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

Interim Report 2014

CONTENTS

PRESIDENT'S STATEMENT

Dear Shareholders,

In the first half of 2014, the business situations and the industry challenges were more complicated and severe than that of 2013. Under the leadership of the management, we analyzed the situations, responded cautiously and acted actively. With strong commitment, determination and a mindset of thinking ahead and devoted work, we persistently carried out the reform by adopting a market-oriented and revolutionary approach. We innovated our business model and seized the historical opportunities of urbanization to explore new business segments. Meanwhile, Chalieco achieved new record in the production operation and made new progress in every aspects of work by fully capitalizing on our resources advantage in terms of talent, technology and customers in the nonferrous metals industry and intensifying the exploration of the existing market.

As of 30 June 2014, the value of contracts newly signed in the domestic market for the first half of the year amounted to RMB16.7 billion, while the value of contracts newly signed in the international market amounted to US$500 million. Total asset of the Group was RMB30.71 billion, 8.9% up over that of the beginning of the period, realizing revenue of RMB8.85 billion and profit before tax of RMB370 million.

Currently, we are in a critical period of rapid development under challenging environment. Operational transformation is a pivotal task. The Company is actively exploring, breaking through the traditional model, enhancing innovation capability, focusing on the existing market, improving service value, capitalizing on its own advantages, in order to expand overseas business, strengthen risk awareness and improve decision-making capability. We adhere to the principle of making a stronger enterprise instead of bigger; to survive then to develop; and to control risk then to make profit.

We are dedicated and committed. In 2014, with strong support from all walks of life, determination and the best efforts, Chalieco sets to complete the stated goals of the year by bolstering confidence, stringent implementation and appropriate measures with an aim to represent an outstanding result to the satisfaction of all shareholders and staff.

He Zhihui
President of the Company

CORPORATE PROFILE

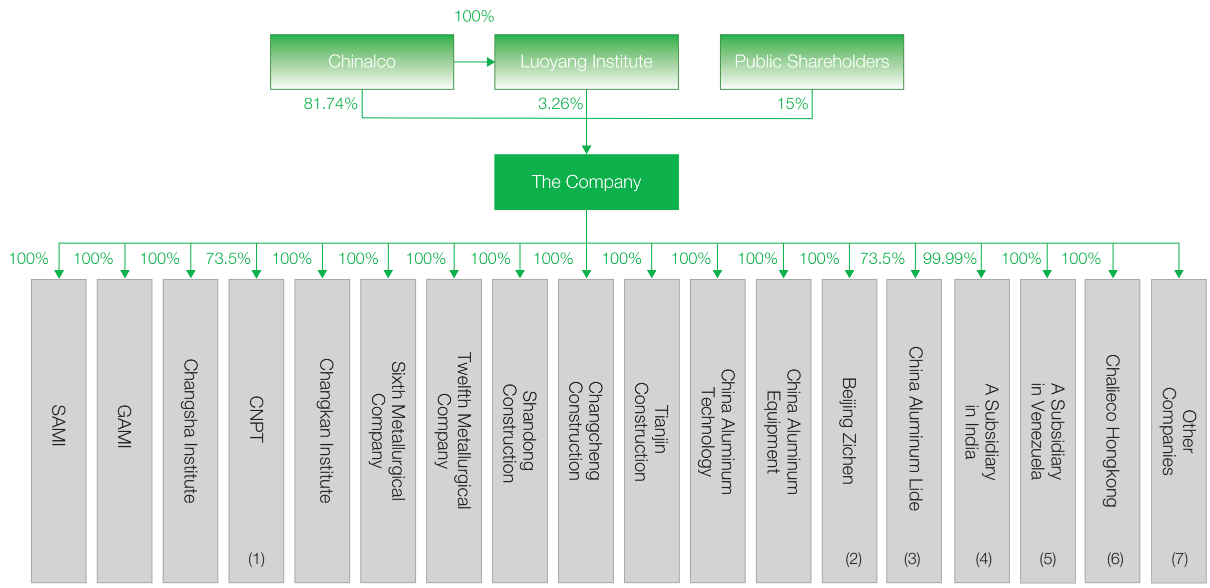
Chalieco was incorporated in the PRC on 16 December 2003, with Chinalco as its controlling shareholder. It was listed on the main board of the Stock Exchange on 6 July 2012.

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

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

Chalieco has been successively listed on “Top 500 Enterprises of China in 2014”, ranking No. 267.

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) Beijing Zichen Investment Co., Ltd.

(3) China Aluminum Lide Construction (Suzhou) Co., Ltd.

(4) China Aluminium International Engineering (India) Private Limited. The remaining 0.01% interests are held by Mr. Zhang Jiazhi.

(5) Chalieco Venezuela C.A..

(6) Chalieco Hongkong Co., Ltd.

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

FINANCIAL SUMMARY

1. KEY OPERATION RESULT

	For the six months ended 30 June 2014 (RMB'000)	2013 (RMB'000)	Amount of Change (RMB'000)	% of Change %
Revenue	**8,850,244**	7,053,784	1,796,460	25.5
Gross profit	**1,014,765**	1,004,789	9,976	1.0
Operating profit	**553,276**	436,607	116,669	26.7
Total profit	**372,256**	392,733	(20,477)	(5.2)
Net profit	**272,324**	285,921	(13,597)	(4.8)
Net profit attributable to the equity owners of the Company	**236,361**	281,571	(45,210)	(16.1)
Basic earnings per share	**0.09**	0.11	(0.02)	(18.2)

Note: The basic earnings per share of the Company for the six months ended 30 June 2014 was RMB0.09 per share (equivalent to HK$0.11 per share, based on the middle exchange rates for RMB to HKD as published by the People's Bank of China on 30 June 2014).

2. SEGMENT RESULTS

	For the six months ended 30 June 2014 (RMB'000)	2013 (RMB'000)	Amount of Change (RMB'000)	% of Change %
Segment revenue				
Engineering design and consultancy	**680,221**	989,492	(309,271)	(31.3)
Engineering and construction contracting	**5,064,444**	5,757,625	(693,181)	(12.0)
Equipment manufacturing	**290,571**	391,231	(100,660)	(25.7)
Equipment trading	**2,897,394**	106,731	2,790,663	2,614.7
Subtotal	**8,932,630**	7,245,079	1,687,551	23.3
Inter-segment elimination	**(82,386)**	(191,295)		
Total revenue	**8,850,244**	7,053,784	1,796,460	25.5

3. ASSETS AND LIABILITIES

	As at 30 June 2014 (RMB'000)	As at 31 December 2013 (RMB'000)	Amount of Change (RMB'000)	% of Change %
Total assets	**30,706,159**	28,206,357	2,499,802	8.9
Total liabilities	**22,318,616**	21,665,111	653,505	3.0
Total equity of owners	**8,387,543**	6,541,246	1,846,297	28.2
Equity attributable to equity owners of Company	**6,249,272**	6,371,856	(122,584)	(1.9)

4. FINANCIAL HIGHLIGHT

In face of the tough market environment, the Group benefited from the exploration efforts of both international and domestic markets and achieved newly signed contracts with the value of RMB19.8 billion in the first half of the year, maintaining a good momentum of development. The contracts backlog of the Company as of 30 June 2014 amounted to RMB70.7 billion, representing an increase of 15.0% over the end of 2013, building a solid foundation for future performance. The Group grew steadily in the first half of the year with revenue of RMB8.85 billion, 25.5% up over that of the same period last year.

The first issuance of senior guaranteed perpetual capital securities in the overseas market by the Group made a success. The proceeds of US$300 million is used as a supplemental working capital for its overseas operations to provide the Group with solid funding support to develop the international market. Such exercise enriches the financing means for the Group and opens up a new channel for adjustment of capital structure. The Group has cash of RMB5.18 billion as at 30 June 2014, which accounted for 16.9% of the total asset.

MANAGEMENT DISCUSSION AND ANALYSIS

1. INDUSTRY OVERVIEW FOR THE FIRST HALF OF 2014

Affected by the macro-economic situation at home and abroad, China's nonferrous metals industry is facing increasing pressure on resources, energy and environment. It is expected that demand is difficult to increase rapidly in the short term and excess capacity problems is difficult to solve effectively. The product price of the nonferrous metals industry remained at a downward trend in the first half of the year. Enterprises faced greater pressure on production and operation. The industry as a whole was in a low-profit position.

In the first half of the year, China's investment in the mining and processing business of nonferrous metals amounted to RMB66.7 billion, down 5.6% over the same period last year. Investment in nonferrous metals smelting and pressing and processing industry amounted to RMB256.1 billion, up 7.4% over the same period last year.

The industry will focus on solving the contradiction of excess capacity of the aluminum industry in the second half of the year, promoting the nonferrous metals industry and speeding up the structural adjustment and upgrade of the industry and commencing activities on technological transformation, energy saving and emissions reduction and assets revitalization.

2. BUSINESS REVIEW FOR THE FIRST HALF OF 2014

I. Unabated efforts on domestic market exploration. Although the external market was tough, our team in the Headquarters and subsidiaries had unwavering faith in achieving the operation targets of the first half of the year. Efforts on market development were unabated. In the first half of the year, about 100 projects in medium and large scale were undertook involving heavy metal smelting, technological transformation, redevelopment of shanty areas, tourism and municipal construction and most of the projects started from the preliminary works. The operation level had been improved.

   Meanwhile, based on its own knowledge on energy saving and emissions reduction technology, Design Institute (設計院) paid attention to the existing nonferrous metals market and help to formulate technological upgrading and transformation plans for several smelting manufacturing enterprises.

II. Large orders secured in South America. The Company capitalized on the changing market trend in the international arena and actively captured opportunities on project cooperation. In the first half of the year, the Company successfully entered into the EPC contract with Venalum Electrolysis Plant under CVG Group, Venezuela with a contract value of about US$500 million. The act was the second cooperation between China and Venezuela in the field of electrolytic aluminum. The Company has become one of the most popular Chinese enterprises in Venezuela. In the first half of the year, the international business underwent full integration and is operated in accordance with the division-based management approach, realizing the integrated operations of the contract of the overseas project from negotiation to execution.

III. Successfully issued the perpetual securities. Following the initial public offering (IPO) of H Shares in 2012 and the issuance of non-public debt financing instruments with principal amount of RMB2.5 billion in 2013, the Company successfully issued US$300 million senior guaranteed perpetual capital securities in the first half of the year, by which the Company's capital structure was greatly improved. The exercise has provided funding for the business development of the Company.

IV. More efforts on research and development and promote reform on research system. The R & D concept of the Company made a big change and is toward a more pragmatic and operational approach. In 2014, the Company invested RMB150 million in the special funding for the upgrade of scientific and technological research and development, encouraging enterprises to carry out technical research. Meanwhile, in order to achieve the projected target, the Company also signed the performance appraisal responsibility letter with Design Institute and the project research and development team to support the technology promotion projects, clarifying the rights and obligations of every party.

V. The diversity of project implementation mode. From the initial traditional construction mode to the current BT + development mode, the primary and secondary land acquisition, the business model of the Company became more diversified. With projects such as Luoyang Zhongmai (洛陽中邁) implemented in the first half of the year, its business model is focused on upstream, greatly improving the profitability of the project.

VI. The equipment trading segment sees an early success. In order to take full advantage of the centralized purchasing edge and full supply chain service of the Company, we commenced the equipment and raw material trading business relevant to the core businesses in a trial. After half year of operation, type of trade partners and product ranges of the equipment trading segment are gradually beginning to show. It found a way for rapid development of its own.

VII. Risk control capability is enhancing. Through the implementation of projects over the recent years, the Company's overall capability of risk control, starting from the planning stage to negotiations, subcontract settlement and to the recovery of warranty fund, was greatly improved. The risk warning system was installed in every process and every link in the project implementation with the "firewall" setting to ensure that the project funding are under control within safety range.

Contracts

The aggregated value of contracts newly signed in the first half of the year amounted to RMB19.8 billion, representing an increase of 7.6% as compared with the corresponding period over last year. The contracts backlog of the Group as of 30 June 2014 amounted to RMB70.7 billion, representing an increase of 15.0% over the end of 2013.

Credit ratings

The Company was ranked BB+ issuer rating and BB independent rating by Standard & Poor's.

Research and Development and Awards

Research was conducted smoothly. "Post-doctoral innovation practical base of Liaoning province" of SAMI was approved and listed officially. Significant projects achieved breakthroughs. The key project under the 863 national plan "600kA large pre-baked positive aluminum 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. The success of the research and production of 600kA aluminum electrolytic tank meant the Group acquired the aluminum electrolytic tank having the world's largest capacity. 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 project of "automatic stripping of zinc technology and complete sets of equipment research" was categorized as one of the ten key technologies in nonferrous metals industry and would replace the import equipment, which means a lot to the improvement of zinc smelting industry equipment level of our country. "Key technology research on rolled copper foil production" ran smoothly. It enabled the production of copper foil products. The products had basically achieved the design requirements. Meanwhile, relevant control equipment was invented. The complete set of equipment was a pioneer in the country.

For the six months ended 30 June 2014, the Company accumulated 154 applied patents and 125 granted patents, of which 1 is international granted patent. As of 30 June 2014, there are 5,623 applied patents and 3,900 granted patents, of which 135 are international and 44 granted patents.

3. BUSINESS OUTLOOK FOR THE SECOND HALF OF 2014

I. Breakthrough the traditional model to enhance innovation capability

Under the current tough external environment, the Company must take the initiative to adapt market changes and find innovative business model in order to innovatively improve product and service, to create greater value for customers and to explore new opportunities. It will intensify its efforts to develop the domestic market by focusing on project implementation. Firstly, by building on its presence and services in the nonferrous metals industry, Chalieco will form communication with peers in the industry and build up complementary advantages and an interactive win-win operation mechanism with others. By fully capitalizing on the various resources, it strives to boost business and sales with full manpower. Moreover, by making fully use of the technology resources in the society and the market-oriented approach, Chalieco will endeavor to expand cooperation with international partners, foster advantageous projects and explore market of emerging industries.

II. Focus on the existing nonferrous market to enhance service value

Excessive production capacity occurred in the nonferrous industry, causing keen competition between enterprises. Cost is crucial in the market competition. As pressure to survival increases, the use of technology as a means to solve the cost problem has become a realistic option for manufacturing enterprises. Meanwhile, from the national level, in order to reduce the consumption of resources and energy, and to achieve energy saving and environmental protection requirements, the relevant administrative departments actively support the upgrade of existing capacity, in addition to establishing a sound market exit mechanism, eliminating backward production capacity. The aluminum electrolytic tank technology developed by the Company can provide the customers with leading transformation services. In the industry chain of nonferrous metals such as copper, lead, zinc and rare earth which involves mining, selecting, smelting and processing, the Company also has enough capacity to add technology content in the areas of consultancy, design and equipment manufacturing, increasing the contribution rate of technology in production level.

III. Capitalizing on its own advantages to expand in the overseas market

In recent years, as the production capacity of global nonferrous metals redeployed and shifted, China's enterprises "going global" open up international business and new opportunities. The Company possesses the world's leading expertise with comprehensive professional equipment, complete industrial chain, cost advantages and major shareholders' support. The Company will take advantage of these favorable conditions as well as the Chinese elements to increase its presence in the overseas market.

The Company has initially established a network of overseas business in emerging markets which cover more than ten countries. With technical output as key, it promotes the development of relevant businesses such as consultancy, design, construction, products and labor services, builds up experience in overseas development, refines the team, cultivates talents and establishes a good reputation. In the aluminum industry, particularly, the Company has become one of the major technology suppliers in the world. Currently, the Company achieved sound results in the market development and project implementation in South America and has incorporated African resources, energy-rich region as target markets. Efforts will be made to deliver new projects.

IV. Enhancement of system reform and technology injection to ensure the technology achievement satisfying the market demand

In the second half of the year, the Company will continue to focus on the demand of the market, strengthen the technology and wisely use the research funds to build a strong presence in the technology field of nonferrous metals. Through the technological transformation effort towards the existing nonferrous metals market such as electrolytic aluminum, alumina, copper, lead and zinc and other nonferrous metals, we continue to enhance our technology advantage in the nonferrous metals field. Design Institute will focus on the existing business to carry out a trial on energy saving technology. Through the application of energy saving and emissions reduction technology and reasonable optimization of processes, the core competitiveness is enhanced.

V. Strengthening risk awareness and enhancing decision-making capability

With the implementation of the strategic reform, transformation of business model and business structure adjustment, the Company encountered more and more risk factors in business development and management. Therefore, when making decision, the Company should place the risk control as the priority. In particular, for the implementation of overseas projects, we must place the safety measures on top priority, earnestly focus on the risk prevention and control, and strengthen the process supervision and risk warning, so as to ensure the risks within the tolerance limits of the Company.

4. FINANCIAL REVIEW

(1) Overview

For the six months ended 30 June 2014, the Group realized revenue of RMB8,850.2 million, representing an increase of RMB1,796.5 million or 25.5% over the corresponding period of last year. The Group realized gross profit of RMB1,014.8 million, a slightly higher than that of the corresponding period of last year. Net profit amounted to RMB272.3 million, which was basically in line but with a slight decrease when compared with the corresponding period of last year.

(2) Condensed Consolidated Results of Operations

1) Revenue

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

Under the relevant diverse strategic guidance, in order to strengthen the cost and risk control, the Company implemented the centralized procurement strategy, made appropriate adjustments and broadened the types of business. The Company expanded the equipment and raw materials trading business associated with the core businesses during the process of building the procurement platform. Such type of business is managed under the Equipment Trading Segment.

For the six months ended 30 June 2014, the revenue of the Group was RMB8,850.2 million, representing an increase of RMB1,796.5 million or 25.5% over the same period of the previous year. The revenue before inter-segment elimination of engineering design and consultancy, engineering and construction contracting, equipment manufacturing and equipment trading businesses was RMB680.2 million, RMB5,064.4 million, RMB290.6 million and RMB2,897.4 million, respectively.

For the six months ended 30 June 2014, the revenue generated in China and overseas regions amounted to RMB7,797.5 million and RMB1,052.7 million, respectively, accounting for 88.1% and 11.9% of the total revenue. The comparison with the data for the same period of the previous year is as below:

	For the six months period			
	2014		2013	
	(RMB'000)	**%**	(RMB'000)	%
China	**7,797,523**	**88.1**	6,298,981	89.3
Overseas				
Vietnam	**185,063**	**2.1**	208,586	3.0
India	**32,480**	**0.4**	108,723	1.5
Venezuela	**759,853**	**8.6**	352,649	5.0
Others	**75,324**	**0.9**	84,845	1.2
Subtotal	**1,052,721**	**11.9**	754,803	10.7
Total	**8,850,244**	**100**	7,053,784	100

Note: Others include revenue from countries (regions) such as Malaysia, Brazil, Guinea and Turkey.

2) **Cost of sales**

For the six months ended 30 June 2014, the cost of sales of the Group amounted to RMB7,835.5 million, representing an increase of RMB1,786.5 million or 29.5% over the same period of the previous year, which was due to an increase in the cost of equipment trading business.

3) **Gross profit**

For the six months ended 30 June 2014, the gross profit of the Group amounted to RMB1,014.8 million, representing an increase of RMB10.0 million or 1.0% over the same period of the previous year, essentially unchanged from the previous year.

4) **Selling and marketing expenses**

For the six months ended 30 June 2014, the selling and marketing expenses of the Group amounted to RMB158.5 million, representing a decrease of RMB15.4 million or 8.9% over the same period of the previous year, which was mainly due to a decrease of business tax brought by the change of taxation.

5) **Administrative expenses**

For the six months ended 30 June 2014, the administrative expenses of the Group amounted to RMB417.8 million, representing an increase of RMB13.1 million or 3.2% over the same period of the previous year, which was primarily due to the cost cutting resulting from the imposition of strict cost control measures and an increase of bad debt provision.

6) **Other income**

For the six months ended 30 June 2014, the other income of the Group amounted to RMB84.7 million, representing an increase of RMB75.2 million or 795.1% over the same period of the previous year, which was primarily due to the receipt of more capital yield from BT projects.

7) **Other gains-net**

For the six months ended 30 June 2014, the other gains-net of the Group amounted to RMB30.1 million, representing an increase of RMB29.2 million over the same period of the previous year, mainly due to the gains from foreign exchange rate changes.

8) Operating profit

For the six months ended 30 June 2014, the operating profit of the Group amounted to RMB553.3 million, representing an increase of RMB116.7 million or 26.7% over the same period of the previous year.

9) Finance income

For the six months ended 30 June 2014, the finance income of the Group amounted to RMB70.0 million, representing an increase of RMB20.5 million or 41.3% over the same period of the previous year.

10) Finance costs

For the six months ended 30 June 2014, the finance costs of the Group amounted to RMB250.9 million, representing an increase of RMB158.4 million or 171.4% over the same period of the previous year, which is mainly due to an increase in size of borrowing of the Group.

11) Income tax expense

For the six months ended 30 June 2014, the income tax expense of the Group amounted to RMB99.9 million, representing a decrease of RMB6.9 million over the same period of the previous year, which was primarily attributable to a decrease in profit before tax.

12) Profit for the period

For the six months ended 30 June 2014, the profit for the period of the Group amounted to RMB272.3 million, representing a decrease of RMB13.6 million or 4.8% over the same period of the previous year.

13) Profit attributable to equity owners of the Company

For the six months ended 30 June 2014, the profit attributable to equity owners of the Company amounted to RMB236.4 million, representing a decrease of RMB45.2 million or 16.1% over the same period of the previous year.

(3) Discussion of the Operating Results by Segment

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

	Revenue For the half year ended 30 June		Gross Profit For the half year ended 30 June		Gross Profit Margin For the half year ended 30 June		Segment Result For the half year ended 30 June		Segment Result Margin For the half year ended 30 June	
	2014 (RMB'000)	2013 (RMB'000)	**2014 (RMB'000)**	2013 (RMB'000)	**2014 %**	2013 %	**2014 (RMB'000)**	2013 (RMB'000)	**2014 %**	2013 %
Engineering design and consultancy	**680,221**	989,492	**198,873**	393,518	**29.2**	39.8	**37,849**	170,406	**5.6**	17.2
Engineering and construction contracting	**5,064,444**	5,757,625	**756,086**	542,269	**14.9**	9.4	**496,257**	254,822	**9.8**	4.4
Equipment manufacturing	**290,571**	391,231	**26,341**	90,457	**9.1**	23.1	**(3,802)**	16,051	**(1.3)**	4.1
Equipment trading	**2,897,394**	106,731	**38,887**	472	**1.3**	0.4	**34,432**	353	**1.2**	0.3
Subtotal	**8,932,630**	7,245,079	**1,020,187**	1,026,716			**564,736**	441,632		
Inter-segment elimination	**(82,386)**	(191,295)	**(5,421)**	(21,927)			**(11,460)**	(5,025)		
Total	**8,850,244**	7,053,784	**1,014,765**	1,004,789	**11.5**	14.2	**553,276**	436,607	**6.3**	6.2

1) Engineering design and consultancy

The principal segment result data for the Group's engineering design and consultancy business is as follows:

	For the half year ended 30 June				
	2014		2013		
	(RMB'000)	**% of Segment Revenue**	(RMB'000)	% of Segment Revenue	% of Change
Segment revenue	**680,221**	**100.0**	989,492	100.0	(31.3)
Cost of sales	**(481,348)**	**(70.8)**	(595,974)	(60.2)	(19.2)
Gross profit	**198,873**	**29.2**	393,518	39.8	(49.5)
Selling and marketing expenses	**(23,037)**	**(3.4)**	(55,597)	(5.6)	(58.6)
Administrative expenses	**(154,557)**	**(22.7)**	(170,780)	(17.3)	(9.5)
Other income and other gains-net	**16,570**	**2.4**	3,265	0.3	407.5
Segment result	**37,849**	**5.6**	170,406	17.2	(77.8)

Segment revenue. Revenue from the engineering design and consultancy business before intersegment elimination decreased by RMB309.3 million or 31.3% over the same period of the previous year, primarily due to the non-ferrous metal industry adjustment factors resulting in a drop of orders in design and consultancy business.

Cost of sales. Cost of sales of the engineering design and consultancy business decreased by RMB114.6 million or 19.2% over the same period of the previous year, primarily due to a decrease in cost in line with revenue decreased, of which the labor cost was relatively stable with only a slight decline.

Gross profit. Gross profit of the engineering design and consultancy business decreased by RMB194.6 million or 49.5% over the same period of the previous year, primarily due to a decrease in gross profit resulted from the aforesaid reasons.

Selling and marketing expenses. Selling and marketing expenses of the engineering design and consultancy business decreased by RMB32.6 million or 58.6% over the same period of the previous year, which is mainly due to a drop in related costs as a result of business reduction. Meanwhile, the Group adopted more stringent cost control which achieved significant results.

Administrative expenses. Administrative expenses of the engineering design and consultancy business decreased by RMB16.2 million or 9.5% over the same period of the previous year, which is mainly due to the cost reduction resulted from the strict cost control exercise.

Other income and other gains-net. Other net income and other gains-net derived from the Group's engineering design and consultancy business increased by RMB13.3 million over the same period of the previous year, which is mainly due to the segment's disposal of intangible assets and income of equity investment.

Segment result. As a result of the foregoing, segment result for the period from the Group's engineering design and consultancy business decreased by RMB132.6 million or 77.8% over the same period of the previous year.

2) Engineering and construction contracting

The principal segment result data for the Group's engineering and construction contracting business is as follows:

	For the half year ended 30 June				
	2014		2013		
	(RMB'000)	% of Segment Revenue	(RMB'000)	% of Segment Revenue	% of Change
Segment revenue	5,064,444	100.0	5,757,625	100.0	(12.0)
Cost of sales	(4,308,359)	(85.1)	(5,215,356)	(90.6)	(17.4)
Gross profit	756,086	14.9	542,269	9.4	39.4
Selling and marketing expenses	(130,644)	(2.6)	(114,125)	(2.0)	14.5
Administrative expenses	(229,772)	(4.5)	(177,983)	(3.1)	29.1
Other income and other gains-net	100,589	2.0	4,661	0.1	2,058.1
Segment result	496,257	9.8	254,822	4.4	94.7

Segment revenue. Revenue of the engineering and construction contracting business before inter-segment elimination decreased by RMB693.2 million or 12.0% over the same period of the previous year, primarily attributable to the preparation work for the newly contracted business took more time and majority of orders on hand had not yet entered into construction peak seasons, resulting a modest drop in revenue for the first half of the year as compared with the same period last year.

Cost of sales. Cost of sales of the engineering and construction contracting business decreased by RMB907.0 million or 17.4% over the same period of the previous year, primarily due to a slight decrease in revenue of construction-in-progress.

Gross profit. Gross profit of the engineering and construction contracting business increased by RMB213.8 million or 39.4% over the same period of the previous year, primarily due to more municipal construction and social security housing projects with higher yield were undertaken by the Group currently, which have a higher gross profit margin than that of the traditional nonferrous metals engineering contracting projects.

Selling and marketing expenses. Selling and marketing expenses of the engineering and construction contracting business increased by RMB16.5 million or 14.5% over the same period of the previous year, primarily due to an increase in transportation cost of the projects.

Administrative expenses. Administrative expenses of the engineering and construction contracting business increased by RMB51.8 million or 29.1% over the same period of the previous year, primarily due to an increase in operating costs of the new projects.

Other income and other gains-net. The other income and other gains-net of the Group increased by RMB95.9 million, primarily due to an increase in capital yield from the Group's BT projects.

Segment result. As a result of the above mentioned, segment result for the period of the engineering and construction contracting business increased by RMB241.4 million or 94.7% over the same period of the previous year.

3) Equipment manufacturing

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

	For the half year ended 30 June				
	2014		2013		
	(RMB'000)	**% of Segment Revenue**	(RMB'000)	% of Segment Revenue	% of Change
Segment revenue	**290,571**	**100.0**	391,231	100.0	(25.7)
Cost of sales	**(264,230)**	**(90.9)**	(300,774)	(76.9)	(12.2)
Gross profit	**26,341**	**9.1**	90,457	23.1	(70.9)
Selling and marketing expenses	**(2,186)**	**(0.8)**	(4,089)	(1.0)	(46.5)
Administrative expenses	**(34,398)**	**(11.8)**	(72,750)	(18.6)	(52.7)
Other income and other gains-net	**6,441**	**2.2**	2,433	0.6	164.7
Segment result	**(3,802)**	**(1.3)**	16,051	4.1	(123.7)

Segment revenue. Revenue of the equipment manufacturing business before inter-segment elimination decreased by RMB100.7 million or 25.7% over the same period of the previous year, primarily attributable to market shrinkage of the nonferrous metals processing business in which the Group operates.

Cost of sales. Cost of sales of the equipment manufacturing business decreased by RMB36.5 million or 12.2% over the same period of the previous year, primarily due to a decrease in cost along with orders.

Gross profit. Gross profit of the equipment manufacturing business decreased by RMB64.1 million or 70.9% over the same period of the previous year.

Selling and marketing expenses. Selling and marketing expenses of the equipment manufacturing business decreased by RMB1.9 million or 46.5% over the same period of the previous year, primarily due to a decrease business and the imposition of cost control measures which brought significant results.

Administrative expenses. Administrative expenses of the equipment manufacturing business decreased by RMB38.4 million or 52.7% over the same period of the previous year, primarily due to the imposition of cost control measures which brought significant results.

Other income and other gains-net. The other net income and other gains-net of the Group's equipment manufacturing business increased by RMB4.0 million over the same period of the previous year.

Segment result. As a result of the above mentioned, segment result for the period of the Group's equipment manufacturing business decreased by RMB19.9 million or 123.7% over the same period of the previous year.

4) Equipment trading

The principal segment result data for the Group's equipment trading business is as follows:

	For the half year ended 30 June				
	2014		2013		
	(RMB'000)	% of Segment Revenue	(RMB'000)	% of Segment Revenue	% of Change
Segment revenue	2,897,394	100.0	106,731	100.0	2,614.7
Cost of sales	(2,858,507)	(98.7)	(106,259)	(99.6)	2,590.1
Gross profit	38,887	1.3	472	0.4	8,133.8
Selling and marketing expenses	(2,587)	(0.1)	(23)	(0.0)	10,933.8
Administrative expenses	(1,868)	(0.1)	(96)	(0.1)	1,841.0
Segment result	34,432	1.2	353	0.3	9,654.1

Upon the adjustment of business segments of the Group, the business of the equipment trading segment grew rapidly. Each of the indicators has increased significantly as compared with the same period of the previous year.

Segment revenue. Revenue of the equipment trading business before inter-segment elimination increased by RMB2,790.7 million or 2,614.7% over the same period of the previous year.

Cost of sales. Cost of sales of the equipment trading business increased by RMB2,752.2 million or 2,590.1% over the same period of the previous year.

Gross profit. Gross profit of the equipment trading business increased by RMB38.4 million or 8,133.8% over the same period of the previous year.

Selling and marketing expenses. Selling and marketing expenses of the equipment trading business increased by RMB2.6 million.

Administrative expenses. Administrative expenses of the equipment trading business increased by RMB1.8 million or 1,841.0% over the same period of the previous year.

Segment result. As a result of the above mentioned, segment result for the period of the Group's equipment trading business increased by RMB34.1 million or 9,654.1% over the same period of the previous year.

5. LIQUIDITY AND CAPITAL RESOURCES

As at 30 June 2014, the cash and cash equivalents held by the Group amounted to RMB4,982.4 million, representing a decrease of RMB1,473.8 million as compared with that as at 31 December 2013, primarily due to an increase in the initial deployment of capital for the Group's preparation of the BT projects and advance for contracting projects.

As at 30 June 2014, the current assets of the Group, exclusive of cash and cash equivalents, amounted to RMB20,435.3 million, among which notes and trade receivables, amounts due from customers for contract work, prepayments and other receivables, inventories and available-for-sale financial assets were RMB8,894.5 million, RMB6,374.0 million, RMB4,215.7 million, RMB654.3 million and RMB96.0 million, respectively.

As at 30 June 2014, the current liabilities of the Group amounted to RMB19,650.0 million, among which trade and other payables and short-term borrowings were RMB11,381.1 million and RMB7,176.5 million, respectively.

As at 30 June 2014, the net current assets of the Group, being the difference between total current assets and current liabilities, amounted to RMB5,767.7 million, representing an increase of RMB2,830.7 million or 96.4% as compared with that as at 31 December 2013.

As at 30 June 2014, the outstanding borrowings of the Group amounted to RMB8,373.7 million, among which short-term borrowings and long-term borrowings were RMB7,176.5 million and RMB1,197.3 million, respectively, the aggregate amount of which increased by RMB487.8 million as compared with that as at 31 December 2013, comprising of the decrease of RMB419.3 million in short-term borrowings and an increase of RMB907.1 million in long-term borrowings.

(1) Cash flows

Cash flows used in operating activities. For the six months ended 30 June 2014, net cash outflow generated from operating activities amounted to RMB2,290.9 million, representing an increase of RMB1,400.3 million or 157.2% from net cash outflow of the same period in the previous year, primarily due to more operating capital contribution as a result of the commencement of BT projects and advances for contracting business.

Cash flows used in investing activities. For the six months ended 30 June 2014, net cash outflow used in investing activities amounted to RMB1,391.0 million, representing an increase of RMB1,053.6 million or 312.2% from net cash outflow of the same period in the previous year, primarily due to the initial capital contribution of the BT projects and the acquisition of bank wealth management products.

Cash flows generated from financing activities. For the six months ended 30 June 2014, net cash inflow generated from the Group's financing activities amounted to RMB2,198.0 million, representing an increase of RMB883.6 million or 67.2% from net cash inflow of the same period in the previous year, primarily due to an increase in capital from fund raising exercise by the Group to satisfy the operation requirement.

(2) Security

During the reporting period, the subsidiaries of the Group had pledged fixed assets and land use certificate for short-term borrowings amounting to RMB10.0 million; and borrowings amounted to RMB64.0 million was pledged by trade receivables.

(3) Gearing ratio

The Group monitors the Group's capital structure on the basis of gearing ratio. This ratio is calculated by dividing net debt by total capital. Net debt is calculated as the total borrowings and other liabilities (including short-term borrowings, long-term borrowings, trade and other payables shown in the consolidated balance sheet) less restricted cash, time deposits and cash and cash equivalents. Total capital is calculated as equity, as shown in the consolidated balance sheet, plus net debt less non-controlling interest. The Group's gearing ratios were approximately 67.41% and 71.68% as of 31 December 2013 and 30 June 2014, respectively. The increase of gearing ratio as of 30 June 2014 as compared with that as of 31 December 2013 was primarily due to an increase of RMB2,642.5 million or 20.1% in net debt resulting from an increase of borrowings, trade and total accounts payable and decrease of fund balance. Such changes led to an increase in net gearing ratio but was still within the preset limit of the Group.

6. CONTINGENCIES

The Group has been involved in a number of lawsuits and other legal proceedings arising in the ordinary course of business. Provision has been made for the potential losses as a result of such lawsuits when the management can reasonably estimate the outcome of such lawsuits based on its judgments and the legal advice. No provision would be made for pending lawsuits when the outcome of such lawsuits cannot be reasonably estimated or the management does not expect an outflow of resources. Other than such provisions, it is not expected that any material liabilities will arise from the contingent liabilities.

7. COMMITMENTS

(1) Capital commitments

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

	30 June 2014 (RMB'000)	31 December 2013 (RMB'000)
Contracted but not provided for:		
Property, plant and equipment	**40,015**	100,434
Authorized but not contracted for:		
Property, plant and equipment	**–**	39,563
Total	**40,015**	139,997

(2) Operating lease commitments

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

	30 June 2014 (RMB'000)	31 December 2013 (RMB'000)
Less than one year	**3,354**	8,331
One year to five years	**6,156**	5,164
Total	**9,510**	13,495

8. CAPITAL EXPENDITURE

Our capital expenditures were used mainly for the construction of production facilities and the purchase of equipment. For the six months ended 30 June 2013 and 30 June 2014, our capital expenditures amounted to RMB233.1 million and RMB100.7 million, respectively.

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

	30 June 2014 (RMB'000)	30 June 2013 (RMB'000)
Engineering design and consultancy	**27,622**	79,379
Engineering and construction contracting	**24,189**	78,753
Equipment manufacturing	**48,828**	74,980
Equipment trading	**36**	–
Total	**100,675**	233,112

9. RISK FACTORS

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

Foreign exchange risk

As the Group operates globally with the majority of our operations located in China, Southeast Asia, South Asia and South America, its financial position and results of operations can be affected by movements of currencies relevant to its operations, which mainly include RMB, US dollar and Euro. The Group is exposed to foreign exchange risk primarily through sales and purchases that give rise to receivables and payables, borrowings and cash balances denominated in foreign currencies.

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

Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates as majority of the Group's borrowings were borrowed at fixed interest rate.

Price risk

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

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 and cash and cash equivalents are deposited in the PRC state-owned/controlled banks, the credit risk of which the Directors believe is insignificant.

The Group has policies in place to ensure that services are rendered and products are sold to customers with a sound credit record, and the Group performs credit evaluations on its customers regularly. For businesses which require advance from the Group, the customers are required to provide collaterals with corresponding value. The Directors consider that the Group does not have a significant concentration of credit risk.

Regarding balances with related parties, the Group assesses the credibility of the related parties by reviewing their operating results and gearing ratios on a regular basis.

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

Liquidity risk

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

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

Effects of inflation

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

10. EMPLOYEES AND REMUNERATION POLICY

Employees

As of 30 June 2014, we had a total of 9,956 employees. The following table shows a breakdown of the employees by business segment as of 30 June 2014:

	Number of Employees	% of Total
Engineering technicians	4,625	46%
Operation and management personnel	2,287	23%
Production and operation personnel	2,522	25%
Service and other personnel	522	6%
Total	9,956	100.0%

The following table shows a breakdown of the employees by level of education as of 30 June 2014:

	Number of Employees	% of Total
Graduate degree	836	8%
Undergraduate degree	3,932	39%
Associate degree	2,554	26%
Others	2,634	27%
Total	9,956	100.0%

In accordance with regulations applicable to enterprises and the relevant requirements of all levels of 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.

For the first half of 2014, our employee benefits expenses amounted to RMB622.8 million.

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

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

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

H Share Appreciation Rights Scheme

On 10 October 2013, the "Resolution in respect of the implementation of H Share Appreciation Rights Scheme and Initial Grant thereunder by Chalieco 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 have played a vital role in the development of the Group so as to facilitate the continuous growth of the Group.

As at 30 June 2014, 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)	Proportion of the amount granted to the total number of H Shares in issue of the Company	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]	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[2]	Former 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 redeployment, Mr. Wu Yuewu ceased to be an executive Director and a vice president of the Company with effect from 7 March 2014 and shall not exercise any H Share appreciation rights.

2. Due to redeployment, Mr. Liu Jinbo ceased to be a vice president of the Company with effect from 9 April 2014 and shall not exercise any H Share appreciation rights.

11. SUBSEQUENT EVENTS

Other than the subsequent event disclosed elsewhere in this report, no other significant subsequent events took place subsequent to 30 June 2014.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

羅兵咸永道

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

INTRODUCTION

We have reviewed the interim financial information set out on pages 28 to 75, which comprises the interim condensed consolidated balance sheet of China Aluminum International Engineering Corporation Limited (中鋁國際工程股份份有限公司, the "Company") and its subsidiaries (together, the "Group") as at 30 June 2014 and the related interim condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting". The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 22 August 2014

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	Six months ended 30 June 2014 RMB'000 (unaudited)	2013 RMB'000 (unaudited)
Revenue	6	**8,850,244**	7,053,784
Cost of sales		**(7,835,479)**	(6,048,995)
Gross profit		**1,014,765**	1,004,789
Selling and marketing expenses		**(158,454)**	(173,834)
Administrative expenses		**(417,816)**	(404,707)
Other income		**84,678**	9,460
Other gains – net		**30,103**	899
Operating profit		**553,276**	436,607
Finance income		**70,034**	49,581
Finance costs		**(250,882)**	(92,442)
Share of losses of associates	11	**(172)**	(1,013)
Profit before taxation		**372,256**	392,733
Income tax expense	7	**(99,932)**	(106,812)
Profit for the period		**272,324**	285,921
Items that may be reclassified to profit or loss			
Fair value gains/(losses) on available-for-sale financial assets, net of tax		**30,487**	(14,600)
Item that will not be reclassified subsequently to profit or loss			
Remeasurements of post-employment benefit obligations, net of tax		**(44,272)**	(27,544)
Currency translation differences		**12,167**	–
Other comprehensive income for the period, net of tax		**(1,618)**	(42,144)
Total comprehensive income for the period		**270,706**	243,777
Profit for the period attributable to:			
Equity owners of the Company		**236,361**	281,571
Non-controlling interests		**35,963**	4,350
		272,324	285,921

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Six months ended 30 June	
	Note	**2014 RMB'000 (unaudited)**	2013 RMB'000 (unaudited)
Total comprehensive income for the period attributable to:			
Equity owners of the Company		**223,216**	239,683
Non-controlling interests		**47,490**	4,094
		270,706	243,777
Earnings per share for profit attributable to equity owners of the Company		**RMB**	RMB
– Basic	8	**0.09**	0.11
– Diluted	8	**0.09**	0.11
Dividends	9	**–**	–

The notes on pages 36 to 75 form an integral part of this unaudited interim condensed consolidated financial information.

UNAUDITED INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

	Note	At 30 June 2014 RMB'000 (unaudited)	At 31 December 2013 RMB'000 (audited)
Assets			
Non-current assets			
Property, plant and equipment	10	1,698,639	1,682,332
Land use rights	10	823,748	834,237
Investment properties		28,349	28,825
Notes and trade receivables	12	706,318	1,223,760
Prepayments and other receivables	13	1,158,747	774,672
Intangible assets	10	210,285	221,576
Investments in associates	11	35,649	21,801
Available-for-sale financial assets		299,896	259,042
Deferred income tax assets		313,162	300,887
Other non-current assets		13,640	15,987
Total non-current assets		5,288,433	5,363,119
Current assets			
Available-for-sale financial assets		96,000	11,000
Inventories		654,299	835,206
Notes and trade receivables	12	8,894,524	7,739,918
Prepayments and other receivables	13	4,215,653	1,493,779
Amounts due from customers for contract work	14	6,374,044	5,989,329
Current income tax prepayments		6,725	36,690
Restricted cash		186,694	239,678
Time deposits		7,340	41,480
Cash and cash equivalents		4,982,447	6,456,158
Total current assets		25,417,726	22,843,238
Total assets		30,706,159	28,206,357
Equity			
Share capital	15	2,663,160	2,663,160
Reserves		3,586,112	3,708,696
Consolidated equity attributable to equity owners of the Company		6,249,272	6,371,856
Non-controlling interests		2,138,271	169,390
Total equity		8,387,543	6,541,246

	Note	At 30 June 2014 RMB'000 (unaudited)	At 31 December 2013 RMB'000 (audited)
Liabilities			
Non-current liabilities			
Deferred income		**100,910**	97,066
Long-term borrowings	18	**1,197,267**	290,152
Retirement and other supplemental benefit obligations	17	**1,161,339**	1,120,579
Deferred income tax liabilities		**13,368**	11,635
Trade and other payables	19	**195,710**	239,444
Total non-current liabilities		**2,668,594**	1,758,876
Current liabilities			
Trade and other payables	19	**11,381,142**	10,909,538
Dividends payable	20	**403,898**	57,240
Amounts due to customers for contract work	14	**541,585**	726,086
Short-term borrowings	18	**7,176,465**	7,595,740
Current income tax liabilities		**30,011**	501,010
Retirement and other supplemental benefit obligations	17	**116,921**	116,621
Total current liabilities		**19,650,022**	19,906,235
Total liabilities		**22,318,616**	21,665,111
Total equity and liabilities		**30,706,159**	28,206,357
Net current assets		**5,767,704**	2,937,003
Total assets less current liabilities		**11,056,137**	8,300,122

The interim condensed consolidated financial information has been approved by the Board of Directors on 22 August 2014 and was signed on its behalf.

Zhang Chengzhong
Director

Wang Jun
Director

The notes on pages 36 to 75 form an integral part of this unaudited interim condensed consolidated financial information.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

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

The notes on pages 36 to 75 form an integral part of this unaudited interim condensed consolidated financial information.

	Attributable to equity owners of the Company										
	Share capital RMB'000 (unaudited)	Capital reserve RMB'000 (unaudited)	Statutory surplus reserve RMB'000 (unaudited)	Remeasurements of post-employment benefit obligations RMB'000 (unaudited)	Investment revaluation reserve RMB'000 (unaudited)	Currency translation differences RMB'000 (unaudited)	Special reserve RMB'000 (unaudited)	Retained earnings RMB'000 (unaudited)	Total RMB'000 (unaudited)	Non-controlling interests RMB'000 (unaudited)	Total equity RMB'000 (unaudited)
At 1 January 2014	2,663,160	719,102	60,290	102,763	134,601	(1,030)	30,531	2,662,439	6,371,856	169,390	6,541,246
Profit for the period	–	–	–	–	–	–	–	236,361	236,361	35,963	272,324
Other comprehensive income:											
Fair value change of available-for-sale financial assets – gross	–	–	–	–	40,854	–	–	–	40,854	–	40,854
Fair value change of available-for-sale financial assets – tax	–	–	–	–	(10,367)	–	–	–	(10,367)	–	(10,367)
Remeasurements of post – employment benefit obligations – gross	–	–	–	(56,438)	–	–	–	–	(56,438)	(490)	(56,928)
Remeasurements of post – employment benefit obligations – tax	–	–	–	12,582	–	–	–	–	12,582	74	12,656
Currency translation differences	–	–	–		–	224	–	–	224	11,943	12,167
Total comprehensive income				(43,856)	30,487	224	–	236,361	223,216	47,490	270,706
Dividends	–	–	–	–	–	–	–	(346,211)	(346,211)	(629)	(346,840)
Net proceeds from offering of senior perpetual capital securities	–	–	–	–	–	–	–	–	–	1,818,733	1,818,733
Capital contribution made by the non-controlling interest	–	411	–	–	–	–	–	–	411	103,287	103,698
Appropriation of special reserve	–	–	–	–	–	–	(4,804)	4,804	–	–	–
At 30 June 2014	2,663,160	719,513	60,290	58,907	165,088	(806)	25,727	2,557,393	6,249,272	2,138,271	8,387,543

The notes on pages 36 to 75 form an integral part of this unaudited interim condensed consolidated financial information.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	Six months ended 30 June 2014 RMB'000 (unaudited)	2013 RMB'000 (unaudited)
Cash flows from operating activities			
Cash used in operations		**(1,786,826)**	(750,802)
Income tax paid		**(530,526)**	(150,739)
Interest received		**26,498**	10,957
Net cash used in operating activities		**(2,290,854)**	(890,584)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(89,269)**	(199,770)
Purchase of intangible assets		**(5,053)**	(922)
Purchase of land use rights		**–**	(30,653)
Purchase of available-for-sale financial assets		**(96,000)**	(100,000)
Acquisition of subsidiaries under non-common control		**–**	(3,368)
Acquisition of a subsidiary under common control		**1,855**	–
Investment in an associate		**(9,000)**	–
Financing provided for Build-Transfer contracts	13	**(1,400,000)**	(100,000)
Repayment of financing provided for Build-Transfer contracts	13	**110,000**	–
Interest received from available-for-sale financial assets and time deposits		**30,965**	6,656
Decrease in time deposits		**34,140**	39,259
Proceeds from disposal of property, plant and equipment		**3,597**	–
Proceeds from disposal of available-for-sale financial assets		**14,609**	40,878
Receipt of government grants		**11,191**	9,527
Settlement on expiration of foreign exchange contract		**–**	(1,396)
Dividends received		**1,962**	2,352
Net cash used in investing activities		**(1,391,003)**	(337,437)

	Note	Six months ended 30 June 2014 RMB'000 (unaudited)	2013 RMB'000 (unaudited)
Cash flows from financing activities			
Capital contributions made by the non-controlling interests of the subsidiaries		**103,297**	14,525
Draw down of bank borrowings		**5,199,348**	2,710,064
Repayments of bank borrowings		**(4,627,202)**	(1,454,000)
Borrowings received from related parties	18(iv)	**70,000**	120,000
Repayment of borrowings received from related parties	18(iv)	**(220,000)**	–
Net proceeds from issue of senior perpetual capital securities	21	**1,818,733**	–
Interest paid		**(146,144)**	(76,146)
Net cash generated from financing activities		**2,198,032**	1,314,443
Net (decrease)/increase in cash and cash equivalents		**(1,483,825)**	86,422
Cash and cash equivalents at beginning of period		**6,456,158**	2,759,653
Exchange gains/(losses) on cash and cash equivalents		**10,114**	(15,589)
Cash and cash equivalents at end of period		**4,982,447**	2,830,486

The notes on pages 36 to 75 form an integral part of this unaudited interim condensed consolidated financial information.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. GENERAL INFORMATION AND REORGANISATION

1.1 General information

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

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

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

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

This interim condensed consolidated financial information has not been audited.

1.2 Reorganisation

Upon the establishment of the Company, Chinalco held its 95% equity interest and China Aluminum International Trading Company Limited (中鋁國際貿易有限公司), a wholly-owned subsidiary of Aluminum Corporation of China Limited (中國鋁業股份有限公司), which is a subsidiary of Chinalco, held the remaining 5% equity interest. On 10 February 2011, China Aluminum International Trading Company Limited transferred its 5% equity interest in the Company to Chinalco and subsequently the Company became a wholly-owned subsidiary of Chinalco. Pursuant to a reorganisation of the engineering and construction contracting, design consultation business and equipment manufacturing business of Chinalco and its subsidiaries (collectively, the "Chinalco Group") in preparation for the initial listing (the "Listing") of the Company's shares on the Main Board of the Stock Exchange of Hong Kong Limited ("the Organisation"), 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. BASIS OF PREPARATION

These unaudited interim condensed consolidated financial information for the six months ended 30 June 2014 has been prepared in accordance with IAS 34, "Interim financial reporting". The unaudited interim condensed consolidated financial information should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 December 2013, which have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

3. ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual consolidated financial statements for the year ended 31 December 2013, as described in those annual financial statements.

- The Group has adopted IFRIC-Int 21 'Levies'. IFRIC-Int 21 addresses the accounting for a liability to pay a levy if that liability is within the scope of IAS 37 'Provisions'. 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 subject to significant levies. The adoption of the interpretation has had no significant effect on the financial statements for earlier periods and on the interim condensed consolidated financial information for the period ended 30 June 2014. The Group does not expect IFRIC-Int 21 to have a significant effect on the results for the financial year ending 31 December 2014.

- Other amendments to IFRSs effective for the financial year ending 31 December 2014 are not expected to have a material impact on the Group.

4. ESTIMATES

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

In preparing these interim condensed consolidated financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2013.

5. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

5.1 Financial risk factors

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

The interim condensed consolidated financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2013.

There have been no changes in the risk management department since 31 December 2013 or in any risk management policies since 31 December 2013.

5.2 Liquidity risk

Compared to 31 December 2013, there was no material change in the contractual undiscounted cash flows for financial liabilities.

5.3 Fair value estimation

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs) (level 3).

The following table presents the Group's assets that are measured at fair value as at 30 June 2014 and 31 December 2013.

	At 30 June 2014 RMB'000 (unaudited)	At 31 December 2013 RMB'000
Level 1		
Available-for-sale financial assets		
– Listed equity securities	**249,923**	209,069

There were no transfers between Levels 1 and 2; no changes in valuation techniques during the period.

5. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

5.4 Valuation techniques used to derive Level 2 fair values

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

5.5 Group's valuation processes

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

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

The fair value of borrowings are as follows:

	At 30 June 2014 RMB'000 (unaudited)	At 31 December 2013 RMB'000
Non-current	**1,197,267**	290,152
Current	**7,146,465**	7,595,740
	8,343,732	7,885,892

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

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

6. REVENUE AND SEGMENT INFORMATION

(a) Revenue

The Group's revenue is set out below:

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Engineering design and consultancy	**641,913**	907,260
Engineering and construction contracting	**5,042,354**	5,754,992
Equipment manufacturing	**270,421**	284,801
Trading	**2,895,556**	106,731
	8,850,244	7,053,784

(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.

In accordance with the strategy of full supply chain service of the Company, the business of trading grew rapidly in the six months ended 30 June 2014, and the management of the Company has decided to report the trading business as a single segment in the 2014 interim report, and the comparative segment information has been restated.

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

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

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

6. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment information (continued)

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

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

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

(i) The segment results for the six months ended 30 June 2013 are as follows:

	Engineering design and consultancy	Engineering and construction contracting	Equipment manufacturing	Trading	Inter-segment elimination	Total
	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)
Segment revenue and results						
Segment revenue	989,492	5,757,625	391,231	106,731	(191,295)	7,053,784
Inter-segment revenue	(82,232)	(2,633)	(106,430)	–	191,295	–
Revenue	907,260	5,754,992	284,801	106,731	–	7,053,784
Segment result	170,406	254,822	16,051	353	(5,025)	436,607
Finance income	6,508	42,877	194	2	–	49,581
Finance cost	(19,656)	(67,082)	(5,703)	(1)	–	(92,442)
Share of loss of associates	–	(1,013)	–	–	–	(1,013)
Profit before income tax	157,258	229,604	10,542	354	(5,025)	392,733
Income tax expense						(106,812)
Profit for the period						285,921
Other segment items						
Amortisation	20,142	7,501	1,529	–	–	29,172
Depreciation	21,350	27,688	12,692	–	–	61,730
Provision for/(reversal of)						
– impairment on trade and other receivables	5,302	(1,265)	9,214	–	–	13,251
– foreseeable losses on construction contracts	–	(367)	–	–	–	(367)

6. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment information (continued)

(ii) The segments assets and liabilities as at 31 December 2013 are as follows:

	Engineering design and consultancy RMB'000	Engineering and construction contracting RMB'000	Equipment manufacturing RMB'000	Trading RMB'000	Inter-segment elimination RMB'000	Total RMB'000
Assets						
Segment assets	4,344,734	25,691,634	1,851,939	89,931	(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	18,603,587	1,332,620	73,771	(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

6. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment information (continued)

(iii) As at and for the six months ended 30 June 2014:

	Engineering design and consultancy RMB'000 (unaudited)	Engineering and construction contracting RMB'000 (unaudited)	Equipment manufacturing RMB'000 (unaudited)	Trading RMB'000 (unaudited)	Inter-segment elimination RMB'000 (unaudited)	Total RMB'000 (unaudited)
Segment revenue and results						
Segment revenue	680,221	5,064,444	290,571	2,897,394	(82,386)	8,850,244
Inter-segment revenue	(38,308)	(22,090)	(20,150)	(1,838)	82,386	–
Revenue	641,913	5,042,354	270,421	2,895,556	–	8,850,244
Segment result	37,849	496,257	(3,802)	34,432	(11,460)	553,276
Finance income	4,112	65,722	682	48	(530)	70,034
Finance expenses	(30,816)	(207,866)	(17,265)	(88)	5,153	(250,882)
Share of loss of associates	–	(172)	–	–	–	(172)
Profit before income tax	11,145	353,941	(20,385)	34,392	(6,837)	372,256
Income tax expense						(99,932)
Profit for the period						272,324
Other segment items						
Amortisation	21,439	7,152	1,262	–	–	29,853
Depreciation	27,517	31,022	7,961	14	–	66,514
Provision for						
– impairment on trade and other receivables	455	34,844	680	–	–	35,979
– provision of inventories	–	(9,400)	–	–	–	(9,400)

6. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment information (continued)

(iii) As at and for the six months ended 30 June 2014: (continued)

	Engineering design and consultancy RMB'000 (unaudited)	Engineering and construction contracting RMB'000 (unaudited)	Equipment manufacturing RMB'000 (unaudited)	Trading RMB'000 (unaudited)	Inter-segment elimination RMB'000 (unaudited)	Total RMB'000 (unaudited)
Assets						
Segment assets	5,039,174	26,493,118	2,050,310	1,418,189	(4,614,519)	30,386,272
Unallocated assets						
– Deferred income tax assets						313,162
– Current income tax prepayments						6,725
Total assets						30,706,159
Liabilities						
Segment liabilities	2,973,694	18,215,502	1,596,170	1,177,547	(1,687,676)	22,275,237
Unallocated liabilities						
– Deferred income tax liabilities						13,368
– Current income tax liabilities						30,011
Total liabilities						22,318,616
Capital expenditure	27,622	24,189	48,828	36	–	100,675

6. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment information (continued)

(iv) Analysis of information by geographical regions

Revenue

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
	(unaudited)	(unaudited)
The PRC	**7,797,523**	6,298,981
Other countries	**1,052,721**	754,803
	8,850,244	7,053,784

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

	At 30 June 2014	At 31 December 2013
	RMB'000	RMB'000
	(unaudited)	
The PRC	**4,655,383**	4,796,043
Other countries	**19,992**	7,147
	4,675,375	4,803,190

Total assets

	At 30 June 2014	At 31 December 2013
	RMB'000	RMB'000
	(unaudited)	
The PRC	**30,366,280**	27,861,633
Other countries	**19,992**	7,147
Unallocated assets	**319,887**	337,577
	30,706,159	28,206,357

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

6. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment information (continued)

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

Capital expenditures

	Six months ended 30 June	
	2014	2013
	RMB'000 (unaudited)	RMB'000 (unaudited)
The PRC	**92,615**	227,305
Other countries	**8,060**	5,807
	100,675	233,112

(v) Revenue of approximately RMB748 million and RMB659 million were derived from one single largest related party and one third party customer for the six months ended 30 June 2014 and 2013, respectively. These revenues are attributable to the engineering and construction contracting segment.

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2014	2013
	RMB'000 (unaudited)	RMB'000 (unaudited)
Current tax		
PRC enterprise income tax for the period (i)	**108,185**	101,861
Deferred tax		
Origination and reversal of temporary differences	**(8,253)**	4,951
Income tax expense	**99,932**	106,812

Note:

(i) PRC enterprise income tax

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

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

Except above subsidiaries taxed at preferential rate of 15%, most of the companies now comprising the Group are subjected to income tax rate of 25% for the six months ended 30 June 2014 and 2013.

7. INCOME TAX EXPENSE (Continued)

Income tax expense is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the year ending 31 December 2014 is 27% (the estimated average tax rate for the six months ended 30 June 2013 was 27%).

8. EARNINGS PER SHARE

(a) Basic

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

	Six months ended 30 June	
	2014	2013
	RMB'000 (unaudited)	RMB'000 (unaudited)
Profit attributable to equity owners of the Company (RMB'000)	**236,361**	281,571
Weighted average number of ordinary shares in issue	**2,663,160,000**	2,663,160,000
Basic earnings per share (RMB)	**0.09**	0.11

(b) Diluted

As the Company had no dilutive ordinary shares for the six months ended 30 June 2014 and 2013, dilutive earnings per share for the six months ended 30 June 2014 and 2013 is the same as basic earnings per share.

9. DIVIDENDS

	Six months ended 30 June	
	2014	2013
	RMB'000 (unaudited)	RMB'000 (unaudited)
Dividends declared by the Company	**346,211**	532,632

Pursuant to a resolution of board of directors on 13 March 2014, the Company has proposed a dividend of RMB0.13 per share totalling RMB346.211 million for the year of 2013, which was approved at the Annual General Meeting on 23 May 2014.

No interim dividend was proposed by the Directors of the Company for the six months ended 30 June 2014 and 2013.

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

	Property, plant and equipment RMB'000 (unaudited)	Intangible assets RMB'000 (unaudited)	Land use rights RMB'000 (unaudited)
Six months ended 30 June 2013			
Opening net book amount at 1 January 2013	1,577,011	220,729	798,030
Additions	155,634	3,396	31,388
Depreciation and amortisation	(67,268)	(18,529)	(10,214)
Disposals	–	(2,927)	–
Closing net book amount at 30 June 2013	1,665,377	202,669	819,204
Six months ended 30 June 2014			
Opening net book amount at 1 January 2014	**1,682,332**	**221,576**	**834,237**
Additions	**95,666**	**7,912**	**–**
Depreciation and amortisation	**(66,514)**	**(18,917)**	**(10,489)**
Disposals	**(12,845)**	**(286)**	**–**
Closing net book amount at 30 June 2014	**1,698,639**	**210,285**	**823,748**
At 30 June 2014			
Cost	**2,559,051**	**389,267**	**917,358**
Accumulated depreciation	**(859,495)**	**(178,982)**	**(93,610)**
Impairment	**(917)**	**–**	**–**
Net book amount (i)	**1,698,639**	**210,285**	**823,748**

(i) As at 30 June 2014, the Group secured certain equipment with net book value amounting to RMB14.32 million for borrowings amounting to RMB10 million (Note 18(i)).

11. INVESTMENTS IN ASSOCIATES

	At 30 June 2014	At 31 December 2013
	RMB'000 (unaudited)	RMB'000
Investments in associates	35,649	21,801

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

	Six months ended 30 June	
	2014	2013
	RMB'000 (unaudited)	RMB'000 (unaudited)
Beginning of period	21,801	47,760
Additions of investments in associates	14,020	–
Share of losses	(172)	(1,013)
At end of period	35,649	46,747

11. INVESTMENTS IN ASSOCIATES (Continued)

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

Name	Place and date of incorporation/ establishment	Registered and fully paid capital	Effective interest held		Principal activities and place of operations
			Direct held	Indirect held	
Shenzhen Hengtong Development Co., Ltd. (深圳恒通實業發展有限公司) (i)	The PRC/ 26 October 1982	115,737	–	46%	Consulting/ The PRC
Henan Qianhai Shidai Energy and Environment 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%	Energy saving technology/ The PRC
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%	Investment/ The PRC
Xi'an Overall Urban-rural Construction and Investment Co., Ltd. (西安市統籌城鄉建設投資發展股份有限公司)	The PRC/ 30 September 2010	50,000	–	18%	Construction/ The PRC
Suzhou Zhongsezhongyan Power Technology Co., Ltd (蘇州中色眾焱動力科技有限公司)	The PRC/ 20 May 2014	20,000	–	25%	Power technology/ The PRC

(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 46% equity interest of Shenzhen Hengtong Development Co., Ltd. at a consideration of RMB1,766,666,666. 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.

11. INVESTMENTS IN ASSOCIATES (Continued)

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

	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
Assets	191,429	83,506
Liabilities	(155,780)	(61,705)
Equity	35,649	21,801

	Six months ended 30 June	
	2014 RMB'000	2013 RMB'000
Revenue	1,800	3,242
Losses for the period	172	1,013

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

12. NOTES AND TRADE RECEIVABLES

	At 30 June 2014 RMB'000 (unaudited)	At 31 December 2013 RMB'000
Trade receivables	9,643,186	8,752,578
Less: Provision for impairment	(355,247)	(328,626)
	9,287,939	8,423,952
Notes receivable	312,903	539,726
	9,600,842	8,963,678
Less: Non-current portion (i)	(706,318)	(1,223,760)
Current notes and trade receivables	8,894,524	7,739,918

12. NOTES AND TRADE RECEIVABLES (Continued)

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

On 27 January 2011, the Group entered into a build-transfer contract ("Build-Transfer Contract") with Duyun Industrial Aggregation District Capital Operation Company Ltd. (都匀工業聚集區資本運營有限公司, "Duyun Company") to construct a road in Duyun, the PRC. In accordance with the contract terms, the outstanding receivables will be collected over three years upon the completion of the construction. All of the construction work under this Build-Transfer Contract was completed in December 2013 and pending for Duyun Company's final audit of project construction cost. As of 30 June 2014 and 31 December 2013, the non-current trade receivables amounted to RMB377.89 million and RMB540.00 million, respectively, representing receivable arising from provision of service pursuant to the contract 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 (Notes 13(ii) and 19(i)).

On 12 July 2011, the Group and Qinghai West Hydropower Co., Ltd (青海西部水電有限公司, the "Western Electric Power") entered into a construction contract whereby both parties agreed on some specific repayment terms. 50% of the progress bill of construction and equipment (60% will be applied under special condition) will be paid two years subsequent to the date of billing including an interest at 110% of the interest rate published by the People's Bank of China, and the maximum amount of the unpaid receivable would not exceed RMB700 million. As of 30 June 2014 and 31 December 2013, the non-current trade receivable amounted to RMB211.85 million and RMB636.45 million, respectively, which would be collected from the year ended 31 December 2014 to 2015.

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 residential area in Nanning, the PRC. According to the contract, the receivables from the provision of construction service will be paid after the completion of the construction with an interest rate of 6.15% per annum. As of 30 June 2014 and 31 December 2013, the non-current trade receivables amounted to RMB99.7 million and nil, respectively, and the estimated collected time is the second half year of 2015. In connection with the Build-Transfer contract, the Group is required to provide financing to Guangxi Company (Note 13(ii)).

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

(iii) As of 30 June 2014, the Group pledged trade receivables amounting to RMB120.88 million for borrowing amounting to RMB64 million (Note 18(ii)).

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

12. NOTES AND TRADE RECEIVABLES (Continued)

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.

Ageing analysis of trade receivables is as follows:

	At 30 June 2014 RMB'000 (unaudited)	At 31 December 2013 RMB'000
Within 1 year	7,222,879	6,232,601
Between 1 and 2 years	1,296,103	1,420,024
Between 2 and 3 years	793,287	764,197
Between 3 and 4 years	78,240	88,482
Between 4 and 5 years	75,462	126,800
Over 5 years	177,215	120,474
Trade receivables – gross	9,643,186	8,752,578
Less: Provision for impairment	(355,247)	(328,626)
Trade receivables – net	9,287,939	8,423,952

13. PREPAYMENTS AND OTHER RECEIVABLES

	At 30 June 2014 RMB'000 (unaudited)	At 31 December 2013 RMB'000
Prepayments		
Prepayments to suppliers	2,068,746	814,253
Prepayments to property developer (i)	308,520	234,346
Other receivables		
Financing provided to proprietor (ii)	1,996,920	685,048
Interest receivable	12,615	1,000
Amounts due from related parties (iii)	34,807	34,323
Retention fund	17,105	16,342
Receivables of export tax refund	36,894	12,500
Staff advance	93,055	61,162
Bid security	428,029	170,543
Deposit	72,580	50,344
Payment on behalf of third parties	114,452	46,171
Deductible value-added tax	103,586	36,461
Others	168,880	190,406
	3,078,923	1,304,300
Total prepayments and other receivables	5,456,189	2,352,899
Less: Provision for impairment	(81,789)	(84,448)
Prepayments and other receivables – net	5,374,400	2,268,451
Less: Non-current portion (iv)	(1,158,747)	(774,672)
Current portion	4,215,653	1,493,779

13. PREPAYMENTS AND OTHER RECEIVABLES (Continued)

(i) On 22 September 2011, Changsha Institute entered into a sale and purchase contract with Hunan Runhe Real Estate Development Co., Ltd. (湖南潤和房地產開發有限公司) to acquire an office building to be used for business operations. As at 30 June 2014 and 31 December 2013, amounts of RMB308.52 million and RMB234.35 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 12(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 12(i) and 19(i)). As of 31 December 2012, RMB266.70 million has been provided and no further financing was provided in 2013 and 2014. For the six months ended 30 June 2014 and the year of 2013, RMB40.00 million and RMB250.00 million was repaid (interest included), respectively. As at 30 June 2014, the remaining balance amounting to RMB21.01 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 in the second half year of 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 provide financing amounting to RMB80 million at the interest rate published by the People's Bank of China plus 3%. For the six months ended 30 June 2014 and the year of 2013, nil and RMB50 million had been provided, respectively. This financing 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 building in Taiyuan, the PRC. In accordance with the contract terms, the outstanding receivables will be collected in six months upon the completion of the construction. In connection with the Build-Transfer contract, the Group is required to provide financing amounting RMB100 million to Taiyuan Company at an interest rate per annum of 15%. As of 31 December 2013, RMB100.00 million has been provided and this receivable will be collected once Taiyuan Company gets financing from other parties. The relevant receivables from the construction and the financing provided to the Taiyuan Company are guaranteed by 30% of the equity interest in the Taiyuan Company held by its shareholders. During the six months period ended 30 June 2014, RMB70 million has been repaid and the remaining RMB52 million (interest included) will be repaid in the second half year of 2014.

In connection with the Build-Transfer contract (Note 12(i)), 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 30 June 2014 and 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.

13. PREPAYMENTS AND OTHER RECEIVABLES (Continued)

(ii) The financing provided to proprietor mainly comprised of the following: (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 connected with the construction contract, the Group is required to provide financing amounting to RMB150.00 million at an interest rate of 10% per annum. As at 30 June 2014 and 31 December 2013, 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 to the Group. 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% per annum and the same payment schedule with the financing provided to Sanxiang Company. As at 30 June 2014 and 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 long-term prepayments and other receivables.

On 26 December 2013, the Group entered into a construction contract with Xixian Investment Corporation Limited (西咸投資股份有限公司, "Xixian Company") to construct a business area in Shanxi, the PRC. In connection with the construction contract, the Group is required to provide a financing amounting to RMB500 million at an interest rate of 15% per annum. As at 30 June 2014 and 31 December 2013, RMB500 million and RMB nil has been provided, respectively, which will be collected in one year after the financing was provided. This receivable was secured by the 82% of the equity interest in Xi'an Overall Urban-rural Construction and Investment Co., Ltd. (西安市統籌城鄉建設投資發展股份有限公司), a subsidiary of Xixian Company, which is the developer of this construction.

On 30 December 2013, the Group entered into another Build-Transfer contract with Duyun Company 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 Company, 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 was secured by certain land use rights in Duyun Economic Development Zone. As at 30 June 2014 and 31 December 2013, RMB150.00 million has been provided and this project is still in the stage of preparation and no construction work has been done.

On 1 April 2014, the Group entered into a construction contract whit Jiangxi Beiguo Real Estate Development Company Limited (江西省北國房地產開發有限公司, "Beiguo Company") to construct a tunnel in Jiangxi, the PRC. In connection with the construction contract, the Group is required to provide financing amount to RMB150 million at an interest rate of 15% per annum. As at 30 June 2014, RMB150 million has been provided, which will be collected before 10 November 2014. This receivable was secured by the 60% of the equity interest in the Beiguo Company held by its shareholders.

13. PREPAYMENTS AND OTHER RECEIVABLES (Continued)

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

On 14 April 2014, the Group entered into a construction contract with Huainan Zhongsheng Properties Limited (淮南中聖置業有限公司, "Zhongsheng Company") to construct a resident area in Anhui, the PRC. In connection with the construction contract, the Group is required to provide financing amount to RMB450 million at an interest rate of 15%. As at 30 June 2014, RMB450 million has been provided, which will be collected in one year. This receivable was secured by the 100% of the equity interest in the Zhongsheng Company held by its shareholders.

On 30 April 2014, the Group entered into a construction contract with Luoyang Zhongmairuiyang Properties Company Limited (洛陽中邁瑞陽置業有限公司, "Zhongmai Company") to construct a resident area in Luoyang, the PRC. According to the contract, the Group is required to provide financing amounting to RMB800 million at an interest rate of 12% per annum. As at 30 June 2014, RMB300 million had been provided, which will be collected three years after the date of providing. This amount is secured by the 20% equity interest of Zhongmai Company held by its controlling shareholder.

(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 provided to proprietors and retention.

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

Ageing analysis of other receivables is as follows:

	At 30 June 2014 RMB'000 (unaudited)	At 31 December 2013 RMB'000
Within 1 year	**2,865,048**	1,086,711
Between 1 and 2 years	**85,302**	89,554
Between 2 and 3 years	**52,625**	46,919
Between 3 and 4 years	**11,221**	14,569
Between 4 and 5 years	**6,144**	6,732
Over 5 years	**58,583**	59,815
Other receivables – gross	**3,078,923**	1,304,300
Less: Provision for impairment	**(81,789)**	(84,448)
Other receivables – net	**2,997,134**	1,219,852

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

	At 30 June 2014 RMB'000 (unaudited)	At 31 December 2013 RMB'000
Contract cost incurred plus recognised profit less recognised losses	55,567,842	50,851,102
Less: Progress billings	(49,735,383)	(45,587,859)
Contract work-in-progress	5,832,459	5,263,243
Representing:		
Amounts due from customers for contract work	6,374,247	5,989,563
Less: Provision	(203)	(234)
Net amounts due from customers for contract work	6,374,044	5,989,329
Amounts due to customers for contract work	(541,585)	(726,086)
	5,832,459	5,263,243

	Six months ended 30 June	
	2014 RMB'000 (unaudited)	2013 RMB'000 (unaudited)
Contract revenue recognised as revenue for the six months period	5,042,354	5,754,992

15. SHARE CAPITAL

	At 30 June 2014 (unaudited)	At 31 December 2013
Number of shares	**2,663,160,000**	2,663,160,000
Share capital (RMB'000)	**2,663,160**	2,663,160

16. CASH-SETTLED SHARE-BASED PAYMENT

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.

16. CASH-SETTLED SHARE-BASED PAYMENT (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 period ended 30 June 2014 and year ended 31 December 2013 are set out as follows:

		For the period ended 30 June 2014 Number of units of SAR					
Category	Exercised price	Outstanding as at 1 January 2014	Granted during the period	Exercised during the period	Expired during the period	Forfeited during the year	Outstanding as at 30 June 2014
Directors and senior management	HKD2.83	3,428,418	–	–	–	(1,221,752)	2,206,666
Management officers and key employees	HKD2.83	17,897,947	–	–	–	(608,678)	17,289,269
		21,326,365	–	–	–	(1,830,430)	19,495,935

		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 30 June 2014 and 31 December 2013 was determined using the binomial valuation model amounting to RMB1.0383 per unit and RMB1.3337 per unit, respectively. The significant inputs into the model were spot price HKD2.85 (equivalent approximately RMB2.26) as at 30 June 2014, 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 that listed in HK main board and engaged in construction and engineering with the same business scale as of 30 June 2014.

16. CASH-SETTLED SHARE-BASED PAYMENT (Continued)

The amount that was credited to the unaudited interim condensed consolidated statement of comprehensive income and included in the employee expense for the six months ended 30 June 2014 in relation to the SAR transaction was RMB2.8 million.

As at 30 June 2014 and 31 December 2013, the total carrying amount of the liabilities arising from the SAR transaction included in other payables in the condensed consolidated balance sheet and the consolidated balance sheet amounting to RMB4.84 million and RMB2.04 million, respectively. There was no exercise in six months period ended 30 June 2014.

As at 30 June 2014, the weighted average remaining contractual life was 5.38 years.

17. RETIREMENT AND OTHER SUPPLEMENTAL BENEFIT OBLIGATIONS

(a) State-managed retirement plan

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

The total cost charged to the unaudited interim condensed consolidated statements of comprehensive income during the six-month period ended 30 June 2014 and 2013 are as follows:

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Contributions to state-managed retirement plans	**73,778**	65,781

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

	At 30 June 2014 RMB'000 (unaudited)	At 31 December 2013 RMB'000
Amounts due to state-managed retirement plans included in trade and other payables	**4,407**	5,063

17. RETIREMENT AND OTHER SUPPLEMENTAL BENEFIT OBLIGATIONS (Continued)

(b) Early retirement and supplemental benefit obligations

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

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

	At 30 June 2014 RMB'000 (unaudited)	At 31 December 2013 RMB'000
Current portion of defined benefits obligations	**116,921**	116,621
Non-current portion defined benefits obligations	**1,161,339**	1,120,579
Present value of defined benefits obligations	**1,278,260**	1,237,200

The movements of the Group's early retirement and supplemental benefit obligations for the six-month period ended 30 June 2014 and 2013 are as follows:

	Six months ended 30 June	
	2014 RMB'000 (unaudited)	2013 RMB'000 (unaudited)
At beginning of period	**1,237,200**	1,442,549
For the period		
– interest cost	**26,533**	25,949
– payment	**(45,824)**	(44,234)
– actuarial losses	**56,930**	35,797
– past service cost	**3,188**	4,699
– current service cost	**233**	455
At end of period	**1,278,260**	1,465,215

17. RETIREMENT AND OTHER SUPPLEMENTAL BENEFIT OBLIGATIONS (Continued)

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

The above obligations were determined based on actuarial valuations performed by an independent qualified actuarial firm, Towers Watson Consulting (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 30 June 2014	At 31 December 2013
Discount rate	**4.0%**	4.50%

(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.

18. BORROWINGS

	At 30 June 2014 RMB'000 (unaudited)	At 31 December 2013 RMB'000
Bank borrowings		
– guaranteed by the Company to its subsidiaries	**670,000**	965,152
– secured by property, plant and equipment (i)	**10,000**	10,000
– secured by trade receivables (ii)	**64,000**	51,800
– unsecured	**4,552,510**	3,697,412
Short-term bonds (iii)		
– unsecured	**2,567,222**	2,501,528
Borrowings from related party		
– unsecured (iv)	**510,000**	660,000
	8,373,732	7,885,892
Less: non-current portion	**(1,197,267)**	(290,152)
Current portion	**7,176,465**	7,595,740

Notes:

(i) As of 30 June 2014, the Group secured certain equipment with net book value amounting to RMB14.32 million for borrowing amounting to RMB10 million (Note 10(i)).

(ii) As of 30 June 2014, the Group pledged trade receivables amounting to RMB120.88 million for borrowing amounting to RMB64 million (Note 12(iii)).

(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 30 June 2014 are summarised as follows:

	Face value (RMB'000) /maturity	Effective interest rate	30 June 2014
2013 short-term bonds	500,000/2014	5.5%	513,444
2013 short-term bonds	2,000,000/2014	5.5%	2,053,778
			2,567,222

18. BORROWINGS (Continued)

Notes: (Continued)

(iv) On 24 August 2012, the Group and Chinalco Finance Company Limited ("Chinalco Finance") entered into a financial service agreement, pursuant to which Chinalco Finance has agreed to provide the Group with deposit services, settlement services, credit lending services and miscellaneous financial services. The credit lending services are on normal commercial terms and do not require security or collaterals.

During the six months period ended 30 June 2014, the Group repaid RMB150.00 million to Chinalco Finance.

Ob 28 April 2013, the Group got an entrusted borrowing from Luoyang Institute amounting to RMB70 million at an interest rate of 5.4% per annum. This borrowing was repaid on 27 April 2014. On 27 April 2014, the Group got another entrusted borrowing from Luoyang Institute amounting to RMB70 million at an interest rate of 5.4% per annum. This borrowing was will be repaid on 27 April 2015.

As at 30 June 2014 and 31 December 2013, the Group's borrowings were repayable as follows:

	At 30 June 2014 RMB'000 (unaudited)	At 31 December 2013 RMB'000
Within 1 year	7,176,465	7,595,740
Between 1 and 2 years	305,734	110,152
Between 2 and 5 years	891,533	180,000
	8,373,732	7,885,892

18. BORROWINGS (Continued)

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

	At 30 June 2014 RMB'000 (unaudited)	At 31 December 2013 RMB'000
RMB	**6,414,956**	6,589,480
USD (RMB equivalent)	**1,958,776**	1,296,412
	8,373,732	7,885,892

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

The effective interest rates of borrowings and loans are 3.3% to 9.0% and 5.40% to 7.8% as at 30 June 2014 and 31 December 2013, respectively.

The Group has the following undrawn borrowing facilities:

	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
– Expiring within one year	**3,714,807**	4,825,943
– Expiring beyond one year	**4,809,574**	3,236,146
	8,524,381	8,062,089

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

19. TRADE AND OTHER PAYABLES

	At 30 June 2014 RMB'000 (unaudited)	At 31 December 2013 RMB'000
Trade and notes payable		
Trade payables	7,951,376	8,103,498
Notes payable	325,554	315,424
	8,276,930	8,418,922
Other payables		
Payment in advance received from Duyun (i)	436,179	429,407
Provision for potential claim (ii)	41,310	40,622
Advances from customers	1,366,173	1,066,219
Staff welfare payable	126,551	145,991
Tax payable	312,508	295,935
Deposit payable	540,847	355,122
Housing funds raised by employees	1,019	2,291
Amounts paid by other parties on behalf of the Group	205,190	190,014
Equipment payables	1,678	2,175
Amounts due to related parties	91,344	39,343
Others	177,123	162,941
	3,299,922	2,730,060
Total trade and other payables	11,576,852	11,148,982
Less: Non-current portion	(195,710)	(239,444)
Current portion	11,381,142	10,909,538

Notes:

(i) In accordance with the Build-Transfer Contract entered into between the Group and Duyun Company in relation to construction of a road in Duyun, the PRC (Note 12(i) and 13(ii)), the Group received advance from Duyun Company amounted to RMB400 million as at 31 December 2013 and 30 June 2014. Included in the non-current portion of the trade payables amounting to RMB194.03 million and RMB238.40 million as at 30 June 2014 and 31 December 2013, respectively, comprised of the payment in advance and its corresponding interest. The Group requested for payment in advance in accordance with the financial risk management policy to better manage the credit risk. This effective annual interest rate of the advance repayment approximately 4.12% and the advance repayment will be repaid between 2014 to 2016.

19. TRADE AND OTHER PAYABLES

Notes: (Continued)

(ii) Chalieco and one third party proprietor entered into an engineering main work contract on 18 August 2009. On 16 September 2011, Chalieco completed all of the contract work 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 and this project went into commercial operation. On 7 May 2014, Chalieco applied for arbitration for the payment of remaining receivables amounting to RMB160 million; and on 25 July 2014, the proprietor applied for a cross-claim for the quality defect and delay delivery amounting to RMB208 million. The directors of the Company estimated an additional cost amounting to RMB40.00 million, some of the amount may be used for improvement of the performance of the project while others may be paid as a penalty.

The carrying amounts of the Group's trade and other payables at 30 June 2014 and 31 December 2013 approximate their fair values.

Ageing analysis of trade payables is as follows:

	At 30 June 2014 RMB'000 (unaudited)	At 31 December 2013 RMB'000
Within 1 year	**5,687,177**	6,365,006
Between 1 and 2 years	**1,473,866**	989,089
Between 2 and 3 years	**565,834**	561,216
Over 3 years	**224,499**	188,187
	7,951,376	8,103,498

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

	At 30 June 2014 RMB'000 (unaudited)	At 31 December 2013 RMB'000
RMB	**10,923,278**	10,171,720
USD (RMB equivalent)	**617,861**	951,837
Other foreign currencies (RMB equivalent)	**35,713**	25,425
	11,576,852	11,148,982

20. DIVIDENDS PAYABLE

	At 30 June 2014 RMB'000 (unaudited)	At 31 December 2013 RMB'000
Dividends payable:		
Equity owners of the subsidiaries before transferred to the Group pursuant to the acquisition in 2013	4,160	4,160
Equity owners of the subsidiaries before transferred to the Group pursuant to the reorganisation before Listing (ii)	53,080	53,080
Dividends declared to the shareholders (i)	346,211	–
Dividends payable to non-controlling interest of a subsidiary	447	–
	403,898	57,240

Notes:

(i) Pursuant to the Annual General Meeting held on 23 May 2014, a final dividend for the year of 2013 of RMB0.13 per ordinary share, totalling approximately RMB346,211,000 was declared by the Company. All of the dividends was paid before the date of this reporting.

(ii) The payment plan of the dividends payable to the then equity shareholder of the subsidiary before transfer to the Group pursuant to the Reorganisation (Note 1.2), amounting to RMB53.08 million has not yet to be agreed between the subsidiary and the then shareholder as at 30 June 2014.

21. SENIOR PERPETUAL SECURITIES

On 22 February 2014, the Group's wholly owned subsidiary Chalieco Hong Kong Co., Ltd (the "Issuer") issued senior perpetual capital securities (the "Senior Perpetual Securities") callable in 2017, with a total amount of USD 300 million.

The Company provided unconditionally and irrevocably guarantee for the Senior Perpetual Securities, and at the same time obliged to distribute at an annual rate of 6.875% semi-annually. The issuer of the Senior Perpetual Securities may elect to defer distribution, and is not subject to any restriction as to the number of times that the distribution can be deferred.

Pursuant to the terms of Senior Perpetual Securities, the Group has no contractual obligation to repay its principal or to pay any distribution. The Senior Perpetual Securities do not meet the definition as financial liabilities according to under the IAS 32 Financial Instruments, and are classified as minority interests and subsequent distribution declared will be treated as profit distribution to equity owners.

21. SENIOR PERPETUAL SECURITIES (Continued)

According to the terms of Senior Perpetual Securities, the Issuer has no right to defer distribution if the Company announced or distributed dividends during the 3-month period ended on the day before the contractual scheduled Distribution Payment Date. The Annual General meeting approved a dividend to the shareholders of the Company on 23 May 2014 and the Issuer has no right to defer semi-annual distribution on 21 August 2014.

The Senior Perpetual Securities, with an aggregate principal amount of USD300 million are recorded as minority interests amounted at RMB1,862 million net of issuance costs and the distribution payable for the period ended 30 June 2014.

22. COMMITMENTS

(a) Capital commitments

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

	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
Contracted but not provided for		
– Property, plant and equipment	40,015	100,434
Authorised but not contracted for		
– Property, plant and equipment	–	39,563
	40,015	139,997

22. COMMITMENTS (Continued)

(b) Operating leasing commitments

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

	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
Within 1 year	3,354	8,331
1 year to 5 years	6,156	5,164
	9,510	13,495

23. 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.

24. BUSINESS COMBINATION

On 16 October 2013, the Group entered into an equity acquisition agreement with Zhuhai Branch of Changsha Design and Research Institute of Nonferrous Metallurgy (長沙有色冶金設計研究院珠海分院), a wholly owned subsidiary of Chinalco, to acquire the 100% equity interest of Changsha Huahengyuan Information Technology Company Limited (the "Acquiree", 長沙華恆園信息科技有限責任公司) at a consideration of RMB1.85 million. The payment of the consideration and the transformation of equity were completed in January 2014.

As both the Acquiree and the Group are under the control of Chinalco, this transaction is regarded as common control combination. The Director of the Company are of the view that the acquisition is not significant to the Group, and the comparative financial information was not restated.

25. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

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

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

In addition to the related party information shown elsewhere in this report, the following is a summary of significant related party transactions entered into in the ordinary course of business between the Group and its related parties, including other state-owned enterprises, during the six-month period ended 30 June 2014 and 2013, and balances as at 30 June 2014 and 31 December 2013 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.

25. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

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

	For the six months ended 30 June	
	2014 RMB'000 (unaudited)	2013 RMB'000 (unaudited)
Sales of goods or provision of service to:		
– Ultimate holding company	**5,880**	3,952
– Fellow subsidiaries of ultimate holding company	**608,769**	970,236
– A jointly controlled entity of ultimate holding company	**7,186**	–
	621,835	974,188
Purchases of goods and service from fellow subsidiaries	**12,546**	33,379
Rental expense	**3,482**	36
Borrowings from related parties (Note 18(iv))	**70,000**	120,000
Interest received from related parties	**43**	24
Interest paid to related parties	**10,399**	5,436

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

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

– Sales and purchases of goods and services;
– Purchases of assets;
– Lease of assets; and
– Bank deposits and borrowings.

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

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

25. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

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

	At 30 June 2014 RMB'000 (unaudited)	At 31 December 2013 RMB'000
Trade receivables		
– Fellow subsidiaries	1,775,864	1,833,349
– Associates of ultimate holding company	1,045	550
– A jointly controlled entity of ultimate holding company	7,381	13,095
	1,784,290	1,846,994
Prepayments to suppliers		
– Fellow subsidiaries	1,912	6,747
Other receivables		
– Fellow subsidiaries	73,374	74,306
Trade payables		
– Fellow subsidiaries	111,724	125,401
Advance from customers		
– Ultimate holding company	400	780
– Fellow subsidiaries	150,744	170,973
– Associates of ultimate holding company	1,139	–
	152,283	171,753
Other payables		
– Ultimate holding company	600	600
– Fellow subsidiaries	51,623	89,792
	52,223	90,392
Borrowings		
– Fellow subsidiaries (Note 18(iv))	510,000	660,000
Dividends payable		
– Ultimate holding company	282,979	–
– Fellow subsidiaries	64,380	53,080
	347,359	53,080

25. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

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

Notes:

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

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

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

(c) Key management personnel remuneration

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

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
Salaries and other allowances	**1,014**	972
Discretionary bonus	**–**	–
Retired benefits	**113**	113
	1,127	1,085

26. EVENTS AFTER THE BALANCE SHEET DATE

Other than the subsequent event disclosed elsewhere in this report, no other significant subsequent events took place subsequent to 30 June 2014.

CORPORATE GOVERNANCE

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

As a company listed on the Stock Exchange, the Company has been striving to maintain a high standard of corporate governance. For the six months ended 30 June 2014, the Company had complied with all the code provisions set out in the Corporate Governance Code in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") except the followings, and adopted the suggested best practices therein where appropriate.

Regarding the resolution in relation to the change of Directors and supervisors at the 2013 annual general meeting, the Company had clearly stated in the announcement dated 23 May 2014 that it had reminded Shareholders to cast their votes in the box marked "AGAINST" directly at the 2013 annual general meeting if they have any dissenting views toward any of the candidates for Directors and supervisors stated in Resolutions 9 and 10. The Company considers that this practice in fact follows a stricter standard for voting and the difficulty of passing the resolution would not be reduced due to the consolidation of relevant resolutions. The Company is of the opinion that considering that the Company had reminded Shareholders at the 2013 annual general meeting and shares held by Shareholders and their proxies present at the annual general meeting accounted for approximately 93.4% of the total share capital in issue of the Company, the requirement set out in code provision E.1.1 of the Corporate Governance Code, which requires explanation on the reason and effect in the notice of the meeting, had been fulfilled. Jia Yuan Law Offices, the PRC legal advisor of the Company, considers that the aforesaid consolidation of Resolutions 9 and 10 does not violate the articles of association and the requirements of the PRC Laws including the Company Law and the Further Standardizing Operations and Intensifying Reform of Companies Listed outside Opinion of China. The Company believes that details of the candidates for Directors and supervisors and information regarding the re-election had been disclosed to Shareholders before the 2013 annual general meeting, which provided Shareholders with sufficient information and basis for judgment in respect of the voting. The consolidation of Resolutions 9 and 10, for the sake of efficiency of the voting, had not affected the understanding of the Shareholders on the content of such Resolutions.

The Board of the Company is of the view that this deviation from the Corporate Governance Code is in the interest of the Company and its Shareholders and has no negative impact on the interest of the Company and its Shareholders. Considering that this deviation is an exception, the Company will strictly comply with the abovementioned and other code provisions in the future. The Company confirmed that the abovementioned code provisions will be complied with in the future and measures will be taken to enhance internal control and raise the awareness about compliance with the Corporate Governance Code.

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

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

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

AUDIT COMMITTEE

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

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

On 19 August 2014, the audit committee reviewed and confirmed the announcement of interim results of the Group for the six months ended 30 June 2014, the 2014 interim report (which contained the unaudited interim condensed consolidated financial information of the Group prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting").

1. EQUITY INTERESTS

As at 30 June 2014, the total share capital of the Company was RMB2,663,160,000, divided into 2,663,160,000 Shares of RMB1.00 each (Domestic Shares and H Shares).

2. SUBSTANTIAL SHAREHOLDERS

As at 30 June 2014, so far as known to the Directors of the Company, the following persons (other than the Directors, supervisors or chief executives of the Company) had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed pursuant to Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance:

Name of shareholder	Class of shares	Capacity/Nature of interest	Number of Shares held (share)	Approximate percentage of shareholding in relevant class of shares (%)	Approximate percentage of shareholding in total share capital (%)
Chinalco[1]	Domestic Shares	Beneficial owner/ Interest of controlled corporation	2,263,684,000 (L)	100.00	85.00
The Seventh Metallurgical Construction Corp. Ltd.	H Shares	Beneficial owner	69,096,000 (L)	17.30	2.60
CNMC Trade Company Limited	H Shares	Beneficial owner	59,225,000 (L)	14.83	2.22
Leading Gaining Investments Limited	H Shares	Nominee of another person	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

(1) 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 Securities and Futures Ordinance.

3. INTERESTS HELD BY DIRECTORS AND CHIEF EXECUTIVES

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

4. CHANGE OF DIRECTORS AND SUPERVISORS

On 28 March 2014, Zhang Chengzhong, Zhang Zhankui, Wang Qiang, He Zhihui, Wang Jun, Jiang Jianxiang, Sun Chuanyao and Cheung Hung Kwong were nominated as the eight candidates for the members of the second Board of the Company in the 32nd session of the first Board of the Company.

On 28 March 2014, Dong Hai and Ou Xiaowu, in the capacity of Shareholders' representatives, were nominated as the candidates for the supervisors of the second supervisory board of the Company in the 9th session of the first supervisory board of the Company.

On 28 March 2014, it was agreed on the first general staff meeting of the Company in 2014 that comrade He Bincong acted as the workers' representatives of the second session of the board of supervisors of the Company.

On 23 May 2014, the annual general meeting of the Company in 2013 agreed to elect He Zhihui and Wang Jun to be the executive directors of the Company; Zhang Chengzhong, Zhang Zhankui and Wang Qiang were nominated as the non-executive directors of the Company; Jiang Jianxiang, Sun Chuanyao and Cheung Hung Kwong were elected as independent non-executive directors of the Company. It also agreed to elect Dong Hai and Ou Xiaowu as shareholders' representative supervisors of the Company.

On 23 May 2014, the first meeting of the second session of the board of directors of the Company agreed to elect Mr. Zhang Chengzhong as the chairman of the second session of the board of the Company; director Zhang Chengzhong, Jiang Jianxiang and He Zhihui as the members of the risk management committee of the second session of the board of the Company, which is chaired by director Zhang Chengzhong; director Cheung Hung Kwong, Jiang Jianxiang and Zhang Zhankui as members of audit committee of the second session of the board of the Company, which is chaired by director Cheung Hung Kwong; director Sun Chuanyao, Jiang Jianxiang and Wang Qiang as members of the remuneration committee of the second session of the board of the Company, which is chaired by director Sun Chuanyao; director Zhang Chengzhong, Sun Chuanyao and Jiang Jianxiang as members of nomination committee of the second session of the board of the Company, which is chaired by director Zhang Chengzhong. It also agreed Mr. Wang Jun to be the secretary of the board of the Company.

On 23 May 2014, the first meeting of the second session of the supervisory board of the Company agreed to elect Mr. He Bincong as the chairman of the second session of the supervisory board of the Company.

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

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

6. LITIGATION AND ARBITRATION OF MATERIAL IMPORTANCE

The Company singed a series of engineering and construction contracting contracts with an independent party in August 2009, pursuant to which the Company completed the transfer of the project to that party in September 2011. However, such independent party did not pay the amount of approximately RMB150 million owed to Chalieco. The Company made an arbitration application to the arbitration commission in which the project implemented in May 2014 to request the party for an immediate payment of the outstanding project funds as well as the interests loss and arbitration application fees of approximately RMB160 million in total. In July 2014, the independent party has made a counterclaim and demanded a claim of approximately RMB210 million.

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

7. BUSINESS IN CONNECTION WITH SANCTIONED COUNTRIES

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

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

DEFINITIONS

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

"H Shares"	the overseas listed foreign invested shares of RMB1.00 each in the ordinary share capital of the Company, which are subscribed for and traded in Hong Kong dollars and have been approved for the granting of listing, and permission to deal, on the Stock Exchange
"Latest Practicable Date"	30 June 2014
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"MIIT"	the Ministry of Industry and Information Technology of the People's Republic of China
"PRC"	the People's Republic of China
"Prospectus"	the prospectus of the Company dated 22 June 2012
"SAMI"	Shenyang Aluminum & Magnesium Engineering Research Institute Co., Ltd. (瀋陽鋁鎂設計研究院有限公司), a company incorporated in the PRC with limited liability and a wholly owned subsidiary of our Company, and (where the context requires) its subsidiaries
"Sanctioned Countries"	countries which are the targets of economic sanctions imposed by the U.S. and other jurisdictions, including but not limited to Cuba, Sudan, North Korea, Iran, Syria and Myanmar
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

CORPORATE INFORMATION

CORPORATE LEGAL PERSON

Mr. Zhang Chengzhong

REGISTERED OFFICE

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

HEAD OFFICE IN THE PRC

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

COMPANY'S WEBSITE

www.chalieco.com.cn

STOCK CODE

2068

THE MEMBERS OF THE BOARD

Non-executive Directors

Zhang Chengzhong
Zhang Zhankui
Wang Qiang

Executive Directors

He Zhihui
Wang Jun

Independent Non-executive Directors

Sun Chuanyao
Cheung Hung Kwong
Jiang Jianxiang

THE COMMITTEES OF THE BOARD

Audit Committee

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

Remuneration Committee

Mr. Sun Chuanyao (Chairman)
Mr. Jiang Jianxiang
Wang Qiang

Nomination Committee

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

Risk Management Committee

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

SUPERVISORS

He Bincong
Dong Hai
Ou Xiaowu

JOINT COMPANY SECRETARY

Mr. Wang Jun

AUTHORIZED REPRESENTATIVES

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

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

AUDITOR

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

LEGAL ADVISORS

As to Hong Kong law

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

As to PRC law

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

H SHARE REGISTRAR

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

PRINCIPAL BANKERS

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

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

Bank of Communication Co., Ltd.
Beijing Branch
1st Floor, Tongtai Building, No.33 Finance Street, Xicheng District
Beijing
PRC

China Minsheng Banking Corp., Ltd.
Beitaipingzhuang Sub-branch
No.2–5 Xinjiekouwai Avenue, Xicheng District
Beijing
PRC