset.

In 2013, net cash outflow from operating activities amounted to RMB2,167.1 million, representing an increase of RBM881.6 million from RMB1,285.5 million in the previous year, primarily due to more operating capital contribution as a result of the commencement of BT projects since 2011 and advances for contracting business.

As at 31 December 2013, current assets amounted to RMB22,843.2 million, of which trade and notes receivables reached RMB7,739.9 million. Cash and cash equivalents amounted to RMB6,456.2 million; amounts due from customers for contract work amounted to RMB5,989.3 million.

Current liabilities amounted to RMB19,906.2 million, of which trade and other payables reached RMB10,909.5 million. Short-term borrowings amounted to RMB7,595.7 million.

Net current assets were RMB2,937.0 million, representing an increase of RMB371.3 million from net current assets of RMB2,565.7 million on 31 December 2012, primarily due to a net increase of RMB3,696.5 million in cash and cash equivalents; an increase of RMB2,541.0 million and RMB1,212.3 million in trade receivables and in amounts due from customers for contract work, respectively, as a result of the Group's business growth, which was partially off-set by the increase of RMB5,402.2 million in short-term borrowings and RMB617.0 million in trade payables.

As of 31 December 2013, the current ratio was 1.15, which remained at about the same level as 1.20 as at 31 December 2012, and the ability of repayment for short-term borrowings maintained at a normal level.

Loans

As at 31 December 2013, the Group had outstanding borrowings of RMB7,885.9 million (of which, short-term borrowings amounted to RMB5,095.7 million, short-term corporate bonds amounted to RMB2,500.0 million and long-term borrowings amounted to RMB290.2 million), representing an increase of RMB5,502.1 from RMB2,383.8 million on 31 December 2012. At the end of 2013, net current liabilities (interest bearing liabilities less cash and cash equivalents) amounted to RMB1,139.6 million. The aforesaid borrowings comprised borrowings of US$212.5 million (equivalent to RMB1,296.4 million) and the remaining portion were borrowings denominated in RMB.

Capital expenditure

The Group had capital expenditure of RMB317.6 million in 2013, representing a decrease of 34.78% from RMB487.1 million in 2012. In which, RMB32.4 million was for the construction of production facilities of design and consultancy business segment; RMB124.0 million was for the construction of production facilities and purchase of equipment for engineering contracting and construction segment; and RMB163.7 million was for the construction of production facilities and purchase of equipment for equipment manufacturing segment. Capital resources mainly included self-owned funds and borrowings from banks and other financial institutions.

Pledge of assets of the Group

During the reporting period, the subsidiaries of the Group had pledged fixed assets and land use rights for short-term borrowings amounting to RMB10 million; the subsidiaries of the Group had pledged trade and notes receivables for short-term borrowings amounting to RMB51.8 million.

Contingent liabilities

The Group did not have contingent liabilities during the reporting period.

4. RISK FACTORS

The activities of the Group are exposed to a variety of financial risks, including but not limited to operational risks (including the risks arising from cost overruns and project delay) and risks of exchange rate fluctuation. The management monitored an array of risks to ensure the adoption of appropriate measures in a timely and effective manner.

Risks relating to cost overruns

For the financial year ended 31 December 2013, the Group generated a substantial portion of our revenue from contracts with a fixed price in our EPC contracting. The terms of these contracts required us to complete a project at a pre-agreed price and therefore exposed us to cost overruns. Our estimates of the costs for completing a project involved a multitude of assumptions, including economic outlook, cost and availability of labor and raw materials, subcontractors' performance, facility utilization rates, and construction and technical standards to be applied to the project. However, these assumptions may prove to be inaccurate. Depending on the terms agreed in specific contracts, inevitably, we are subject to a certain extent of raw material price fluctuation risks in some projects. In addition to that, delays caused by inclement weather, technical issues, inability to obtain the requisite permits and approvals, as well as other variations and risks embodied in the performance of contracts, may cause substantial difference between the actual overall risks and costs despite the buffers we have built into our bids for increase in labor, raw materials and other costs. Cost overruns could result in a profit lower than expected or a loss in a project.

Risks relating to project delay

We may be unable to complete a project in accordance with the schedule set forth in the relevant contract. A project could be delayed for a number of reasons, including but not limited to those relating to market conditions; policies and regulations of the PRC and other relevant jurisdictions; availability of funding; disputes with business partners, technology and equipment suppliers and other contractors, employees, local governments and communities; natural disasters; power and other energy supplies; and availability of technical or human resources. Our overseas engineering and construction contracting projects may also be affected by factors such as deteriorations in foreign relationships between China and relevant governments; war or other significant adverse developments in international relations.

In addition, in performance of the contract, we may need to execute extra work or "change initiated by owner" work in connection with our contracts from time to time. "Change initiated by owner" work is necessary when the project owner changes the design for non-technical reasons after the design plan is confirmed. This may result in disputes in defining work performed beyond the scope as stipulated in the original project specifications, or over the additional price that the customer should pay for the extra work. Even if the customer agrees to pay for the extra work or "change initiated by owner", prior to the approval of changes in the design by the owner and the receipt of funds, the Group may need to finance the cost for a prolonged period of time. In addition to that, any delay caused by the extra work may affect the progress of our projects and our ability to meet the established milestone dates of the specific contract. Costs may also incur due to design changes not approved by the project owner or any contractual disputes. We cannot assure you that we will be able to recover the cost of the extra work or "change caused by owner" work in full or at all, which may lead to business disputes, or may otherwise adversely affect our business, financial conditions, results of operation and prospects. Moreover, the performance of extra work or "change caused by owner" work may cause delays in our other project commitments and may have a negative impact on our ability to meet the specified deadlines of our other projects.

Risks relating to foreign exchange rate fluctuation

A majority of our operations are conducted in the PRC, with the use of Renminbi as our functional currency. A substantial portion of our revenues and cost of sales were denominated in Renminbi during the financial year ended 31 December 2013. However, we conduct part of our engineering and construction contracting business overseas, and may make significant equity and other investments in overseas projects. Our foreign currency denominated assets and liabilities are expected to increase significantly as we further expand our overseas business, particularly when undertaking more EPC projects. We are therefore exposed to risks associated with foreign exchange rate fluctuations.

Changes in the value of foreign currencies could affect our Renminbi costs and revenues, and the prices of our exported products and imported equipment. Any increased costs or reduced revenues as a result of foreign currency fluctuations could adversely affect our profits and profit margins. The fluctuation of foreign exchange rates also affects the value of our monetary and other assets and liabilities denominated in foreign currencies. Generally, an appreciation of Renminbi against the U.S. dollar and other relevant foreign currencies could result in a foreign exchange loss for assets denominated in U.S. dollars and other foreign currencies, and a foreign exchange gain for liabilities denominated in U.S. dollars and other foreign currencies. Conversely, a devaluation of Renminbi against the U.S. dollar and other relevant foreign currencies could result in a foreign exchange gain for assets denominated in U.S. dollars and other foreign currencies and a foreign exchange loss for liabilities denominated in U.S. dollars and other foreign currencies.

The changes in the exchange rate of Renminbi may be subject to changes in China's governmental policies and international economic and political developments. There can be no assurance that the exchange rate of Renminbi will remain stable against the U.S. dollar or other foreign currencies in the market. While the international reaction towards Renminbi revaluation has generally been positive, there are still significant pressure asserted on the PRC government by international communities to adopt a more flexible monetary policy, which could result in a further, and more significant, appreciation of Renminbi against U.S. dollar or other foreign currencies. Further appreciation of Renminbi against these currencies may lead to a decline in the revenues of our overseas operations. Fluctuations in exchange rates may adversely affect the value, converted into U.S. dollars or Hong Kong dollars, of our net assets, earnings and any declared dividends.

Risks relating to price fluctuation

Our successful operations depend on our ability to obtain sufficient labor, raw materials, auxiliary materials, energy, water supplies and other commodities from suppliers of acceptable prices and quality in a timely manner. We are exposed to the market risk of price fluctuations for certain raw materials and other commodities, such as steel, cement, aluminum, timber, sand, waterproofing materials, geotechnical materials and other materials used in our engineering and construction contracting and equipment manufacturing business. The prices and availability of such materials may vary significantly from period to period due to factors such as consumer demand, producer capacity, market conditions and costs of materials. In particular, steel, cement and aluminum, which are major raw materials required for our operations, are subject to substantial pricing cyclicality and periodic shortages in China. Furthermore, if we are not able to pay our raw material suppliers according to the payment schedules in our raw material supply contracts, our relationships with these suppliers could be materially and adversely affected, which may in turn result in a negative impact on our business operations. Increases in energy prices, including oil fuel and electricity prices and water prices etc. may also adversely affect our business, in particular our equipment manufacturing business.

Others

As we plan to focus on certain overseas markets selectively and strategically develop overseas business, we expect to continue to generate substantial income and profit from international projects and other overseas business in the foreseeable future. Therefore, we are exposed to various risks relating to business expansion in overseas countries and regions, including but not limited to political risks, economical, financial and market instability and credit risks, risks relating to appoint foreign agents in operating overseas business, the periodicity and demand of international engineering design and construction, competition, preferential measures or commercial bribe of other international and domestic companies, tax increase or unfavorable tax policies, foreign exchange control and fluctuation.

5. BUSINESS PROSPECT FOR 2014

Outlook of Non-ferrous Metals Industry For 2014

In 2014, the global economy is under recovery after the financial crisis. General landscape sees a slow but steady growth. However, the revival of manufacturing industry of the developed countries and competition among peers in the developing countries will intensify the trade conflicts. From the aspect of domestic environment, the economy in the PRC remains relatively sound, supporting the non-ferrous metal industry to further develop. According to preliminary judgment, in 2014, the domestic nonferrous metals industry will achieve a slight growth in terms of production, consumption and investment. The development of the industry will be faced with increasing pressure in relation to resources, energy and environment and structural adjustment of the industry will be further deepened.

Business Outlook of the Company For 2014

In 2014, the Company will complete the inventories contracts with an aggregated value of RMB61.5 billion in full swing in a bid to achieve a stable growth in revenue. Meanwhile, the Company will actively expand the market and ensure the ratio between contracts backlog to revenue exceeds 3.5 in 2014 so that the Company maintains a continuous and stable business development in the future.

In response to the problem of overcapacity in the traditional nonferrous metals industry, the State has promulgated a series of encouraging or restricted measures which will lead to a new round of industry shuffle in 2014. For instance, the tiered pricing policies will force the manufacturing enterprises to accelerate the process of technology upgrade. Production capacity upgrade will bring about business opportunities to the Company. The Company will continue to strengthen research and development efforts, particularly in upgrading production technology to develop new technology with more energy-saving and emission-reduction effect, in order to maintain technology leadership. By leveraging on matured and advanced technologies, we hope to help customers to achieve an upswing in economic indicators.

Meanwhile, we also see the opportunities for our development brought about by the implementation of new urbanization strategy. Municipal construction business will become an important focus on the business development of the Company.

In respect of international business development, the Company will integrate business functions and operate according to business segments. Deployment will be made to form a strong force to tap into the overseas markets and act as a guide, to enable a more reasonable and effective deployment of internal resources and to develop the overseas business in a quicker and better way. By adopted the "going out" policy, we will further enhance risk prevention and contingency response capabilities in an effort to build the Company into a leading enterprise of non-ferrous metals and related services with international technology competitiveness.

We strive to strengthen risk prevention and management, to ensure sufficient cash flow and a healthy growth for the Company. Following continuous innovation of the business model in recent years, the Company is exposed to more risks on project contracting. In particular, we need to strengthen risk control on the BT projects and advances for contracting business, to strictly implement auditing process and risk warning so as to ensure keeping the risks within the tolerance limits of the Company.

CORPORATE MILESTONES IN 2013

February 2013	– having received the Chinalco General Manager Special Award (中鋁公司總經理特別獎) owing to the restructuring project in 2011, the Company once again was awarded such honor for the progressive development in the structural adjustment and the enhancement of profitability and efficiency in 2012 .
1 March 2013	– Tianjin Construction, the first market oriented and open reform pilot enterprise of the Company, held the operational transformation initiation ceremony.
18 March 2013	– the Company held the 2012 Annual Results Press Conference in Hong Kong, following which the management carried out a series of non-transactional road show activities in Hong Kong and Singapore.
8 June 2013	– the application for establishing "Post-doctoral Research Station of National Enterprise(國家級企業博士後科研工作站)" by Suzhou Institute of CNPT was approved by the National Administrative Committee Office of Post-Doctoral Researchers (全國博士後管委會辦公室).
June 2013	– China Nonferrous Metals Industry Association published the review results of 2012 Provincial Excellent Engineering Award of China Nonferrous Metals (2012年度中國有色金屬工業部級優質工程) and 10 projects of Chalieco were granted this award.
July 2013	– Maduro, the President of Venezuela, visited the plant of ALCASA project which is constructed by Chalieco.
July 2013	– McGraw Hill Construction, an authoritative construction information companies in the United States, released the Top International Design firm of the 2013 Engineering News-Record (hereinafter referred to as "EHR"). the Company was honored as "THE TOP 225 INTERNATIONAL DESIGN FIRMS". This was the first time the Company got nominated and won the international ranking.
August 2013	– China Survey and Design Association published the "Ranking of Engineering Project Management and General Contracting Enterprises in terms of turnover 2013". The Company was ranked 79th in terms of operating revenue of engineering project management, 21th in terms of the completed contract amount of EPC project and 11th in terms of the completed contract amount of overseas engineering general contracting in 2013.
19 August 2013	– the Company held the 2013 Interim Results Press Conference in Hong Kong.

August 2013	– ENR authoritatively published the Top Global Engineering Contractors 2013. The Company was nominated as a candidate of "The Top 250 Global Contractors" and "The Top 250 International Contractors" for the first time.
3 September 2013	– The Company signed the Cooperation Agreement for Construction Project of Commercial Street in Nanning Wuxiang New District (南寧五象新區商務街建設項目合作協議) with Guangxi Urban Construction Investment Group Co., Ltd. (廣西城建投資有限公司)
26 September 2013	– The alumina plant in Vietnam contracted by the Company's EPC had passed the performance test successfully as prescribed in the contract, marking the successful completion of the first alumina project in Vietnam.
From 28 to 30 November 2013	– The International Aluminum Industry Conference 2013, which was jointly hosted by the Company and the International Bauxite, Alumina & Aluminium Society (IBAAS), with the theme "Present Status and Future Development, Trend of Aluminium Industry of the World, with Special Focus on China" was held in Nanning, Guangxi. Mr. He Zhihui, the president of the Company, attended the conference and delivered the opening speech.
December 2013	– The Company and its members were honored with 16 awards of provincial technological achievements issued by the government departments and industry organizations such as State Intellectual Property Office and China Nonferrous Metals Industry Association, reaching a record high of the years.
25 December 2013	– The Company successfully issued the 2013-first-tranche and 2013-second-tranche of non-public debt financing instruments with issuance amounts of RMB2 billion and RMB500 million. The interest rate is 5.5% per annum.
27 December 2013	– The Sixth Metallurgical Company, a wholly-owned subsidy of the Company, sold its entire 46% equity interest in Shenzhen Hengtong Industry Development Co., Ltd. at a consideration of approximately RMB 1,767 million by way of an open offer on the Shanghai United Assets and Equity Exchange.

PRINCIPLE BUSINESS

The Group is principally engaged in engineering design and consultancy, engineering and construction contracting and equipment manufacturing. Details of major subsidiaries and associates of the Company are set out in note 43 and note 19 to the financial statement.

RESULTS

The audited results for the year ended 31 December 2013 of the Company and its subsidiaries are set out in the consolidated statement of comprehensive income on pages 76 to 77. The financial position as at 31 December 2013 of the Company and its subsidiaries are set out in the consolidated balance sheet on pages 78 to 79. The consolidated statement of cash flows for the year ended 31 December 2013 of the Company and its subsidiaries are set out in the consolidated statement of cash flows on pages 84 to 85. Results performance, discussion and analysis of important factors affecting results and financial position are set out in the Management Discussion and Analysis on pages 11 to 30.

PROPERTY, PLANT AND EQUIPMENT

Details of changes in property, plant and equipment of the Company and its subsidiaries in the year are set out in note 15 to the financial statements.

CAPITAL STRUCTURE

Our 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 borrowings, trade and other payables, as shown in the consolidated balance sheets) minus restricted cash, time deposits and cash and cash equivalents. Total capital is calculated as equity interests, as shown in the consolidated balance sheets, plus net debts minus non-controlling interest. We had a gearing ratio of approximately 67.41% as at 31 December 2013, representing an increase from 66.63% as at 31 December 2012. This was primarily due to (i) an increase of RMB 3,046.4 million or 30.07% in net debt resulting from an increase of borrowings and total trade and other receivables; (ii) after deduction of dividend payment from the profit for the year, total equity increased by RMB1,169.7 million and net liability and total equity increased by RMB4,344.6 million, representing a growth of 28.57%, leading to a slight increase in net gearing ratio but was still within the preset limit of the Company.

SHARE CAPITAL

The total amount of share capital of the Company as at 31 December 2013 is RMB2,663,160,000, divided into 2,663,160,000 shares at par value of RMB1.00 per share.

TAXATION

Current and deferred income tax

The tax expense for the year comprises current and deferred income tax. Income tax is recognized in the consolidated statement of comprehensive income, except for the conditions that it relates to items recognized in other comprehensive income or directly recognized in equity. In this case, the income tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions which are appropriate on the basis of tax amounts that are expected to be paid to the tax authorities.

Deferred income tax is determined using the liability method, and provided on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred income tax is not recognized if it arises from the initial recognition of an asset or liability in a transaction other than a business consolidation that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred income tax is provided on temporary differences arising from investments in subsidiaries and associate, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and deferred income tax liabilities are offset and shown on a net basis when meeting all the conditions below:

The Group has the legally enforceable right to settle current income tax assets and current income tax liabilities; and

The deferred income tax assets and liabilities relate to income tax levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Value-added taxation ("VAT")

Sales of goods of the Group and its modern service business such as design are subject to VAT. VAT payable is determined by applying the applicable tax rates on the taxable revenue arising from sales of goods after offsetting deductible input VAT of the period. Sales of goods business of the Group is subject to value-added tax at 17% and modern service business such as design is subject to value-added tax at 6%.

Business tax

After the deduction of sub-contracting income allocated to sub-contractor, revenue resulting from providing construction services is subject to business tax at 3% of gross service income.

RESERVES

The movement details of reserves of the Company in the year are set out in note 30 to the financial statement. Details of the portion of profit available for distribution to shareholders are also set out in note 30 to the financial statement.

POST BALANCE SHEET EVENT

The details of post balance sheet event are set out in note 45 to the financial statement.

DISTRIBUTION OF PROFIT

In accordance with the "Notice Regarding Profits Distribution of Pilot Enterprises under the System of Overseas Listed Share (Caihuizi 1995 No. 31)"《關於境外上市的股份制試點企業利潤分配問題的通知》(財會字[1995] 31號)), profit available for distribution is the lower of retained earnings of the consolidated financial statement which is prepared in accordance with China Accounting Standard and International Financial Reporting Standards, respectively. The following profit available for distribution is based on the consolidated financial statements prepared in accordance with International Financial Reporting Standards.

As shown in the consolidated financial statements, the profit available for distribution of the Company is RMB2,662.4 million in 2013.

The Company intended to distribute a total of RMB346.2 million cash dividend with RMB1.3 (tax inclusive) per 10 Shares based on the total number of share capital of 2,663,160,000 Shares as at 31 December 2013. The remaining unappropriated profits of the Company would be retained to distribute in the following years.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

The Company or its subsidiaries did not purchase, sale or redeem any listed securities of the Company as at 31 December 2013.

USE OF PROCEEDS FROM FUND RAISING

The total amount of fund raised from the Listing of the Company was HK$1,318.0 million. As at 31 December 2013, the remaining amount of fund raised amounted to HK$202.1 million. The fund was primarily used in items disclosed in the Prospectus, such as the industrialization of the Company and overseas engineering projects. It is proposed to change the use of remaining proceeds to supply working capital to the Group. Such proposal will be raised at the 2013 annual general meeting.

MAJOR CUSTOMERS AND SUPPLIERS

Major customers

For the year ended 31 December 2013, the sales to the Group's five largest customers in aggregate constituted 21.63% of the Group's operating revenue for the year, among which, the sales to the largest customer constituted 5.5% of the Group's operating revenue for the year.

Major suppliers

For the year ended 31 December 2013, the purchase from the Group's five largest suppliers in aggregate constituted 7.49% of the Group's operating cost for the year, among which, the total purchase from the largest supplier constituted 1.65% of the Group's operating cost for the year.

During the reporting year, to the knowledge of the Directors, Chinalco, as the Company's shareholder, indirectly hold 38.56% equity interest in Shanxi Huaxing Aluminum Co., Ltd which is one of the five major customers of the Company.

Except for the above-disclosed, none of the Directors, associates of Director or Shareholders of the Company (who to the knowledge of the Directors owes more than 5% of the Company's share capital) had any interest in the Company's five major suppliers or five major customers during the year.

BANK BORROWINGS AND OTHER BORROWINGS

Details of bank borrowings and other borrowings of the Company and its subsidiaries on 31 December 2013 are set out in note 34 to the financial statements.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Part of details of Directors, Supervisors and senior management of the Company for the year ended 31 December 2013 are set out in the table below.

Name	Responsibilities in the Company	Appointment Date
Directors		
Zhang Chengzhong	Chairman and Non-executive director	30 June 2011
Zhang Zhankui	Non-executive director	30 June 2011
He Zhihui	Executive director and President	30 June 2011
Wu Yuewu[(1)]	Former Executive director and Former Vice President	30 June 2011
Wang Jun	Executive director and Chief Financial Officer	30 June 2011
Sun Chuanyao	Independent non-executive director	22 December 2011
Cheung Hung Kwong	Independent non-executive director	22 December 2011
Jiang Jianxiang	Independent non-executive director	22 December 2011
Supervisors		
He Bincong	Chairman of supervisory committee and employee representative of supervisory committee	15 May 2013
Dong Hai	Supervisor	30 June 2011
Ou Xiaowu	Supervisor	30 June 2011
Senior Management		
He Zhihui	President	30 June 2011
Wu Yuewu[(2)]	Former Vice President	30 June 2011
Qin Qiwu	Vice President	30 June 2011
Liu Jinbo	Vice President	22 March 2013
Ma Ning	Vice President	30 June 2011
Wang Jun	Chief Financial Officer	30 June 2011

Notes:

(1) Due to his job transfer to Chinalco, Mr. Wu Yuewu ceased to be an Executive Director and a Vice President of the Company from 7 March 2014.

(2) Due to his job transfer to Chinalco, Mr. Wu Yuewu ceased to be a Vice President of the Company from 7 March 2014.

The Company received annual confirmation of independence from each independent non-executive Director who presented the confirmation pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules") and considered that each independent non-executive Director is independent from the Company.

PROFILES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Profiles of Directors and senior management are set out on pages 67 to 71 of this annual report.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACT

The Company entered into service agreements with each Director. The details of the service agreement mainly consist of: (1) term of three years from the appointment date; and (2) termination subject to terms of each contract.

For compliance with relevant regulations and the Articles of Association of the Company and the relevant provisions of arbitration, the Company had entered into contracts with Supervisors.

Save as disclosed above, there were no Directors who entered into a service agreement that is terminable without compensating (other than statutory compensation) the Directors in one year with the Company.

DIRECTORS', SUPERVISORS', AND SENIOR MANAGEMENT'S REMUNERATION

Details of Directors', Supervisors', and senior management's remuneration of the Company are set out in note 42 to the financial statements.

INTERESTS OF DIRECTORS AND SUPERVISORS IN CONTRACTS

At the end of the year or any time during the year, the Company or its subsidiaries did not directly or indirectly enter into any significant contracts which each Director had material interests in, connected to the Group's business and remained effective during the year or at the end of year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Save as disclosed below, during 2013, there was no Director or their associate who had any competing interests in business which would directly or indirectly constitute competition or likely to constitute competition with the Group's business:

Name of Director	Post in the Company	Other interests
Zhang Chengzhong	Chairman	Deputy General Manager of Chinalco

DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES, SHARE OPTION SCHEME

As at 31 December 2013, none of the Director, Supervisor and senior management of the Company had any interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Director, Supervisor and senior management was taken or deemed to have under such provisions of the SFO), or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Hong Kong Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 31 December 2013, so far as the Directors of the Company are aware, the following persons (other than Directors and senior management of the Company) had an interest or short position in the Company's shares or underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of shareholder	**Class of shares** (Shares)	**Capacity**	**Number of Shares/ underlying shares held** (Shares)	**Percentage of shareholding in relevant Class of shares** (%) (Note 1)	**Percentage of shareholding in total Share capital** (%)
Chinalco	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 Limited	H Shares	Beneficial owner	20,579,000 (L)	5.15%	0.77%

Note:

1. The percentage is calculated based on the number of shares in the relevant class/total number of shares in issue on 31 December 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.

COMPLIANCE WITH OFAC UNDERTAKINGS

During the Listing of the Company, an undertaking is made to the Stock Exchange by the Company that the Company would not use any proceeds from the Global Offering and any other fund raised through the Stock Exchange in sanctioned countries or for any projects of conducted in any sanctioned countries, or for compensation for losses of the Iran company due to the default of relevant Iran contracts, if any, by the Company ("OFAC Undertakings"). During the reporting period, the Company issued the relevant sanctioned countries list to business department to forbid the Company conducting any business with the sanctioned countries, regions or organizations and organize training about legal knowledge. Hence, the Directors of the Company confirmed that the Company complied with the OFAC Undertakings during the reporting period and will continue to comply with the OFAC Undertakings in the normal course of business in future.

MANAGEMENT CONTRACT

The Company did not enter into or establish any management and administrative contracts relating to all or any material part of business in 2013.

CONNECTED TRANSACTIONS

The following are the major connected transactions of the Group in 2013:

(1) Non-exempt one-off connected transactions

In 2013, The Group conducted the following non-exempt one-off connected transaction.

Acquisition of 50% Equity Interest in Zhuhai Xinfeng Electromechanical Equipment Co., Ltd

On 18 January 2013, GAMI and Guiyang Aluminum & Magnesium Assets Management Co., Ltd. entered into the Equity Transfer Agreement in relation to the acquisition of 50% of equity interest in Zhuhai Xinfeng Electromechanical Equipment Co., Ltd with a total consideration of RMB2.8 million. GAMI is a wholly owned subsidiary of the Company. During the acquisition, as Chinalco directly and indirectly holds approximately 85% of the issued share capital of the Company, it is a controlling shareholder as defined under the Listing Rules and thus a connected person of the Company. Guiyang Aluminum & Magnesium Assets Management Co., Ltd. is a wholly owned subsidiary of Chinalco, being its associate and is therefore a connected person of the Company. Accordingly, the Equity Transfer Agreement and the contemplated transaction thereunder constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. As the percentage ratio applicable to the transaction contemplated under the Equity Transfer Agreement exceed 0.1% but are below 5%, the transaction is subject to reporting and announcement requirements under Chapter 14A of the Listing Rules, but is exempt from Independent Shareholders' approval requirement.

Pursuant to the Equity Transfer Agreement, GAMI acquired 50% of equity interest in Zhuhai Xinfeng Electromechanical Equipment Co., Ltd from Guiyang Aluminum & Magnesium Assets Management Co., Ltd, by way of transfer at a transaction price of RMB2.8 million. The consideration was determined based on normal commercial terms and with reference to the appraised value of entire equity interest of Zhuhai Xinfeng Electromechanical Equipment Co., Ltd as at 30 November 2012 (i.e. RMB5.9 million), and multiplied by 50% following arm's length negotiation. The valuation was conducted based on cost method by Beijing Northern Yashi Appraisal Co., Ltd., an independent PRC valuer. The terms of the Equity Transfer Agreement were determined following arm's length negotiation between GAMI and Guiyang Aluminum & Magnesium Assets Management Co., Ltd. After acquiring the 50% interest of Zhuhai Xinfeng Electromechanical Equipment Co., Ltd, GAMI would leverage on the existing conditions in the factory and marketing capacity of Zhuhai Xinfeng Electromechanical Equipment Co., Ltd and use it as the base for the research and development, manufacturing and sales of equipment, so as to create a new growth point for GAMI and obtain economic benefit.

Please refer to the Company's announcement dated 18 January 2013 for the Equity Transfer Agreement.

(2) Non-exempt continuing connected transactions

The Group conducted certain connected transactions during the year which are regarded as non-exempt continuing connected transactions under Chapter 14A of the Listing Rules.

For Type 1 to 5 of the Non-exempt Continuing Connected Transactions mentioned below, the Company was granted approval of an annual cap for such continuing connected transactions by Hong Kong Stock Exchange during the Listing of H Shares and exempted from the announcement and independent shareholders' approval requirements. For Type 6 of the Non-exempt Continuing Connected Transactions mentioned below, the maximum daily balance of RMB1.3 billion under the deposit service has been approved and passed at the annual general meeting held on 8 May 2013. For Type 1 to 6 of the Non-exempt Continuing Connected Transactions mentioned below, the Company has entered into a series of general agreement, each of which set out standardized principles, guidelines, terms and conditions, pursuant to which the relevant suppliers will provide the products and services that are planned to supply in the agreements to the relevant receiver. The general terms of the general agreement are as follow:

- General requirement: the quality of products and services provided to the Group should be in accordance with our requirements; the price of the products and services provided should be fair and reasonable; the terms and conditions of products and services provided (including but not limited to prices) should be formulated based on normal commercial terms;

- Pricing: if a bid formula is provided, state the bidding price; if a bid formula is not provided, the price specified by the State; if there is no price specified by the State, follow indicative price set by the State; if there is no specified price or indicative price set by the State, state the market price; or if each of the above price is inapplicable or infeasible to apply to the above pricing policy, state the price agreed on arm's negotiation of parties;

- Term: the term of each general agreement could be extended or renewed, provided that the relevant parties should agree the relevant extension or renewal and comply with the requirements of relevant laws, regulations and/or Listing Rules (as the case may be).

The annual caps and actual transaction amount of the connected transactions in 2013 are set out in the following table:

	Events of connected transactions	**Connected persons**	**Annual cap for 2013 (RMB'million)**	**Actual transaction amount for 2013 (RMB'million)**
1	Engineering services provided by the Group	Chinalco	**3,850**	**2,377**
2	Commodities provided by the Group	Chinalco	**180**	**121**
3	Integrated services provided to the Group	Chinalco	**58**	**35**
4	Commodities provided to the Group	Chinalco	**210**	**15**
5	Lease of properties provided to the Group	Chinalco	**12**	**7**
			Maximum daily balance (RMB'million)	**Maximum outstanding balance (RMB'million)**
6	Financial services provided to the Group – deposit service	China Aluminum Finance Co., Ltd. ("Chinalco Finance")	**1,300**	**944**

1. Engineering services provided by the Group

The Company entered into an engineering service general agreement with Chinalco on 2 June 2012, pursuant to which, the Group provided engineering services, including construction engineering, transfer of technologies (right of use), project supervision, surveying, engineering design, engineering consultation, device agency and sale of device, to Chinalco and/or its associates. The agreement is terminated on 31 December 2014 unless it is terminated by not less than three months' prior written notice served by either party at any time.

Chinalco is the controlling shareholders of the Company. Pursuant to the Listing Rules, Chinalco and its subsidiaries are the connected persons of the Company.

During the reporting period, the annual cap of the continuing connected transaction for 2013 is RMB3,850,000,000 and the actual transaction amount is RMB2,376,661,327.80.

2. Commodities provided by the Group

The Company entered into the general sale and purchase agreement of commodities with Chinalco on 2 June 2012, pursuant to which, Chinalco and/or its associates could purchase certain commodities from the Group from time to time, mainly including the equipment required for normal operation of Chinalco (such as control box of electrolytic tank, environmentally-friendly equipment and material processing equipment). The agreement is terminated on 31 December 2014 unless it is terminated by not less than three months' prior written notice served by either party at any time.

Chinalco is the controlling shareholders of the Company. Pursuant to the Listing Rules, Chinalco and its subsidiaries are the connected persons of the Company.

During the reporting period, the annual cap of the continuing connected transaction for 2013 is RMB180,000,000 and the actual transaction amount is RMB120,650,442.72.

3. Integrated services provided to the Group

The Company entered into the general sale and purchase agreement of commodities with Chinalco on 2 June 2012, pursuant to which, Chinalco and/or its associates could provide certain types of services to the Group from time to time, including (i) labour services for cleaning, security and equipment technological support; (ii) storage and (iii) transportation. The agreement is terminated on 31 December 2014 unless it is terminated by not less than three months' prior written notice served by either party at any time.

Chinalco is the controlling shareholders of the Company. Pursuant to the Listing Rules, Chinalco and its subsidiaries are the connected persons of the Company.

During the reporting period, the annual cap of the continuing connected transaction for 2013 is RMB58,000,000 and the actual transaction amount is RMB35,307,403.

4. Commodities provided to the Group

The Company entered into the general sale and purchase agreement of commodities with Chinalco on 2 June 2012, pursuant to which, the Group could purchase certain commodities from Chinalco and/or its associates from time to time, including coal block, aluminum wire, cement, engineering equipment and components. The agreement is terminated on 31 December 2014 unless it is terminated by not less than three months' prior written notice served by either party at any time.

Chinalco is the controlling shareholders of the Company. Pursuant to the Listing Rules, Chinalco and its subsidiaries are the connected persons of the Company.

During the reporting period, the annual cap of the continuing connected transaction for 2013 is RMB210,000,000 and the actual transaction amount is RMB15,024,738.

5. Lease of properties provided to the Group

The Company entered into general sale and purchase agreement of commodities with Chinalco on 2 June 2012, pursuant to which, the Group could lease land and property from Chinalco and/or its associates for office, business and residential use. The agreement is terminated on 31 December 2014 unless it is terminated by not less than three months' prior written notice served by either party at any time.

Chinalco is the controlling shareholders of the Company. Pursuant to the Listing Rules, Chinalco and its subsidiaries are the connected persons of the Company. During the reporting period, the annual cap of the continuing connected transaction for 2013 is RMB12,000,000 and the actual transaction amount is RMB7,126,395.

6. Provision of financial services to the Group

On 24 August 2012, the Company entered into a financial services agreement with Chinalco Finance and Chinalco Finance provided financial services to the Group. Pursuant to such agreement, the financial services to be provided by Chinalco Finance to the Group include deposit services, settlement services, credit lending services and miscellaneous financial services.

Major Terms and Conditions of the agreement are set out below:

- Chinalco Finance undertakes to provide the Company with high-quality and efficient financial services, and to timely notify the Company agreed events in order to safeguard the financial assets of the Company and adopt proper mitigation measures;

- In respect of the deposit services under this financial services agreement, the maximum amount of the daily deposit balance (including any interest accrued thereon) for the Group with Chinalco Finance is RMB1.3 billion during the term of the financial services agreement (subject to approval of independent shareholders at appropriate time);

During the reporting period, the maximum daily deposit balance of this continuing connected transaction under the deposit services for 2013 was RMB1,300,000,000 and the actual maximum daily deposit balance was RMB944,156,816.

The independent non-executive directors of the Company had reviewed the above-mentioned continuing connected transactions and confirmed the transactions were:

(1) conducted in the normal course of business of the Group;

(2) conducted pursuant to normal commercial terms; if the comparable transactions could not be relied on to judge whether the terms of the transactions were normal commercial terms, those terms should not be less favorable than the terms accepted or provided by independent third parties for the purpose of the Group; and

(3) conducted in accordance with the terms of agreement related to the transactions and the terms were fair and reasonable and in the interests of shareholders of the Company as a whole.

The Company's external auditor was engaged to report on the Group's continuing connected transactions in accordance with the Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to the Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the HKICPA. The external auditor has issued their letter containing their findings and conclusions in respect of the above mentioned transactions in accordance with Rule 14A.38 of Listing Rules. The Company has provided a copy of the said letter to Hong Kong Stock Exchange.

For the above connected transactions, Directors had also confirmed the Company's compliance with the disclosure requirements of Chapter 14A of Listing Rules.

COMPLIANCE WITH NON-COMPETITION AGREEMENT

The Company entered into a non-competition agreement with Chinalco on 2 June 2012, pursuant to which, Chinalco provided certain non-competition undertakings to the Company and granted the options to seek any new business opportunities and options for acquisition and the relevant pre-emptive rights to the Company. Pursuant to the agreement, the independent non-executive Directors of the Company are responsible for reviewing and considering whether or not to exercise such options and pre-emptive rights and are entitled, on behalf of the Company, to review the implementation of the undertakings under the agreement on an annual basis.

During the year, the independent non-executive Directors of the Company have reviewed the implementation of the non-competition agreement and confirmed that Chinalco has been in full compliance with the agreement and there was no breach by Chinalco.

ARRANGEMENT OF PRE-EMPTIVE RIGHTS AND SHARE OPTIONS

There are no provisions for pre-emptive rights under the Articles of Association of the Company and the PRC laws which would require the Company to offer new shares on a pro-rata basis to existing shareholders.

On 10 October 2013, the "Resolution in respect of the implementation of H Share Appreciation Rights Scheme and Initial Grant thereunder by China Aluminum International Engineering Corporation Limited" was considered and approved at the extraordinary general meeting of the Company, providing medium to long term incentive to certain Directors, senior management and management officers and key employees who has played a vital role in the development of the Company so as to facilitate the continuous growth of the Group.

As at 31 December 2013, particulars of H Share appreciation rights granted to the directors and senior management of the Company are as follows:

Name	Position	Number of Shares granted (Ten thousand shares)	The proportion of the amount granted to the total number of H Shares in issue of the Company	The proportion of the amount granted to the total number of shares in issue of the Company
He Zhihui	Executive Director and President	68.3649	0.1711%	0.0257%
Wu Yuewu (1)(2)	Former Executive Director and Former Vice President	68.3649	0.1711%	0.0257%
Qin Qiwu	Vice President	53.8103	0.1347%	0.0202%
Liu Jinbo	Vice President	53.8103	0.1347%	0.0202%
Ma Ning	Vice President	49.2457	0.1233%	0.0185%
Wang Jun	Executive Director and Chief Financial Officer	49.2457	0.1233%	0.0185%
Total		**342.8418**	**0.8582%**	**0.1287%**

Note:

1. Due to his job transfer to Chinalco, Mr. Wu Yuewu ceased to be an Exective Director and an Vice President of the Company from 7 March 2014.

2. Pursuant to the H Share Appreciation Rights Scheme transferred employees are those personnel that are transferred out of the Company or the subsidiaries by order of the relevant superior department of the Company, and such transferred employees must accept such transfer unconditionally. Regarding the Share Appreciation Rights being granted to the transferred employees: i. in principle, the Share Appreciation Rights that have not become effective may not be exercised from the date of the transfer; and ii. Share Appreciation Rights that have become effective shall be exercised within 6 months after the date of the transfer, and those that are not exercised beyond 6 months will lapse. Mr. Wu Yuewu cannot exercise the H Share Appreciation Rights due to Chinalco's order.

SIGNIFICANT CONTRACTS

Save as disclosed under the heading of the "Connected Transactions" in this annual report, neither the Company nor any one of its subsidiaries has signed a significant contract with the controlling shareholder or any one of its subsidiaries other than the Group, and no significant contract for delivery of service has been signed between the Group and the controlling shareholder or any one of its subsidiaries other than the Group.

RETIREMENT AND EMPLOYEES BENEFIT SCHEME

Details of the Group's retirement and employees benefit scheme are set out in note 14 and note 33 to the financial statements.

In accordance with regulations applicable to enterprises and the relevant requirements of various local governments in areas in which we operate, we established the pension plan, employees' medical insurance, unemployment insurance, maternity insurance and workers' compensation injury insurance. In addition, the Company and some of its subsidiaries also set up a corporate annuity system for providing retired employees with further protection. In accordance with applicable PRC laws and regulations, the amount of contributions to the aforesaid social insurance is strictly based on state, provincial, autonomous region and municipal requirements of the PRC. We also established an employee housing fund according to applicable PRC regulations.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODES

As a company listed on the Hong Kong Stock Exchange, the Company strives to maintain a high standard of corporate governance. For the year ended 31 December 2013, the Company has fully complied with the code provisions of the Corporate Governance Codes set out in Appendix 14 to the Listing Rules and has adopted the suggested best practices where appropriate. Please refer to the Corporate Governance Report as set out on pages 52 to 66 of this annual report for details.

BOARD DIVERSIFICATION POLICY

Believing the diversification of the composition of the Board would be helpful in enhancing the Company's performance, the Company formulated the Board Diversification Policy in August 2013, which stipulates that the diversification of the composition of the Board takes account of a variety of aspects when determining the composition of the Board, including but not limited to age, culture and education background, professional experience, skill and knowledge. The Board made all the appointments based on talents and had considered the benefits, which would bring about by diversifying the composition of the Board under the objective conditions, when selecting the candidates. The Board will select its members based on an array of diversification standards, including but not limited to age, culture and education background, professional experience, skill and knowledge.

The Nomination Committee will disclose the composition of the Board in the Corporate Governance Report every year and will oversee the enforcement of the Policy. The Nomination Committee will review the Policy when appropriate to ensure its effectiveness. It will also discuss and propose any necessary revisions to the Board for approval.

PUBLIC FLOAT

Based on information publicly available to the Company and so far as the Directors are aware, not less than 15% of the issued share capital of the Company was held by the public as at the latest practicable date prior to the issue of this annual report, which was in compliance with the requirements under the Listing Rules and the document of exemption from requirements of public float obtained at the time of its listing.

MAJOR LEGAL PROCEEDING

As at 31 December 2013, the Group was not involved in any major legal proceedings or arbitrations. So far as the Directors are aware, no such litigation or claims are pending or threatened against the Company.

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed the Group's 2013 annual results and the financial statements for the year ended 31 December 2013 prepared in accordance with the IFRS.

AUDITOR

PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian LLP were appointed as the auditor to audit the financial statements for the year ended 31 December 2013 prepared in accordance with the IFRS, and the Accounting Standards for Business Enterprise of the PRC, respectively. The enclosed financial statements prepared in accordance with the IFRS have been audited by PricewaterhouseCoopers. The Company has retained PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian LLP since the date of preparation of its listing.

FINANCIAL SUMMARY IN PAST 5 YEARS

The summary of operating results, assets and liabilities of the Group in the past 5 financial years is set out on pages 6 to 8 of this annual report.

ZHANG Chengzhong
Chairman
By order of the Board
China Aluminum International Engineering Corporation Limited

Beijing, 13 March 2014

SUPERVISORY BOARD'S REPORT

The current session of the Supervisory Board was approved to establish in the inaugural meeting of the Company held on 30 June 2011. The current session of the Supervisory Board comprises three Supervisors in total. In 2013, the Supervisory Board of the Company strictly conformed to the laws, regulations, rules and regulatory documents such as the Company Law and the relevant requirements set out in the Articles of Association, the Rules of Procedure of the Supervisory Board of China Aluminum International Engineering Corporation Limited (《中鋁國際工程股份有限公司監事會議事規則》) and the Listing Rules of the Stock Exchange of Hong Kong in terms of the long term interests of the Company and the interests of the shareholders and had carefully exercised its supervision over the behavior when our Directors and the senior management were executing the duties of the Company. The major duties of the Supervisory Board during the reporting period are as follows:

I. CHANGE OF THE CHAIRMAN OF SUPERVISORY BOARD

Due to change in work arrangement, former chairman of Supervisory Board, Mr. Long Chaosheng, ceased to be an employee representative supervisor of the Company. The first employee's congress of the Company in 2013 was held on 15 May 2013, and Mr. He Bincong was elected as the employee representative supervisor of the Company. On the 6th meeting of the first session of Supervisory Board of the Company held on 16 May, Mr. He Bincong was unanimously elected as the chairman of the first session of Supervisory Board by all supervisors. The Supervisory Board would like to express its appreciation for the diligent work of Mr. Long Chaosheng and his efforts for the Company's development during his term of office as chairman of Supervisory Board.

II. MEETINGS CONVENED BY THE SUPERVISORY BOARD

1. The 5th meeting of the first session of the Supervisory Board was convened on 14 March 2013, at which the Resolution on Considering the Announcement of 2012 Annual Results and the Annual Report of the Company (《關於審議公司2012年度業績公告和年度報告的議案》), the Resolution on Considering the Report on 2012 Final Accounts of the Company (《關於審議公司2012年度財務決算報告的議案》) and the Resolution on Considering 2013 Financial Budget Report of the Company (《關於審議公司2013年度財務預算報告的議案》), the Resolution on Considering 2012 Profit Appropriation and Dividend Distribution Plan (《關於審議公司2012年度利潤分配和股息派發方案的議案》), the Resolution on Considering 2012 Annual Report of the Supervisory Board (《關於審議公司<2012年度監事會工作報告>的議案》) and the Resolution regarding the Supervisors' Emoluments of China Aluminum International Engineering Corporation Limited (《關於中鋁國際工程股份有限公司監事薪酬的議案》) were considered and approved.

2. The 6th meeting of the first session of the Supervisory Board was convened on 16 May 2013, at which the Resolution regarding the Election of the Chairman of First Session of the Supervisory Board of China Aluminum International Engineering Corporation Limited (《關於選舉中鋁國際工程股份有限公司第一屆監事會主席的議案》) was considered and approved.

3. The 7th meeting of the first session of the Supervisory Board was convened on 16 August 2013, at which the Resolution regarding the Interim Report of China Aluminum International Engineering Corporation Limited (《關於中鋁國際工程股份有限公司中期報告的議案》) was considered and approved.

III. DUTIES OF THE SUPERVISORY BOARD

The current session of the Supervisory Board mainly implemented the following duties:

1. Inspection on legal compliance of the Company's operation

During the reporting period, members of the Supervisory Board attended all general meetings convened by the Company and attended all meetings of the Board as non-voting participants, and also reviewed the resolutions proposed to the Board for consideration. The Supervisory Board supervised the major decision-making processes of the Company and the duties performed by the members of the Board and the senior management through attending such meetings as participants and non-voting participants. The Supervisory Board is of the view that the major decision-making processes of the Company had been in compliance with the relevant laws and regulations, and that all Directors and the senior management of the Company had faithfully performed their duties with due diligence, earnestly implemented the resolutions of the general meetings, stuck to lawful operation and prudent decision-making without violating any laws, regulations, the Articles of Association and prejudice to the interests of the shareholders of the Company during the execution of their respective duties.

2. Inspection of the financial position of the Company

During the reporting period, the Supervisory Board reviewed the relevant financial information of the Company and its subsidiaries, and the auditor's report of the Company and its subsidiaries. The Supervisory Board is of the opinion that the accounts and audit work of the Company and its subsidiaries are in compliance with the Accounting Law of the People's Republic of China (《中華人民共和國會計法》), the accounting systems promulgated by the Ministry of Finance of the People's Republic of China and the Hong Kong Financial Reporting Standards, for which no concerns has been found. Having duly reviewed the 2013 annual financial report and relevant information to be submitted by the Board to the general meeting, and as audited by the independent auditor with an unqualified opinion, the Board of the Supervisors is of the opinion that the annual report reflected the financial position and operating results of the Company on a consistent basis and in an accurate, true and fair manner.

3. Inspection of the Company's connected transactions

During the reporting period, the Supervisory Board reviewed information related to the Company's connected transactions with the controlling shareholders of the Company. The Supervisory Board is of the opinion that such connected transactions were conducted at reasonable price and in a fair and just manner, without prejudice to the Company and other shareholders. The Directors, president and other senior management of the Company had exercised the rights granted by the shareholders and discharged their obligations in good faith and with due diligence. So far, the Board of the Supervisors is not aware of any abuse of authority which impairs the interests of the shareholders and the legitimate rights of the employees of the Company.

4. Inspection of the Company's information disclosure

During the reporting period, the Supervisory Board reviewed all the relevant documents publicly published by the Company. The Supervisory Board is of the view that the Company had disclosed the relevant information in a legitimate, timely and complete manner in accordance with the requirements of the Hong Kong Stock Exchange and no false information was found.

He Bincong
Chairman of the Supervisory Board

Beijing, 12 March 2014

CORPORATE GOVERNANCE REPORT

The Board of Directors of the Company hereby presents to the Shareholders the corporate governance report for the year ended 31 December 2013.

CORPORATE GOVERNANCE PRACTICES

The corporate governance practices adopted by the Company are summarized as follows:

1. The Board

1.1 Composition of the Board

As at 31 December 2013, the Board consisted of eight Directors, including three executive Directors, two non-executive Directors and three independent non-executive Directors. Among which, Mr. Wu Yuewu ceased to be an executive Director of the Company from 7 March 2014 due to his job transfer to Chinalco.

The profiles details of the Directors as at the date of this report are set out on pages 67 to 71 of this annual report. There are no relationships (including financial, business, family or other material or relevant relationship) among members of the Board. The structure of the Board is well balanced with each Director possessing sound knowledge, experience and expertise relevant to the business operation and development of the Group. All Directors are aware of their joint and several responsibilities to the shareholders.

Since the Listing of the Company, the Board has been in compliance with the requirements of the Listing Rules regarding the appointment of at least three independent non-executive Directors and that the appointed independent non-executive Directors shall represent at least one-third of the members of the Board. The qualifications of the three independent non-executive Directors of the Company are in full compliance with the requirements under Rules 3.10(1) and (2) of the Listing Rules. In addition, the Company has received annual confirmations from independent non-executive Directors as to their independence pursuant to Rule 3.13 of the Listing Rules. The Company therefore considered all independent non-executive Directors to be in compliance with the independence requirements as set out in the Listing Rules.

The composition of the current Board of the Company is set out as follows:

Name	Age	Position	Date of Appointment
ZHANG Chengzhong	53	Chairman and Non-executive Director	30 June 2011
ZHANG Zhankui	55	Non-executive Director	30 June 2011
HE Zhihui	51	Executive Director and President	30 June 2011
WANG Jun	43	Executive Director and Chief Financial Officer	30 June 2011
SUN Chuanyao	69	Independent Non-executive Director	22 December 2011
CHEUNG Hung Kwong	46	Independent Non-executive Director	22 December 2011
JIANG Jianxiang	48	Independent Non-executive Director	22 December 2011

Pursuant to the latest amendment and requirement of the Corporate Governance Code and the Corporate Governance Report in the Listing Rules of the Stock Exchange, the Company prepared the Board Diversification Policy of China Aluminum International Engineering Corporation Limited (《中鋁國際工程股份有限公司董事會成員多元化政策》) and submitted it to the nomination committee for consideration and approval.

1.2 Board Meetings

Pursuant to the Articles of Association of the Group, the Board is required to hold at least four meetings each year. The Board meetings shall be convened by the Chairman.

A notice of at least 14 days shall be given for a regular Board meeting. The notice shall state the time, venue and means by which the board meeting will be convened.

Except for the Board's consideration of matters in relation to connected transactions as stipulated by the Articles of Association, the quorum for a Board meeting is the presentation of at least half of the total number of the Directors. A Director may attend the Board meeting in person, or appoint another Director in writing to attend the Board meeting on his/her behalf. The secretary to the Board of the Company is responsible for preparing and keeping the minutes of the Board meetings.

In 2013, the Board held twelve meetings in total. The attendance of the Directors at Board meetings is as follows:

Name	Position	Number of Meetings Attended in Person/ Held	Number of Meetings Attended by proxy in writing/ Held	Attendance
ZHANG Chengzhong	Chairman and Non-executive Director	12/12	0/12	100%
ZHANG Zhankui	Non-executive Director	10/12	2/12	100%
MA Xiaoling (1)	Former Non-executive Director	6/8	2/8	100%
HE Zhihui	Executive Director	12/12	0/12	100%
WU Yuewu (2)	Former Executive Director	12/12	0/12	100%
WANG Jun	Executive Director	12/12	0/12	100%
SUN Chuanyao	Independent non-executive Director	12/12	0/12	100%
CHEUNG Hung Kwong	Independent non-executive Director	12/12	0/12	100%
JIANG Jianxiang	Independent non-executive Director	12/12	0/12	100%

Notes:

1: Ms. MA Xiaoling resigned as non-executive Director of the Company on 9 October 2013. She attended eight Board meetings in total before her resignation in the year ended 31 December 2013.

2: Due to his job transfer to Chinalco, Mr. Wu Yuewu ceased to be an Executive Director of the Company from 7 March 2014.

1.3 Functions and Powers Exercised by the Board and the Management

The powers and duties of the Board and the Management have been clearly defined in the Articles of Association, which aims to provide adequate check and balance mechanism for good corporate governance and internal control.

The Board is responsible for deciding on the Company's business and investment plans as well as the establishment of the Company's internal management structure, formulating the Company's basic management system, determining other material business and administrative matters of the Company and monitoring the performance of the management.

Under the leadership of the President (who is also an executive Director), the management of the Company is responsible for implementing the resolutions approved by the Board and administering the day-to-day operation and management of the Company.

1.4 Chairman and President

The posts of the Chairman and the President (i.e. chief executive officer pursuant to the relevant Listing Rules) of the Company are segregated and performed by different individuals to ensure their respective independence, accountability and the balance of power and authority. Mr. Zhang Chengzhong acts as the Chairman and Mr. He Zhihui as the President. The Articles of Association defines the division of duties between the Chairman and the President.

1.5 Appointment and Re-election of Directors

Pursuant to the Articles of Association, Directors shall be elected at general meetings with a term of office of no more than three years and may offer themselves for re-election. The Company has implemented a set of effective procedures for the appointment of new directors. Nomination of new directors shall be first considered by the Nomination Committee, whose recommendations will then be put forward to the Board for consideration. All candidates are subject to election and approval at general meetings.

The Company has entered into service contracts with each of the Directors (including non-executive Directors). Such service contracts are for a term of three years.

1.6 Directors' Remuneration

The remuneration of each of the Director will be determined in accordance with the Company's Articles of Association. The remuneration of the independent non-executive directors was RMB10,000 per month per capita, net of tax. The remuneration of non-independent directors of the Company, who served as senior managements of the Company, will be determined according to the remuneration standard of the senior management set by the Company. The social insurance and housing fund shall be handled by the Company in accordance with relevant state regulations. The non-independent directors, who do not serve as senior managements of the Company, shall not receive the remuneration from the Company.

1.7 Directors' Training

During 2013, all Directors participated in continuous professional development to develop and refresh their knowledge and expertise so as to ensure that their contribution to the Board remained informed and relevant. The details of training for all Directors are as follows:

Name	Position	Training time	Training content
Zhang Chengzhong	Chairman and Non-executive Director	7 hours	Compliance of listed company and corporate governance
Zhang Zhankui	Non-executive Director	7 hours	Compliance of listed company and corporate governance
Ma Xiaoling (1)	Former Non-executive Director	7 hours	Compliance of listed company and corporate governance
He Zhihui	Executive Director	10 hours	Compliance of listed company and corporate governance
Wu Yuewu (2)	Former Executive Director	10 hours	Compliance of listed company and corporate governance
Wang Jun	Executive Director	27 hours	Compliance of listed company and corporate governance
Sun Chuanyao	Independent non-executive Director	5 hours	Compliance of listed company and corporate governance
Cheung Hung Kwong	Independent non-executive Director	5 hours	Compliance of listed company and corporate governance
Jiang Jianxiang	Independent non-executive Director	5 hours	Compliance of listed company and corporate governance

Notes:

1. Ms. Ma Xiaoling resigned as non-executive Director of the Company on 9 October 2013. Ms. Ma had 7 hours of training in total before her resignation in the year ended 31 December 2013.

2. Due to his job transfer to Chinalco, Mr. Wu Yuewu ceased to be an Executive Director of the Company from 7 March 2014. Mr. Wu had 10 hours of training in total before his cessation of directorship in the year ended 31 December 2013.

1.8 Training for company secretary

Mr. Wang Jun, the company secretary of the Company, received relevant training in 2013, which is in accordance with the requirements set out in Rule 3.29 of the Listing Rules.

1.9 Directors' Liability Insurance

The Company has arranged for liability insurance covering legal actions against its Directors and the senior management.

2. Board Committees

There are four Board committees, namely the Audit Committee, Remuneration Committee, Nomination Committee and Risk Management Committee.

2.1 Audit Committee

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.

Audit Committee is given the function of corporate governance of the Company. The main duties of audit committee shall include: to direct the construction of internal corporate controlling mechanism; to make recommendations in respect of engaging or replacement of intermediaries such as accounting firms as well as their remuneration; to review the Company's financial reports, consider the Company's accounting policies and changes thereof and make recommendations to the Board; to make recommendations to the Board in respect of appointment or removal of person-in-charge of its internal auditing department; to supervise the formulation and implementation of its internal auditing system; to assess and supervise the completeness of the corporate auditing system and its effectiveness; and to maintain good communication with the Supervisory Board as well as internal and external auditing departments. The Audit Committee exercises its authority pursuant to Rule D.3.1 of the Corporate Governance Code.

During the reporting period, the Audit Committee held two meetings, details of which are as follows:

- On 11 March 2013, the 3rd meeting of the Audit Committee of the first session of the Board was held, at which (1) the annual results announcement and the annual report for 2012 of the Company; (2) the financial report for 2012 of the Company;(3) the report of financial budget for 2013; (4) the profits appropriation and dividends distribution plan for 2012 of the Company; and (5) the resolution of re-appointment of the international auditor and the domestic auditor were reviewed.

- On 15 August 2013, the 4th meeting of the Audit Committee of the first session of the Board was held, at which interim report of the Company was reviewed.

The attendance of the meetings is as follow:

Name	Position	Number of Meetings Attended/Held	Attendance
Cheung Hung Kwong	Chairman of the Audit Committee	2/2	100%
Jiang Jianxiang	Member of the Audit Committee	2/2	100%
Zhang Zhankui	Member of the Audit Committee	2/2	100%

2.2 Remuneration Committee

The Remuneration Committee consists of three directors: Mr. Sun Chuanyao (independent non-executive Director), Mr. Jiang Jianxiang (independent non-executive Director) and Ms. Ma Xiaoling (former non-executive Director). Mr. Sun Chuanyao serves as the chairman.

The Company adopted the mode that the Remuneration Committee makes recommendations to the Board in order to determine the remuneration packages of executive directors and senior management.

The main duties of the Remuneration Committee shall include: to make recommendations to the Board on the Company's policy and structure for all remuneration of Directors and the senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration; to make recommendations to the Board in respect of the specific remuneration packages of all executive Directors and the senior management, including benefits in kind, pension rights and compensation payments (including any compensation payable for loss or termination of their office or appointment), and make recommendations to the Board of the remuneration of non-executive Directors; to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time; to review and approve the compensation payable to executive Directors and the senior management in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and reasonable and not excessive for the listed company; to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate; to ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration.

During the reporting period, the Remuneration Committee held two meetings, details of which are as follows:

- On 21 February 2013, the 2nd meeting of the Remuneration Committee of the first session of the Board was held, at which (1) the remuneration of the Directors; (2) the remuneration of the senior management of the Company were considered.
- On 14 March 2013, the 3rd meeting of the Remuneration Committee of the first session of the Board was held, at which the resolution of the Share Appreciation Rights Scheme and the Initial Grant Scheme of the Company was reviewed.

The attendance of the meeting is as follows:

Name	Position	Number of Meetings Attended/Held	Attendance
Sun Chuanyao	Chairman of the Remuneration Committee	2/2	100%
Jiang Jianxiang	Member of the Remuneration Committee	2/2	100%
Ma Xiaoling (1)	Former Member of the Remuneration Committee	2/2	100%

Note:

(1) Ms. MA Xiaoling (馬曉玲) resigned as member of the Remuneration Committee of the Company on 9 October 2013. Ms. Ma attended two Remuneration Committee meetings in total before her resignation in the year ended 31 December 2013.

2.3 Nomination Committee

The Nomination Committee consists of three directors: Mr. Zhang Chengzhong (non-executive Director), Mr. Sun Chuanyao (independent non-executive Director) and Mr. Jiang Jianxiang (independent non-executive Director). Mr. Zhang Chengzhong serves as the chairman.

The main duties of the Nomination Committee shall include: to review the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and make recommendation to the Board regarding any proposed changes; to widely search for and identify individuals who are suitable to become a member of the Board and the President of the Company (may extend to the senior management of the Company, where necessary, the same below), to examine and make recommendations to the Board on the election of individuals nominated for Directors and the President; to assess the independence of the independent non-executive Directors; to develop the criteria and the procedure for evaluating candidates for the Directors and the President; to make recommendations to the Board on matters relating to the appointment or re-appointment of Directors or the President and succession planning for Directors (including the Chairman) or the President.

The Nomination Committee considered that the composition of members of the Board of the Company was in compliance with the requirement of the "Board Diversity Policy".

During the reporting period, the Nomination Committee held three meetings, details of which are as follows:

- On 14 March 2013, the 1st meeting of the Nomination Committee of the first session of the Board was held, at which (1) the relevant matters in respect of the formulation of Board Diversity Policy; (2) the resolution of reviewing the structure and size of the Board, and the qualifications of the directors were considered.

- On 16 August 2013, the 2nd meeting of the Nomination Committee of the first session of the Board was held, at which the Board Diversity Policy was reviewed.

- On 15 October 2013, the 3rd meeting of the Nomination Committee of the first session of the Board was held, at which the resolution of recommending Mr. Wang Qiang as the non-executive Director of the Company and the candidate for member of the Remuneration Committee was reviewed.

The attendance of the meeting is as follows:

Name	Position	Number of Meetings Attended/Held	Attendance
Zhang Chengzhong	Chairman of the Nomination Committee	3/3	100%
Sun Chuanyao	Member of the Nomination Committee	3/3	100%
Jiang Jianxiang	Member of the Nomination Committee	3/3	100%

2.4 Risk Management Committee

The Risk Management Committee consists of three directors: Mr. Zhang Chengzhong (non-executive Director), Mr. Jiang Jianxiang (independent non-executive Director) and Mr. He Zhihui (executive Director). Mr. Zhang Chengzhong serves as the chairman.

The main duties of Risk Management Committee shall include: to consider judgment standard or mechanism for material business decisions, material risks, events and business processes and the risk assessment report of major decisions; to supervise, assess and check the completeness and operating effectiveness of the Company's internal risk management system and report the same to the Board; to examine, approve or verify the matters related to investment, financing and external transactions contracts submitted by the President pursuant to the authority granted by the Board; to handle other matters entrusted by the Board.

During the reporting period, the Risk Management Committee held one meeting, details of which are as follows:

- On 14 March 2013, the 3rd meeting of the Risk Management Committee of the first session of the Board was held, at which the resolution of compliance with the OFAC Undertakings by the Company in 2012 was considered.

The attendance of the meeting is as follows:

Name	Position	Number of Meetings Attended/Held	Attendance
Zhang Chengzhong	Chairman of the Risk Management Committee	1/1	100%
Jiang Jianxiang	Member of the Risk Management Committee	1/1	100%
He Zhihui	Member of the Risk Management Committee	1/1	100%

3. Directors' Responsibility for the Financial Statements

The Board acknowledged its responsibility for preparing the financial statements of the Group for the year ended 31 December 2013.

The Board is responsible for presenting a clear and understandable assessment of annual and interim reports, price-sensitive information and other disclosures required under the Listing Rules and other regulatory requirements. The management has provided the Board with such necessary explanation and information to enable the Board to make an informed assessment of the financial information and position of the Group put forward to the Board for approval.

There are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In addition, appropriate insurance coverage has been arranged against possible legal proceedings and liabilities to be taken against the Directors.

4. Compliance with the Code for Securities Transactions

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 standards 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.

5. Internal Control

The Company aims to strengthen the developing of the internal control system, ensure that its operation and management are in compliance with relevant laws and regulations, safeguard its assets, maintain the authenticity and completeness of financial reports and related information, enhance operating efficiency and effect as well as facilitate its corporate development strategies. Achieving the vision and mission of becoming "a competitive technology and service provider in the international market" is the ultimate goal of the Company to develop such internal control system.

The Company has attached prime importance to internal control. A complete and prudent internal control system covering the headquarters of the company and each branch and subsidiary has been established to protect the investments of Shareholders and the assets of the Company. Based on the Requirements of Application Guidelines for Internal Control of SASAC (國資委內部控制應用指引要求) and COSO framework's Five Components, the internal control system includes five aspects, namely internal environment, risk assessment, control activities, information and communications and supervision. The company level includes internal environment, risk assessment, information and communications, internal supervision, and involves a total of 98 control standards, while the process level includes 16 processes and 500 control standards in total. There are a total of 598 control standards at both company level and process level.

In terms of rules and regulations, the Company consecutively formulated various internal control measures such as the Measures on Auditing and Administration of Internal Control of China Aluminum International Engineering Corporation Limited (《中鋁國際工程股份有限公司內部控制審計管理辦法》), the Measures on Assessment and Management of Corporate Risks of China Aluminum International Engineering Corporation Limited (《中鋁國際工程股份有限公司企業風險評估管理辦法》), the Measures on Administration of Internal Audit Statistic Works of China Aluminum International Engineering Corporation Limited (《中鋁國際工程股份有限公司內部審計統計工作管理辦法》), the Measures on Assessment, Control and Administration of

Risk Management of China Aluminum International Engineering Corporation Limited (《中鋁國際工程股份有限公司風險管理測評及監控管理辦法》), the Implementation of Articles of the Decision-making System on "Three Important Matters and One Big Concern" of Chalieco (《中鋁國際「三重一大」決策制度實施細則》), the Measures on Administration for the Appointment of Intermediaries of China Aluminum International Engineering Corporation Limited To Conduct Auditing (《中鋁國際工程股份有限公司委託中介機構審計管理辦法》), the Regulations on Documentation for Internal Auditing of China Aluminum International Engineering Corporation Limited (《中鋁國際工程股份有限公司內部審計檔案工作規範》) and the Internal Control Manual of China Aluminum International Engineering Corporation Limited (《中鋁國際工程股份有限公司內部控制手冊》).

The effective implementation of the internal system ensured orderly development of the Company's operating and management activities as well as effective control of risks, safeguarded the security and integrity of the Company's property and guaranteed the realization of the Company's operating and management objectives.

In terms of organizational structure, the Company established the discipline inspection and audit department which is responsible for discipline inspection, efficiency supervision, inspection on the bidding work of engineering projects, risk management, evaluation on internal control, construction project audit, review of economic responsibilities and other specific audit works.

Each department of the Company can submit information required to the Board smoothly. Being the most senior point of contact to each department, the President of the Company has the duty to effectively report to the Board in relation to the operation of each department, and to coordinate the demands of each department and carried out relevant mobilisation to facilitate reasonable decision making within the Company. Accordingly, any possible significant matter (if subject to disclosure to the market) discovered by the staff can be reported to the management of the Company in a timely, accurate and effective manner and the decisions made by the management of the Company can be implemented accurately and timely under supervision.

6. Auditors and Remuneration

PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian LLP were appointed as auditors for the financial statements prepared in accordance with International Financial Reporting Standards and Accounting Standards for Business Enterprises of the PRC for the year ended 31 December 2013, respectively.

The remuneration paid or payable to the independent auditor of the Company in respect of audit and related services for the year ended 31 December 2013 amounted to RMB6.8 million.

The statements regarding the reporting responsibilities to the financial statements of PricewaterhouseCoopers, as the external auditor of the Company, is set out on page 74 of this annual report.

7. Shareholders' Meeting

During the reporting period, the Company held two general meetings in total.

On 8 May 2013, the Company held the annual meeting for 2012, at which the non-executive Directors, Mr. Zhang Chengzhong, Mr. Zhang Zhankui and Ms. Ma Xiaoling, the executive Directors of the Company, Mr. He Zhihui, Mr. Wu Yuewu, Mr. Wang Jun, and the independent non-executive Directors, Mr. Sun Chuanyao, Mr. Cheung Hung Kwong and Mr. Jiang Jianxiang, were all presented. At this meeting, 9 ordinary resolutions such as the Directors' Report and the Supervisory Board's Report for 2012, the financial report for 2012, the report of financial budget for 2013 etc., as well as the special resolution related to the grant of general mandates to the Directors were passed.

On 10 October 2013, the Company held the first extraordinary general meeting in 2013, at which the non-executive Directors Mr. Zhang Chengzhong and Mr. Zhang Zhankui, the executive Directors of the Company, Mr. He Zhihui, Mr. Wu Yuewu, Mr. Wang Jun, and the independent non-executive Directors Mr. Sun Chuanyao, Mr. Cheung Hung Kwong and Mr. Jiang Jianxiang were all presented. At this meeting, the "Resolution in respect of the grant of authorization to the Board at the general meeting for dealing with matters relating to the Scheme", the "Resolution in respect of the implementation of the Scheme and Initial Grant thereunder", the "Resolution in respect of the Issuance of Onshore and Offshore Corporate Debt Financing Instruments" and the "Resolution in respect of the issuance of Offshore Perpetual Bonds" were reviewed and passed.

8. Communications with Shareholders

The Company chronically, highly and continuously maintains and develops a long-term relationship with its investors, delivers the information of the Company in a timely and efficient manner, enhances transparency of the information regarding the Company and builds an effective channel for it to maintain the relationship with investors.

8.1 Shareholders' Rights

The Board is committed to maintaining conversation with its Shareholders and discloses significant development of the Company to its Shareholders and investors when appropriate. The annual general meeting of the Company provides a communication opportunity between Shareholders and the Board. In the event of convening a general meeting, a written notice, which specifies on the meeting agenda in the meeting and the date and venue, should be sent to all shareholders whose names appear on the share register 45 days prior to convening the meeting. Shareholders who intend to attend the general meeting should send the reply slip to the Company 20 days prior to convening the meeting for attending the meeting.

Two or more Shareholders individually or collectively holding more than ten percent (including the ten percent) of the shares carrying voting rights at the meeting to be convened may, by written requisition(s) stating the object of the meeting, require the Board to convene an extraordinary general meeting or a class shareholders' meeting. The Board shall as soon as practicable within two months after the receipt of such written requisition(s) proceed to so convene the extraordinary general meeting or class shareholders' meeting. The shareholdings referred to above shall be calculated as at the date of the delivery of the written requisition(s).

Where the Board fails to issue notice of convening meeting within thirty days upon receipt of the above written request, Shareholder(s) individually or collectively holding more than ten percent (including the ten percent) of the shares carrying voting rights at the meeting to be convened may request by written requisition(s) the Supervisory Board to convene the extraordinary general meeting or class Shareholders' meeting. The Board of Supervisors may convene the meeting on their own accord within four months upon the board of Directors having received such request. The Board of Supervisors does not convene and hold meetings. Shareholder(s) individually or collectively holding more than ten percent of the shares for 90 days in a row may convene meetings on their own accord. The convening procedures shall as much as possible be equivalent to those of for meeting convened by the Board.

8.2 Enquires of and Communication with Shareholders

The Company publishes its announcements, financial information and other relevant information on its website at www.chalieco.com.cn, as a channel to promote effective communication. Shareholders are welcomed to make enquiries directly to the Company at its principal place of business in Hong Kong. The Company will respond to all enquiries on a timely and proper basis.

The Board welcomes Shareholders' views and encourages them to attend general meetings in order to propose any concerns they might have with the Board or the management directly. The Chairman of the Board and the chairmen of all committees usually attend the annual general meeting and other general meetings to address questions raised by the shareholders.

A circular containing detailed procedures of voting and resolutions voted by way of poll has been dispatched to the shareholders previously.

9. Compliance with the Corporate Governance Codes

As a company listed on the Hong Kong Stock Exchange, the Company strives to maintain a high standard of corporate governance. For the year ended 31 December 2013, the Company had complied with all the code provisions of the Corporate Governance Codes set out in Appendix 14 to the Listing Rules and has adopted the suggested best practices where appropriate. Please refer to the Corporate Governance Report as set out on pages 52 to 66 of this annual report for details.

10. Investor Relations

10.1 Investor Relations Activities

Announcement of Results and Results Roadshows

During the reporting period, the Company organized two announcements of results and Results roadshows.

On 18 March 2013, the management of the Company organised the 2012 results conference in Hong Kong to introduce the company's annual operating situation and financial performance. Dozens of analysts from leading investment banks in the world attended the meeting. Subsequently, by way of one-to-one communication and luncheon, the management of the Company exchanged in-depth opinions of the operating results and the performance in the capital markets of the Company in 2012 with nearly 30 investors in Hong Kong and Singapore.

On 19 August 2013, the management of the Company organised the 2013 interim results conference in Hong Kong. 30 analysts from various institutions, such as the ICBC International, the BOCOM International, the CITIC Securities International, the Deutsche Securities Asia, the Standard Chartered Bank (Hong Kong), and the BNP Paribas, attended the conference. The management of the Company introduced the consolidated operating conditions in the first half of 2013 of the company to the participants. We also answered in detail the public's general concerns over inventories contracts, gross profit margins, capital expenditures, current situation and future development of overseas business expansion and etc.

Investors' Routine Visits

In 2013, the Company had sufficient communication and exchange with more than 20 investors by adopting the method of inviting investors for site visit, convening meeting and telecom meeting, etc.

10.2 Information Disclosure

The "Rules Governing the Disclosure of China Aluminum International Engineering Corporation Limited 中鋁國際工程股份有限公司信息披露管理辦法", the "Debt financing instruments Information Disclosure Management Measures of China Aluminum International Engineering Corporation Limited 中鋁國際工程股份有限公司債務融資工具信息披露事務管理辦法" and the "Regulations on Connected Transactions of China Aluminum International Engineering Corporation Limited中鋁國際工程股份有限公司關連交易管理辦法" were drafted. The Company also published more than 40 announcements on the website of Hong Kong Stock Exchange, including the disposal of the entire 46% equity interest in Shenzhen Hengtong Industry Development Co., Ltd. by the subsidiary, the connected transaction of Chalieco with Chinalco Finance and etc.

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Non-Executive Directors

Mr. Zhang Chengzhong (張程忠), aged 53, has been the Chairman of the Board of our Company since November 2005 and was reappointed as a non-executive Director and Chairman of our Company on 30 June 2011. Mr. Zhang is primarily responsible for the general business strategies of our Company. Mr. Zhang has been the deputy manager of Chinalco since February 2007, a director and the president of China Copper Co., Ltd. (中國銅業有限公司) and a chairman of the board of Chinalco Shanghai Copper Co., Ltd. (中鋁上海銅業有限公司) since February 2011, and the chairman of the board of Yunnan Copper (Group) Co., Ltd. (雲南銅業(集團)有限公司) since March 2011. Mr. Zhang served as the vice president and a director of Aluminum Corporation of China Limited from September 2001 to May 2007, a director and the vice chairman of the board of Guangxi Huayin Aluminum Co., Ltd. (廣西華銀鋁業有限公司) from February 2003 to December 2009. He also served in various positions in Shanxi Aluminum Plant of Chinalco including the plant director from August 1982 to August 2001. Mr. Zhang obtained his doctorate degree in nonferrous metals metallurgy from Northeastern University (東北大學) in March 2008. He is also a professor-grade senior engineer granted by the State Bureau of Nonferrous Metals Industry (國家有色金屬工業局).

Mr. Zhang Zhankui (張占魁), aged 55, has been a non-executive Director of our Company since June 2011. Mr. Zhang is primarily responsible for monitoring our auditing management. Mr. Zhang has been the director of the finance department of Chinalco since December 2009, a supervisor of Chalco since October 2006, the general manager of the finance department of China Rare Earth Co., Ltd. (中國稀有稀土有限公司) since November 2010 and a general manager of China Aluminum Finance Company (中鋁財務公司) since July 2011. Mr. Zhang served in various positions in Chinalco including as a deputy director of the finance department from October 2000 to March 2002 and from March 2006 to December 2009. He also served as the manager of the general management office of the finance department of Chalco from March 2002 to February 2006, the deputy director of the finance department and the director of the accounting office of the finance department of China Copper Lead Zinc Group Corporation (中國銅鉛鋅集團公司) from March 2000 to September 2000, and the vice president of Beijing ENFI Technology Industry Group Corporation (北京恩菲科技產業集團公司, "Beijing ENFI") from August 1999 to October 1999. He served in various positions in Beijing Central Engineering and Research Institute of Nonferrous Metallurgical Industries (北京有色冶金設計研究總院) including the director of the finance department and the auditing department from July 1982 to August 1999. In October 1999, Mr. Zhang began to serve in China Copper Lead Zinc Group Corporation as a result of an internal job transfer from Beijing ENFI. Mr. Zhang graduated from his doctorate studies in management philosophy from Beijing Normal University (北京師範大學) in December 2006. Mr. Zhang was appointed as an MBA enterprise advisor in School of Business of Renmin University of China (中國人民大學商學院) in December 2011, an advisor for graduates of master degree in Accounting in Research Institute of Fiscal Science of the Ministry of Finance (財政部財政科學研究所) in June 2011 and a part-time professor in Jiaxing University (嘉興學院) in January 2008. He is also a senior accountant granted by Beijing Central Engineering and Research Institute of Nonferrous Metallurgical Industries.

Executive Directors

Mr. He Zhihui (賀志輝), aged 51, has been a Director of our Company since December 2003 and reappointed as an executive Director of our Company on 30 June 2011, the President of our Company since March 2010 and served as the vice president of our Company from December 2003 to March 2010. Mr. He is primarily responsible for our daily management and operation, particularly the risk management of our Company. Mr. He has been a director of China Aluminum International Technology Development Co., Ltd. since August 2006. Mr. He served in various positions in Guiyang Aluminum and Magnesium Design Institute Co., Ltd., including as the dean from August 1987 to April 2006. Mr. He obtained his bachelor's degree in industrial automation from Central South Institute of Mining and Metallurgy (中南礦冶學院) (currently known as Central South University) in 1982 and his master's degree from Huazhong Technology Institute (華中工學院) (currently known as Huazhong University of Science and Technology (華中科技大學)) in May 1987. He is also an excellent senior engineer granted by State Bureau of Nonferrous Metals Industry, and received the special government allowance from the State Council in 2013.

Mr. Wang Jun (王軍), aged 43, has been an executive Director and the chief financial officer of our Company since June 2011. Mr. Wang is also the company secretary of the Company. Mr. Wang is primarily responsible for our daily management in respect of finance, tax and risk management. Mr. Wang has been a director of China Aluminum Technology and China Aluminum Insurance Broker Co. Ltd. (中鋁保險經紀公司) since July 2011 and August 2012 respectively. Mr. Wang served in various positions in Chinalco, including the general representative of the Peru office of Chinalco from March 2002 to November 2010. He also served as the chief financial officer and the manager of finance department of China Aluminum Mineral Resources Co., Ltd. (中鋁礦產資源有限公司) from November 2010 to April 2011. Mr. Wang served in various positions in Aluminum Group of China (中國鋁業集團公司) and Chinalco from April 1998 to March 2002, including as the business manager of the general section of the finance department. He also worked at the finance department of China Nonferrous Metals Corporation and the finance department of North China University of Technology (北方工業大學) from July 1994 to April 1998. Mr. Wang obtained his bachelor's degree in accounting from North China University of Technology in July 1994 and his master's degree in business management from Tsinghua University (清華大學) in January 2004. He is also a senior accountant granted by Chinalco and obtained SIFM, and is selected to join National Training Programme for Accounting Army Leading Backup (全國會計領軍(後備)人才培養工程).

Independent Non-Executive Directors

Mr. Sun Chuanyao (孫傳堯), aged 69, is an independent non-executive Director of our Company. Mr. Sun is the chairman of our remuneration committee and a member of our nomination committee. He has served in various positions in Beijing General Research Institute of Mining and Metallurgy (北京礦冶研究總院) since November 1981 including the dean. Mr. Sun is an academician of the Chinese Academy of Engineering and the Academy of Engineering of St. Petersburg, Russia, a director of the International Mineral Processing Academic Conference Council, the deputy head of professional committee of China Nonferrous Metals Industry Association, the head of Mineral Processing Academic Committee of the Nonferrous Metals Society of China and the director of the national critical laboratory for mineral processing. Mr. Sun graduated from Northeast University of Technology (東北工學院) (currently known as Northeastern University (東北大學)) in 1968 and obtained his master's degree in mineral processing from Beijing General Research Institute of Mining and Metallurgy in 1981. Mr. Sun served as the chairman of the board of directors of North Magnetic Materials Science and Technology Co., Ltd. (北礦磁材科技股份公司), which is listed on the Shanghai Stock Exchange (stock code: 600980.SH), from August 2000 to May 2007. Currently, Mr. Sun is an independent non-executive director of the Advanced Technology & Materials Co., Ltd. (安泰科技股份有限公司), which is listed on the Shenzhen Stock Exchange (stock code: 000969.SZ). Mr. Sun has been an independent non-executive director of China Nonferrous Mining Corporation Limited (中國有色礦業有限公司) (stock code: 01258.HK), a listed company on the The Stock Exchange of Hong Kong Limited, since June 2012 and an independent non-executive director of Harbin Electric Coporation Jiamusi Electric Machine Co., Ltd (哈爾濱電氣集團佳木斯電機股份有限公司) (stock code: 000922.SZ), a listed company on Shenzhen Stock Exchange, since June 2012.

Mr. Cheung Hung Kwong (張鴻光), aged 46, is an independent non-executive Director of our Company. Mr. Cheung is the chairman of our audit committee. Mr. Cheung joined Kaisa Group Holdings Ltd. (stock code: 1638.HK) in July 2008 and currently serves as its chief financial officer, corporate secretary and joint authorized representative. He served in Boto Company Limited, a private company, from March 2003 to December 2007 and was promoted to chief financial officer during that period. He served as a manager of assurance and business advisory service department and corporate finance and recovery department of PricewaterhouseCoopers from July 1994 to March 2003. He has been a member of the American Institute of Certified Public Accountants (AICPA) since August 1996 and a chartered financial analyst qualified by the CFA Institute (formerly known as the Association for Investment Management and Research) in the U.S. since September 2000. Mr. Cheung obtained his bachelor's degree with the second class honors from University of Hong Kong in 1990 and his master's degree with distinction from University of London in 1992.

Mr. Jiang Jianxiang (蔣建湘), aged 48, is an independent non-executive Director of our Company. Mr. Jiang is a member of our audit committee, remuneration committee, nomination committee and risk management committee. Mr. Jiang is currently the assistant of headmaster of Central South University (中南大學). He is an arbitrator of the Arbitration Committee of Changsha and the Arbitration Committee of Hengyang. He is also a member of the Expert Advisory Committee for the People's Procuratorate of Hunan Province and the expert on the legal system for the People's Government of Changsha. Mr. Jiang was employed as counsel of the Party Committee and the People's Government of Hunan Province on September 2011. Mr. Jiang was granted a second-class prize for state teaching achievement and a first-class prize for teaching achievement of Hunan in 2001, and the title of "the Most Influential Character on Law of Hunan Province" in 2010. Mr. Jiang obtained his bachelor's degree in law from Central China Normal University (華中師範大學) in 1987, his master's degree in philosophy in 2003 and his doctorate degree in management in 2007, respectively, from Central South University. Mr. Jiang has been an independent non-executive director of Zhuzhou Smelter Group Co., Ltd (株洲冶煉集團股份有限公司) (stock code: 600961.SH), a listed company on Shanghai Stock Exchange, since December 2010. He served as an independent non-executive directors of Fortune Securities since January 2014.

SUPERVISORS

Mr. He Bincong (賀斌聰), aged 50, has been a Supervisor and the chairman of Supervisory Board of our Company since May 2013. Mr. He has elected as the staff representative supervisor of the Company in the first session of the meeting of 2014 staff representative on 28 March 2014. Mr. He served as the deputy party secretary, secretary of discipline inspection commission and chairman of the labor union of the Company from April 2013. Mr. He Bincong served as the deputy general manager of China Aluminum Development Ltd. (中鋁置業發展有限公司) from February 2010 to March 2013. He served in various positions in Aluminum Corporation of China Limited (中國鋁業股份有限公司), including the deputy general manager of Human Resources Department from March 2004 to February 2010. He served as the deputy party secretary and secretary of discipline inspection commission of Shanxi Carbon Plant (山西碳素廠) from April 2001 to March 2004, as the deputy level cadre of Aluminum Group of China (中國鋁業集團公司) from October 1999 to April 2001, and as the manager of General Affairs Department of Beijing Xinou Technology Development Ltd. (北京鑫歐科技發展有限公司) from October 1997 to October 1999. He also served in various positions in China Nonferrous Metals Corporation (中國有色金屬工業總公司), including the deputy director level supervisor of the Supervision Bureau from April 1991 to October 1997. He worked in the Beijing General Research Institute of Mining and Metallurgy (北京礦冶研究總院) from August 1984 to April 1991. Mr. He Bincong obtained his bachelor's degree in geology from Central South University (中南大學) in July 1984. Mr. He Bincong is a senior engineer granted by China Nonferrous Metals Corporation (中國有色金屬工業總公司).

Mr. Dong Hai (董海), aged 58, has been a Supervisor of our Company since June 2011. Mr. Dong has been the director of the (patrol office) of discipline inspection committee of Chinalco since December 2009 and a deputy director of the party and discipline inspection team of Chinalco since May 2009. He served in various positions in the PLA Beijing Military Region (解放軍北京軍區) from January 1971 to June 1986, including as a soldier, a vice company-level staff, company instructor (連隊指導員), deputy battalion (副營職) and the company-level staff. He worked for the Ministry of Personnel and Ministry of Supervision from June 1986 to January 1993, and served in various positions in Central Commission for Discipline Inspection (中央紀委), including Comprehensive monitoring bureau-level discipline inspector (監察綜合室正局級紀律檢查員) and inspector (監察專員) from January 1993 to May 2009. Mr. Dong obtained his master's degree in business administration from Zhongnan University of Economics and Law (中南財經政法大學) in June 2008.

Mr. Ou Xiaowu (歐小武), aged 48, has been a Supervisor of our Company since June 2011. He has been the director of the auditing department of Chinalco and the general manager of the finance department of Chalco since December 2009. He served in various positions in Chinalco, including the director of the finance department (auditing department) from October 2000 to February 2006. He also served as a president of the finance department of Chalco from March 2006 to November 2009 and the deputy general manager of Guizhou Branch of Chinalco from January 2002 to October 2003. Mr. Ou served as the deputy director of the finance department and auditing department of China Copper Lead Zinc Group Corporation from September 1999 to September 2000. He served in various positions in China Nonferrous Metals Industry Corporation, including as the director of Division I of auditing department from December 1992 to October 1998. Mr. Ou graduated from the planning and statistics department of Xiamen University (廈門大學) in July 1985. Mr. Ou is a senior auditor granted by China Nonferrous Metals Industry Corporation.

SENIOR MANAGEMENT

For details of Mr. He Zhihui's biography, please see the sub-section headed "Directors" above.

Mr. Qin Qiwu (秦奇武), aged 57, has been a vice president of our Company since June 2011. Mr. Qin has been a director of China Aluminum Technology since July 2011. Mr. Qin is primarily responsible for the marketing in the Company's domestic market, production management and our quality, environment and healthy safety system. He served in various positions in Changsha Institute from January 1982 to March 2011, including senior engineer of the mine processing department, the dean of Mine and Gold Branch, the associate dean and the dean. Mr. Qin graduated from the mine processing department of Central South Institute of Mining and Metallurgy (currently known as Central South University) in December 1981. Mr. Qin is a researcher-grade senior engineer granted by State Bureau of Nonferrous Metals Industry and received the special government allowance from the State Council in 2001.

Mr. Ma Ning (馬寧), aged 50, has been a vice president of our Company since April 2010 and was reappointed on 30 June 2011. Mr. Ma is primarily responsible for the marketing in the global market, technology management and informatization business. Mr. Ma has been a director of Duyun Tongda since May 2011. He has been the chairman of Wenzhou TongGang Construction Co., Ltd (溫州通港建設有限公司) since August 2012 and the chairman of Wenzhou Torin Construction Co., Ltd (溫州通潤建設有限公司) since November 2012. He served in various positions in Shenyang Branch of Chalieco from July 2006 to March 2010, including the vice president. Mr. Ma previously held various positions in SAMI successively from September 1986 to March 2010, including as the engineer of the hot wind department, the head of the purification department, the chief designer and the vice dean. Mr. Ma graduated from Shenyang University (瀋陽大學) and majored in environmental engineering in July 1986. Mr. Ma is an excellent senior engineer granted by Chinalco.

For details of Mr. Wang Jun's biography, please see the sub-section headed "Directors" above.

HUMAN RESOURCES

HUMAN RESOURCES OVERVIEW

As of 31 December 2013, the Group had a total of 10,444 employees, of which 7,769 are male and 2,675 are female, representing 74% and 26% of the total staff, respectively. The composition of employees is as follows:

Table I: The following table shows a breakdown of our employees by business segment as of 31 December 2013:

No.	Category	Number of Employees	Percentage
1	Operation and management personnel	2,303	22%
2	Engineering technicians	4,839	46%
3	Production and operation personnel	2,791	27%
4	Service and other personnel	511	5%
Total		**10,444**	**100%**

Table II: The following table shows a breakdown of our employees by level of education as of 31 December 2013:

No.	Category	Number of Employees	Percentage
1	Graduate degree and above	820	8%
2	Undergraduate degree	3,862	37%
3	Associate degree	2,402	23%
4	Secondary School and below	3,360	32%
Total		**10,444**	**100%**

INCENTIVES FOR EMPLOYEES

The Group keeps responding to the needs of employees' development. It perfects the employees' performance assessment system based on clear objectives of each post. The employees' performance is objectively and accurately assessed by breaking down the key tasks of the Group in the year, clarifying performance objective of different roles and setting performance standard. The assessment results are linked to the employees' salary to encourage realization of the potential and working passion of employees.

STAFF TRAINING

In order to foster the employee teams in an accelerated pace and enhance staff's work skills and professional character, the Company compiles an annual training plan for employees based on the Company's development strategies, post requirement and demand of personal development. In adherence to the plan, staff training will be implemented accordingly through various trainings with an aim of improving management and technical skills.

EMPLOYEES' REMUNERATION POLICY

The employees' remuneration comprises of basic salary, performance-based salary and different types of allowances. The performance-based salary is determined based on the results of the Group and the performance assessment results of the employees.

INDEPENDENT AUDITOR'S REPORT

羅兵咸永道

To the shareholders of China Aluminum International Engineering Corporation Limited
(incorporated in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of China Aluminum International Engineering Corporation Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 76 to 235, which comprise the consolidated and company balance sheets as at 31 December 2013, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2013, and of the Group's profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

OTHER MATTERS

This report, including the opinion, has been prepared for and only for you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 13 March 2014

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 December 2013 RMB'000	2012 RMB'000 (Restated)
Revenue	5	**18,144,752**	16,465,972
Cost of sales	6	**(16,067,549)**	(13,759,408)
Gross profit		**2,077,203**	2,706,564
Selling and marketing expenses	6	**(402,208)**	(430,738)
Administrative expenses	6	**(1,020,382)**	(914,526)
Other income	7	**38,010**	77,546
Other (losses)/gains – net	8	**(496)**	27,991
Gains on disposal of an associate	19(b)	**1,711,734**	–
Operating profit		**2,403,861**	1,466,837
Finance income	9	**132,290**	94,622
Finance expenses	9	**(251,238)**	(163,396)
Finance expenses – net		**(118,948)**	(68,774)
Share of losses of associates	19(b)	**(2,071)**	(2,258)
Profit before income tax		**2,282,842**	1,395,805
Income tax expense	10	**(581,083)**	(282,068)
Profit for the year		**1,701,759**	1,113,737
Other comprehensive income:			
Item that may be reclassified to profit or loss			
Fair value gains/(losses) on available-for-sale financial assets, net of tax		**20,231**	(30,274)
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of post-employment benefit obligations, net of tax		**109,243**	84,122
Currency translation differences		**(1,030)**	–
Other comprehensive income for the year, net of tax		**128,444**	53,848
Total comprehensive income for the year		**1,830,203**	1,167,585

	Note	Year ended 31 December 2013 RMB'000	2012 RMB'000 (Restated)
Profit attributable to:			
Equity owners of the Company		**1,702,361**	1,072,158
Non-controlling interests		**(602)**	41,579
Profit for the year		**1,701,759**	1,113,737
Total comprehensive income attributable to:			
Equity owners of the Company		**1,830,788**	1,125,644
Non-controlling interests		**(585)**	41,941
Total comprehensive income for the year		**1,830,203**	1,167,585
Earnings per share for profit attributable to equity owners of the Company for the year (expressed in RMB per share)			
— Basic and diluted	11	**0.64**	0.43
Dividends	12	**346,211**	532,632

The notes on pages 86 to 235 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

	Note	As at 31 December 2013 RMB'000	As at 31 December 2012 RMB'000 (Restated)	As at 1 January 2012 RMB'000 (Restated)
Assets				
Non-current assets				
Property, plant and equipment	15	**1,682,332**	1,577,011	1,329,329
Land use rights	16	**834,237**	798,030	713,515
Investment properties	17	**28,825**	30,007	31,190
Trade and notes receivables	21	**1,223,760**	1,215,820	376,145
Prepayments and other receivables	22	**774,672**	192,543	432,747
Intangible assets	18	**221,576**	220,729	250,179
Investment in associates	19(b)	**21,801**	47,760	50,018
Available-for-sale financial assets	20	**259,042**	191,329	230,985
Deferred income tax assets	36	**300,887**	312,632	332,130
Other non-current assets		**15,987**	4,845	6,425
Total non-current assets		**5,363,119**	4,590,706	3,752,663
Current assets				
Available-for-sale financial assets	20	**11,000**	1,000	130,364
Inventories	25	**835,206**	712,624	617,908
Trade and notes receivables	21	**7,739,918**	5,198,928	3,762,217
Prepayments and other receivables	22	**1,493,779**	1,603,072	1,026,439
Amounts due from customers for contract work	24	**5,989,329**	4,776,992	2,254,791
Current income tax prepayments		**36,690**	4,103	3,553
Financial assets at fair value through profit or loss	23(a)	**–**	413	3,803
Restricted cash	26	**239,678**	275,805	202,653
Time deposits	27	**41,480**	198,305	227,592
Cash and cash equivalents	28	**6,456,158**	2,759,653	2,154,465
Total current assets		**22,843,238**	15,530,895	10,383,785
Total assets		**28,206,357**	20,121,601	14,136,448
Equity and liabilities				
Equity				
Share capital	29	**2,663,160**	2,663,160	2,300,000
Reserves	30	**3,708,696**	2,410,540	567,174
Consolidated equity attributable to equity owners of the Company		**6,371,856**	5,073,700	2,867,174
Non-controlling interests		**169,390**	124,102	78,994
Total equity		**6,541,246**	5,197,802	2,946,168

	Note	As at 31 December 2013 RMB'000	As at 31 December 2012 RMB'000 (Restated)	As at 1 January 2012 RMB'000 (Restated)
Liabilities				
Non-current liabilities				
Deferred income	31	**97,066**	79,022	20,850
Long-term borrowings	34	**290,152**	190,349	–
Retirement and other supplemental benefit obligations	33	**1,120,579**	1,323,545	1,441,053
Deferred income tax liabilities	36	**11,635**	21,851	40,970
Trade and other payables	35	**239,444**	343,841	143,835
Total non-current liabilities		**1,758,876**	1,958,608	1,646,708
Current liabilities				
Trade and other payables	35	**10,909,538**	10,292,577	7,517,357
Dividends payable	37	**57,240**	53,080	81,681
Financial liabilities at fair value through profit or loss	23(b)	**–**	1,499	–
Amounts due to customers for contract work	24	**726,086**	211,443	388,650
Short-term borrowings	34	**7,595,740**	2,193,491	1,303,045
Current income tax liabilities		**501,010**	94,097	132,340
Retirement and other supplemental benefit obligations	33	**116,621**	119,004	120,499
Total current liabilities		**19,906,235**	12,965,191	9,543,572
Total liabilities		**21,665,111**	14,923,799	11,190,280
Total equity and liabilities		**28,206,357**	20,121,601	14,136,448
Net current assets		**2,937,003**	2,565,704	840,213
Total assets less current liabilities		**8,300,122**	7,156,410	4,592,876

The notes on pages 86 to 235 are an integral part of these consolidated financial statements.

The consolidated financial statements were approved by the Board of Directors on 13 March 2014 and were signed on its behalf.

He Zhihui
Director

Wangjun
Director

BALANCE SHEET OF THE COMPANY

	Note	As at 31 December 2013 RMB'000	2012 RMB'000 (Restated)	As at 1 January 2012 RMB'000 (Restated)
Assets				
Non-current assets				
Property, plant and equipment	15	**86,361**	99,927	105,603
Intangible assets	18	**10,266**	15,603	14,873
Land use rights	16	**180,431**	186,565	192,699
Investment in subsidiaries	19(a)	**2,419,934**	2,229,727	1,884,414
Available-for-sale financial assets	20	**235,063**	160,011	194,353
Trade and notes receivables	21	**258,403**	606,243	52,518
Other non-current assets		**408,003**	10,221	–
Total non-current assets		**3,598,461**	3,308,297	2,444,460
Current assets				
Inventories	25	**324,968**	327,504	133,737
Available-for-sale financial assets	20	**1,000**	1,000	89,294
Trade and notes receivables	21	**2,883,362**	2,201,788	2,093,253
Prepayments and other receivables	22	**1,928,242**	854,405	1,173,884
Amounts due from customers for contract work	24	**1,261,536**	1,497,389	698,618
Current income tax prepayments		**25,626**	–	–
Financial assets at fair value through profit or loss	23	**–**	413	3,803
Restricted cash	26	**89**	2,788	298
Time deposits	27	**30,000**	155,140	131,993
Cash and cash equivalents	28	**3,231,327**	1,446,156	705,761
Total current assets		**9,686,150**	6,486,583	5,030,641
Total assets		**13,284,611**	9,794,880	7,475,101
Equity				
Share capital	29	**2,663,160**	2,663,160	2,300,000
Reserves	30	**986,210**	1,371,308	262,416
Total equity		**3,649,370**	4,034,468	2,562,416

	Note	As at 31 December 2013 RMB'000	As at 31 December 2012 RMB'000 (Restated)	As at 1 January 2012 RMB'000 (Restated)
Liabilities				
Non-current liabilities				
Deferred income tax liabilities	36	**9,817**	13,948	17,869
Retirement and other supplemental benefit obligations	33	**7,549**	13,664	14,860
Total non-current liabilities		**17,366**	27,612	32,729
Current liabilities				
Short-term borrowings	34	**5,637,940**	864,491	491,045
Financial liabilities at fair value through profit or loss	23	**–**	1,499	–
Trade and other payables	35	**3,929,625**	4,828,569	4,090,376
Dividends payable	37	**–**	–	18,457
Amounts due to customers for contract work	24	**49,992**	15,050	186,476
Retirement and other supplemental benefit obligations	33	**318**	375	230
Current income tax liabilities		**–**	22,816	93,372
Total current liabilities		**9,617,875**	5,732,800	4,879,956
Total liabilities		**9,635,241**	5,760,412	4,912,685
Total equity and liabilities		**13,284,611**	9,794,880	7,475,101
Net current assets		**68,275**	753,783	150,685
Total assets less current liabilities		**3,666,736**	4,062,080	2,595,145

The notes on pages 86 to 235 are an integral part of these consolidated financial statements.

The financial statements were approved by the Board of Directors on 13 March 2014 and were signed on its behalf.

He Zhihui
Director

Wangjun
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Attributable to equity owners of the Company									
	Note	Share capital RMB'000	Capital reserve RMB'000 (Note 30)	Statutory surplus reserve RMB'000 (Note 30)	Investment revaluation reserve RMB'000 (Note 30)	Remeasurements of post-employment benefit obligations RMB'000 (Note 30)	Special reserve RMB'000 (Note 30)	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2012, as previously reported		2,300,000	1,380	7,084	144,644	–	49,966	381,345	2,884,419	79,528	2,963,947
Effect of changes in accounting policy		–	–	–	–	(90,223)	–	72,978	(17,245)	(534)	(17,779)
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 of the year		–	–	–	–	–	–	1,072,158	1,072,158	41,579	1,113,737
Other comprehensive income:											
Fair value change of available-for-sale financial assets – gross		–	–	–	(39,656)	–	–	–	(39,656)	–	(39,656)
Fair value change of available-for-sale financial assets – tax		–	–	–	9,382	–	–	–	9,382	–	9,382
Remeasurements of post-employment benefit obligations – gross		–	–	–	–	107,756	–	–	107,756	426	108,182
Remeasurements of post-employment benefit obligations – tax		–	–	–	–	(23,996)	–	–	(23,996)	(64)	(24,060)
Total comprehensive income		–	–	–	(30,274)	83,760	–	1,072,158	1,125,644	41,941	1,167,585
Issuance of ordinary shares for Listing, net		363,160	717,657	–	–	–	–	–	1,080,817	–	1,080,817
Capital contributions by non-controlling interest of the subsidiaries		–	65	–	–	–	–	–	65	3,167	3,232
Appropriation of special reserve		–	–	–	–	–	6,651	(6,651)	–	–	–
Appropriation of statutory surplus reserve		–	–	41,607	–	–	–	(41,607)	–	–	–
At 31 December 2012 (Restated)		2,663,160	719,102	48,691	114,370	(6,463)	56,617	1,478,223	5,073,700	124,102	5,197,802

The notes on pages 86 to 235 are an integral part of these consolidated financial statements.

	Note	Attributable to equity owners of the Company										
		Share capital RMB'000	Capital reserve RMB'000 (Note 30)	Statutory surplus reserve RMB'000 (Note 30)	Investment revaluation reserve RMB'000 (Note 30)	Remeasurements of post-employment benefit obligations RMB'000 (Note 30)	Currency translation differences RMB'000 (Note 30)	Special reserve RMB'000 (Note 30)	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2013 (Restated)		2,663,160	719,102	48,691	114,370	(6,463)	–	56,617	1,478,223	5,073,700	124,102	5,197,802
Profit of the year		–	–	–	–	–	–	–	1,702,361	1,702,361	(602)	1,701,759
Other comprehensive income:												
Fair value change of available-for-sale financial assets – gross		–	–	–	27,925	–	–	–	–	27,925	–	27,925
Fair value change of available-for-sale financial assets – tax		–	–	–	(7,694)	–	–	–	–	(7,694)	–	(7,694)
Remeasurements of post-employment benefit obligations – gross		–	–	–	–	142,595	–	–	–	142,595	20	142,615
Remeasurements of post-employment benefit obligations – tax		–	–	–	–	(33,369)	–	–	–	(33,369)	(3)	(33,372)
Currency translation differences		–	–	–	–	–	(1,030)	–	–	(1,030)	–	(1,030)
Total comprehensive income		–	–	–	20,231	109,226	(1,030)	–	1,702,361	1,830,788	(585)	1,830,203
Dividends		–	–	–	–	–	–	–	(532,632)	(532,632)	–	(532,632)
Acquisition of subsidiaries under non-common control		–	–	–	–	–	–	–	–	–	147	147
Capital contributions by non-controlling interest of the subsidiaries		–	–	–	–	–	–	–	–	–	45,726	45,726
Appropriation of special reserve		–	–	–	–	–	–	(26,086)	26,086	–	–	–
Appropriation of statutory surplus reserve		–	–	11,599	–	–	–	–	(11,599)	–	–	–
At 31 December 2013		2,663,160	719,102	60,290	134,601	102,763	(1,030)	30,531	2,662,439	6,371,856	169,390	6,541,246

The notes on pages 86 to 235 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 31 December 2013 RMB'000	2012 RMB'000 (Restated)
Cash flows from operating activities			
Cash used in operations	39	**(1,949,085)**	(964,160)
Income tax paid		**(249,818)**	(346,268)
Interest received		**31,806**	24,918
Net cash used in operating activities		**(2,167,097)**	(1,285,510)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(395,483)**	(295,554)
Purchase of intangible assets		**(29,723)**	(9,994)
Purchase of land use rights		**(35,430)**	(64,058)
Purchase of available-for-sale financial assets		**(789,000)**	(1,480,000)
Acquisition of the subsidiary under non-common control		**(3,970)**	–
Investment in associates	19(b)	**(21,800)**	–
Interest received from available-for-sale financial assets and time deposits		**11,974**	7,113
Decrease in time deposits		**156,825**	29,287
Proceeds from disposal of property, plant and equipment		**7,972**	3,138
Proceeds from disposal of available-for-sale financial assets		**739,000**	1,609,364
Government grants		**34,683**	12,601
Disposal of financial assets at fair value through profit or loss		**(3,856)**	17,543
Proceeds from disposal of an associate	19(b)	**1,757,593**	–
Financing provided to Build-Transfer contract counterparty	22(ii)	**(650,000)**	(109,700)
Receiving payment of financing provided to Build-Transfer contract counterparty	22(ii)	**250,000**	–
Dividends received		**2,352**	1,887
Net cash generated from/(used in) investing activities		**1,031,137**	(278,373)

	Note	Year ended 31 December 2013 RMB'000	2012 RMB'000 (Restated)
Cash flows from financing activities			
Capital contributions made by non-controlling interest		**45,726**	–
Proceeds from Listing		**–**	1,164,097
Payment of fees relating to Listing		**–**	(83,280)
Borrowings received from banks		**5,508,667**	3,165,920
Repayments of borrowings from banks		**(3,004,721)**	(2,085,126)
Borrowings received from related party	34(iv)	**960,000**	–
Repayment of borrowings received from related party	34(iv)	**(460,000)**	–
Repayment of working capital received from related parties		**–**	(134,346)
Working capital received from employees		**–**	101,183
Repayment of working capital received from employees		**–**	(101,183)
Payment in advance received from Build-Transfer Contract counterparty	35(i)	**–**	280,000
Dividends paid to shareholders of the Company		**(532,632)**	(15,291)
Dividends paid to non-controlling interests		**–**	(10,143)
Interest paid		**(175,858)**	(108,815)
Issuing of short-term bonds	34(iii)	**2,500,000**	–
Net cash generated from financing activities		**4,841,182**	2,173,016
Net increase in cash and cash equivalents		**3,705,222**	609,133
Cash and cash equivalents at beginning of year		**2,759,653**	2,154,465
Exchange losses on cash and cash equivalents		**(8,717)**	(3,945)
Cash and cash equivalents at end of year		**6,456,158**	2,759,653

The notes on pages 86 to 235 are an integral part of these consolidated financial statements.

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. (中鋁國際工程有限責任公司) 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.

These financial statements are presented in Renminbi ("RMB"), unless otherwise stated.

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 and design consultation business (the "Core Business") of Chinalco and its subsidiaries (collectively, the "Chinalco Group") in preparation for the Listing of the Company's shares on the Main Board of the Stock Exchange (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.

All English names represent the best effort by the Directors in translating the Chinese names, as they do not have any official English names, and are for reference only.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation and changes in accounting policy and disclosures

Basis of preparation

The consolidated financial statements set out in this report have been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB").

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, and financial assets and financial liabilities at fair value through profit or loss, which are carried at fair value, and certain property, plant and equipment, investment properties, land use rights and intangible assets, which are carried at deemed cost.

Pursuant to relevant PRC laws and regulations and as part of the Reorganisation, property, plant and equipment, investment properties, land use rights and other intangible assets of certain subsidiaries were revalued on 31 March 2011 by the independent qualified valuer, Beijing Zhongfeng Assets Evaluation Co., Ltd. (北京中鋒資產評估有限責任公司) and approved by relevant government authorities upon the completion of the Reorganisation on 31 March 2011. The Amendment to IFRS 1 allows first-time adopters to use an event-driven fair value as deemed cost for assets and liabilities, even if the event occurs after the date of transition to IFRS, but before the first set of IFRS financial statements are issued. The Group has elected the exemption granted under the Amendment to IFRS 1 in applying such values as the deemed cost in its first IFRS financial statements.

The preparation of consolidated financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies of the Group. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4 below.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation and changes in accounting policy and disclosures (continued)

Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

The following standards have been adopted by the Group for the first time for the financial year beginning 1 January 2013:

- Amendment to IAS 1, 'Financial statement presentation' regarding other comprehensive income. The main change resulting from the amendment is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). However, adoption of this standard has no material impact to the Group's financial statements.

- IAS 19, 'Employee benefits' was revised in June 2011. The revised standard had eliminated the corridor approach and all of the actuarial gain or loss to be recognised immediately in other comprehensive income. The Group has applied the revised standard retrospectively in accordance with the transition provisions of this revised standard. See note 46 for the impact on the consolidated financial statements.

- Amendment to IFRS 7, 'Financial instruments: Disclosures', on asset and liability offsetting. The amendments require new disclosure requirements which focus on quantitative information about recognised financial instruments that are offset in the statement of financial position, as well as those recognised financial instruments that are subject to master netting or similar arrangements irrespective of whether they are offset. However, adoption of this standard has no material impact to the Group's financial statements.

- IFRS 10, 'Consolidated financial statements' builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. However, adoption of this standard has no material impact to the Group's financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation and changes in accounting policy and disclosures (continued)

Changes in accounting policy and disclosures (continued)

(a) New and amended standards adopted by the Group (continued)

- IFRS 11, 'Joint arrangements' focuses on the rights and obligations of the parties to the arrangement rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. A joint operator accounts for its share of the assets, liabilities, revenue and expenses. Joint ventures arise where the investors have rights to the net assets of the arrangement; joint ventures are accounted for under the equity method. Proportional consolidation of joint arrangements is no longer permitted. However, adoption of this standard has no material impact to the Group's financial statements.

- IFRS 12, 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles. However, adoption of this standard has no material impact to the Group's financial statements.

- IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. However, adoption of this standard has no material impact to the Group's financial statements.

- Amendments to IAS 36, 'Impairment of assets', on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of CGUs which had been included in IAS 36 by the issue of IFRS 13. The amendment is not mandatory for the Group until 1 January 2014, however the Group has decided to early adopt the amendment as of 1 January 2013. However, adoption of this standard has no material impact to the Group's financial statements.

- IAS 27 (revised 2011) 'Seperate financial statements' include the provision on separate financial statements that are left after the control provision of IAS 27 have been included in the new IFRS 10, and is effective for the annual periods beginning on or after 1 January 2013.

- IAS 28 (revised 2011) 'Investments in associates and joint ventures' include the requirement for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11 and is effective for annual periods beginning on or after 1 January 2013.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation and changes in accounting policy and disclosures (continued)

Changes in accounting policy and disclosures (continued)

(b) New standard and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual period beginning after 1 January 2013, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant matter on the consolidated financial statements of the Group except the following set out below:

- IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Group is yet to assess IFRS 9's fill impact. The Group will also consider the impact of the remaining phases of IFRS 9 when completed by the Board.

- IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to pay a levy and when should a liability be recognised. The Group is not currently subjected to significant levies so the impact on the Group is not material.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

2.2 Subsidiaries

Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Subsidiaries (continued)

Consolidation (continued)

(a) Business combinations

The transfer/acquisition of equity interests in subsidiaries, which are regarded as common control combinations are accounted for in a manner similar to a uniting of interests. Assets and liabilities are transferred at book value, adjusted only to harmonise accounting policies, and no goodwill arises. Any difference between the consideration given and the aggregate book value of the assets and liabilities acquired (as of the date of the transaction) is included in equity. The financial statements incorporate the acquired entity's results as if both entities (acquirer and acquiree) had always been combined. Consequently, the financial statements reflect both entities' full year's results, even though the business combination may have occurred part of the way through the year. In addition, the corresponding amounts for the previous year also reflect the combined results of both entities, even though the transaction did not occur until the current year.

The acquisition method of accounting is used to account for business combinations other than common control combinations by the Group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of comprehensive income (Note 2.10).

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Subsidiaries (continued)

Consolidation (continued)

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions – that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying value for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Separate financial statements

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Associates

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition (Note 2.10).

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit of investments accounted for using equity method' in the income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associates are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gains or losses on dilution of equity interest in associates are recognised in the consolidated statement of comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Joint arrangements

The Group has applied IFRS 11 to all joint arrangements as of 1 January 2012. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group. The change in accounting policy has been applied as from 1 January 2013 and no material impact to the Group's consolidated financial statements.

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors and certain senior management (including Chief Financial Operator) (together referred to as the "Senior Management") that makes strategic decisions.

2.6 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the entities within the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Renminbi ("RMB"), which is the Company's functional currency and the Group's presentation currency.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Foreign currency translation (continued)

(b) Transactions and balances

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

All foreign exchange gains and losses are presented in the consolidated statements of comprehensive income within “other (losses)/gains – net”.

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

ii. income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

iii. all resulting exchange differences are recognised in other comprehensive income.

2.7 Property, plant and equipment

Property, plant and equipment, apart from construction-in-progress (“CIP”), are stated at historical cost less accumulated depreciation and accumulated impairment loss except for certain property, plant and equipment, which are stated at deemed cost less accumulated depreciation and accumulated impairment loss. Historical cost includes expenditures that are directly attributable to the acquisition of the items, including the purchase price, import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7 Property, plant and equipment (continued)

Subsequent costs are included in the asset's carrying amount or recognised as separate assets, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

Buildings and other facilities	
– Buildings	8–45 years
– Temporary used facilities	2–3 years
Equipment plant and machinery	8–20 years
Transportation equipment	5–14 years
Furniture, office and other equipment	4–10 years

CIP represents buildings and plant under construction and is stated at cost. Cost includes costs of construction of buildings, cost of plant and other direct costs. No provision for depreciation is made on CIP until the relevant assets are completed and ready for intended use. When the assets concerned are brought into use, the costs are transferred to the relevant asset categories and depreciated in accordance with the policy as stated above.

The assets' residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.11).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other gains – net' in the consolidated statement of comprehensive income.

2.8 Land use rights

Land use rights represent upfront prepayments made for the land use rights at historical cost, except for certain land use right stated at deemed cost, and are expensed in the statement of comprehensive income on a straight-line basis over the terms of the leases. Whenever there is impairment, the impairment is recognised in the consolidated statement of comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Investment properties

Property that is held for long-term yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property. Investment properties are stated at cost including related transaction costs, less accumulated depreciation and impairment losses except for certain investment property stated at deemed cost. Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the consolidated statement of comprehensive income during the financial period in which they are incurred.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment. Property that is being constructed or developed for future use as investment property is stated at cost until construction or development is completed, at which time it is reclassified and subsequently accounted for as investment property.

Depreciation is calculated using the straight-line method to amortise and write off the cost of the asset over a period ranging from 20 to 40 years.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount, and are recognised in the consolidated statement of comprehensive income.

Rental income from investment property is recognised in the consolidated statement of comprehensive income on a straight-line basis over the term of the lease.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(b) Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Intangible assets (continued)

(b) Computer software (continued)

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed 10 years.

(c) Trademarks and licences

Separately acquired trademarks and licences are shown at historical cost except for certain patent and proprietary technologies stated at deemed cost. Trademarks and licences acquired in a business combination are recognised at fair value at the acquisition date. Trademarks and licences have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licences over their estimated useful lives of 5 to 10 years.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 4 to 6 years.

2.11 Impairment of non-financial assets

Assets that have an indefinite useful life – for example, goodwill or intangible assets not ready to use – are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.12 Financial assets

(a) Classification

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date, which are classified as non-current assets. The Group's loans and receivables primarily include 'Trade and notes receivables', 'other receivable', 'Restricted cash', 'Time deposits' and 'Cash and cash equivalents' in the balance sheet.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months after the balance sheet date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.12 Financial assets (continued)

(b) Recognition and measurement

Regular purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the consolidated statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'Financial assets at fair value through profit or loss' category are presented in the consolidated statements of comprehensive income within 'Other (losses)/gains – net' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the consolidated statements of comprehensive income as part of other income when the Group's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the consolidated statements of comprehensive income.

Interest on available-for-sale securities calculated using the effective interest method is recognised in consolidated statements of comprehensive income as part of other income. Dividends on available-for-sale equity instruments are recognised in the consolidated statements of comprehensive income as part of other income when the group's right to receive payments is established.

(c) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.13 Impairment of financial assets

(a) Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in consolidated statements of comprehensive income. If a loan or held – to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statements of comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.13 Impairment of financial assets (continued)

(b) Assets classified as available-for-sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the Group uses the criteria referred to in (a) above. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in the consolidated statements of comprehensive income on equity instruments are not reversed through the consolidated statements of comprehensive income. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated statements of comprehensive income.

2.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Inventories are expensed to relevant operating expenses when used, sold or capitalised to property, plant and equipment when installed, as appropriate, using moving weighted average method. The cost of finished goods and work-in-progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses.

2.15 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.16 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. In the consolidated and company balance sheet, bank overdrafts are shown within borrowings in current liabilities.

2.17 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.18 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has contractual or an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.19 Payables

Payables primarily include accounts payable and accrued liabilities, and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Employee benefits

The Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans and post-employment medical plans.

Pension obligations

The full-time employees of the Group in the PRC are covered by various government-sponsored pension plans under which the employees are entitled to a monthly pension based on certain formulas. The relevant government agencies are responsible for the pension liability to these retired employees. The Group contributes on a monthly basis to these pension plans. Under these plans, the Group has no obligation for post-retirement benefits beyond the contributions made. Contributions to these plans are expensed as incurred.

The Group also provides supplementary pension subsidies to certain employees 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 liability recognised in the consolidated balance sheets in respect of these defined benefit plans is the present value of the defined benefit obligation at the balance sheet date, together with adjustments for past service costs. The defined benefit obligation is calculated annually by independent qualified actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government securities, which have maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in the consolidated statement of comprehensive income.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Employee benefits (continued)

Other post-employment obligations

Some group companies provide post-retirement healthcare benefits to their retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

Termination and early retirement benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

Housing benefits

The Group contributes to the state-prescribed housing fund. Such costs are charged to the consolidated statement of comprehensive income as incurred. Apart from those described above, the Group does not have other legal or constructive obligations over such benefits.

Bonus entitlements

The expected cost of bonus payments is recognised as a liability when the Group has a present contractual or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for bonus are expected to be settled within twelve months and are measured at the amounts expected to be paid when they are settled.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.21 Share-based payments

The Group entered into cash-settled share-based payment transaction with certain directors, senior management officers and other employees, under which the entity receive service from employees as consideration for share appreciation rights ("SAR") granted by the Company.

The SAR granted by the Company to the employees of the subsidiary undertakings in the Group is treated as a cash-settled share-based payments transaction among group entities, recognised at the fair value of the liability incurred and is expensed over the vesting period. The liability is re-measured at each end of the reporting period to its fair value, with all changes recognised immediately in the consolidated statements of comprehensive income.

2.22 Taxation

Current and deferred income tax

The tax expense for the period comprises current and deferred income tax. Income tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the income tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business consolidation that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.22 Taxation (continued)

Current and deferred income tax (continued)

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and deferred income tax liabilities are offset when meeting all the conditions below:

- The Group has the legally enforceable right to settle current income tax assets and current income tax liabilities; and

- The deferred income tax assets and liabilities relate to income tax levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Value-added taxation ("VAT")

Sales of goods of the Group and its modern service business such as design are subjected to VAT. VAT payable is determined by applying applicable tax rate on the taxable revenue arising from sales of goods and service after offsetting deductible input VAT of the period.

Business tax

After the deduction of sub-contracting income, revenue resulting from providing design and construction services is subject to business tax at 3% of gross service income.

2.23 Contingencies

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of the obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the financial statements unless the probability of outflow of resources embodying economic benefits is remote. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

A contingent asset is not recognised in the financial statements unless virtually certain but disclosed when an inflow of economic benefits is probable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.24 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.25 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the consolidated statement of comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the consolidated statement of comprehensive income on a straight-line basis over the expected lives of the related assets.

2.26 Contract work

Contract costs are recognised as expense in the period in which they are incurred. When the outcome of a contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. When the outcome of a contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.26 Contract work (continued)

The Group uses the "percentage of completion method" to determine the appropriate amount of profit to be recognised in a given period. The stage of completion is measured by reference to the contract costs incurred up to the balance sheet date as a percentage of total estimated costs for each contract. Costs incurred in the year/period in connection with the future activity of a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories or prepayments, depending on their nature.

Contract work-in-progress is valued at the cost of the work done, plus the expected profit upon completion of the project in proportion to the progress made and less progress billings and provisions. Provisions are recognised for expected losses on contract work-in-progress, as soon as they are foreseen, and deducted from the cost. The cost includes direct project costs, consisting of direct payroll costs, materials, costs of subcontracted work, borrowing costs directly attributable to the relevant contracts, rental charges, maintenance costs for the equipment used and other direct costs.

Profits are not recognised unless a reliable estimate can be made of the result on completion of the project. The balance of the value of contract work-in-progress and progress billings is determined on a project-to-project basis. For projects where the progress billings exceed the value of contract work-in-progress, the balance is recognised under current liabilities instead of under current assets. The respective balance sheet items are "amounts due to customers for contract work" and "amounts due from customers for contract work". When the Group issues the progress billings, trade receivables will be recognised or the balance of advance from customers will be reduced accordingly, and there will be a corresponding decrease in the amount due from customers for contract work or increase in the amount due to customers for contract work.

2.27 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the construction contracts and sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.27 Revenue recognition (continued)

Revenue from construction and service contracts

When the outcome of a contract can be estimated reliably, revenue from construction and service contracts is recognised under the percentage of completion method and is measured mainly by reference to the contract costs incurred up to the balance sheet date as a percentage of total estimated costs for each contract. When the outcome of a contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable and such contract costs is recognised as an expense in the period in which they are incurred.

Variation in contract work, claims and incentive payments are included in the contract revenue to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

If circumstances arise that may change the original estimates of revenues, costs or extent of progress toward completion, estimates are revised. These revisions may result in increases or decreases in estimated revenues or costs and are reflected in the consolidated statement of comprehensive income in the period in which the circumstances that give rise to the revision become known by management.

Services rendered

Revenue for services rendered mainly includes technique development, design, consultation and supervision is recognised when services are rendered and when it is probable that the economic benefits associated with the transaction will flow to the entity.

Sales of products

Sales of products are recognised when significant risks and rewards of ownership of the goods are transferred to the customers, and the customer has accepted the products and collectability of the related receivables is reasonably assured.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a loan and receivable are impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.28 Research and development

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the following criteria are fulfilled:

(i) it is technically feasible to complete the intangible asset so that it will be available for use or sale;

(ii) management intends to complete the intangible asset and use or sell it;

(iii) there is an ability to use or sell the intangible asset;

(iv) it can be demonstrated how the intangible asset will generate probable future economic benefits;

(v) adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and

(vi) the expenditure attributable to the intangible asset during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life.

2.29 Dividend distribution

Dividend distribution to the Group's equity owners is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Group's equity owners.

2.30 Financial guarantee contract

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it occurs because of a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract is recognised initially at fair value, and subsequently measured (unless they are designated at fair value through profit or loss) at higher of (i) the amount determined in accordance with IFRS 37, "Provision, contingent liabilities and contingent assets", and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised over the life of the guarantee on a straight-line basis.

3. FINANCIAL RISK MANAGEMENT

The Group works out general principles for overall risk management, including management of financial risks, as well as management policies covering specific areas. In considering the importance of risks, the Group identifies and evaluates risks at head office and individual subsidiary level, and requires analysis and proper communication for the information collected periodically.

3.1 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 overall risk management program of the Group focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on financial performance of the Group.

(a) Market risk

Foreign exchange risk

The functional currency of the entities within the Group is RMB and most of the transactions are settled in RMB.

The Group carries out operations outside the PRC where transactions are usually denominated in the United States Dollars ("USD") which are translated into RMB at the prevailing exchange rates on the dates of the transactions.

The Group is exposed to currency risk primarily through provision of engineering contracting services, which give rise to receivables and payables, borrowings and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currency that gives rise to this risk is primarily in USD as at 31 December 2013 and 2012.

On the other hand, 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 foreign exchange control system may prevent the Group from satisfying sufficient foreign currency demands.

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

Foreign exchange risk (continued)

The following table details the Group's exposure at the balance sheet date to currency risk arising from recognised assets or liabilities denominated in a currency other than RMB to which they relate.

	At 31 December			
	2013		2012	
	USD RMB'000	**Others RMB'000**	USD RMB'000	Others RMB'000
Cash and cash equivalent, restricted cash and time deposit	**43,990**	**173,425**	23,095	682,975
Trade receivables	**373,805**	**–**	715,276	46,288
Borrowings (Note 34)	**(1,296,412)**	**–**	(44,491)	–
Trade and other payables	**(951,837)**	**(25,425)**	(1,642,373)	(262,730)
Net exposure in RMB	**(1,830,454)**	**148,000**	(948,493)	466,533

A 5% strengthening of RMB against the USD as at 31 December 2013 and 2012 would have increased/(decreased) the net profit by the amounts shown below:

	At 31 December	
	2013 RMB'000	2012 RMB'000
Net profit change	**68,642**	35,568

A 5% weakening of RMB against USD as at 31 December 2013 and 2012 would have had the equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remain constant.

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

Foreign exchange risk (continued)

The Group has set up a policy to manage their foreign exchange risk against their functional currency. The Group enters into foreign currency forward contracts in order to reduce the exposure to USD. Taking into consideration of the foreign currency forward contracts, a 5% strengthening of RMB against USD as at 31 December 2013 and 2012 would have increased the net profit by the amounts shown below:

	At 31 December	
	2013	2012
	RMB'000	RMB'000
Net profit change	**68,642**	35,879

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual balance sheet date. The analysis is performed on the same basis for the years ended 31 December 2013 and 2012.

Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates as the Group has no significant interest-bearing assets and borrowings. As at 31 December 2013 and 2012, the Group's borrowings approximately RMB680 million and RMB2,384 million, respectively, were at floating rates. The interest rates and terms of repayment of the Group's borrowings are disclosed in Note 34.

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

Price risk

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

The following table details the Group's sensitivity to a 5% increase and 5% decrease in equity securities price on the available-for-sale financial assets or financial assets at fair value through profit or loss at each balance sheet date while all other variables were held constant. Management has used 5% to illustrate the equity price risk as the fluctuation in equity securities price is unpredictable.

	As at 31 December	
	2013	2012
Change in equity securities price	**5%**	5%

	For the year ended 31 December	
	2013 RMB'000	2012 RMB'000
Impact on equity		
Increase/(decrease) in equity for the year		
– as a result of increase in equity securities price	**7,910**	6,899
– as a result of decrease in equity securities price	**(7,910)**	(6,899)

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (continued)

(b) Credit risk

The Group'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 Group's time deposits, cash and cash equivalents are mainly deposited in the state owned/controlled banks, which the Directors have assessed the credit risk to be insignificant.

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 require collaterals from the proprietors of the Build-Transfer ("BT") contracts to minimise the credit risk involved in these contracts where the Group is would normally undertake the financing of the project. With regard to overseas companies of inadequate creditworthiness, the Group usually demands a payment in advance from the proprietors. Regarding balances with related parties, the Group assesses the credibility of the related parties by reviewing the operating results and gearing ratios periodically. The directors consider the Group does not have a significant concentration of credit risk.

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. The carrying amounts of trade receivables, showing separately those receivables that are past due or impaired, are disclosed in Note 21.

(c) Liquidity risk

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

Management monitors the cash flow forecasts of the Group, which comprises the undrawn borrowing facility (Note 34), and cash and cash equivalents available as at each month end in meeting its liabilities.

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

The table below analyses the Group's non-derivative financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period from the balance sheet dates to the contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Within 1 year RMB'000	1-2 years RMB'000	2-5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At 31 December 2012					
Borrowings (Note 34)	2,272,554	141,038	63,258	–	2,476,850
Trade and other payables (excluding non-financial liabilities)	6,784,705	343,841	–	–	7,128,546
Dividends payable (Note 37)	53,080	–	–	–	53,080
	9,110,339	484,879	63,258	–	9,658,476

	Within 1 year RMB'000	**1-2 years RMB'000**	**2-5 years RMB'000**	**Over 5 years RMB'000**	**Total RMB'000**
At 31 December 2013					
Borrowings (Note 34)	**7,857,077**	**329,195**	**–**	**–**	**8,186,272**
Trade and other payables (excluding non-financial liabilities)	**9,401,393**	**239,444**	**–**	**–**	**9,640,837**
Dividends payable (Note 37)	**57,240**	**–**	**–**	**–**	**57,240**
	17,315,710	**568,639**	**–**	**–**	**17,884,349**

3. FINANCIAL RISK MANAGEMENT (Continued)

3.2 Capital risk management

The objectives of the Group when managing capital are to safeguard the ability of the Group in continuing as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debts.

The Group monitors their 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 borrowings, other non-current liabilities, trade and other payables, as shown in the consolidated balance sheets) less restricted cash, time deposits and cash and cash equivalents. Total capital is calculated as equity, as shown in the consolidated balance sheets, plus net debts less non-controlling interest. The Group aims to maintain the gearing ratio to be within 60-90%.

	As at 31 December	
	2013 **RMB'000**	2012 RMB'000 (Restated)
Total borrowings and other liabilities	**19,915,266**	13,365,302
Less: Restricted cash, time deposits and cash and cash equivalents	**(6,737,316)**	(3,233,763)
Net debt	**13,177,950**	10,131,539
Total equity	**6,371,856**	5,073,700
Total capital	**19,549,806**	15,205,239
Gearing ratio	**67%**	67%

3. FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation

The Company discloses fair value measurements of financial instruments by level of the following fair value measurement hierarchy:

- 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).

The carrying amounts of the Group's financial assets and liabilities including restricted cash, time deposits, cash and cash equivalents, trade and other receivables, trade and other payables and borrowings and loans approximate their fair values due to their short maturities.

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

	As at 31 December	
	2013 **RMB'000**	2012 RMB'000 (Restated)
Level 1		
Available-for-sale financial assets		
Listed equity securities	**209,069**	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)
	209,069	180,059

3. FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (continued)

(a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the quoted prices from an exchange. These instruments are included in level 1. Instruments included equity investments in Zhuzhou Tianqiao Crane Co., Ltd. and Aluminum Corporation of China Limited, which are classified as available-for-sale.

The unlisted equity securities are carried at cost less impairment as these investments do not have a quoted market price and range of reasonable fair value estimate is so significant that the directors of the Company are of the opinion that their fair value cannot be measured reliably.

(b) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT

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

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

4.1 Construction contracts

Revenue from individual contracts is recognised under the percentage of completion method, which requires estimations, by management. Anticipated losses are fully provided on contracts when identified. Because of the nature of the activity undertaken in construction and engineering businesses, the date at which the contract activity is entered into and the date when the activity is completed usually fall into different accounting periods. The Group reviews and revises the estimates of both contract revenue and contract costs (including material costs) in the budget prepared for each contract as the contract progresses. Management regularly reviews the progress of the contracts and the corresponding costs of the contract. If circumstances arise that may change the original estimates of revenues, costs or extent of progress toward completion, estimates are revised. These revisions may result in increases or decreases in estimated revenues or costs and are reflected in the consolidated income statements in the period in which the circumstances that give rise to the revision become known by management.

4.2 Useful lives of property, plant and equipment

The Group determines the estimated useful lives and related depreciation charges for the Group's property, plant and equipment. This estimate is based on projected wear and tear incurred during the useful life of property, plant and equipment. This could change significantly as a result of technical renovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives or residual values vary with previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

4.3 Provision for impairment of trade receivables

The Group determines the provision for impairment of trade receivables. This estimate is based on the credit history of the customers and the current market condition. Management reassesses the adequacy of provision on a regular basis by reviewing the individual account based on past credit history and any prior knowledge of debtor insolvency or other credit risk which might not be easily accessible public information and market volatility might bear a significant impact which might not be easily ascertained.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT (Continued)

4.4 Current taxation and deferred taxation

The Group pays income tax in various regions. There are various uncertainties on the ultimate income tax treatments for many transactions and events arising from normal operating activities, overall assets transfers and corporate restructuring. The Group has to make critical accounting judgments when calculating income tax expense in different regions. In the event that the finalised amounts recognised for such tax events are different from those originally recorded, this could result in material adjustments to income tax expense and deferred income tax.

The estimates of deferred income tax assets require estimates over future taxable profit and corresponding applicable income tax rates of respective years. The change in future income tax rates and timing would affect income tax expense or benefit, as well as deferred income tax balance. The realisation of deferred income tax assets also depends on the realisation of sufficient profitability (taxable profit) of the Group. Deviation of future profitability from the estimate could result in material adjustments to the carrying amount of deferred income tax assets. Deferred tax assets relating to certain temporary differences and tax losses are recognised as management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred tax assets and taxation in the periods in which such estimates are changed.

4.5 Pension obligations

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for provisions include the discount rate, the average life expectancy of residents in the PRC, the average medical expense increase rate, the cost of living adjustment (COLA) for beneficiaries and the medical costs paid to early retirees are assumed to continue until the death of the retirees. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year/period. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of government securities, which have maturity approximating to the terms of the related pension liability.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 33.

4.6 Tax matters pursuant to the Reorganisation

In connection with the Reorganisation, the Company transferred the Excluded Operations which are unrelated to the Core Business and the Excluded Assets and Liabilities which are related to the Core Business to Chinalco Group. The Group determines that the tax obligation of the above reorganisation transaction remained uncertain and as such, the Group did not provide for the tax obligation. In the event that tax obligation arose from the reorganisation transaction which could result in material adjustments to income tax expense, Chinalco has provided a guarantee to the Company that Chinalco will bear all such taxes.

5. REVENUE AND SEGMENT INFORMATION

(a) Revenue

The Group's revenue is set out below:

	Year ended 31 December	
	2013 **RMB'000**	2012 RMB'000 (Restated)
Engineering design and consultancy	**1,865,378**	2,032,290
Engineering and construction contracting	**15,765,461**	13,540,306
Equipment manufacturing	**513,913**	893,376
	18,144,752	16,465,972

(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, trade and notes receivables, prepayments and other receivables, restricted cash, time deposits and cash and cash equivalents. Unallocated assets comprise deferred income tax assets and current income tax prepayments.

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 15), land use rights (Note 16), investment properties (Note 17), intangible assets (Note 18) and other non-current assets, including additions resulting from acquisitions through business combinations.

5. 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) As at and for the year ended 31 December 2013:

The segment results for the year ended 31 December 2013 are as follows:

	Engineering design and consultancy RMB'000	Engineering and construction contracting RMB'000	Equipment manufacturing RMB'000	Inter-segment elimination RMB'000	Total RMB'000
Segment revenue and results					
Segment revenue	2,021,515	15,787,885	933,890	(598,538)	18,144,752
Inter-segment revenue	(156,137)	(22,424)	(419,977)	598,538	–
Revenue	1,865,378	15,765,461	513,913	–	18,144,752
Segment result	323,293	365,636	30,343	(27,145)	692,127
Gains on disposal of an associate	–	1,711,734	–	–	1,711,734
Finance income	9,706	124,256	873	(2,545)	132,290
Finance expenses	(52,630)	(192,458)	(8,668)	2,518	(251,238)
Share of losses of associates	–	(2,071)	–	–	(2,071)
Profit before taxation	280,369	2,007,097	22,548	(27,172)	2,282,842
Income tax expense					(581,083)
Profit for the year					1,701,759
Other segment items					
Amortisation	37,537	16,119	4,269	–	57,925
Depreciation	53,338	56,645	14,521	–	124,504
Provision for/(reversal of)					
– foreseeable losses on construction contracts	–	(729)	–	–	(729)
– provision of inventories	–	13,674	–	–	13,674
– impairment on trade and other receivables	14,938	94,720	13,877	–	123,535

5. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment information (continued)

(i) As at and for the year ended 31 December 2013 (continued):

The segment assets and liabilities as at 31 December 2013 and capital expenditure for the year then ended are as follows:

	Engineering design and consultancy RMB'000	Engineering and construction contracting RMB'000	Equipment manufacturing RMB'000	Inter-segment elimination RMB'000	Total RMB'000
Assets					
Segment assets	4,344,734	25,781,565	1,851,939	(4,109,458)	27,868,780
Unallocated assets					
– Deferred income tax assets					300,887
– Current income tax prepayments					36,690
Total assets					28,206,357
Liabilities					
Segment liabilities	2,429,682	18,677,358	1,332,620	(1,287,194)	21,152,466
Unallocated liabilities					
– Deferred income tax liabilities					11,635
– Current income tax liabilities					501,010
Total liabilities					21,665,111
Capital expenditure	32,378	124,015	163,653	(2,448)	317,598

5. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment information (continued)

(ii) As at and for the year ended 31 December 2012:

The segment results for the year ended 31 December 2012 are as follows:

	Engineering design and consultancy RMB'000 (Restated)	Engineering and construction contracting RMB'000 (Restated)	Equipment manufacturing RMB'000 (Restated)	Inter-segment elimination RMB'000 (Restated)	Total RMB'000 (Restated)
Segment revenue and results					
Segment revenue	2,140,445	13,569,084	1,024,076	(267,633)	16,465,972
Inter-segment revenue	(108,155)	(28,778)	(130,700)	267,633	–
Revenue	2,032,290	13,540,306	893,376	–	16,465,972
Segment result	473,561	885,515	106,841	920	1,466,837
Finance income	13,474	79,313	2,314	(479)	94,622
Finance expenses	(32,476)	(119,147)	(15,196)	3,423	(163,396)
Share of loss of associates	–	(2,258)	–	–	(2,258)
Profit before taxation	454,559	843,423	93,959	3,864	1,395,805
Income tax expense					(282,068)
Profit for the year					1,113,737
Other segment items					
Amortisation	37,498	16,359	5,238	(173)	58,922
Depreciation	49,202	59,372	13,209	–	121,783
Provision for					
– foreseeable losses on construction contracts	–	(5,542)	–	–	(5,542)
– impairment on trade and other receivables	4,722	20,258	6,394	–	31,374

5. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment information (continued)

(ii) As at and for the year ended 31 December 2012 (continued):

The segment assets and liabilities as at 31 December 2012 and capital expenditure for the year then ended are as follows:

	Engineering design and consultancy RMB'000 (Restated)	Engineering and construction contracting RMB'000 (Restated)	Equipment manufacturing RMB'000 (Restated)	Inter-segment elimination RMB'000 (Restated)	Total RMB'000 (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 repayments					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
Capital expenditure	69,874	283,188	136,468	(2,458)	487,072

5. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment information (continued)

(iii) Analysis of information by geographical regions

Revenue

	Year ended 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
The PRC	**16,884,353**	14,068,687
Other countries	**1,260,399**	2,397,285
	18,144,752	16,465,972

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

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
The PRC	**4,796,043**	4,074,663
Other countries	**7,147**	12,082
	4,803,190	4,086,745

5. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment information (continued)

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

Total assets

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
The PRC	**27,861,633**	19,792,784
Other countries	**7,147**	12,082
Unallocated assets	**337,577**	316,735
	28,206,357	20,121,601

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

Capital expenditures

	Year ended 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
The PRC	**311,791**	486,476
Other countries	**5,807**	596
	317,598	487,072

(iv) Revenue of approximately RMB2,531 million and RMB2,486 million were derived from one single largest related party and one third party customer for the year ended 31 December 2013 and 2012, respectively. These revenues are attributable to the engineering and construction contracting segment.

6. EXPENSES BY NATURE

	Year ended 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
Raw materials and consumables used	**5,711,488**	4,538,159
Purchased equipment	**2,015,436**	1,938,002
Subcontracting charges	**6,627,713**	5,638,463
Employee benefits	**1,228,752**	1,254,136
Depreciation and amortisation		
– property, plant and equipment	**123,322**	120,600
– investment properties	**1,182**	1,183
– land use rights	**22,169**	19,415
– intangible assets	**35,756**	39,507
Fuel and heating expenditure	**1,540**	22,661
Business tax and other transaction taxes	**365,420**	378,412
Travelling expenses	**191,453**	150,925
Office expenses	**33,180**	28,657
Transportation costs	**5,818**	30,382
Operating lease rentals	**30,813**	39,710
Provision for impairment of assets		
– trade and notes receivables	**116,652**	28,912
– prepayments and other receivables	**12,977**	8,594
– foreseeable losses on construction contracts	**–**	230
– inventories	**13,720**	–
Reversal of provision for impairment of assets		
– trade and notes receivables	**(5,147)**	(4,490)
– prepayments and other receivables	**(947)**	(1,642)
– foreseeable losses of construction contracts	**(729)**	(5,772)
– inventories	**(46)**	–
Research and development costs	**175,106**	163,760
Repairs and maintenance	**14,523**	17,602
Advertising expenditure	**366**	1,256
Insurance expenditure	**3,698**	2,665
Professional and technical consulting fees	**65,171**	121,750
Auditors' remuneration	**7,551**	9,562
Outsourcing charges	**67,136**	26,050
Bank charges	**17,770**	14,720
Business development and entertainment	**60,943**	70,913
Property management fees	**10,082**	14,225
Others	**537,271**	436,125
Total cost of sales, selling and marketing expenses and administrative expenses	**17,490,139**	15,104,672

7. OTHER INCOME

	Year ended 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
Dividend income from available-for-sale financial assets	**2,352**	1,887
Interest from short-term investment	**1,037**	11,240
Write-back of long outstanding payables (i)	**5,730**	–
Government grants (ii)	**30,380**	35,328
Others	**(1,489)**	29,091
	38,010	77,546

Note:

(i) Write-back of long outstanding payables mainly related to amounts payable to vendors, which were no longer in existence or the obligation of settlement had been distinguished by court orders.

(ii) The Group obtained various grants from different government authorities of the PRC, mainly for the purpose of developing new technologies.

8. OTHER (LOSSES)/GAINS – NET

	Year ended 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
Financial assets at fair value through profit or loss (Note 23)	**(28)**	1,492
Net foreign exchange (losses)/gains	**(446)**	31,163
Loss on disposal of property, plant and equipment, intangible assets and land use rights	**(1,140)**	(1,666)
Others	**1,118**	(2,998)
	(496)	27,991

9. FINANCE EXPENSES – NET

	Year ended 31 December	
	2013 **RMB'000**	2012 RMB'000 (Restated)
Interest income on deposits with banks	**52,966**	47,206
Interest income on receivables with interest (Note 21 and Note 22)	**77,704**	47,415
Interest income on deposit in related parties (Note 42(a))	**1,620**	1
Interest expense on bank and other borrowings wholly repayable within five years	**(199,339)**	(110,928)
Interest expense of retirement and other supplemental benefit obligations (Note 33)	**(51,899)**	(52,468)
Net finance expenses recognised in the consolidated statement of comprehensive income	**(118,948)**	(68,774)

10. INCOME TAX EXPENSE

	Year ended 31 December	
	2013 **RMB'000**	2012 RMB'000 (Restated)
Current tax		
PRC enterprise income tax for the year (i)	**620,620**	296,367
Deferred tax		
Origination and reversal of temporary differences (Note 36)	**(39,537)**	(14,299)
Income tax expense	**581,083**	282,068

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; the applicable income tax rate was adjusted to 25% from 33%.

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

Some other subsidiaries of the Company 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 tax bureaus of some provinces, which granted preferential tax rate of 15% for three years.

Except the above subsidiaries taxed at preferential tax rate of 15%, the remaining subsidiaries are subjected to income tax rate of 25% for the year ended 31 December 2013.

10. INCOME TAX EXPENSE (Continued)

The difference between the actual income tax charge in the consolidated statements of comprehensive income and the amounts which would result from applying the enacted tax rate to profit before income tax can be reconciled as follows:

	Year ended 31 December	
	2013 **RMB'000**	2012 RMB'000 (Restated)
Profit before taxation	**2,282,842**	1,395,805
Taxation calculated at the statutory tax rate	**570,711**	348,951
Income tax effects of:		
Preferential income tax treatments of certain companies	**(30,681)**	(75,873)
Non-deductible expenses	**29,081**	19,008
Income not subject to tax	**(4,947)**	(2,154)
Others	**16,919**	(7,864)
Income tax expense	**581,083**	282,068
Effective income tax rate (i)	**25%**	20%

Note:

(i) The increase of effective income tax rate was primarily attributable to the decrease of the profitability of subsidiaries which were granted preferential tax rate comparing with the total profitability of the Group.

11. EARNINGS PER SHARE

(a) Basic

The basic earnings per share for each of the years ended 31 December 2013 and 2012 is calculated based on the profit attributable to the equity owners of the Company and on the weighted average number of ordinary shares issued.

On 6 July 2012, the Company newly issued 363,160,000 ordinary shares at HK$3.93 per share as the result of the Listing. Upon the completion of the Listing, the number of ordinary shares of the Company changes from 2,300,000,000 to 2,663,160,000.

	Year ended 31 December	
	2013 **RMB'000**	2012 RMB'000 (Restated)
Profit attributable to equity owners of the Company (RMB'000)	**1,702,361**	1,072,158
Weighted average number of ordinary shares in issue	**2,663,160,000**	2,476,618,798
Basic earnings per shares (RMB)	**0.64**	0.43

(b) Diluted

As the Company had no dilutive ordinary shares for each of the years ended 31 December 2013 and 2012, dilutive earnings per share for the years ended 31 December 2013 and 2012 are the same as basic earnings per share.

12. DIVIDENDS

Dividends represented dividends declared by the Company during each of the years ended 31 December 2013 and 2012.

	Year ended 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
Final, proposed, of RMB0.13 per ordinary share (2012: RMB0.20)	**346,211**	532,632

2012 final dividend of RMB0.20 per ordinary share, totalling RMB532.632 million was approved by the Company's shareholders in the Annual General Meeting on 8 May 2013.

Pursuant to the board meeting on 13 March 2014, the Directors recommended the payment of the final dividend of RMB0.13 per ordinary share, totaling amounting to approximately RMB346.211 million. Such dividend is to be approved by the shareholders at the Annual General Meeting to be held on 23 May 2014. This recommended dividends has not been reflected as a dividend payable in the financial statements, but will be reflected as an appropriation of the retained earnings for the year ended 31 December 2014.

13. DIRECTORS' AND SUPERVISORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS

(a) Details of directors' and supervisors' emoluments are as follows:

	Year ended 31 December	
	2013	2012
	RMB'000	RMB'000
Directors and supervisors		
– Salaries, housing allowances, other allowances and benefits-in-kind	**1,519**	1,373
– Contributions to pension plans	**254**	132
– Discretionary bonuses	**1,538**	2,541
	3,311	4,046

13. DIRECTORS' AND SUPERVISORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS (Continued)

(a) Details of directors' and supervisors' emoluments are as follows (continued):

The emoluments received by individual directors and supervisors are as follows:

For the year ended 31 December 2013

	Salaries, housing allowances, other allowances and benefits-in-kind RMB'000	Contributions to pension plans RMB'000	Discretionary bonuses RMB'000	Total RMB'000
Directors				
– Mr. Zhang Chengzhong (張程忠) ((i)/(iii))	–	–	–	–
– Mr. He Zhihui (賀志輝)	304	75	450	829
– Mr. Wu Yuewu (吳躍武)	304	66	416	786
– Mr. Zhang Zhankui (張占魁) ((i)/(iii))	–	–	–	–
– Mr. Wang Jun (王軍) (i)	224	64	317	605
– Ms. Ma Xiaoling (馬曉玲) ((i)/(iii)/(iv))	–	–	–	–
– Mr. Zhang Hongguang (張鴻光) (ii)	143	–	–	143
– Mr. Jiang Jianxiang (蔣建湘) (ii)	143	–	–	143
– Mr. Sun Chuanrao (孫傳堯) (ii)	143	–	–	143
Supervisors				
– Mr. Long Chaosheng (龍朝生) ((i)/(vi))	126	15	172	313
– Mr. Ou Xiaowu (歐小武) (iii)	–	–	–	–
– Mr. He Bincong (賀斌聰) (vi)	132	34	183	349
– Mr. Dong Hai (董海) (iii)	–	–	–	–
	1,519	254	1,538	3,311

13. DIRECTORS' AND SUPERVISORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS (Continued)

(a) Details of directors' and supervisors' emoluments are as follows (continued):

For the year ended 31 December 2012

	Salaries, housing allowances, other allowances and benefits-in-kind RMB'000	Contributions to pension plans RMB'000	Discretionary bonuses RMB'000	Total RMB'000
Directors				
– Mr. Zhang Chengzhong (張程忠) ((i)/(iii))	–	–	–	–
– Mr. He Zhihui (賀志輝)	249	33	799	1,081
– Mr. Wu Yuewu (吳躍武)	249	33	495	777
– Mr. Zhang Zhankui (張占魁) ((i)/(iii))	–	–	–	–
– Mr. Wang Jun (王軍) (i)	197	33	448	678
– Ms. Ma Xiaoling (馬曉玲) ((i)/(iii))	–	–	–	–
– Mr. Zhang Hongguang (張鴻光) (ii)	143	–	–	143
– Mr. Jiang Jianxiang (蔣建湘) (ii)	143	–	–	143
– Mr. Sun Chuanrao (孫傳堯) (ii)	143	–	–	143
Supervisors				
– Mr. Long Chaosheng (龍朝生) (i)	249	33	799	1,081
– Mr. Ou Xiaowu (歐小武) (iii)	–	–	–	–
– Mr. Dong Hai (董海) (iii)	–	–	–	–
	1,373	132	2,541	4,046

13. DIRECTORS' AND SUPERVISORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS (Continued)

(a) Details of directors' and supervisors' emoluments are as follows (continued):

Note:

(i) Appointed on 30 June 2011.

(ii) Appointed on 22 December 2011.

(iii) These directors and supervisors receive no emoluments for their services provided to the Group but they however receive emoluments from Chinalco for their services as directors and/or supervisors of Chinalco and a number of subsidiaries of Chinalco. These directors and supervisors consider the amount of emoluments relating to their services provided to the Group for each of the years ended 31 December 2013 and 2012 is minimal.

(iv) Resigned on 9 October 2013.

(v) Bonus paid to the directors and supervisors for the year ended 31 December 2012 related to the bonus for the three years' assessment of performance for the year ended 31 December 2010 to 2012.

(vi) Mr. Long Chaosheng resigned from the supervisor representative and Chairman of the board of supervisors on 15 May 2013. Instead, Mr. He Bincong was appointed to be the supervisor representative and the Chairman of the board of supervisors on 15 May 2013.

During the years ended 31 December 2013 and 2012, no emoluments were paid by the Group to the directors/supervisors as an inducement to join or upon joining the Group or as compensation for loss of office.

(b) Five highest paid individuals

The number of director or supervisor and non-director or supervisor included in the five highest paid individuals for the years ended 31 December 2013 and 2012 are set forth below:

	Year ended 31 December	
	2013	2012
Director or supervisor	**3**	3
Non-director or supervisor	**2**	2
	5	5

13. DIRECTORS' AND SUPERVISORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS (Continued)

(b) Five highest paid individuals (continued)

The aggregate of the emoluments in respect of the remaining highest paid individuals are as follows:

	Year ended 31 December	
	2013 RMB'000	2012 RMB'000
Basic salaries, housing allowances, other allowances and benefits-in-kind	529	445
Contributions to pension plans	133	65
Discretionary bonuses	630	946
	1,292	1,456

The emoluments of the five highest paid individuals who are not director or supervisor are within the following bands:

	Year ended 31 December	
	2013	2012
Nil to HK$1,000,000	2	2

14. EMPLOYMENT BENEFITS

	Year ended 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
Salaries, wages and bonuses	**833,861**	840,380
Retirement benefits (i)	**136,498**	129,125
Early retirement and supplemental pension benefit (Note 33)		
– interest cost	**51,899**	52,468
– past service cost	**(16,373)**	37,362
– current service cost	**898**	1,072
Housing fund (ii)	**85,016**	78,036
Welfare, medical and other expenses	**186,812**	168,161
Share Appreciation Rights granted (Note 32)	**2,040**	–
	1,280,651	1,306,604

Note:

(i) Retirement benefits

The Group is required to make specific contributions to the state-managed retirement plan at a rate of 20% to 22% of the salaries of the PRC employees for the years ended 31 December 2013 and 2012. The PRC government is responsible for the pension liability to the retired employees. The PRC employees of the Group are entitled to a monthly pension upon their retirements.

In addition, the Group has committed to implement a supplemental defined contribution retirement scheme. Under this scheme, the employees of the Group make a specified contribution based on their service duration. The Group is required to make a contribution equal to 2 to 3 times of the staff's. In addition, the Group may at their discretion, provide additional contributions to the retirement fund depending on the operating results of the year. The employees will receive the total contributions and any returns thereon, upon their retirements.

(ii) Housing fund

In accordance with the PRC housing reform regulations, the Group is required to make contributions to the state-managed housing fund at rates 10% to 20% of the specified salaries of the PRC employees. At the same time, the employees are required to make a contribution based on certain percentages. The employees are entitled to claim the entire sum of the fund under certain specified withdrawal circumstances. The Group has no further obligations for housing benefits beyond the contributions made above.

15. PROPERTY, PLANT AND EQUIPMENT

Group

	Buildings and other facilities RMB'000	Equipment, plant and machinery RMB'000	Transportation equipment RMB'000	Furniture, office and other equipment RMB'000	Construction-in-progress RMB'000	Total RMB'000
Year ended 31 December 2012 (Restated)						
Opening net book amount	805,401	286,249	70,137	117,886	49,656	1,329,329
Transfers	17,550	3,150	–	9,594	(30,294)	–
Additions	155,538	52,463	18,293	25,400	121,391	373,085
Depreciation	(33,410)	(43,007)	(18,242)	(25,941)	–	(120,600)
Disposals/write-off	(277)	(3,197)	(1,059)	(270)	–	(4,803)
Closing net book amount	944,802	295,658	69,129	126,669	140,753	1,577,011
At 31 December 2012 (Restated)						
Cost	1,178,994	598,516	161,043	197,217	140,753	2,276,523
Accumulated depreciation	(233,960)	(302,173)	(91,914)	(70,548)	–	(698,595)
Impairment	(232)	(685)	–	–	–	(917)
Net book amount	944,802	295,658	69,129	126,669	140,753	1,577,011
Year ended 31 December 2013						
Opening net book amount	**944,802**	**295,658**	**69,129**	**126,669**	**140,753**	**1,577,011**
Transfers	**123,676**	**–**	**–**	**284**	**(123,960)**	**–**
Attributable to acquisition of subsidiaries	**13,746**	**1,780**	**627**	**215**	**–**	**16,368**
Additions	**–**	**213**	**41,195**	**40,271**	**144,044**	**225,723**
Depreciation	**(3,030)**	**(37,100)**	**(21,654)**	**(61,538)**	**–**	**(123,322)**
Disposals/write-off	**(705)**	**(9,629)**	**(1,547)**	**(1,567)**	**–**	**(13,448)**
Closing net book amount	**1,078,489**	**250,922**	**87,750**	**104,334**	**160,837**	**1,682,332**
At 31 December 2013						
Cost	**1,317,307**	**579,742**	**192,801**	**231,639**	**160,837**	**2,482,326**
Accumulated depreciation	**(238,586)**	**(328,135)**	**(105,051)**	**(127,305)**	**–**	**(799,077)**
Impairment	**(232)**	**(685)**	**–**	**–**	**–**	**(917)**
Net book amount	**1,078,489**	**250,922**	**87,750**	**104,334**	**160,837**	**1,682,332**

Note: As of 31 December 2013, the Group secured certain equipment with net book value amounting to RMB14.50 million for borrowings amounting to RMB10 million (Note 34).

15. PROPERTY, PLANT AND EQUIPMENT (Continued)

Group (continued)

Note: (continued)

Depreciation expense recognised is analysed as follows:

	Year ended 31 December	
	2013 **RMB'000**	2012 RMB'000 (Restated)
Cost of sales	**78,348**	83,838
Selling and marketing expenses	**729**	36,072
Administrative expenses	**44,245**	690
	123,322	120,600

15. PROPERTY, PLANT AND EQUIPMENT (Continued)

Company

	Buildings and other facilities RMB'000	Equipment, plant and machinery RMB'000	Transportati on equipment RMB'000	Furniture, office and other equipment RMB'000	Construction-in-progress RMB'000	Total RMB'000
Year ended 31 December 2012 (Restated)						
Opening net book amount	71,243	2,450	13,440	16,641	1,829	105,603
Transfer	1,405	–	–	–	(1,405)	–
Additions	–	4,599	1,355	5,089	–	11,043
Depreciation	(4,295)	(44)	(3,467)	(7,137)	–	(14,943)
Disposals	(1,125)	–	(16)	(211)	(424)	(1,776)
Closing net book amount	67,228	7,005	11,312	14,382	–	99,927
At 31 December 2012 (Restated)						
Cost	129,630	9,417	26,226	47,457	–	212,730
Accumulated depreciation	(62,402)	(2,412)	(14,914)	(33,075)	–	(112,803)
Net book amount	67,228	7,005	11,312	14,382	–	99,927
Year ended 31 December 2013						
Opening net book amount	**67,228**	**7,005**	**11,312**	**14,382**	**–**	**99,927**
Transfer	**–**	**–**	**–**	**–**	**–**	**–**
Additions	**538**	**–**	**4,890**	**4,952**	**–**	**10,380**
Depreciation	**(2,254)**	**(36)**	**(3,545)**	**(5,837)**	**–**	**(11,672)**
Disposals	**(2,040)**	**(6,918)**	**(2,603)**	**(713)**	**–**	**(12,274)**
Closing net book amount	**63,472**	**51**	**10,054**	**12,784**	**–**	**86,361**
At 31 December 2013						
Cost	**102,990**	**65**	**26,832**	**38,803**	**–**	**168,690**
Accumulated depreciation	**(39,518)**	**(14)**	**(16,778)**	**(26,019)**	**–**	**(82,329)**
Net book amount	**63,472**	**51**	**10,054**	**12,784**	**–**	**86,361**

16. LAND USE RIGHTS

Group

	Year ended 31 December	
	2013 RMB'000	2012 RMB'000 (Restated)
Beginning of the year	**798,030**	713,515
Additions (ii)	**56,710**	103,930
Attributable to acquisition of subsidiaries	**1,666**	–
Amortisation	**(22,169)**	(19,415)
End of the year	**834,237**	798,030

Note:

(i) Land use rights represent prepayments made by the Group for the land use rights located in the PRC, which are held on leases between 10 years to 50 years.

(ii) The additions of land use rights for the years ended 31 December 2013 and 2012 amounting to RMB57 million and 104 million mainly resulted from purchase of the land use rights.

Amortisation of land use rights has been included in cost of sales and administrative expenses in the consolidated statement of comprehensive income as follows:

	Year ended 31 December	
	2013 RMB'000	2012 RMB'000 (Restated)
Administrative expenses	**22,169**	19,415

Company

	Year ended 31 December	
	2013 RMB'000	2012 RMB'000 (Restated)
Beginning of the year	**186,565**	192,699
Amortisation	**(6,134)**	(6,134)
End of the year	**180,431**	186,565

Land use rights represent prepayments made by the Company for the land use rights located in the PRC, which is held on leases for 35 years.

17. INVESTMENT PROPERTIES

Group

	Year ended 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
Beginning of the year	**30,007**	31,190
Depreciation	**(1,182)**	(1,183)
End of the year	**28,825**	30,007
Fair value at end of the year	**85,879**	85,282

Cost method has been adopted as a measurement of investment properties.

An independent professionally qualified valuer Jones Lang LaSalle Corporate Appraisal and Advisory Limited has conducted the fair valuation of investment properties at the end of each of the financial year.

All of the Group's investment properties are located in the PRC and have lease periods of between 10 to 40 years.

The following amounts have been recognised in the consolidated statements of comprehensive income:

	Year ended 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
Rental income	**5,954**	4,706
Depreciation recorded as rental costs	**1,182**	1,183

18. INTANGIBLE ASSETS

Group

	Goodwill RMB'000	Patent RMB'000	Computer software RMB'000	Others RMB'000	Total RMB'000
Year ended 31 December 2012 (Restated)					
Opening net book amount	2,586	211,399	26,050	10,144	250,179
Additions	–	104	9,953	–	10,057
Amortisation	–	(28,734)	(10,758)	(15)	(39,507)
Closing net book amount	2,586	182,769	25,245	10,129	220,729
At 31 December 2012 (Restated)					
Cost	2,586	258,466	73,649	10,386	345,087
Accumulated amortisation	–	(75,697)	(48,404)	(257)	(124,358)
Net book amount	2,586	182,769	25,245	10,129	220,729
Year ended 31 December 2013					
Opening net book amount	2,586	182,769	25,245	10,129	220,729
Additions	–	20,503	10,404	4,259	35,166
Acquisition of subsidiaries (Note 41)	6,664	–	–	–	6,664
Amortisation	–	(28,849)	(6,279)	(628)	(35,756)
Disposals	–	–	(4,473)	(754)	(5,227)
Closing net book amount	9,250	174,423	24,897	13,006	221,576
At 31 December 2013					
Cost	9,250	278,969	79,577	13,891	381,687
Accumulated amortisation	–	(104,546)	(54,680)	(885)	(160,111)
Net book amount	9,250	174,423	24,897	13,006	221,576

18. INTANGIBLE ASSETS (Continued)

Group (continued)

Amortisation expense recognised in the consolidated statements of comprehensive income is analysed as follows:

	Year ended 31 December	
	2013 RMB'000	2012 RMB'000 (Restated)
Administrative expenses	**35,756**	39,507

Company

	Computer software RMB'000	**Others** RMB'000	**Total** RMB'000
Year ended 31 December 2012 (Restated)			
Opening net book amount	13,563	1,310	14,873
Additions	4,976	–	4,976
Amortisation	(4,246)	–	(4,246)
Closing net book amount	14,293	1,310	15,603
At 31 December 2012 (Restated)			
Cost	27,225	1,310	28,535
Accumulated amortisation	(12,932)	–	(12,932)
Net book amount	14,293	1,310	15,603
Year ended 31 December 2013			
Opening net book amount	**14,293**	**1,310**	**15,603**
Additions	**2,452**	**–**	**2,452**
Amortisation	**(3,316)**	**–**	**(3,316)**
Disposals	**(4,473)**	**–**	**(4,473)**
Closing net book amount	**8,956**	**1,310**	**10,266**
At 31 December 2013			
Cost	**25,203**	**1,310**	**26,513**
Accumulated amortisation	**(16,247)**	**–**	**(16,247)**
Net book amount	**8,956**	**1,310**	**10,266**

19. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

(a) Investments in subsidiaries

Company

	Year ended 31 December	
	2013 **RMB'000**	2012 RMB'000 (Restated)
Unlisted investments, at cost (ii)	**2,419,934**	2,229,727

(i) Particulars of the Company's principal subsidiaries are set out in Note 43.

(ii) The increase in the year ended 31 December 2013 is mainly due to further capital injection in certain subsidiaries amounting to RMB227.89 million, as well as some newly set up subsidiaries with capital injection amounting to RMB124.82 million and cancellation of one subsidiary with capital withdrawal amounting to RMB162.50 million.

(iii) Material non-controlling interests

The total non-controlling interest for the year is as at 31 December 2013 is RMB169,390,000 of which RMB81,643,000 is for China Nonferrous Metals Processing Technology Co., Ltd. (中色科技股份有限公司) and RMB40,890,000 is attributed to Shenyang Gina Advanced Materials Co., Ltd. (瀋陽金鈉新材料有限公司). The non-controlling interests in respect of Yunnan Kunye Construction and Development Co., Ltd. (雲南昆冶建設發展有限公司), Guizhou Tongye Construction and Development Co., Ltd. (貴州通冶建設發展有限公司), China Nonferrous Metals Industry's 12th Metallurgical Chongqing Energy Savings Technology Co., Ltd. (中色十二冶金建設重慶節能科技有限公司), China Aluminum Lide Construction (Suzhou) Co., Ltd. (中鋁澧得建築工程(蘇州)有限公司), Guizhou Chenhuida Mining Design Company Limited (貴州晨輝達礦業設計有限公司), Chinalco Huada High-Tech Co., Ltd. (中鋁華大科技股份有限公司), Beijing Huayu Aerospace Control High-Tech Co., Ltd. (北京華宇天控科技有限公司) and Zhuhai Xinfeng Mechanical Electrical Equipment Company Limited (珠海新峰機電設備有限公司) is immaterial.

19. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES (Continued)

(a) Investments in subsidiaries (continued)

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group.

Summarised balance sheet

	China Nonferrous Metals Processing Technology Co., Ltd. (Consolidated)		Shenyang Gina Advanced Materials Co., Ltd.	
	2013 RMB'000	2012 RMB'000	**2013 RMB'000**	2012 RMB'000
Current				
Assets	**872,141**	816,992	**28,999**	30,793
Liabilities	**(932,820)**	(830,441)	**(30,941)**	(5,418)
Total current net (liabilities)/assets	**(60,679)**	(13,449)	**(1,942)**	25,375
Non-current				
Assets	**423,294**	376,216	**91,628**	78,246
Liabilities	**(85,130)**	(67,566)	**(17,310)**	(32,045)
Total non-current net assets	**338,164**	308,650	**74,318**	46,201
Net assets	**277,485**	295,201	**72,376**	71,576

19. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES (Continued)

(a) Investments in subsidiaries (continued)

Summarised statements of comprehensive income

	China Nonferrous Metals Processing Technology Co., Ltd. (Consolidated)		Shenyang Gina Advanced Materials Co., Ltd.	
	2013 RMB'000	2012 RMB'000	**2013 RMB'000**	2012 RMB'000
Revenue	**715,658**	965,743	**30,349**	48,474
(Losses)/Profit before income tax	**(24,802)**	163,202	**830**	3,152
Income tax income/(expense)	**10,658**	(13,857)	**(30)**	(213)
Post-tax (losses)/profit from continuing operations	**(14,144)**	149,345	**800**	2,939
Other comprehensive (expense)/income	**(64)**	1,368	**–**	–
Total comprehensive (expense)/income	**(14,208)**	150,713	**800**	2,939
Total comprehensive (expense)/ income allocated to non-controlling interests	**(168)**	39,384	**336**	1,234
Dividends paid to non-controlling interests	**–**	–	**–**	–

19. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES (Continued)

(a) Investments in subsidiaries (continued)

Summarised cash flows

	China Nonferrous Metals Processing Technology Co., Ltd. (Consolidated)		Shenyang Gina Advanced Materials Co., Ltd.	
	2013 RMB'000	2012 RMB'000	**2013 RMB'000**	2012 RMB'000
Cash flows from operating activities				
Cash (used in)/generated from operations	**(188,023)**	(722)	**14,096**	21,149
Interest received	**918**	1,694	**61**	603
Income tax paid	**(9,488)**	(11,388)	**(84)**	(453)
Net cash (used in)/generated from operating activities	**(196,593)**	(10,416)	**14,073**	21,299
Net cash used in investing activities	**(69,276)**	(84,417)	**(12,859)**	(60,007)
Net cash generated from financing activities	**182,180**	34,380	**944**	20,939
Net (decrease)/increase in cash and cash equivalents	**(83,689)**	(60,453)	**2,158**	(17,769)
Cash, cash equivalents and bank overdrafts at beginning of year	**146,838**	207,291	**4,990**	22,761
Exchange losses on cash and cash equivalents	**–**	–	**–**	(2)
Cash, cash equivalents and bank overdrafts at end of year	**63,149**	146,838	**7,148**	4,990

The information above is the amount before inter-company eliminations.

19. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES (Continued)

(b) Investment in associates accounted for using equity method

The amounts recognised in the balance sheet are as follows:

	Year ended 31 December	
	2013 **RMB'000**	2012 RMB'000 (Restated)
At end of year	**21,801**	47,760

The amounts recognised in the consolidated statement of comprehensive income are as follows:

	For the year ended 31 December	
	2013 **RMB'000**	2012 RMB'000 (Restated)
Share of losses	**2,071**	2,258

Set out below are the associates of the Group as at 31 December 2013, which is, in the opinion of the Directors, are material to the Group. The associates listed below have share capital solely of ordinary shares, which are held indirectly by the Group; the country of the incorporation or registration is also their principle place of business.

19. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES (Continued)

(b) Investment in associates accounted for using equity method (continued)

Nature of investment in associates as at 31 December 2013 and 2012:

Name of entity	Place and date of incorporation/ establishment	Registered and fully paid capital	Effective interest held Indirectly held	Nature of relationship	Measurement method
Shenzhen Hengtong Development Co., Ltd. (深圳恒通實業發展有限公司) (i)	The PRC/ 26 October 1982	115,737	46%	Note 1	Equity
Henan Qianhai Shidai Engergy and Enveriment Technology Co. Ltd. (河南前海時代節能環保科技有限公司)	The PRC/ 16 October 2013	5,000	36%	Note 2	Equity
Xin chengtong Investment Management (Tianjin) Company Limited (鑫城通投資管理(天津)有限公司)	The PRC/ 3 April 2013	50,000	40%	Note 3	Equity

(i) On 27 December 2013, the whole-owned subsidiary of the Group, 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), entered into a sales and purchase agreement with Shenzhen Honglianxing Storage Company Limited (深圳市鴻聯興倉儲有限公司) ("the Purchaser") to dispose the entire 46% equity interest of Shenzhen Hengtong Development Co., Ltd. at a consideration of RMB1,766,666,666 and the assets valuation amount of the entire 46% equity interest of the Shenzhen Hengtong Development Co., Ltd. is RMB679,154,600 with reference to date of July 2013. The Group had received all of the consideration from the Purchaser on 30 December 2013 and the equity transfer certification was issued by the Shanghai United Assets and Equity Exchange (上海聯合產權交易所) on 30 December 2013. The Group gets a net gains amounting to RMB1,711,734,000 from the disposal of this associate.

Note 1: Shenzhen Hengtong Development Co., Ltd. ("Shenzhen Hengtong", 深圳恒通實業發展有限公司) has ever engaged in the manufacture of cement and was a strategic partnership. In 2004, because of the backward technology, this company suspended its operation. In 2013, the Group disposed the 46% equity interest in Shenzhen Hengtong.

Note 2: Henan Qianhai Shidai Engergy and Enveriment Technology Co. Ltd. ("Henan Qianhai", 河南前海時代節能環保科技有限公司) is a strategic partnership in manufacturing of environmental protection equipment.

Note 3: Xinchengtong Investment Management (Tianjin) Company Limited ("Xinchengtong", 鑫城通投資管理(天津)有限公司) is a strategic partnership in providing financing to the construction contract.

19. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES (Continued)

(b) Investment in associates accounted for using equity method (continued)

All if the above entities are private entity and there is no quoted market price available for its shares.

There are no contingent liabilities relating to the Group's interest in associates.

Summarised financial information for associates

Set out below are the summerised financial information for Shenzhen Hengtong, Henan Qianhai and Xinchengtong which are accounted for using the equity method.

Summarised balance sheet

	Shenzhen Hengtong		Henan Qianhai		Xinchengtong		Total	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Current								
Total current assets	-	13,071	5,000	–	4,265	–	9,265	13,071
Total current liabilities	-	(21,607)	-	–	(4,262)	–	(4,262)	(21,607)
Non-current								
Total non-current assets	-	112,363	-	–	200,000	–	200,000	112,363
Total non-current liabilities	-	–	-	–	(150,000)	–	(150,000)	–
Net assets	-	103,827	5,000	–	50,003	–	55,003	103,827

19. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES (Continued)

(b) Investment in associates accounted for using equity method (continued)

Summarised statements of comprehensive income

	Shenzhen Hengtong		Henan Qianhai		Xinchengtong		Total	
	2013 RMB'000	2012 RMB'000	**2013 RMB'000**	2012 RMB'000	**2013 RMB'000**	2012 RMB'000	**2013 RMB'000**	2012 RMB'000
Revenue	**13,080**	14,723	**-**	–	**-**	–	**13,080**	14,723
Post-tax (loss)/profit from continuing operations	**(4,503)**	(4,909)	**-**	–	**3**	–	**(4,500)**	(4,909)
Total comprehensive income	**(4,503)**	(4,909)	**-**	–	**3**	–	**(4,500)**	(4,909)

Reconciliation of summerised financial information

	Shenzhen Hengtong		Henan Qianhai		Xinhengtong		Total	
	2013 RMB'000	2012 RMB'000	**2013 RMB'000**	2012 RMB'000	**2013 RMB'000**	2012 RMB'000	**2013 RMB'000**	2012 RMB'000
Opening net assets 1 January	**103,827**	108,736	**-**	–	**-**	–	**103,827**	108,736
Capital injection	**-**	–	**5,000**	–	**50,000**	–	**55,000**	–
(Loss)/profit for the period	**(4,503)**	(4,909)	**-**	–	**3**	–	**(4,500)**	(4,909)
Other Comprehensive Income	**-**	–	**-**	–	**-**	–	**-**	–
Currency translation differences	**-**	–	**-**	–	**-**	–	**-**	–
Closing net assets	**99,324**	103,827	**5,000**	–	**50,003**	–	**154,327**	103,827
Interest in associates (2012: 46%; 36%; 40% 2013: 0%; 36%; 40%)	**-**	47,760	**1,800**	–	**20,001**	–	**21,801**	47,760
Goodwill	**-**	–	**-**	–	**-**	–	**-**	–
Carrying value	**-**	47,760	**1,800**	–	**20,001**	–	**21,801**	47,760

20. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Group

	At 31 December	
	2013 RMB'000	2012 RMB'000 (Restated)
Beginning of year	192,329	361,349
Additions of short-term investment	749,000	1,480,000
Acquisition of unlisted equity interest	40,000	–
Disposal of unlisted equity interest	(212)	–
Settlement on expiration of short-term investment	(739,000)	(1,609,364)
Net fair value gains/(losses) transferred to equity	27,925	(39,656)
End of year	270,042	192,329
Less: Current portion	(11,000)	(1,000)
Long-term portion of available-for-sale financial assets	259,042	191,329

Available-for-sale financial assets include the following:

	At 31 December	
	2013 RMB'000	2012 RMB'000 (Restated)
Listed securities –		
Equity securities-PRC (i)	209,069	181,145
Unlisted securities –		
Equity securities – PRC	49,973	10,184
Short-term investments (ii)	11,000	1,000
	270,042	192,329
Market value of listed securities	209,069	181,145

(i) As at 31 December 2013 and 2012, the available-for-sale financial assets in listed securities are the 11.79% of the equity interest in Zhuzhou Tianqiao Crane Co., Ltd. (株洲天橋起重機股份有限公司) and the 0.03% of the equity interest in Aluminum Corporation of China Limited.

20. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Continued)

Group (continued)

(ii) The short-term investments were all commercial bank products, which are designated in investing in low risk financial products such as state bonds, time deposits, etc. All of the short-term investments have an annual investment return of 4.41% to 5.8% and 2.15% to 5.5% for the years ended 31 December 2013 and 2012, respectively. As at 31 December 2013, the short-term investments of RMB1 million have no fixed maturity date, which can be sold anytime, and the remaining RMB10 million expired on 7 January 2014.

All available-for-sale financial assets are denominated in RMB.

Company

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
Beginning of year	**161,011**	283,647
Additions of short-term investment	**739,000**	1,480,000
Acquisition of unlisted equity interest	**40,000**	–
Settlement on expiration of short-term investment	**(739,000)**	(1,568,294)
Net fair value gains/(losses) transferred to equity	**35,052**	(34,342)
End of year	**236,063**	161,011
Less: Current portion	**(1,000)**	(1,000)
Long-term portion of available-for-sale financial assets	**235,063**	160,011

20. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Continued)

Company (continued)

Available-for-sale financial assets include the following:

	At 31 December	
	2013 RMB'000	2012 RMB'000 (Restated)
Listed securities –		
Equity securities – PRC (i)	**195,063**	160,011
Unlisted securities –		
Equity securities – PRC	**40,000**	–
Short-term investments (ii)	**1,000**	1,000
	236,063	161,011
Market value of listed securities	**195,063**	160,011

(i) As at 31 December 2013 and 2012, the available-for-sale financial assets in listed securities are the 11.79% of the equity interest in Zhuzhou Tianqiao Crane Co., Ltd. (株洲天橋起重機股份有限公司).

(ii) The short-term investments were all commercial bank products, which are designated in investing in low risk financial products such as state bonds, time deposits, etc. All of the short-term investments have an annual investment return of 4.41% and 2.15% to 5.5% for the years ended 31 December 2013 and 2012, respectively. As at 31 December 2013, the short-term investments held by the Company have no fixed maturity date, which can be sold anytime.

All available-for-sale financial assets are denominated in RMB.

21. TRADE AND NOTES RECEIVABLES

Group

	At 31 December	
	2013 **RMB'000**	2012 RMB'000 (Restated)
Trade and notes receivables		
Trade receivables	**8,752,578**	6,076,251
Less: Provision for impairment	**(328,626)**	(218,068)
Trade receivables-net	**8,423,952**	5,858,183
Notes receivable	**539,726**	556,565
Trade and notes receivables – net	**8,963,678**	6,414,748
Less: Non-current portion (i)	**(1,223,760)**	(1,215,820)
Current trade and notes receivables	**7,739,918**	5,198,928

Note

(i) The non-current portion mainly comprised 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. (都匀工業聚集區資本運營有限公司, "Duyun Company") to construct a road in Duyun, the PRC (Note 35(i)). In accordance with the contract terms, the outstanding receivables will be collected over three years upon the completion of the construction. Most work under this Build-Transfer Contract has been completed as at 31 December 2013 and pending for Duyun Company's final audit of project construction cost. As of 31 December 2013 and 2012, the non-current trade receivables amounted to RMB540.00 million and 550.53 million, respectively, representing receivables from the construction of the road, which would be collected from 2015 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 (see Notes 22(ii) and 35(i)).

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", "Yunnan Yun Aluminum") entered into a construction contract whereby both parties agreed on certain specific repayment terms. 60% 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 receivables would not exceed RMB700 million. As of 31 December 2013 and 2012, the non-current trade receivable amounted to RMB47.30 million and RMB429.10 million, respectively, representing receivable from the construction contract.

On 12 July 2011, the Company and Qinghai Western Electric Power Co., Ltd. ("青海西部水電有限公司", "Western Electric Power") entered into a 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 Bank of China, and the maximum amount of the unpaid receivable would not exceed RMB700 million. As of 31 December 2013 and 2012, the non-current trade receivables amounted to RMB636.446 million and RMB177.14 million, respectively, which would be collected during the years ended 31 December 2015 to 2014.

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

(iii) As of 31 December 2013, the Group pledged trade and notes receivables amounting to RMB67.07 million for borrowings amounting to RMB51.8 million (Note 34).

21. TRADE AND NOTES RECEIVABLES (Continued)

Company

	At 31 December	
	2013 RMB'000	2012 RMB'000 (Restated)
Trade and notes receivables		
Trade receivables	**3,143,507**	2,632,549
Less: Provision for impairment	**(80,236)**	(14,108)
Trade receivables-net	**3,063,271**	2,618,441
Notes receivable	**78,494**	189,590
Trade and notes receivables – net	**3,141,765**	2,808,031
Less: Non-current portion	**(258,403)**	(606,243)
Current trade and notes receivables	**2,883,362**	2,201,788

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

Ageing analysis of trade receivables is as follows:

Group

	At 31 December	
	2013 RMB'000	2012 RMB'000 (Restated)
Within 1 year	**6,232,601**	4,303,957
Between 1 and 2 years	**1,420,024**	1,362,903
Between 2 and 3 years	**764,197**	124,342
Between 3 and 4 years	**88,482**	136,682
Between 4 and 5 years	**126,800**	50,285
Over 5 years	**120,474**	98,082
Trade receivables – gross	**8,752,578**	6,076,251
Less: Provision for impairment	**(328,626)**	(218,068)
Trade receivables – net	**8,423,952**	5,858,183

21. TRADE AND NOTES RECEIVABLES (Continued)

Company

	At 31 December	
	2013 RMB'000	2012 RMB'000 (Restated)
Within 1 year	1,838,524	1,473,406
Between 1 and 2 years	592,024	1,027,575
Between 2 and 3 years	621,916	13,511
Between 3 and 4 years	5,209	99,494
Between 4 and 5 years	72,625	18,563
Over 5 years	13,209	–
Trade receivables – gross	3,143,507	2,632,549
Less: Provision for impairment	(80,236)	(14,108)
Trade receivables – net	3,063,271	2,618,441

The contracts governing provision of the Group's service would not include specific credit terms. For the settlement of trade receivables from provision of services, the Group usually reaches an agreement on the term of each payment with the customer by taking into account of factors such as, among other things, the credit history of the customer, its liquidity position and the Group's working capital needs, which varies on a case-by-case basis that requires the judgment and experience of the management. Trade receivables from sales of goods are with credit terms of 30 to 90 days in accordance with sales contracts.

The Group requires collaterals from the proprietors of the Build-Transfer ("BT") contracts to minimise the credit risk involved in these contracts where the Group is would normally undertake the financing of the project.

The trade receivables, that were past due but not impaired relate to a number of independent customers with no recent history of default.

21. TRADE AND NOTES RECEIVABLES (Continued)

The ageing analysis of these trade receivables is as follows:

Group

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
Within 1 year	**6,216,578**	4,172,916
Between 1 and 2 years	**822,208**	1,135,368
Between 2 and 3 years	**282,705**	41,437
Between 3 and 4 years	**35,412**	75,914
Between 4 and 5 years	**8,870**	12,949
Over 5 years	**1,434**	7,563
Total	**7,367,207**	5,446,147

Company

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
Within 1 year	**1,838,524**	1,473,406
Between 1 and 2 years	**535,670**	1,016,664
Between 2 and 3 years	**548,194**	13,511
Between 3 and 4 years	**5,209**	85,670
Between 4 and 5 years	**38,826**	18,563
Total	**2,966,423**	2,607,814

21. TRADE AND NOTES RECEIVABLES (Continued)

Trade receivables wholly or partially impaired are as follows:

Group

	Year ended 31 December	
	2013 RMB'000	2012 RMB'000 (Restated)
Trade receivables	**1,385,371**	630,104
Provision for impairment	**(328,626)**	(218,068)
Trade receivables-net	**1,056,745**	412,036

Company

	Year ended 31 December	
	2013 RMB'000	2012 RMB'000 (Restated)
Trade receivables	**177,084**	24,735
Provision for impairment	**(80,236)**	(14,108)
Trade receivables-net	**96,848**	10,627

21. TRADE AND NOTES RECEIVABLES (Continued)

The ageing analysis of these impaired trade receivables are as follows:

Group

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
Within 1 year	**16,023**	131,041
Between 1 and 2 years	**597,816**	227,535
Between 2 and 3 years	**481,492**	82,905
Between 3 and 4 years	**53,070**	60,768
Between 4 and 5 years	**117,930**	37,336
Over 5 years	**119,040**	90,519
Total	**1,385,371**	630,104

Company

	Year ended 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
Between 1 and 2 years	**56,354**	10,911
Between 2 and 3 years	**73,722**	–
Between 3 and 4 years	**–**	13,824
Between 4 and 5 years	**33,799**	–
Over 5 years	**13,209**	–
Total	**177,084**	24,735

21. TRADE AND NOTES RECEIVABLES (Continued)

The movements of provision for impairment of trade receivables are as follow:

Group

	Year ended 31 December	
	2013 RMB'000	2012 RMB'000 (Restated)
At the beginning of the year	218,068	194,602
Provisions	116,652	28,912
Receivables written off as uncollectible	(947)	(956)
Reversal	(5,147)	(4,490)
At the end of the year	328,626	218,068

Company

	Year ended 31 December	
	2013 RMB'000	2012 RMB'000 (Restated)
At the beginning of the year	14,108	13,456
Provisions	66,841	754
Reversal	(713)	(102)
At the end of the year	80,236	14,108

21. TRADE AND NOTES RECEIVABLES (Continued)

The carrying amounts of the Group and the Company's trade and notes receivables are denominated in the following currencies:

Group

	Year ended 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
RMB	**8,918,499**	5,871,252
US dollar	**373,805**	715,276
Others	**–**	46,288
	9,292,304	6,632,816

Company

	Year ended 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
RMB	**2,848,732**	2,068,726
US dollar	**373,269**	707,125
Others	**–**	46,288
	3,222,001	2,822,139

22. PREPAYMENTS AND OTHER RECEIVABLES

Group

	Year ended 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
Prepayments		
Prepayments to suppliers	**814,253**	810,740
Prepayments to property developer (i)	**234,346**	167,394
Other receivables		
Financing provided to proprietor (ii)	**685,048**	289,249
Interest receivable	**1,000**	2,816
Amounts due from related parties (iii)	**34,323**	72,876
Retention fund	**16,342**	76,124
Receivables of export tax refund	**12,500**	14,649
Staff advance	**61,162**	70,084
Bid security	**170,543**	152,062
Deposit	**50,344**	12,557
Payment on behalf of third parties	**46,171**	66,099
Deductible value-added tax	**36,461**	52,969
Others	**190,406**	80,328
	1,304,300	889,813
Total prepayments and other receivables	**2,352,899**	1,867,947
Less: Provision for impairment	**(84,448)**	(72,332)
Prepayments and other receivables – net	**2,268,451**	1,795,615
Less: Non-current portion (iv)	**(774,672)**	(192,543)
Current portion	**1,493,779**	1,603,072

22. PREPAYMENTS AND OTHER RECEIVABLES (Continued)

Group (continued)

(i) On 22 September 2011, Changsha Institute entered into a sales 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. As at 31 December 2013 and 2012, amounts of RMB234.35 million and RMB167.39 million, respectively, have been paid as prepayment.

(ii) The financing provided to proprietor mainly comprised of the following:

In connection with the Build-Transfer Contract (Note 21(i)), the Group is required to provide financing to Duyun Company, which will be repayable upon completion of the road and bear interest at bank lending rate plus 2% per annum (see also Notes 21(i) and 35(i)). As of 31 December 2012, RMB266.70 million has been provided and no further financing was provided in 2013. RMB250.00 million was repaid in the year of 2013. The remaining balance amounting to RMB55.01 million (interest included) was secured by the local government of Qiannan Buyi Miaozu Zizhizhou ("黔南布依族苗族自治州政府") and will be repaid by the end of March 2014.

On 27 January 2013, the Group entered into a construction contract with Tianjin Dongli Finance Bureau (天津市東麗區財政局, "Dongli Finance Bureau") to construct a resident area in Tianjin, the PRC. In accordance with the construction contract, the Group is required to provide financing amounting to RMB80 million at the interest rate published by the People's Bank of China plus 3%. As at 31 December, RMB50 million had been provided, and this will be collected three years after the date of providing.

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 resident area in Taiyuan, the PRC. In connection with the Build-Transfer contract, the Group is required to provide financing amounting RMB100.00 million to Taiyuan Company at an interest rate per annum of 15%. As of 31 December 2013, RMB100.00 million has been provided. This balance has been secured by 30% of the equity interest of Taiyuan Company and will be collected once Taiyuan Company gets financing from banks.

On 10 October 2013, the Group entered into a Build-Transfer contract with Guangxi Guangtong Real Estate Development Company (廣西廣通房地產開發有限公司, "Guangxi Company") to construct a resident area in Nanning, the PRC. In connection with the Build-Transfer contract, the Group is required to provide financing amounting to RMB200.00 million to Guangxi Company at 120% of the interest rate published by the People's Bank of China. As at 31 December 2013, RMB200.00 million has been provided, which will be collected until the project reaches a completion of percentage 60%, which is estimated to be in the second half year of 2015. This receivable has been secured by the land use right and the construction-in-progress of this project.

22. PREPAYMENTS AND OTHER RECEIVABLES (Continued)

Group (continued)

(ii) (continued)

On 31 October 2013, the Group entered into a construction contract with Changsha Yuelu Sanxiang Social Security Housing Development Company Limited (長沙市岳麓區三湘保障房開發建設有限公司, "Sanxiang Company") to construct a resident area in Changsha, the PRC. In accordance with the construction contract, the Group is required to provide financing amounting to RMB150.00 million at an interest rate of 10%. As at 31 December, RMB150.00 million has been provided, and this receivable will be repaid before 17 September 2015. Sanxiang Company has provided bank guarantee which is payment on demand and irrecoverable amounting to RMB150.00 million. According to the contract, Sanxiang Company is also required to provide RMB30.00 million to the Group as a guarantee of the payment of interest relevant to the financing, at an interest rate of 10% and the same payment schedule with the financing provided to Sanxiang Company. As at 31 December 2013, the Group has provided financing amounting to RMB150.00 million to Sanxiang Company and received RMB30.00 million from Sanxiang Company, and a net amount of RMB120.00 million is included in the prepayments and other receivables.

On 30 December 2013, the Group entered into a construction contract with Duyun Economic Development Zone Investment and Development Co., Ltd. (都勻經濟開發區城市投資開發有限公司, "Duyun Development") to construct a road in Duyun, the PRC. In accordance with the contract, the Group is required to provide financing amounting to RMB150.00 million to Duyun Development, which bear interest at bank lending rate plus 2% per annum. This financing will be repaid in three stages: 50% will be repaid while the project reaches a completion of percentage of 95%; 25% will be repaid 12 months after the completion of the project and the remaining 25% will be repaid 24 months after the completion of the project. This receivable is secured by certain land use rights in Duyun Economic Development Zone.

(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 financing providing to the proprietor and the quality assurance.

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

22. PREPAYMENTS AND OTHER RECEIVABLES (Continued)

Company

	Year ended 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
Prepayments		
Prepayments to suppliers	**515,450**	496,419
Other receivables		
Interest receivable	**20,049**	1,611
Dividend receivable	**39,487**	70,880
Advance due from related parties	**339,516**	98,769
Payment paid on behalf of third party	**4,098**	2,983
Receipt of export drawback	**12,500**	14,211
Staff advance	**4,661**	6,893
Deductible value-added tax	**28,305**	52,903
Bid security	**800**	3,904
Loans to subsidiaries	**924,100**	93,000
Others	**40,567**	14,062
	1,414,083	359,216
Total prepayments and other receivables	**1,929,533**	855,635
Less: Provision for impairment	**(1,291)**	(1,230)
Prepayments and other receivables – net	**1,928,242**	854,405

22. PREPAYMENTS AND OTHER RECEIVABLES (Continued)

Ageing analysis of other receivables is as follows:

Group

	At 31 December	
	2013 RMB'000	2012 RMB'000 (Restated)
Within 1 year	1,086,711	732,983
Between 1 and 2 years	89,554	68,078
Between 2 and 3 years	46,919	16,085
Between 3 and 4 years	14,569	10,476
Between 4 and 5 years	6,732	5,325
Over 5 years	59,815	56,866
Other receivables – gross	1,304,300	889,813
Less: Provision for impairment	(84,448)	(72,332)
Other receivables – net	1,219,852	817,481

Company

	At 31 December	
	2013 RMB'000	2012 RMB'000 (Restated)
Within 1 year	1,368,243	286,221
Between 1 and 2 years	31,520	69,382
Between 2 and 3 years	11,544	851
Between 3 and 4 years	1,404	247
Between 4 and 5 years	1,166	2,515
Over 5 years	206	–
Other receivables – gross	1,414,083	359,216
Less: Provision for impairment	(1,291)	(1,230)
Other receivables – net	1,412,792	357,986

22. PREPAYMENTS AND OTHER RECEIVABLES (Continued)

The Group and the Company do not hold any collateral as security.

As at 31 December 2013 and 2012, other receivables that were past due but not impaired relate to a number of independent customers with no recent history of default. The ageing analysis of these other receivables is as follows:

Group

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
Within 1 year	**1,083,414**	712,393
Between 1 and 2 years	**36,792**	16,085
Between 2 and 3 years	**5,550**	1,909
Between 3 and 4 years	**2,313**	1,131
Between 4 and 5 years	**32**	1,534
Over 5 years	**1,975**	2,279
	1,130,076	735,331

Company

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
Within 1 year	**1,368,243**	286,221
Between 1 and 2 years	**31,177**	–
Between 2 and 3 years	**11,100**	–
Between 3 and 4 years	**143**	–
	1,410,663	286,221

22. PREPAYMENTS AND OTHER RECEIVABLES (Continued)

Other receivables wholly or partially impaired are as follows:

Group

	At 31 December	
	2013 RMB'000	2012 RMB'000 (Restated)
Impaired other receivables-gross	**174,224**	154,482
Provision for impairment	**(84,448)**	(72,332)
Impaired other receivables – net	**89,776**	82,150

Company

	At 31 December	
	2013 RMB'000	2012 RMB'000 (Restated)
Impaired other receivables-gross	**3,420**	72,995
Provision for impairment	**(1,291)**	(1,230)
Impaired other receivables – net	**2,129**	71,765

22. PREPAYMENTS AND OTHER RECEIVABLES (Continued)

The ageing analysis of these impaired other receivables are as follows:

Group

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
Within 1 year	**3,297**	20,590
Between 1 and 2 years	**52,762**	51,993
Between 2 and 3 years	**41,369**	14,176
Between 3 and 4 years	**12,256**	9,345
Between 4 and 5 years	**6,700**	3,791
Over 5 years	**57,840**	54,587
	174,224	154,482

Company

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
Between 1 and 2 years	**343**	69,382
Between 2 and 3 years	**444**	851
Between 3 and 4 years	**1,261**	247
Between 4 and 5 years	**1,166**	2,515
Over 5 years	**206**	–
	3,420	72,995

22. PREPAYMENTS AND OTHER RECEIVABLES (Continued)

The movements of provision for impairment of other receivables are as follow:

Group

	Year ended 31 December	
	2013 RMB'000	2012 RMB'000 (Restated)
At the beginning of the year	72,332	65,480
Additions	12,977	8,594
Acquisition of subsidiaries under non-common control	294	–
Written off as uncollectible	(208)	(100)
Reversal	(947)	(1,642)
At the end of the year	84,448	72,332

Company

	Year ended 31 December	
	2013 RMB'000	2012 RMB'000 (Restated)
At the beginning of the year	1,230	932
Additions	175	340
Written off as uncollectible	–	(42)
Reversal	(114)	–
At the end of the year	1,291	1,230

23. FINANCIAL ASSETS/LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

(a) Financial assets

Group and Company

	At 31 December 2013 RMB'000	At 31 December 2012 RMB'000 (Restated)
At the beginning of the year	413	3,803
Additions	–	–
Increase in fair value through profit or loss	–	3,339
Expired	(413)	(6,729)
At the end of the year	–	413

These financial assets representing forward foreign exchange contracts bought by the Group and the notional principal amounts of these outstanding forward foreign exchange contracts at 31 December 2013 and 2012 were nil and USD3.5 million, respectively.

Changes in fair values of financial assets at fair value through profit or loss are recorded in "Other (losses)/gains – net" in the consolidated statements of comprehensive income (Note 8).

(b) Financial liabilities

Group and Company

	At 31 December 2013 RMB'000	At 31 December 2012 RMB'000 (Restated)
At the beginning of the year	1,499	–
Decrease in fair value through profit or loss	28	1,847
Expired	(1,527)	(348)
At the end of the year	–	1,499

23. FINANCIAL ASSETS/LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

(b) Financial liabilities (continued)

Group and Company (continued)

These financial liabilities representing the aluminum future contracts bought by the Group and the notional principal amounts of these futures at 31 December 2013 and 2012 amounted to nil and RMB1.499 million, respectively.

Changes in fair values of financial assets at fair value through profit or loss are recorded in "Other (losses)/gains – net" in the consolidated statements of comprehensive income (Note 8).

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

Group

	At 31 December	
	2013 RMB'000	2012 RMB'000 (Restated)
Contract cost incurred plus recognised profit less recognised losses	**50,851,102**	37,558,005
Less: Progress billings	**(45,587,859)**	(32,992,456)
Contract work-in-progress	**5,263,243**	4,565,549
Representing:		
Amounts due from customers for contract work	**5,989,563**	4,778,130
Less: Provision	**(234)**	(1,138)
Net amounts due from customers for contract work	**5,989,329**	4,776,992
Amounts due to customers for contract work	**(726,086)**	(211,443)
	5,263,243	4,565,549

	Year ended 31 December	
	2013 RMB'000	2012 RMB'000 (Restated)
Contract revenue recognised as revenue in the year	**15,765,461**	13,540,306

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

Company

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
Contract cost incurred plus recognised profit less recognised losses	**13,042,788**	11,973,227
Less: Progress billings	**(11,831,244)**	(10,490,888)
Contract work-in-progress	**1,211,544**	1,482,339
Representing:		
Amounts due from customers for contract work	**1,261,541**	1,498,158
Less: Provision	**(5)**	(769)
Net amounts due from customers for contract work	**1,261,536**	1,497,389
Amounts due to customers for contract work	**(49,992)**	(15,050)
	1,211,544	1,482,339

	Year ended 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
Contract revenue recognised as revenue in the year	**3,843,349**	3,952,238

25. INVENTORIES

Group

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
Raw materials	**259,252**	366,252
Work-in-process	**251,137**	187,690
Finished goods	**320,335**	152,485
Turnover materials and spare parts	**4,482**	6,197
	835,206	712,624

The movement of provision for impairment of inventories is as follows:

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
At beginning of the year	**14,915**	14,915
Acquisition of subsidiaries under non-common control	**1,592**	–
Additions	**13,720**	–
Reserval	**(46)**	–
At end of the year	**30,181**	14,915

The cost of inventories recognised as expense and included in "Cost of sales" amounted to RMB7,726.92 million and RMB6,476.16 million for the years ended 31 December 2013 and 2012, respectively.

25. INVENTORIES (Continued)

Company

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
Raw materials	**66,802**	185,825
Finished goods	**258,166**	141,679
	324,968	327,504

26. RESTRICTED CASH

Group

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
Restricted cash		
RMB	**239,510**	275,637
USD	**168**	168
	239,678	275,805

Restricted cash mainly represents bank deposits secured for issue of letters of credit and notes payable.

The weighted average effective interest rates per annum on restricted cash, with maturities ranging from one to twelve months, was approximately 0.35% to 2.8% and 0.35% as at 31 December 2013 and 2012, respectively.

The maximum exposure to credit risk approximates the carrying amounts of the Group's restricted cash at the respective balance sheet dates.

26. RESTRICTED CASH (Continued)

Company

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
Restricted cash		
RMB	**89**	2,788

The restricted cash held in dedicated bank accounts under the name of the Company mainly represents deposits held for issued letters of credit and notes payable.

The weighted average effective interest rates per annum on restricted cash, with maturities ranging from one to twelve months, was approximately 0.35% and 0.35% as at 31 December 2013 and 2012, respectively.

The maximum exposure to credit risk approximates the carrying amounts of the Company's restricted cash at the respective balance sheet dates.

27. TIME DEPOSITS

Group

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
Time deposits with initial term of over three months		
RMB	**41,480**	198,305

The effective interest rates per annum on time deposits, with maturities ranging from three months to two years, approximately 3.08% to 3.25% and 2.80% to 3.55% as at 31 December 2013 and 2012, respectively.

The maximum exposure to credit risk approximates the carrying amounts of the Group's time deposits at the respective balance sheet dates.

27. TIME DEPOSITS (Continued)

Company

	At 31 December	
	2013 RMB'000	2012 RMB'000 (Restated)
Time deposits with initial term of over three months		
RMB	**30,000**	155,140

The effective interest rates per annum on time deposits, with maturities ranging from three months to six months, approximately 3.08% and 2.80% to 3.50% as at 31 December 2013 and 2012, respectively.

The maximum exposure to credit risk approximates the carrying amounts of the Company's time deposits at the respective balance sheet dates.

28. CASH AND CASH EQUIVALENTS

Group

	At 31 December	
	2013 RMB'000	2012 RMB'000 (Restated)
Cash at bank and in hand	**5,400,632**	2,508,273
Balances placed with Chinalco Finance Company Limited (i)	**944,157**	93
Short-term bank deposits	**111,369**	251,287
	6,456,158	2,759,653

28. CASH AND CASH EQUIVALENTS (Continued)

Group (continued)

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
Denominated in:		
RMB	**6,238,911**	2,053,751
HKD	**158,763**	622,284
USD	**43,822**	22,927
Others	**14,662**	60,691
	6,456,158	2,759,653

Company

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
Cash at bank and in hand	**3,070,285**	1,329,847
Balances placed with Chinalco Finance Company Limited (i)	**109,695**	93
Short-term bank deposits	**51,347**	116,216
	3,231,327	1,446,156

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
Denominated in:		
RMB	**3,033,514**	750,793
HKD	**158,763**	622,284
USD	**28,779**	17,883
Others	**10,271**	55,196
	3,231,327	1,446,156

(i) Balances placed with Chinalco Finance Company Limited bear interest at prevailing market rates.

29. SHARE CAPITAL

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

	At 31 December	
	2013	2012
Number of shares	**2,663,160,000**	2,663,160,000
Share capital (RMB'000)	**2,663,160**	2,663,160

30. RESERVES

Group

	Attributable to equity owners of the Company							
	Capital reserve RMB'000	Statutory surplus reserve RMB'000 (i)	Available-for-sale financial assets RMB'000	Remeasure-ments of post – employment benefit obligations RMB'000	Special reserve RMB'000 (ii)	Currency translation differences RMB'000	Retained earnings RMB'000	Total RMB'000
At 1 January 2012 (Restated)	1,380	7,084	144,644	(90,223)	49,966	–	454,323	567,174
Profit for the year	–	–	–	–	–	–	1,072,158	1,072,158
Fair value losses on available-for-sale financial assets, net of tax	–	–	(30,274)	–	–	–	–	(30,274)
Remeasurements of post-employment benefit obligations, net of tax	–	–	–	83,760	–	–	–	83,760
Capital contributions by non-controlling interest of the subsidiaries	65	–	–	–	–	–	–	65
Share premium from the Listing (iii)	717,657	–	–	–	–	–	–	717,657
Appropriation of special reserve	–	–	–	–	6,651	–	(6,651)	–
Appropriation of statutory surplus reserve	–	41,607	–	–	–	–	(41,607)	–
At 31 December 2012 (Restated)	719,102	48,691	114,370	(6,463)	56,617	–	1,478,223	2,410,540

30. RESERVES (Continued)

Group (continued)

	Attributable to equity owners of the Company							
	Capital reserve RMB'000	Statutory surplus reserve RMB'000 (i)	Available-for-sale financial assets RMB'000	Remeasure-ments of post – employment benefit obligations RMB'000	Special reserve RMB'000 (ii)	Currency translation differences RMB'000	Retained earnings RMB'000	Total RMB'000
At 1 January 2013 (Restated)	719,102	48,691	114,370	(6,463)	56,617	–	1,478,223	2,410,540
Profit for the year	–	–	–	–	–	–	1,702,361	1,702,361
Fair value gains on available-for-sale financial assets, net of tax	–	–	20,231	–	–	–	–	20,231
Remeasurements of post-employment benefit obligations, net of tax	–	–	–	109,226	–	–	–	109,226
Currency translation differences	–	–	–	–	–	(1,030)	–	(1,030)
Dividends	–	–	–	–	–	–	(532,632)	(532,632)
Appropriation of special reserve	–	–	–	–	(26,086)	–	26,086	–
Appropriation of statutory surplus reserve	–	11,599	–	–	–	–	(11,599)	–
At 31 December 2013	719,102	60,290	134,601	102,763	30,531	(1,030)	2,662,439	3,708,696

30. RESERVES (Continued)

Company

	Attributable to equity owners of the Company						
	Capital reserve RMB'000	Statutory surplus reserve RMB'000 (i)	Available-for-sale financial assets RMB'000	Remeasurements of post-employment benefit obligations RMB'000	Special reserve RMB'000 (ii)	Retained earnings RMB'000	Total RMB'000
At 1 January 2012 (Restated)	86,721	7,084	126,414	–	–	42,197	262,416
Profit for the year	–	–	–	–	–	415,933	415,933
Fair value losses on available-for-sale financial assets, net of tax	–	–	(25,756)	–	–	–	(25,756)
Remeasurements of post-employment benefit obligations, net of tax	–	–	–	1,058	–	–	1,058
Appropriation of statutory surplus reserve	–	41,607	–	–	–	(41,607)	–
Share premium from the Listing (iii)	717,657	–	–	–	–	–	717,657
At 31 December 2012 (Restated)	804,378	48,691	100,658	1,058	–	416,523	1,371,308

30. RESERVES (Continued)

Company (continued)

	Attributable to equity owners of the Company						
	Capital reserve RMB'000	Statutory surplus reserve RMB'000 (i)	Available-for-sale financial assets RMB'000	Remeasurements of post-employment benefit obligations RMB'000	Special reserve RMB'000 (ii)	Retained earnings RMB'000	Total RMB'000
At 1 January 2013 (Restated)	804,378	48,691	100,658	1,058	–	416,523	1,371,308
Profit for the year	–	–	–	–	–	115,987	115,987
Fair value gains on available-for-sale financial assets, net of tax	–	–	26,289	–	–	–	26,289
Remeasurements of post-employment benefit obligations, net of tax	–	–	–	5,258	–	–	5,258
Dividends	–	–	–	–	–	(532,632)	(532,632)
Appropriation of statutory surplus reserve	–	11,599	–	–	–	(11,599)	–
At 31 December 2013	804,378	60,290	126,947	6,316	–	(11,721)	986,210

Note:

(i) Statutory surplus reserve

In accordance with the relevant laws and regulations of the PRC and the articles of association of the Company, it is required to appropriate 10% of its net profit determined in accordance with China Accounting Standards for Enterprises issued by the Ministry of Finance of PRC, after offsetting any prior years' losses, to the statutory surplus reserve. When the balance of such a reserve reaches 50% of the respective companies registered capital, any further appropriation is optional.

The statutory surplus reserve can be used to offset prior years' losses, if any, and may be converted into share capital by issuing new shares to shareholders in proportion to their existing shareholding or by increasing the par value of the shares currently held by them, provided that the remaining balance of the reserve after such an issue is not less than 25% of registered capital. The statutory surplus reserve is non-distributable.

(ii) Special reserve

Pursuant to certain regulations issued by the State Administration of Work Safety of the PRC, the Group is required to set aside an amount to a safety fund for its engineering and construction contracting business. The fund can be used for improvements of safety at the worksite, and is not available for distribution to shareholders. Upon incurring qualifying safety expenditures, an equivalent amount is transferred from safety fund to retained earnings.

(iii) Share premium

From the share premium account of the Company arising from the issue of 363,160,000 ordinary shares at an offer price of HKD 3.93 per share, an amount of RMB717.66 million was capitalised.

31. DEFERRED INCOME

Government grants mainly relate to purchase of plant, property and equipment conducted by the Group.

	Year ended 31 December	
	2013	2012
	RMB'000	RMB'000
At beginning of the year	**79,022**	20,850
Additions	**34,683**	63,293
Charged to consolidated statement of comprehensive income	**(16,639)**	(5,121)
At end of the year	**97,066**	79,022

32. CASH-SETTLED SHARE-BASED PAYMENTS

The Group had adopted a cash-settled shared-based payment arrangement, also known as Share Appreciation Rights (the "SAR") scheme (the "Scheme"), which was approved by the first extraordinary general meeting on 10 October 2013. The Scheme provides for the grant of the SAR to eligible participants as approved by the Company's Board of Directors. The validity of the plan is ten years.

Under the plan, the holders of the SAR are entitled the rights to receive an amount in respect of the appreciation in market value of the Company's H shares from the date of grant of the SAR and the date of exercise. No shares will be issued under the Scheme and therefore the Company's equity interest will not be diluted as a result of the SAR.

The total amount of the SAR granted under the Scheme shall not exceed 10% of the total share capital of the Company, and the SAR granted to any eligible participant pursuant to any share incentive scheme with full affected, in aggregate, shall not exceed 1% of the total issued share capital. The exercise period of 33% of the SAR commences after a vesting period of two years and ends on a date which is not later than seven years from the date of grant of the SAR; the exercise period of 33% of the SAR commences after a vesting period of three years and ends on a date which is not later than seven years from the date of grant of the SAR; the exercise period of remaining 34% of the SAR commences after a vesting period of four years and ends on a date which is not later than seven years from the date of grant of the SAR.

32. CASH-SETTLED SHARE-BASED PAYMENTS (Continued)

The Board of the Directors of the Company granted approximately 21,326,365 of the SAR of the Company on 24 October 2013. The expiry date of the SAR is 23 October 2020. Movements in the number of the SAR granted by the Company during the year ended 31 December 2013 are set out as follows:

	For the year ended 31 December 2013 Number of units of SAR						
Category	Exercised price	Outstanding as at 1 January 2013	Granted during the year	Exercised during the year	Expired during the year	Forfeited during the year	Outstanding as at 31 December 2013
Directors and senior management	HKD2.83	–	3,428,418	–	–	–	3,428,418
Management officers and key employees	HKD2.83	–	17,897,947	–	–	–	17,897,947
		–	21,326,365	–	–	–	21,326,365

The fair value of the SAR as at 31 December 2013 was determined using the binomial valuation model amounting to RMB1.3337 per unit. The significant inputs into the model were spot price HKD 3.38 (equivalent approximately RMB2.65) as at 31 December 2013, vesting period, volatility of underlying stock, risk-free interest rate, employee turnover rate, dividend yield and early exercise factor. The expected volatility of 50% per year is estimated based on the historical volatility of the 13 benchmarking companies which are listed in HK main board and engaged in construction and engineering with the same business scale before 31 December 2013.

The amount that was credited to the consolidated statement of comprehensive income and included in the employee expense for the year ended 31 December 2013 in relation to the SAR transaction was RMB2.04 million (Note 14).

As at 31 December 2013, the total carrying amount of the liabilities arising from the SAR transaction included in other payables in the consolidated balance sheet amounting to RMB2.04 million. There was no exercise in 2013.

As at 31 December 2013, the weighted average remaining contractual life was 5.55 years.

33. RETIREMENT AND OTHER SUPPLEMENTAL BENEFIT OBLIGATIONS

Group

(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% to 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 (Note 14).

The total cost charged to consolidated statements of comprehensive income during the years ended 31 December 2013 and 2012 are as follows:

	Year ended 31 December	
	2013	2012
	RMB'000	RMB'000
Contributions to state-managed retirement plans	**136,498**	129,125

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

	At 31 December	
	2013	2012
	RMB'000	RMB'000
Amounts due to state-managed retirement plans included in trade and other payables	**5,063**	4,038

33. RETIREMENT AND OTHER SUPPLEMENTAL BENEFIT OBLIGATIONS (Continued)

Group (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 is determined as follows:

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
Current portion of defined benefits obligations	**116,621**	119,004
Non-current portion defined benefits obligations	**1,120,579**	1,323,545
Present value of defined benefits obligations	**1,237,200**	1,442,549

The movements of the Group's early retirement and supplemental benefit obligations for each of the years ended 31 December 2013 and 2012 are as follows:

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
At beginning of the year	**1,442,549**	1,561,552
For the year		
– interest expenses (Note 14)	**51,899**	52,468
– payment	**(99,158)**	(101,723)
– actuarial gains	**(142,615)**	(108,182)
– past service cost (Note 14)	**(16,373)**	37,362
– current service cost (Note 14)	**898**	1,072
At end of the year	**1,237,200**	1,442,549

The above obligations were determined based on actuarial valuations performed by an independent qualified actuarial firm, Towers Watson Consulting (Shenzhen) Company Limited, using the projected unit credit actuarial cost method.

33. RETIREMENT AND OTHER SUPPLEMENTAL BENEFIT OBLIGATIONS (Continued)

Group (continued)

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

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

(i) Discount rates adopted (per annum):

	At 31 December	
	2013	2012
	RMB'000	RMB'000
Discount rate	**4.50%**	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.

33. RETIREMENT AND OTHER SUPPLEMENTAL BENEFIT OBLIGATIONS (Continued)

Company

(a) State-managed retirement plan

The Chinese employees of the Company participate in employee social security plans organised and administrated by the PRC government authority. The PRC companies are required to contribute from 20% to 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 statements of comprehensive income during the years ended 31 December 2013 and 2012are as follows:

	At 31 December	
	2013	2012
	RMB'000	RMB'000
Contributions to state-managed retirement plans	**25,264**	25,775

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

	At 31 December	
	2013	2012
	RMB'000	RMB'000
Amounts prepaid to state-managed retirement plans included in trade and other payables	**(119)**	(45)

33. RETIREMENT AND OTHER SUPPLEMENTAL BENEFIT OBLIGATIONS (Continued)

Company (continued)

(b) Early retirement and supplemental benefit obligations

The Company 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 Company is obligated to provide post-employment benefits to these employees.

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

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
Current portion of defined benefits obligations	**318**	375
Non-current portion defined benefits obligations	**7,549**	13,664
Present value of defined benefits obligations	**7,867**	14,039

The movements of the Company's early retirement and supplemental benefit obligations for each of the years ended 31 December 2013 and 2012 are as follows:

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
At beginning of the year	**14,039**	15,090
For the year		
– interest expenses	**531**	535
– current service	**308**	343
– actuarial gains	**(7,011)**	(1,423)
– net effect of transfer in within the Group	**–**	128
– net effect of transfer out within the Group	**–**	(634)
At end of the year	**7,867**	14,039

33. RETIREMENT AND OTHER SUPPLEMENTAL BENEFIT OBLIGATIONS (Continued)

Company (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 (Shenzhen) Company Limited, 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 31 December	
	2013	2012
	RMB'000	RMB'000
Discount rate	**4.50%**	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.

34. BORROWINGS

Group

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
Bank borrowings		
– guaranteed by the Company to its subsidiaries	**965,152**	1,040,000
– secured by property, plant and equipment (i)	**10,000**	–
– secured by trade and notes receivables (ii)	**51,800**	–
– unsecured	**3,697,412**	1,183,840
Short-term bonds (iii)		
– unsecured	**2,501,528**	–
Borrowings from related party (iv)		
– unsecured (Note 42(b))	**660,000**	160,000
	7,885,892	2,383,840
Less: non-current portion	**(290,152)**	(190,349)
Current portion	**7,595,740**	2,193,491

Note:

(i) As of 31 December 2013, the Group secured certain equipment with net book value amounting to RMB14.50 million for borrowings amounting to RMB10.00 million (Note 15).

(ii) As of 31 December 2013, the Group pledged trade and notes receivables amounting to RMB67.07 million for borrowings amounting to RMB51.80 million (Note 21).

(iii) Short-term bonds

The Company has issued the 2013-first tranche and 2013-second tranche of non-public debt financing instruments on 26 December 2013 with issuance amounts of RMB2,000.00 million and RMB500.00 million and with maturity periods of 270 days and 365 days, respectively. The unit par value is RMB100.00 with an interest rate of 5.5% per annum.

Outstanding bonds as at 31 December 2013 are summarised as follows:

	Face value (RMB'000) /maturity	**Effective interest rate**	**31 December 2013**
2013 short-term bonds	**500,000/2014**	**5.5%**	**500,306**
2013 short-term bonds	**2,000,000/2014**	**5.5%**	**2,001,222**
			2,501,528

34. BORROWINGS (Continued)

Group (continued)

Note: (continued)

(iv) On 24 August 2012, the Company and Chinalco Finance Company Limited ("Chinalco Finance"), a subsidiary of Chinalco, 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 year ended 31 December 2013, the Company borrowed RMB890.00 million from Chinalco Finance and repaid RMB460.00 million.

On 28 April 2013, the Group got an entrusted borrowing from Luoyang Institute amounting to RMB70.00 million at an interest rate of 5.4% per annum. This borrowing will be repaid on 27 April 2014.

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

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
RMB	**6,589,480**	2,339,349
USD (RMB equivalent)	**1,296,412**	44,491
	7,885,892	2,383,840

The estimated fair values of borrowings approximate their carrying amounts.

The effective interest rates of borrowings are 5.40% to 7.8% and 1.74% to 7.54% as at 31 December 2013 and 2012, respectively.

34. BORROWINGS (Continued)

Company

	At 31 December 2013 RMB'000	At 31 December 2012 RMB'000 (Restated)
Bank borrowings		
– unsecured	**2,506,412**	704,491
Short-term bonds		
– unsecured (i)	**2,501,528**	–
Borrowings from related party (ii)		
– unsecured	**630,000**	160,000
	5,637,940	864,491

Note:

(i) Short-term bonds

The Company has issued the 2013-first tranche and 2013-second tranche of non-public debt financing instruments on 26 December 2013 with issuance amounts of RMB2,000.00 million and RMB500.00 million and with maturity periods of 270 days and 365 days, respectively. The unit par value is RMB100.00 with an interest rate of 5.5% per annum.

Outstanding bonds as at 31 December 2013 are summarised as follows:

	Face value (RMB'000) /maturity	Effective interest rate	31 December 2013
2013 short-term bonds	500,000/2014	5.5%	500,306
2013 short-term bonds	2,000,000/2014	5.5%	2,001,222
			2,501,528

(ii) On 24 August 2012, the Company and 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 year ended 31 December 2013, the Company borrowed RMB760.00 million from Chinalco Finance and repaid RMB460.00 million.

During the year ended 31 December 2013, the Company borrowed RMB170.00 million from one of its subsidiary, which will be repaid in 2014.

34. BORROWINGS (Continued)

Company (continued)

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

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
RMB	**4,341,528**	820,000
USD (RMB equivalent)	**1,296,412**	44,491
	5,637,940	864,491

The estimated fair values of borrowings approximate their carrying amounts.

The effective interest rates of borrowings are 3.35% to 6% and 1.74% to 5.60% as at 31 December 2013 and 2012, respectively.

The Group has the following undrawn borrowing facilities:

	At 31 December	
	2013	2012
	RMB'000	RMB'000
– Expiring within one year	**4,825,943**	4,926,701
– Expiring beyond one year	**3,236,146**	4,197,780
	8,062,089	9,124,481

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

35. TRADE AND OTHER PAYABLES

Group

	Year ended 31 December	
	2013 RMB'000	2012 RMB'000 (Restated)
Trade and notes payable		
Trade payables	8,103,498	5,777,592
Notes payable	315,424	280,840
	8,418,922	6,058,432
Other payables		
Payment in advance received from Duyun Company (i)	429,407	412,485
Provision for potential claim (ii)	40,622	–
Advances from customers	1,066,219	3,108,486
Staff welfare payable	145,991	180,445
Tax payable	295,935	218,941
Deposit payable	355,122	215,388
Housing funds raised by employees	2,291	4,339
Amounts paid by other parties on behalf of the Group	190,014	205,425
Equipment payables	2,175	486
Amounts due to related parties	39,343	62,077
Others	162,941	169,914
	2,730,060	4,577,986
Total trade and other payables	11,148,982	10,636,418
Less: Non-current portion	(239,444)	(343,841)
Current portion	10,909,538	10,292,577

35. TRADE AND OTHER PAYABLES (Continued)

Group (continued)

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 21(i) and Note 22(ii)), the Group received advance repayment from Duyun Company during the years ended 31 December 2013 and 2012 amounting to nil and RMB280.00 million, respectively. Included in the non-current portion of trade and other payables amounting to RMB238.40 million and RMB343.80 million as at 31 December 2013 and 2012, respectively, comprised of the payment in advance and its corresponding interest. The Group requested for payment in advance in accordance with its financial risk management policy to better manage the credit risk. This effective interest rate of the payment in advance approximately 4.12% and the advance repayment will be repaid from 2014 to 2016.

(ii) The Company signed a contract with one proprietor, for the design conversion of the main parts, procurement and construction of a project in Sichuan Province, the PRC. On 16 September 2011, the Company completed the whole project and transferred it to the proprietor. All of the progress billing has been completed between the Company and the proprietor by the end of 2012. But up to the date on which the financial statements were approved by the Board of Directors, the performance of the project did not reach its original target. The Company estimated an addition cost amounting to RMB40.00 million to the proprietor. Certain of the amount may be used for improvement of the performance of the project while others may be paid to an penalty.

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

Company

	Year ended 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
Trade and notes payable		
Trade payables	**2,613,346**	2,012,812
Notes payables	**48,383**	74,223
Other payables		
Advances from customers	**920,779**	2,112,456
Staff welfare payable	**26,643**	48,624
Tax payable	**17,803**	21,185
Others	**302,671**	559,269
	1,267,896	2,741,534
Total trade and other payables – current portion	**3,929,625**	4,828,569

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

35. TRADE AND OTHER PAYABLES (Continued)

Ageing analysis of trade payables is as follows:

Group

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
Within 1 year	**6,365,006**	4,054,921
Between 1 and 2 years	**989,089**	1,326,340
Between 2 and 3 years	**561,216**	161,797
Over 3 years	**188,187**	234,534
	8,103,498	5,777,592

Company

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
Within 1 year	**1,551,943**	1,120,812
Between 1 and 2 years	**494,230**	787,182
Between 2 and 3 years	**508,134**	38,414
Over 3 years	**59,039**	66,404
	2,613,346	2,012,812

35. TRADE AND OTHER PAYABLES (Continued)

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

Group

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
RMB	**10,171,720**	8,731,315
USD	**951,837**	1,642,373
Others	**25,425**	262,730
	11,148,982	10,636,418

Company

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
RMB	**2,955,571**	3,020,770
USD	**951,837**	1,552,574
Others	**22,217**	255,225
	3,929,625	4,828,569

36. CURRENT AND DEFERRED TAXATION

Group

Deferred income tax assets and liabilities recognised:

The analysis of deferred income tax assets and liabilities is as follows:

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
Deferred income tax assets:		
– Deferred income tax assets to be recovered after more than 12 months	**286,338**	290,627
– Deferred income tax assets to be recovered within 12 months	**14,549**	22,005
	300,887	312,632
Deferred income tax liabilities:		
– Deferred income tax liabilities to be settled after more than 12 months	**(9,817)**	(13,640)
– Deferred income tax liabilities to be settled within 12 months	**(1,818)**	(8,211)
	(11,635)	(21,851)
Deferred income tax assets, net	**289,252**	290,781

36. CURRENT AND DEFERRED TAXATION (Continued)

Group (continued)

The gross movement on the deferred income tax account is as follows:

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
At the beginning of the year	**290,781**	291,160
(Charged)/Credited to equity for fair-value change of available-for-sale financial assets	**(7,694)**	9,382
Charged to equity for remeasurements of post-employment benefit obligations	**(33,372)**	(24,060)
Tax credited to the consolidated statements of comprehensive income (Note 10)	**39,537**	14,299
At the end of the year	**289,252**	290,781

36. CURRENT AND DEFERRED TAXATION (Continued)

Group (continued)

The movement in deferred income tax assets/(liabilities) during the years ended 31 December 2013 and 2012 without taking into consideration the offsetting of balances within the same tax jurisdiction is as follows:

Deferred income tax assets

	Tax losses RMB'000	Provision for retirement and other supplemental benefit obligation RMB'000	Provision for impairment of assets RMB'000	Others RMB'000	Total RMB'000
At 1 January 2012 (Restated)	2,162	347,024	66,534	34,772	450,492
(Charged)/Credited to the consolidated statements of comprehensive income	(1,677)	(4,776)	1,608	6,162	1,317
Charged to equity for Remeasurements of post – employment benefit obligations	–	(24,060)	–	–	(24,060)
At 31 December 2012 (Restated)	485	318,188	68,142	40,934	427,749
Credited/(charged) to the consolidated statements of comprehensive income	24,168	(12,409)	32,108	(15,210)	28,657
Charged to equity for remeasurements of post-employment benefit obligations	–	(33,372)	–	–	(33,372)
At 31 December 2013	**24,653**	**272,407**	**100,250**	**25,724**	**423,034**

36. CURRENT AND DEFERRED TAXATION (Continued)

Group (continued)

Deferred income tax liabilities

	Excess of carrying value of assets over tax bases arising from business combination RMB'000	Change in fair value of available-for-sale financial assets RMB'000	Special reserve RMB'000	Others RMB'000	Total RMB'000
At 1 January 2012 (Restated)	106,053	45,353	6,974	952	159,332
(Charge)/Credited to the consolidated statements of comprehensive income	(10,016)	–	(3,780)	814	(12,982)
Charged to equity for fair value change of available-for-sale financial assets	–	(9,382)	–	–	(9,382)
At 31 December 2012 (Restated)	96,037	35,971	3,194	1,766	136,968
Charged to the consolidated statements of comprehensive income	(5,921)	–	(3,194)	(1,765)	(10,880)
Credited to equity for fair value change of available-for-sale financial assets	–	7,694	–	–	7,694
At 31 December 2013	90,116	43,665	–	1	133,782

Deferred income tax assets are recognised for tax losses carried-forward to the extent that the realisation of the related income tax benefit through the future taxable profit is probable. In accordance with the PRC tax law applicable to those companies in their respective jurisdictions, tax losses may be carried forward against future taxable income. The Group did not recognise deferred income tax assets of nil and RMB1.11 million in respect of tax losses amounting to nil and RMB4.43 million as at 31 December 2013 and 2012, respectively, as management believes it is more likely than not that such tax losses would not be realised before they expire. The tax losses for which no deferred income tax assets recognised mentioned would be expired on 2018 and 2017, respectively.

36. CURRENT AND DEFERRED TAXATION (Continued)

Company

Deferred income tax assets and liabilities recognised:

The analysis of deferred income tax assets and liabilities is as follows:

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
Deferred income tax assets:		
– Deferred income tax assets to be recovered after more than 12 months	**–**	–
– Deferred income tax assets to be recovered within 12 months	**–**	–
	–	–
Deferred income tax liabilities:		
– Deferred income tax liabilities to be settled after more than 12 months	**–**	–
– Deferred income tax liabilities to be settled within 12 months	**(9,817)**	(13,948)
	(9,817)	(13,948)
Deferred income tax assets, net	**(9,817)**	(13,948)

The gross movement on the deferred income tax account is as follows:

	At 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
At the beginning of the year	**(13,948)**	(17,869)
Charged to equity for fair-value change of available-for-sale financial assets	**(8,763)**	8,586
Charged to equity for remeasurements of post-employment benefit obligations	**(1,753)**	(353)
Tax credited to the statements of comprehensive income	**14,647**	(4,312)
At the end of the year	**(9,817)**	(13,948)

36. CURRENT AND DEFERRED TAXATION (Continued)

Company (continued)

The movement in deferred income tax assets/(liabilities) during the years ended 31 December 2013 and 2012 without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred income tax assets

	Provision for retirement and other supplemental benefit obligation RMB'000	Provision for impairment of assets RMB'000	Change in fair value of financial liabilities RMB'000	Total RMB'000
At 1 January 2012 (Restated)	16,865	8,354	–	25,219
Credited to the statement of comprehensive income	(1,206)	(4,327)	374	(5,159)
Charged to equity for Remeasurements of post-employment benefit obligations	(353)	–	–	(353)
At 31 December 2012 (Restated)	**15,306**	**4,027**	**374**	**19,707**
Credited to the statement of comprehensive income	**(4,868)**	**19,786**	**(374)**	**14,544**
Charged to equity for Remeasurements of post-employment benefit obligations	**(1,753)**	**–**	**–**	**(1,753)**
At 31 December 2013	**8,685**	**23,813**	**–**	**32,498**

36. CURRENT AND DEFERRED TAXATION (Continued)

Company (continued)

Deferred income tax liabilities

	Change in fair value of financial assets RMB'000
At 1 January 2012 (Restated)	43,088
Charged to equity for fair value change of available-for-sale financial assets	(8,586)
Credited to the statements of comprehensive income	(847)
At 31 December 2012 (Restated)	**33,655**
Charged to equity for fair value change of available-for-sale financial assets	**8,763**
Credited to the statements of comprehensive income	**(103)**
At 31 December 2013	**42,315**

37. DIVIDENDS PAYABLE

Group

	At 31 December	
	2013 RMB'000	2012 RMB'000 (Restated)
Dividends payable:		
Acquisition of subsidiary under non-common control	**4,160**	–
Equity owners of the subsidiaries before transferred to the Group pursuant to the reorganisation before Listing (i)	**53,080**	53,080
	57,240	53,080

Note:

(i) The payment plan of the dividends payable to the then equity owner of subsidiaries prior to the transfer to the Group pursuant to the reorganisation, amounting to RMB53.08 million has not yet to be agreed between the subsidiary and the then equity owner as at 31 December 2013 and 2012.

38. COMMITMENTS

(a) Capital commitments

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

	At 31 December	
	2013	2012
	RMB'000	RMB'000
Contracted but not provided for		
– Property, plant and equipment	**100,434**	188,218
Authorised but not contracted for		
– Property, plant and equipment	**39,563**	37,310
	139,997	225,528

(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 following:

	At 31 December	
	2013	2012
	RMB'000	RMB'000
Within 1 year	**8,331**	8,149
Between 1 year to 5 years	**5,164**	2,249
Total	**13,495**	10,398

39. CASH GENERATED FROM OPERATIONS

	Year ended 31 December	
	2013	2012
	RMB'000	RMB'000
		(Restated)
Profit before taxation	**2,282,842**	1,395,805
Adjustment for:		
Provision for impairment of trade and other receivables	123,535	31,374
Provision for contract work-in-progress and inventories	13,674	–
Reversal of foreseeable losses for construction contracts	(729)	(5,542)
Depreciation of property, plant and equipment	123,322	120,600
Depreciation of investment properties	1,182	1,183
Amortisation of intangible assets	35,756	39,507
Amortisation of land use rights	22,169	19,415
Amortisation of other non-current asset	9,493	1,582
Net losses/(gain) on disposal of property, plant and equipment	1,140	1,666
Interest income	(132,290)	(94,622)
Interest expenses	251,238	163,396
Net foreign exchange(gains)/losses	(1,311)	3,945
Share of losses of associates	2,071	2,258
Dividend income from available-for-sale financial assets	(2,352)	(1,887)
Gains on disposal of an associate	(1,711,734)	–
Losses on disposal of financial assets at fair value through profit or loss	4,858	79
Decrease in fair value in financial assets at fair value through profit or loss	(28)	(1,492)
Interest received from short-term investment	(1,037)	(11,240)
Government grant	(16,639)	(5,121)
Cash flows from operating activities before changes in working capital	**1,005,160**	1,660,906
Changes generated in working capital		
– Inventories	(135,527)	(94,716)
– Contract work-in-progress	(1,212,336)	(2,516,659)
– Trade and other receivables	(2,646,478)	(2,522,269)
– Early retirement and other supplemental benefit obligations	(202,965)	(10,819)
– Trade and other payables	1,206,934	2,592,549
– Restricted cash	36,127	(73,152)
Cash used in operations	**(1,949,085)**	(964,160)

40. 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 RMB7,179.20 million and Euro 199 million, respectively. As of the date of the approval of the consolidated financial statements by the Board of the Directors, the conditions precedents 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.

41. BUSINESS COMBINATION

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 RMB2.10 million.

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 in 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 RMB2.80 million. In April 2013, the shareholders paid RMB14.80 million to increase the capital of Zhuhai Xinfeng of which, RMB9.40 million was paid by the Group. Subsequent to the capital injection, the Group held 60% of the equity interest in Zhuhai Xinfeng.

As a result of the acquisition, the Group expects to increase its presence in designing market and equipment manufacturing. It also expects to reduce costs through economies of scale. The goodwill of RMB6.66 million arising from the acquisition is attributable to the increasing market and output in equipment manufacturing. None of the goodwill is expected to be deductible for income tax purpose.

The acquired business contributed revenue of RMB52.56 million and net profit of RMB9.80 million to the Group for the year of 2013. If the acquisition had occurred on 1 January 2013, the contributed revenue and profit for the year of 2013 would have been RMB61.35 million and RMB8.60 million.

42. 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 years ended 31 December 2013 and 2012, and balances as at 31 December 2013 and 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.

42. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

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

	At 31 December	
	2013	2012
	RMB'000	RMB'000
Sales of goods or provision of service to:		
– Ultimate holding company (Note 44)	**5,974**	8,889
– Associates of ultimate holding company	**18,168**	48,026
– Fellow subsidiaries	**2,396,702**	2,492,907
– A jointly controlled entity of ultimate holding company	**76,467**	157,398
	2,497,311	2,707,220
Purchase of goods and service from fellow subsidiaries	**50,332**	75,786
Rental expense	**7,126**	661
Borrowings from Luoyang Engineering & Research Institute of Nonferrous Metals Processing	**70,000**	–
Borrowings from Chinalco Finance (Note 34 (iv))	**890,000**	200,000
	960,000	200,000
Interest received from Chinalco Finance	**1,620**	1
Interest paid to Chinalco Finance	**16,905**	1,766

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

42. 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 purchase of goods and services;

– Purchase of assets;

– Lease of assets; and;

– Bank deposits and borrowings.

In the ordinary course of business, the Group sells goods and renders services to, and purchase goods and receives 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 deposits and loans are in accordance with terms as set out in the respective agreement, and the interest rates are set at prevailing market rates.

42. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(b) Year end balances arising from Chinalco and its subsidiaries and jointly controlled entity

	At 31 December	
	2013	2012
	RMB'000	RMB'000
Trade receivables		
– Fellow subsidiaries	**1,833,349**	1,689,972
– Associates of ultimate holding company	**550**	34,394
– A jointly controlled entity of ultimate holding company	**13,095**	43,432
	1,846,994	1,767,798
Prepayments to suppliers		
– Fellow subsidiaries	**6,747**	46,264
Other receivables		
– Fellow subsidiaries	**74,306**	83,675
– Associates of ultimate holding company	**–**	2,664
	74,306	86,339
Trade payables		
– Fellow subsidiaries	**125,401**	191,705
Advance from customers		
– Ultimate holding company	**780**	–
– Fellow subsidiaries	**170,973**	182,426
– A jointly controlled entity of ultimate holding company	**–**	6,795
	171,753	189,221
Other payables		
– Ultimate holding company	**600**	–
– Fellow subsidiaries	**89,792**	36,253
	90,392	36,253
Borrowings		
– Fellow subsidiaries (Note 34(iv))	**660,000**	160,000

42. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(b) Year end balances arising from Chinalco and its subsidiaries and jointly controlled entity (continued)

Notes:

(i) Trade receivables, prepayments to suppliers and other receivables are unsecured, interest free and repayable on demand.

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

(iii) Trade payables, advance from customers 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.

(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 for employee services is shown below:

	At 31 December	
	2013	2012
	RMB'000	RMB'000
Salaries and other allowances	**2,216**	1,818
Discretionary bonus	**2,351**	3,487
Retired benefits	**400**	197
	4,967	5,502

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES

As at the date 31 December 2013, the Company has direct and indirect interests in the following subsidiaries:

Name	Place and date of incorporation/ establishment and type of legal entity	Registered and fully paid capital	Effective interest held		Proportion of ordinary shares held by non-controlling interests	Principal activities and place of operation	Statutory auditors	
			Direct held	Indirect held			2012	2013
		RMB'000						
China Aluminum International Technology Development Co., Ltd. (中鋁國際技術發展有限公司)	The PRC/ 16 August 2006/ Limited liability company	60,000	100%	–	–	Construction/ The PRC	(ii)	(iv)
China Aluminum International Engineering & Equipment Co., Ltd. (中鋁國際工程設備(北京)有限公司)	The PRC/ 2 November 2010/ Limited liability company	100,000	100%	–	–	Engineering & Equipment/ The PRC	(ii)	(iv)
Duyun Development Zone Tongda Construction Co., Ltd. (都勻開發區通達建設有限公司)	The PRC/ 27 January 2011/ Limited liability company	230,000	50%	50%	–	Construction/ The PRC	(ii)	(iv)
Shenyang Aluminum & Magnesium Engineering Research Institute Co., Ltd. (瀋陽鋁鎂設計研究院有限公司)	The PRC/ 17 January 1991/ Limited liability company	403,743	100%	–	–	Engineering & Research/ The PRC	(i)	(i)
Shenyang Boyu Science and Technology Co., Ltd. (瀋陽博宇科技有限責任公司)	The PRC/ 19 May 2003/ Limited liability company	9,700	–	100%	–	Consulting & Engineering/ The PRC	(i)	(i)
Shenyang Beiding Estate Management Co., Ltd. (瀋陽北鼎物業管理有限責任公司)	The PRC/ 14 June 1999/ Limited liability company	500	–	100%	–	Property Management/ The PRC	(i)	(i)

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name	Place and date of incorporation/ establishment and type of legal entity	Registered and fully paid capital	Effective interest held		Proportion of ordinary shares held by non-controlling interests	Principal activities and place of operation	Statutory auditors	
		RMB'000	Direct held	Indirect held			2012	2013
Shenyang Aluminum & Magnesium Technology Co., Ltd. (瀋陽鋁鎂科技有限公司)	The PRC/ 14 December 2006/ Limited liability company	10,500	–	100%	–	Consulting & Engineering/ The PRC	(i)	(i)
Shenyang Aluminum & Magnesium Engineering & Research Institute Construction Supervision Co., Ltd. (瀋陽鋁鎂設計研究院建設監理有限公司)	The PRC/ 4 March 1994/ Limited liability company	4,118	–	100%	–	Project Supervision/ The PRC	(i)	(i)
Shenyang Gina Advanced Materials Co., Ltd. (瀋陽金納新材料股份有限公司)	The PRC/ 6 December 2001/ Limited liability company	40,000	–	58%	42%	Manufacturing/ The PRC	(i)	(i)
Guiyang Aluminum and Magnesium Design Institute Co., Ltd. (貴陽鋁鎂設計研究院有限公司)	The PRC/ 23 April 2010/ Limited liability company	616,208	100%	–	–	Engineering & Research/ The PRC	(ii)	(iv)
Sixth Construction (Now known as 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)	The PRC/ 1 March 1984/ Limited liability company	376,815	100%	–	–	Construction/ The PRC	(i)	(i)
Twelfth Construction (Now known as China Nonferrous Metals Industry's 12th Metallurgical Construction Co., Ltd.) (中色十二冶金建設有限公司)	The PRC/ 31 May 1989/ Limited liability company	403,419	100%	–	–	Construction/ The PRC	(i)	(i)

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name	Place and date of incorporation/ establishment and type of legal entity	Registered and fully paid capital	Effective interest held		Proportion of ordinary shares held by non-controlling interests	Principal activities and place of operation	Statutory auditors	
		RMB'000	Direct held	Indirect held			2012	2013
Aluminum International Shandong Construction Co., Ltd. (中鋁國際山東建設有限公司) (vii)	The PRC/ 13 October 2001/ Limited liability company	102,900	100%	–	–	Construction/ The PRC	(i)	(i)
Changsha Institute (Now known as China Nonferrous Metals Changsha Investigation and Design Research Institute Co., Ltd.) (中國有色金屬工業長沙勘察設計研究院有限公司)	The PRC/ 17 October 1992/ Limited liability company	50,730	100%	–	–	Engineering & Research/ The PRC	(i)	(i)
China Nonferrous Metals Processing Technology Co., Ltd. (中色科技股份有限公司)	The PRC/ 15 January 2002/ Limited liability company	50,000	73.5%	–	26.5%	Engineering & Equipment/ The PRC	(i)	(i)
China Aluminum Great wall Construction Co., Ltd. (中鋁長城建設有限公司)	The PRC/ 25 October 1979/Limited liability company	168,536	100%	–	–	Construction/ The PRC	(i)	(i)
Chalieco (Tianjin) Construction Co., Ltd. (中鋁國際(天津)建設有限公司)	The PRC/ 25 December 2006/ Limited liability company	143,000	100%	–	–	Construction/ The PRC	(i)	(i)
Guiyang Aluminum and Magnesium Design Institute Co., Ltd. (貴陽鋁鎂設計研究院工程承包有限公司)	The PRC/ 8 April 2010/ Limited liability company	2,882	–	100%	–	Engineering & Research/ The PRC	(ii)	(iv)
Guiyang Zhenxing Aluminum & Magnesium Technological Development Co., Ltd. (貴陽振興鋁鎂科技產業發展有限公司)	The PRC/ 30 April 1998/ Limited liability company	30,000	–	100%	–	Engineering & Research/ The PRC	(ii)	(iv)

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name	Place and date of incorporation/ establishment and type of legal entity	Registered and fully paid capital	Effective interest held		Proportion of ordinary shares held by non-controlling interests	Principal activities and place of operation	Statutory auditors	
			Direct held	Indirect held			2012	2013
		RMB'000						
Guizhou Light Metal Innovation Research and Equipment Process Co., Ltd. (貴州創新輕金屬工藝裝備工程技術研究中心有限公司)	The PRC/ 30 April 2010/ Limited liability company	5,000	–	100%	–	Research & Equipment/ The PRC	(ii)	(iv)
Guiyang Xinyu Construction Supervision Co., Ltd. (貴陽新宇建設監理有限公司)	The PRC/ 25 June 1994/ Limited liability company	13,420	–	100%	–	Project Supervision/ The PRC	(ii)	(iv)
Suzhou Engineering & Research Institute for Nonferrous Metal Research Co., Ltd. (蘇州有色金屬研究院有限公司)	The PRC/ 2 December 2002/ Limited liability company	41,550	–	73.5%	26.5%	Engineering & Research/ The PRC	(iii)	(i)
Luoyang Jincheng Construction Supervision Co., Ltd. (洛陽金誠建設監理有限公司)	The PRC/ 5 March 2002/ Limited liability company	5,000	–	73.5%	26.5%	Project Supervision/ The PRC	(i)	(i)
Suzhou Nonferrous Metal Materials Deyuan Environmental Protection Co., Ltd. (蘇州中色德源環保科技有限公司) (vi)	The PRC/ 16 August 2012/ Limited liability company	Paid Capital: 18,750 Registered Capital: 25,000	–	45.9%	54.1%	Engineering & Research/ The PRC	(i)	(i)
Sixth Metallurgical Construction Company of China Nonferrous (中國有色金屬工業六冶洛陽有限公司)	The PRC/ 1 March 1989/ Limited liability company	16,598	–	100%	–	Construction/ The PRC	(i)	(i)
Shenzhen Changkuan Investigation and Design Co., Ltd. (深圳市長勘勘察設計有限公司)	The PRC/ 10 June 2001/ Limited liability company	15,020	–	100%	–	Engineering & Research/ The PRC	(i)	(i)

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name	Place and date of incorporation/ establishment and type of legal entity	Registered and fully paid capital	Effective interest held		Proportion of ordinary shares held by non-controlling interests	Principal activities and place of operation	Statutory auditors	
		RMB'000	Direct held	Indirect held			2012	2013
Hainan Changkan Investigation and Design Co., Ltd. (海南長勘勘察設計有限公司)	The PRC/ 8 November 2001/ Limited liability company	9,062	–	100%	–	Engineering & Research/ The PRC	(i)	(i)
Changsha Institute (長沙有色冶金設計研究院有限公司)	The PRC/ 18 November 1991/ Limited liability company	359,938	100%	–	–	Design & Enginneering/ The PRC	(i)	(i)
Hunan Huachu Machinery Co., Ltd. (湖南華楚機械有限公司)	The PRC/ 17 October 2007/ Limited liability company	4,500	–	100%	–	Engineering & Equipment/ The PRC	(i)	(i)
Hunan Huachu Engineering Construction,Consultancy and supervision Co., Ltd. (湖南華楚工程建設諮詢監理有限公司)	The PRC/ 29 March 1993/ Limited liability company	6,000	–	100%	–	Project Supervision/ The PRC	(i)	(i)
Hunan Changye Construction Drawing Examination Co., Ltd. (湖南長冶建設工程施工圖審查有限公司)	The PRC/ 18 January 2005/ Limited liability company	3,300	–	100%	–	Construction Drawing Examination/ The PRC	(i)	(i)
Luoyang Jinyan Nonferrous Metal Processing Equipment Nonferrous Co., Ltd. (洛陽金延有色金屬加工設備有限責任公司)	The PRC/ 24 April 2001/ Limited liability company	34,300	–	63.45%	36.55%	Engineering & Equipment/ The PRC	(i)	(i)
Metallurgical and Electrical Installation Engineering Co., Ltd of the Sixth Metallurgical Construction Company of China Nonferrous Metals Industry (中國有色金屬工業六冶機電安裝有限公司)	The PRC/ 16 August 1984/ Limited liability company	11,173	–	100%	–	Construction/ The PRC	(i)	(i)

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name	Place and date of incorporation/ establishment and type of legal entity	Registered and fully paid capital	Effective interest held		Proportion of ordinary shares held by non-controlling interests	Principal activities and place of operation	Statutory auditors	
		RMB'000	Direct held	Indirect held			2012	2013
Liaoning Sixth Metallurgical Construction Co., Ltd. (遼寧六冶建設有限公司)	The PRC/ 23 September 2011/ Limited liability company	20,000	–	100%	–	Construction/ The PRC	(i)	(i)
Sixth Metallurgica (Zhenzhou) Technology Heavy Industry Co., Ltd (六冶(鄭州)科技重工有限公司)	The PRC/ 25 October 2012/ Limited liability company	50,000	–	100%	–	Engineering & Equipment/ The PRC	(i)	(i)
Suzhou Nonferrous Metal Materials Science and technical development Co., Ltd (蘇州中色金屬材料科技有限公司)	The PRC/ 21 September 2011/ Limited liability company	40,000	–	73.5%	26.5%	Engineering & Equipment/ The PRC	(i)	(i)
Huachu High-Tech (Hunan) Co., Ltd (華楚高新科技(湖南)有限公司)	The PRC/ 17 October 2011/ Limited liability company	35,000	–	100%	–	Engineering & Research/ The PRC	(i)	(i)
Chinalco Huada High-Tech Co., Ltd. (中鋁華大科技股份有限公司)	The PRC/ 9 December 2011/ Limited liability company	Paid Capital: 15,900 Registered Capital: 53,000	–	100%	–	Engineering & Research/ The PRC	(ii)	(iv)
China Nonferrous Metals Industry's 12th Metallurgical Construction (Liaoning) Co., Ltd. (中色十二冶金建設(遼寧)有限公司)	The PRC/ 23 September 2011/ Limited liability company	20,000	–	100%	–	Construction/ The PRC	(i)	(i)

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name	Place and date of incorporation/ establishment and type of legal entity	Registered and fully paid capital	Effective interest held		Proportion of ordinary shares held by non-controlling interests	Principal activities and place of operation	Statutory auditors	
		RMB'000	Direct held	Indirect held			2012	2013
China Nonferrous Metals Industry's 12th Metallurgical Construction(Dalian) Co., Ltd. (中色十二冶金建設(大連)有限公司)	The PRC/ 19 December 2012/ Limited liability company	8,000	–	100%	–	Construction/ The PRC	(i)	(i)
Beijing Huayu Aerospace Control High-Tech Co., Ltd. (北京華宇天控科技有限公司)	The PRC/ 26 October 2011/ Limited liability company	17,500	–	60%	40%	Engineering & Research/ The PRC	(i)	(i)
Wenzhou Tonggang Construction Co., Ltd (溫州通港建設有限公司)	The PRC/ 2 October 2012/ Limited liability company	30,000	93%	7%	–	Construction/ The PRC	(i)	(i)
Wenzhou Tongrun Construction Co., Ltd (溫州通潤建設有限公司)	The PRC/ 21 December 2012/ Limited liability company	100,000	60%	40%	–	Construction/ The PRC	(i)	(i)
Chalieco Venezuela C.A (中鋁國際委內瑞拉股份有限公司)	The Venezuela/ 31 August 2012/ Limited liability company	USD10,000	100%	–	–	Construction/ The Bolivarian Republic of Venezuela	N/A	N/A
Chalieco Hongkong Co., Ltd (中鋁國際香港有限公司)	The PRC/ 10 December 2013/ Limited liability company	USD1	100%	–	–	Investment/ Hong Kong	N/A	N/A
Guizhou Xinfeng Mechanical and Electrical Equipment Company Limited (貴州新峰機電設備有限公司)	The PRC/ 8 June 2007/ Limited liability company	1,000	–	60%	40%	Engineering & Equipment/ The PRC	N/A	(iv)

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name	Place and date of incorporation/ establishment and type of legal entity	Registered and fully paid capital	Effective interest held		Proportion of ordinary shares held by non-controlling interests	Principal activities and place of operation	Statutory auditors	
			Direct held	Indirect held			2012	2013
		RMB'000						
Guizhou Shunan Mechanical and Electrical Equipment Company Limited (貴州順安機電設備有限公司)	The PRC/ 21 November 2012/ Limited liability company	3,500	–	60%	40%	Engineering & Equipment/ The PRC	N/A	(iv)
China Aluminuium International Engineering (India) Private Limited (中鋁國際工程(印度)有限公司)	The India/ 22 November 2012/ Private limited	INR 50,000,000	99.99%	–	0.01%	Construction/ The Republic of India	N/A	N/A
Changsha Tongxinag Construction Co., Ltd (長沙通湘建设有限公司)	The PRC/ 11 November 2013/ Limited liability company	25,000	40%	60%	–	Construction/ The PRC	N/A	(i)
Pingyang Tongyuan Construction Co., Ltd (平陽通源建设有限公司)	The PRC/ 6 August 2013/ Limited liability company	20,000	90%	10%	–	Construction/ The PRC	N/A	(i)
Wenzhou Tongyang Construction Co., Ltd (溫州通洋建设有限公司)	The PRC/ 19 August 2013/ Limited liability company	10,000	80%	20%	–	Construction/ The PRC	N/A	(i)
Wenzhou Tonghui Construction Co., Ltd (溫州通滙建設有限公司)	The PRC/ 18 October 2013/ Limited liability company	30,000	90%	10%	–	Construction/ The PRC	N/A	(i)
China Nonferrous Metals Industry's 12th Metallurgical Chongqing Energy Savings Technology Co., Ltd. (中色十二冶金建設重慶節能科技有限公司)	The PRC/ 25 June 2013/ Limited liability company	18,000	–	66.67%	33.33%	Engineering & Research/ The PRC	N/A	(i)

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name	Place and date of incorporation/ establishment and type of legal entity	Registered and fully paid capital	Effective interest held		Proportion of ordinary shares held by non-controlling interests	Principal activities and place of operation	Statutory auditors	
			Direct held	Indirect held			2012	2013
		RMB'000						
Guizhou Tongye Construction and Development Co., Ltd (貴州通冶建設發展有限公司)(v)	The PRC/ 4 July 2013/ Limited liability company	30,000	–	45%	55%	Construction/ The PRC	N/A	(i)
Shanxi Nonferrous Metal 12th Metallurgical Co., Ltd (山西中色十二冶物貿有限公司)	The PRC/ 16 August 2013/ Limited liability company	15,000	–	100%	–	Engineering & Equipment/ The PRC	N/A	(i)
Yunnan Kunye Construction and Development Co., Ltd (雲南昆冶建設發展有限公司)	The PRC/ 12 August 2013/ Limited liability company	30,000	–	51%	49%	Construction/ The PRC	N/A	(i)
China Aluminum Lide Construction (Suzhou) Co., Ltd (中鋁澧得建築工程(蘇州)有限公司)	The PRC/ 9 December 2013/ Limited liability company	8,000	73.50%	–	26.5%	Construction/ The PRC	N/A	(i)
Guizhou Chenhuida Mining Design Company Limited (貴州晨輝達礦業設計有限公司)	The PRC/ 27 September 2006/ Limited liability company	3,000	–	70%	30%	Engineering & Research/ The PRC	N/A	(iv)
Zhuhai Xinfeng Mechanical and Electrical Equipment Company Limited (珠海新峰機電設備有限公司)	The PRC/ 26 September 2003/ Limited liability company	20,000	–	60%	40%	Engineering & Equipment/ The PRC	N/A	(iv)
Guizhou Yundu Properties Company Limited (貴州匀都置業有限公司)	The PRC/ 7 January 2013/ Limited liability company	87,040	–	100%	–	Property Management/ The PRC	N/A	(i)

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name	Place and date of incorporation/ establishment and type of legal entity	Registered and fully paid capital	Effective interest held		Proportion of ordinary shares held by non-controlling interests	Principal activities and place of operation	Statutory auditors	
		RMB'000	Direct held	Indirect held			2012	2013
Guangxi Tongrui Investment and Construction Company Limited (廣西通鋭投資建設有限公司)	The PRC/ 5 December 2013/ Limited liability company	50,000	100%	–	–	Construction/ The PRC	N/A	(i)

Notes:

(i) PricewaterhouseCoopers Zhong Tian LLP (普華永道中天會計師事務所(特殊普通合伙))

(ii) Zhong Lei Certified Public Accountants (中磊會計師事務所有限公司)

(iii) Beijing Xing Hua Certified Public Accountants (北京興華會計師事務所有限公司)

(iv) Daxin Certificated Public Accountants LLP (大信會計師事務所(特殊普通合夥))

(v) According to the articles of association of Guizhou Tongye Construction and Development Co., Ltd., Guizhou Tongye Construction and Development Co., Ltd. held 45% equity interest and 67% voting right of those company, and has the power to decide the financial and operating policies.

(vi) China Nonferrous Metal, the subsidiary of Chalieco, held 62.5% of the equity and the voting right of this company.

(vii) Shandong Aluminum Engineering Co., Ltd. (山東鋁業工程有限公司) renamed as Aluminum International Shandong Construction Co., Ltd. (中鋁國際山東建設有限公司) in the year of 2013.

All English names represent the best effort by the Directors in translating the Chinese names as they do not have any official English names, and are for reference only.

44. ULTIMATE HOLDING COMPANY

The Directors regard Chinalco as being the ultimate holding company of the Company, which is owned and controlled by State-owned Assets Supervision and Administration Commission of the State Council of the PRC.

45. EVENTS AFTER THE BALANCE SHEET DATE

Other than the subsequent events disclosed below and elsewhere in the consolidated financial statements, no other significant subsequent events took place subsequent to 31 December 2013:

– On 22 February 2014, the whole-owned subsidiary, Chalieco Hong Kong Corporation Limited, issued USD 300 million senior guaranteed perpetual capital securities at an annual rate of 6.875% which is unconditionally irrecoverably guaranteed by the Group. The securities have no maturity date and are redeemable at the option of the Issuer.

46. CHANGES IN ACCOUNTING POLICIES

The Group adopted IFRS 10, 'Consolidated financial statements', IFRS 11, 'Joint arrangements' and IFRS 12, 'Disclosure of interests in other entities' and consequential amendments to IAS 28, 'Investment in associates and joint ventures' and IAS 27, 'Separate financial statements' on 1 January 2012. These new accounting policies have no impact to the consolidated financial statements.

The Group has also adopted IAS 19 (revised 2011) 'Employee benefits' on 1 January 2013. Except for the adoption of IAS 19 (Revised 2011), the adoption of other new accounting policies has no financial impact to the consolidated financial statements.

Adoption of IAS 19 (revised 2011)

The revised employee benefit standard introduces changes to the recognition, measurement, presentation and disclosure of post-employment benefits. The standard also requires net interest expense/income to be calculated as the product of the net defined benefit liability/asset and the discount rate as determined at the beginning of the year. The effect of this is to remove the previous concept of recognising an expected return on plan assets.

The effects of the changes to the accounting policies are shown in the following tables.

46. CHANGES IN ACCOUNTING POLICIES (Continued)

Adoption of IAS 19 (revised 2011) (continued)

Impact of change in accounting policy on the consolidated balance sheet:

	As at 31 December 2013 RMB'000	Adopt IAS 19 (revised 2011) RMB'000	As at 31 December 2013 as presented RMB'000	As at 31 December 2012 (previously stated) RMB'000	Adopt IAS 19 (revised 2011) RMB'000	As at 31 December 2012 (restated) RMB'000	As at 1 January 2012 (previously stated) RMB'000	Adopt IAS 19 (revised 2011) RMB'000	As at 1 January 2012 (restated) RMB'000
Assets									
Non-current assets									
Property, plant and equipment	1,682,332	–	1,682,332	1,577,011	–	1,577,011	1,329,329	–	1,329,329
Land use rights	834,237	–	834,237	798,030	–	798,030	713,515	–	713,515
Investment properties	28,825	–	28,825	30,007	–	30,007	31,190	–	31,190
Trade and notes receivables	1,223,760	–	1,223,760	1,215,820	–	1,215,820	376,145	–	376,145
Prepayments and other receivables	774,672	–	774,672	192,543	–	192,543	432,747	–	432,747
Intangible assets	221,576	–	221,576	220,729	–	220,729	250,179	–	250,179
Investment in associates	21,801	–	21,801	47,760	–	47,760	50,018	–	50,018
Available-for-sale financial assets	259,042	–	259,042	191,329	–	191,329	230,985	–	230,985
Deferred income tax assets	318,176	(17,289)	300,887	324,368	(11,736)	312,632	330,282	1,848	332,130
Other non-current assets	15,987	–	15,987	4,845	–	4,845	6,425	–	6,425
Total non-current assets	5,380,408	(17,289)	5,363,119	4,602,442	(11,736)	4,590,706	3,750,815	1,848	3,752,663
Current assets									
Available-for-sale financial assets	11,000	–	11,000	1,000	–	1,000	130,364	–	130,364
Inventories	835,206	–	835,206	712,624	–	712,624	617,908	–	617,908
Trade and notes receivables	7,739,918	–	7,739,918	5,198,928	–	5,198,928	3,762,217	–	3,762,217
Prepayments and other receivables	1,493,779	–	1,493,779	1,603,072	–	1,603,072	1,026,439	–	1,026,439
Amounts due from customers for contract work	5,989,329	–	5,989,329	4,776,992	–	4,776,992	2,254,791	–	2,254,791
Current income tax prepayments	36,690	–	36,690	4,103	–	4,103	3,553	–	3,553
Financial assets at fair value through profit or loss	–	–	–	413	–	413	3,803	–	3,803
Restricted cash	239,678	–	239,678	275,805	–	275,805	202,653	–	202,653
Time deposits	41,480	–	41,480	198,305	–	198,305	227,592	–	227,592
Cash and cash equivalents	6,456,158	–	6,456,158	2,759,653	–	2,759,653	2,154,465	–	2,154,465
Total current assets	22,843,238	–	22,843,238	15,530,895	–	15,530,895	10,383,785	–	10,383,785
Total assets	28,223,646	(17,289)	28,206,357	20,133,337	(11,736)	20,121,601	14,134,600	1,848	14,136,448
Equity and liabilities									
Equity									
Share capital	2,663,160	–	2,663,160	2,663,160	–	2,663,160	2,300,000	–	2,300,000
Reserves	3,650,863	57,833	3,708,696	2,378,635	31,905	2,410,540	584,419	(17,245)	567,174

46. CHANGES IN ACCOUNTING POLICIES (Continued)

Adoption of IAS 19 (revised 2011) (continued)

Impact of change in accounting policy on the consolidated balance sheet: (continued)

	As at 31 December 2013 RMB'000	Adopt IAS 19 (revised 2011) RMB'000	As at 31 December 2013 as presented RMB'000	As at 31 December 2012 (previously stated) RMB'000	Adopt IAS 19 (revised 2011) RMB'000	As at 31 December 2012 (restated) RMB'000	As at 1 January 2012 (previously stated) RMB'000	Adopt IAS 19 (revised 2011) RMB'000	As at 1 January 2012 (restated) RMB'000
Consolidated equity attributable to equity owners of the Company	6,314,023	57,833	6,371,856	5,041,795	31,905	5,073,700	2,884,419	(17,245)	2,867,174
Non-controlling interests	169,344	46	169,390	124,114	(12)	124,102	79,528	(534)	78,994
Total equity	6,483,367	57,879	6,541,246	5,165,909	31,893	5,197,802	2,963,947	(17,779)	2,946,168
Liabilities									
Non-current liabilities									
Deferred income	97,066	–	97,066	79,022	–	79,022	20,850	–	20,850
Long-term borrowings	290,152	–	290,152	190,349	–	190,349	–	–	–
Retirement and other supplemental benefit obligations	1,195,747	(75,168)	1,120,579	1,367,174	(43,629)	1,323,545	1,421,426	19,627	1,441,053
Deferred income tax liabilities	11,635	–	11,635	21,851	–	21,851	40,970	–	40,970
Trade and other payables	239,444	–	239,444	343,841	–	343,841	143,835	–	143,835
Total non-current liabilities	1,834,044	(75,168)	1,758,876	2,002,237	(43,629)	1,958,608	1,627,081	19,627	1,646,708
Current liabilities									
Trade and other payables	10,909,538	–	10,909,538	10,292,577	–	10,292,577	7,517,357	–	7,517,357
Dividends payable	57,240	–	57,240	53,080	–	53,080	81,681	–	81,681
Financial liabilities at fair value through profit or loss	–	–	–	1,499	–	1,499	–	–	–
Amounts due to customers for contract work	726,086	–	726,086	211,443	–	211,443	388,650	–	388,650
Short-term borrowings	7,595,740	–	7,595,740	2,193,491	–	2,193,491	1,303,045	–	1,303,045
Current income tax liabilities	501,010	–	501,010	94,097	–	94,097	132,340	–	132,340
Retirement and other supplemental benefit obligations	116,621	–	116,621	119,004	–	119,004	120,499	–	120,499
Total current liabilities	19,906,235	–	19,906,235	12,965,191	–	12,965,191	9,543,572	–	9,543,572
Total liabilities	21,740,279	(75,168)	21,665,111	14,967,428	(43,629)	14,923,799	11,170,653	19,627	11,190,280
Total equity and liabilities	28,223,646	(17,289)	28,206,357	20,133,337	(11,736)	20,121,601	14,134,600	1,848	14,136,448

46. CHANGES IN ACCOUNTING POLICIES (Continued)

Adoption of IAS 19 (revised 2011) (continued)

Impact of change in accounting policy on the consolidated statements of comprehensive income:

	For year ended 31 December 2013 RMB'000	Adopt IAS 19 (revised 2011) RMB'000	For year ended 31 December 2013 as presented RMB'000	For year ended 31 December 2012 (previously stated) RMB'000	Adopt IAS 19 (revised 2011) RMB'000	For period ended 31 December 2012 (Restated) RMB'000
Revenue	18,144,752	–	18,144,752	16,465,972	–	16,465,972
Cost of sales	(16,067,549)	–	(16,067,549)	(13,759,408)	–	(13,759,408)
Gross profit	2,077,203	–	2,077,203	2,706,564	–	2,706,564
Selling and marketing expenses	(402,208)	–	(402,208)	(430,738)	–	(430,738)
Administrative expenses	(909,306)	(111,076)	(1,020,382)	(869,598)	(44,928)	(914,526)
Other income	38,010	–	38,010	77,546	–	77,546
Other gains/(losses) – net	(496)	–	(496)	27,991	–	27,991
Gains on disposal of an associate	1,711,734	–	1,711,734	–	–	–
Operating profit	2,514,937	(111,076)	2,403,861	1,511,765	(44,928)	1,466,837
Finance income	132,290	–	132,290	94,622	–	94,622
Finance expenses	(251,238)	–	(251,238)	(163,396)	–	(163,396)
Finance expenses – net	(118,948)	–	(118,948)	(68,774)	–	(68,774)
Share of losses of associates	(2,071)	–	(2,071)	(2,258)	–	(2,258)
Profit before income tax	2,393,918	(111,076)	2,282,842	1,440,733	(44,928)	1,395,805
Income tax expense	(608,902)	27,819	(581,083)	(292,546)	10,478	(282,068)
Profit for the year	1,785,016	(83,257)	1,701,759	1,148,187	(34,450)	1,113,737
Items that may be reclassified to profit or loss						
Fair value losses on available-for-sale financial assets, net of tax	20,231	–	20,231	(30,274)	–	(30,274)
Item that will not be reclassified subsequently to profit or loss						
Remeasurements of post-employment benefit obligations, net of tax	–	109,243	109,243	–	84,122	84,122
Currency translation differences	(1,030)	–	(1,030)	–	–	–
Other comprehensive income for the year, net of tax	19,201	109,243	128,444	(30,274)	84,122	53,848
Total comprehensive income for the year	1,804,217	25,986	1,830,203	1,117,913	49,672	1,167,585

46. CHANGES IN ACCOUNTING POLICIES (Continued)

Adoption of IAS 19 (revised 2011) (continued)

Impact of change in accounting policy on the consolidated statements of comprehensive income: (continued)

	For year ended 31 December 2013 RMB'000	Adopt IAS 19 (revised 2011) RMB'000	For year ended 31 December 2013 as presented RMB'000	For year ended 31 December 2012 (previously stated) RMB'000	Adopt IAS 19 (revised 2011) RMB'000	For period ended 31 December 2012 (Restated) RMB'000
Profit attributable to:						
Equity owners of the Company	1,785,659	(83,298)	1,702,361	1,106,768	(34,610)	1,072,158
Non-controlling interests	(643)	41	(602)	41,419	160	41,579
Profit for the year	1,785,016	(83,257)	1,701,759	1,148,187	(34,450)	1,113,737
Total comprehensive income attributable to:						
Equity owners of the Company	1,804,860	25,928	1,830,788	1,076,494	49,150	1,125,644
Non-controlling interests	(643)	58	(585)	41,419	522	41,941
Total comprehensive income for the year	1,804,217	25,986	1,830,203	1,117,913	49,672	1,167,585

46. CHANGES IN ACCOUNTING POLICIES (Continued)

Adoption of IAS 19 (revised 2011) (continued)

Impact of change in accounting policy on the consolidated statement of changes in equity:

	Attributable to equity holders of the Company									
	Share capital RMB'000	Capital reserve RMB'000	Statutory surplus reserve RMB'000	Investment revaluation reserve RMB'000	Remeasurements of post-employment benefit obligations RMB'000	Special reserve RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2012 as previously reported	2,300,000	1,380	7,084	144,644	–	49,966	381,345	2,884,419	79,528	2,963,947
Effect of changes in accounting policies	–	–	–	–	(90,223)	–	72,978	(17,245)	(534)	(17,779)
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 of the year as previously reported	–	–	–	–	–	–	1,106,768	1,106,768	41,419	1,148,187
Effect of changes in accounting policies	–	–	–	–	–	–	(34,610)	(34,610)	160	(34,450)
Profit of the year (Restated)	–	–	–	–	–	–	1,072,158	1,072,158	41,579	1,113,737
Other comprehensive income as previously reported	–	–	–	(30,274)	–	–	–	(30,274)	–	(30,274)
Effect of changes in accounting policies	–	–	–	–	83,760	–	–	83,760	362	84,122
Other comprehensive income (Restated)	–	–	–	(30,274)	83,760	–	–	53,486	362	53,848
Total comprehensive as previously reported	–	–	–	(30,274)	–	–	1,106,768	1,076,494	41,419	1,117,913
Effect of changes in accounting policies	–	–	–	–	83,760	–	(34,610)	49,150	522	49,672
Total comprehensive income (Restated)	–	–	–	(30,274)	83,760	–	1,072,158	1,125,644	41,941	1,167,585
Issuance of ordinary shares for Listing, net	363,160	717,657	–	–	–	–	–	1,080,817	–	1,080,817
Capital contributions by non-controlling interest of the subsidiaries	–	65	–	–	–	–	–	65	3,167	3,232
Appropriation of special reserve	–	–	–	–	–	6,651	(6,651)	–	–	–
Appropriation of statutory surplus reserve	–	–	41,607	–	–	–	(41,607)	–	–	–
At 31 December 2012 as previously reported	2,663,160	719,102	48,691	114,370	–	56,617	1,439,855	5,041,795	124,114	5,165,909
Effect of changes in accounting policies	–	–	–	–	(6,463)	–	38,368	31,905	(12)	31,893
At 31 December 2012 (Restated)	2,663,160	719,102	48,691	114,370	(6,463)	56,617	1,478,223	5,073,700	124,102	5,197,802

47. APPROVAL OF THE FINANCIAL STATEMENTS

These consolidated financial statements have been approved for issue by the Board of Directors on 13 March 2014.

GLOSSARY OF TERMS

"Antaike"	Beijing Antaike Information Development Co., Ltd. (北京安泰科信息開發有限公司), an independent specialist market research company
"Articles of Association	the articles of association of the Company, being adopted on 26 July 2011
"Associate(s)"	has the meaning ascribed thereto in the Listing Rules
"Audit Committee"	the audit committee of the Board
"Board of Directors" or "Board"	the board of directors of the Company
"Changcheng Construction"	China Aluminum Changcheng Construction Co., Ltd (中鋁長城建設有限公司) a company incorporated in the PRC with limited liability, a wholly-owned subsidiary of our Company
"Changsha Institute"	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), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of our Company
"Changkan Institute"	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), a company incorporated in the PRC with limited liability and a wholly owned subsidiary of our Company
"Chalco"	Aluminum Corporation of China Limited (中國鋁業股份有限公司), a joint stock limited liability company incorporated under the laws of the PRC and listed on New York Stock Exchange, Shanghai Stock Exchange and the Stock Exchange (stock code: 2600) and a subsidiary of Chinalco
"China Aluminum Equipment"	China Aluminum International Engineering Equipment (Beijing) Co., Ltd. (中鋁國際工程設備(北京)有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of our Company
"China Aluminum Technology"	China Aluminum International Technology Development Co., Ltd. (中鋁國際技術發展有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of our Company
"Chinalco"	Aluminum Corporation of China (中國鋁業公司), a state-owned enterprise incorporated under the laws of the PRC and our Controlling Shareholder
"CNPT"	China Nonferrous Metals Processing Technology Co., Ltd. (中色科技股份有限公司), a joint stock limited liability company incorporated in the PRC and a subsidiary owned as to 73.5% by our Company, and (where the context requires) its subsidiaries

"Companies Ordinance"	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company" or "our Company", "Chalieco", we", "us" or "our"	China Aluminum International Engineering Corporation Limited (中鋁國際工程股份有限公司), a joint stock limited company incorporated under the laws of the PRC on 30 June 2011, and except where the context otherwise requires in respect of the period before our Company became the holding company of our present subsidiaries, the present subsidiaries of our Company and the business carried on by such subsidiaries or (as the case may be) their respective predecessors
"Connected Person"	has the meaning ascribed thereto in the Listing Rules
"Connected Transaction"	has the meaning ascribed thereto in the Listing Rules
"Director(s)"	the director(s) of the Company
"Domestic Shares"	ordinary shares of our capital, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi
"Duyun Tongda"	Duyun Development Zone Tongda Construction Co., Ltd. (都勻開發區通達建設有限公司), a company incorporated in the PRC with limited liability, the equity interest of which is held by our Company (as to 50%), Sixth Metallurgical Company (as to 30%) and GAMI (as to 20%)
"EPC"	a business model in which the contraction is commissioned by the proprietor for the design, procurement and construction and will tender the project to the proprietor upon completion for inspection for acceptance and the proprietor is responsible for financing
"GAMI"	Guiyang Aluminum & 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"	the Hong Kong Public Offering and the International Offering
"Group"	the Company and its subsidiaries

"H Share(s)"	the overseas listed foreign invested shares, with a nominal value of RMB1.00 each in the ordinary share capital of our Company, which are to be subscribed for and traded in HK dollars and for which an application has been made for the granting of listing, and permission to deal, on the Stock Exchange
"HK$" or "Hong Kong dollars" or "HK dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Stock Exchange" or "Stock Exchange"	the Stock Exchange of Hong Kong Limited
"IFRS"	International Financial Reporting Standards issued by the International Accounting Standards Board
"International Accounting Standards"	the International Accounting Standards and its interpretation
"Independent Shareholders"	Shareholders other than Chinalco and its associates
"Latest Practicable Date"	31 March 2014, being the latest practicable date prior to the printing of this annual report for containing certain information in annual report
"Listing"	listing of our H Shares on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"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 whole people, one of our Promoters and Shareholders
"Main Board"	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
"Ministry of Finance"	the Ministry of Finance of the People's Republic of China
"Nomination Committee"	the nomination committee of the Board
"NSSF"	National Council for Social Security Fund of the PRC

"OFAC"	The U.S. Department of Treasury's Office of Foreign Assets Control
"Prospectus"	the Prospectus issued on 22 June 2012 by Company
"Province" or "province"	a province or, where the context requires, a provincial level autonomous region or municipality under the direct supervision of the central government of the PRC
"Promoter(s)"	our Promoters, being Chinalco and Luoyang Institute
"PRC" or "China" or "People's Republic of China"	the People's Republic of China which, for the purpose of this annual report, excludes Hong Kong, Macau Special Administration Region of the PRC and Taiwan
"Renminbi" or "RMB"	the lawful currency of the PRC
"Remuneration Committee"	the remuneration committee of the Board
"Risk Management Committee"	the risk management committee of the Board
"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 (when the context requires) its subsidiaries
"SASAC"	the State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會)
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shandong Construction"	Chalieco Shandong Construction Co., Ltd. (中鋁國際山東建設有限公司), a company incorporated in the PRC with limited liability, the name of which was changed from Shandong Aluminum Engineering Co., Ltd. (山東鋁業工程有限公司) in October 2013, and a wholly-owned subsidiary of our Company
"Shanxi Aluminum Plant"	Shanxi Aluminum Plant (山西鋁廠), a wholly-owned subsidiary of Chinalco
"Shareholder(s)"	holder(s) of our Shares

"Shares"	shares in the share capital of the Company with a nominal value of RMB1.00 each, comprising the Domestic Shares and the H Shares
"Sixth Metallurgical Company"	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), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of our Company
"Supervisor(s)"	one (or all) of our supervisors
"Supervisory Board"	board of Supervisors of the Company
"State Council"	the State Council of the People's Republic of China
"Stock Exchange"	the Stock Exchange of Hong Kong Limited
"Tianjin Construction"	Chalieco (Tianjin) Construction Co., Ltd.
"Twelfth Metallurgical Company"	China Nonferrous Metals Industry's 12th Metallurgical Construction Co., Ltd. (中色十二冶金建設有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of our Company
"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"U.S. dollars" or "US$"	United States dollars, the lawful currency of the United States
"Wenzhou Tonggang"	Wenzhou Tonggang Construction Co., Ltd, a company incorporated in the PRC with limited liability and a wholly owned subsidiary of our Company
"Wenzhou Tongrun"	Wenzhou Tongrun Construction Co., Ltd., a company incorporated in the PRC with limited liability and a wholly owned subsidiary of our Company

CORPORATE INFORMATION

LEGAL NAME OF THE COMPANY

中鋁國際工程股份有限公司

ENGLISH NAME OF THE COMPANY

China Aluminum International Engineering Corporation Limited

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Mr. Wang Jun

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Mr. Jiang Jianxiang
Mr. Zhang Zhankui

REMUNERATION COMMITTEE

Mr. Sun Chuanyao (Chairman)
Mr. Jiang Jianxiang

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

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Bank of Communication Co., Ltd.
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China Minsheng Bank Corp., Ltd.
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中鋁國際工程股份有限公司

China Aluminum International Engineering Corporation Limited

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