中鋁國際工程股份有限公司

China Aluminum International Engineering Corporation Limited

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

Stock Code: 2068

Annual Report 2014

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500KA Electrolytic Tank
developed by SAMI

CHAIRMAN'S STATEMENT

Zhang Chengzhong
Chairman

Dear Shareholders,

Under the leadership of the Board, the management of the Company was united in 2014. Leading all of member companies and closely relying on all staff, it persisted in reform and marketization and insisted on the target, thus all works kept making remarkable progress although the production and operation encountered unprecedented challenges.

The Company vigorously implemented the "Go Global" strategy of internationalized development, and took full advantage of strengths in technology, management, and capital. Driven by engineering design and consultancy, businesses including general engineering contracts, engineering construction and engineering management has successfully opened international markets in South America, Africa, Southeast Asia, South Asia and etc., providing a strong guarantee for the sustainable development of the Company.

The past history has made us fully recognize that constantly creating value for customers resulted in the continuous growth of Chalieco. Hereon, we would like to express our appreciation to our customers and business partners for their support and help. In the process of continuous development and expansion of Chalieco, we still focus on becoming a world-class engineering enterprise with core competitiveness and own operation characteristics, and endeavors to bring greater value and higher returns for shareholders, society and staff, and ceaselessly promote the development of the Company! We are looking forward to cooperating with friends and business partners from all industries and embrace triumph together.

Zhang Chengzhong
Chairman

PRESIDENT'S STATEMENT

Dear Shareholders,

2014 was a critical year that Chalieco took the initiative to adapt the new norms and proactively ride on the new challenges. It was also an extraordinary and the most difficult year in the development history of Chalieco. During the year, owing to the impact of the slowdown in growth of the international and domestic economies and the fact that the nonferrous metals industry remained in a trough, the production operation and reform movement of the Company have experienced unprecedented tough challenge.

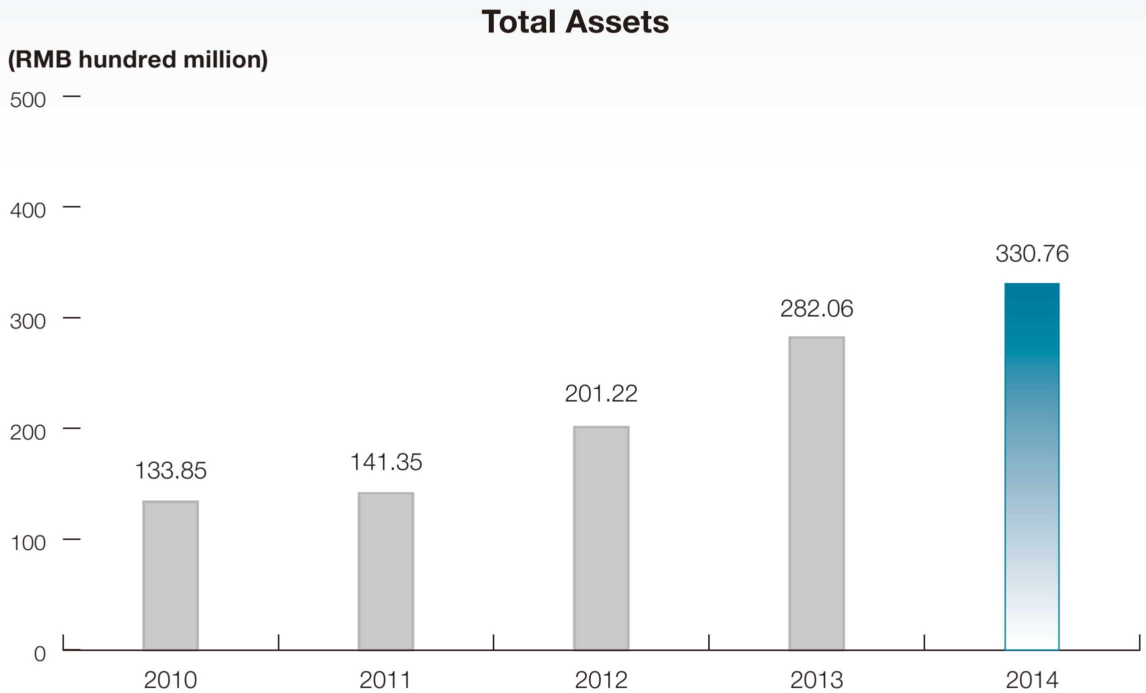
As the saying goes, "Be firm in spite of all beats and no compromise (千磨萬擊還堅勁，任爾東西南北風)", under such complicated economic situation and sluggish industry environment, all the staff of the Company dealt with the difficulties and pressure directly, by riding on the tough and removing any obstacles ahead. As a result, we accomplished the objective of the year and achieved good progress for all assignments. As of 31 December 2014, the value of contracts newly signed by Chalieco in the international market amounted to US$582 million, while the value of contracts derived from the domestic market exceeded RMB40 billion for the first time. The Group's total asset was RMB33.076 billion and net asset was RMB8.731 billion, realizing revenue of RMB25.344 billion and profit before taxation of RMB1.097 billion. In 2014, the Company was named as one of the "Top 80 Contractors and Top 60 Engineering Design in China" and received various recognitions, including no. 2 in the "Best Efficiency Contractor" award, no. 5 in the "Engineering Design Enterprises with Greatest International Expansion Strength" award. The Company was given the "AAA rating of Credit Enterprise", the Standard & Poor's "Credit Rating of BB+" and "Independent Rating of BB".

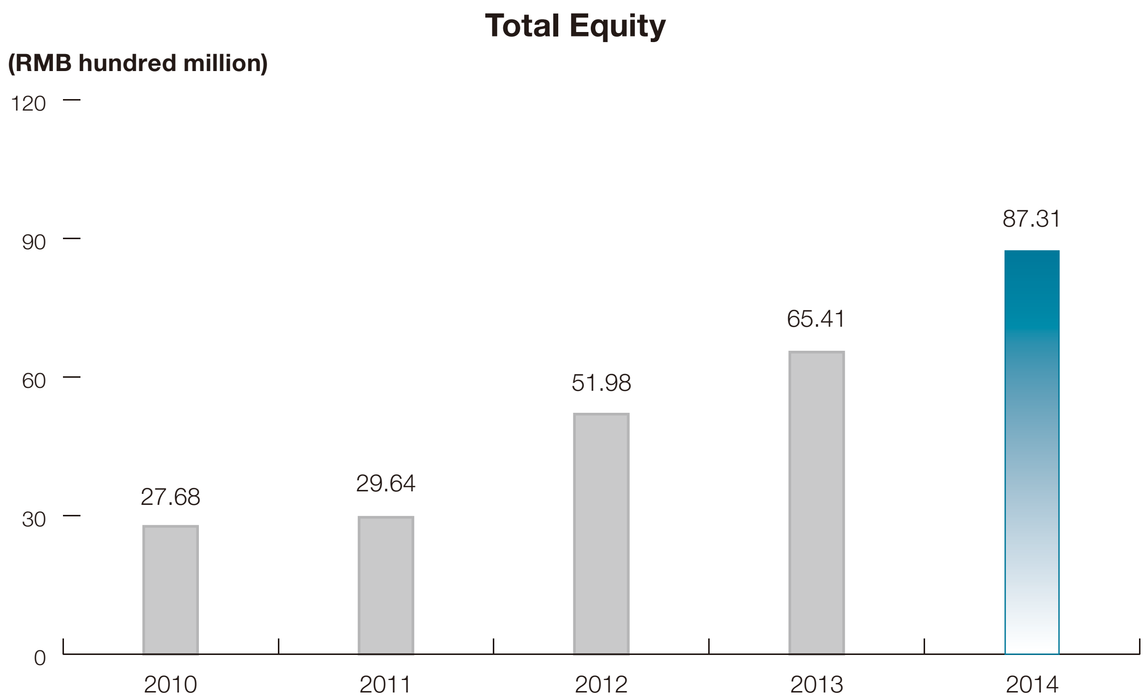
For 2015, the basic principle of "governing the country by law" will be carried out in all aspects. The Twelfth Five-year Plan will be wrapped up in this year. By focusing on new opportunities arising from the new norm, Chalieco will innovative the operating model to grasp contracts. We will conduct in-depth study on national policy, facilitate strategic reform and structure adjustment, explore cooperation with banks, break through the traditional business model, make prudently mergers and acquisitions targeting quality enterprises, improve our own competitiveness, enhance R & D efforts, realise a new phase for achievements, attach great importance on risk control and safeguard the healthy development of the enterprise. In particular, the Company will firmly adhere to the corporate belief of "Creating Value for Customers" with profit gain and value creation as its pursuit and mission.

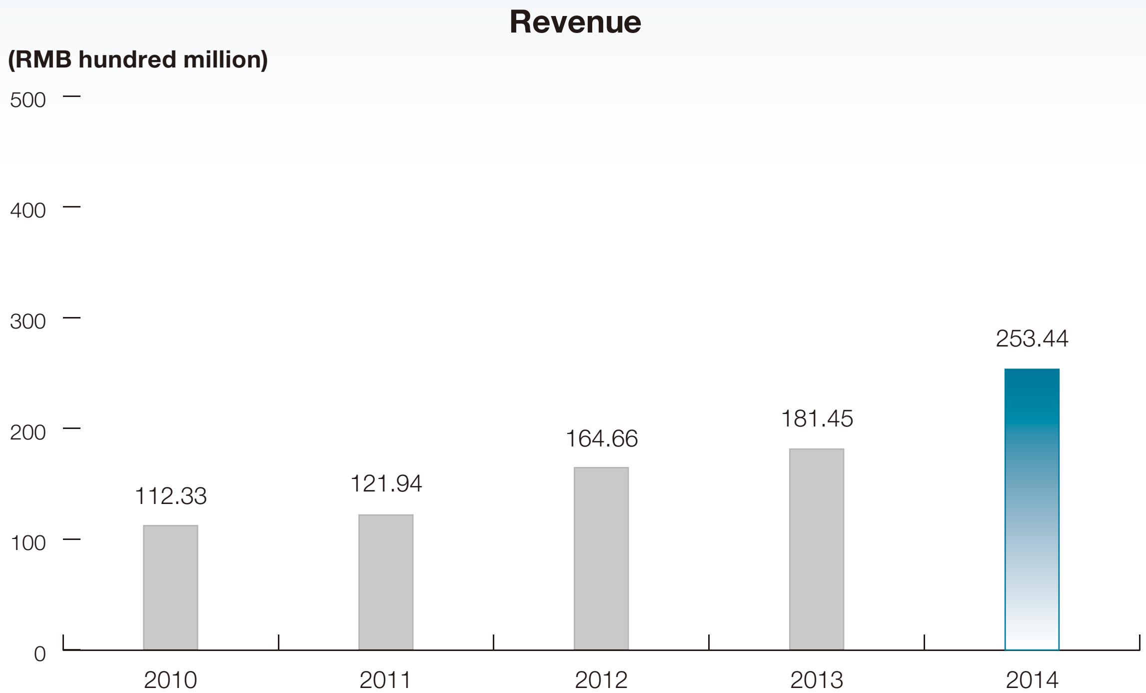
"Determination can conquer anything (志之所向，無堅不入)". In 2015, Chalieco will uphold the arduous spirits and unyielding working style. By closely consolidating the whole entity and putting trust in all the staff, Chalieco will carry on the principle of market-oriented, reform and opening-up. With dedication and teamwork, we set to create excellent return for all shareholders and customers who offer immense support towards the Company and open a new era for Chalieco as the world's leading engineering company.

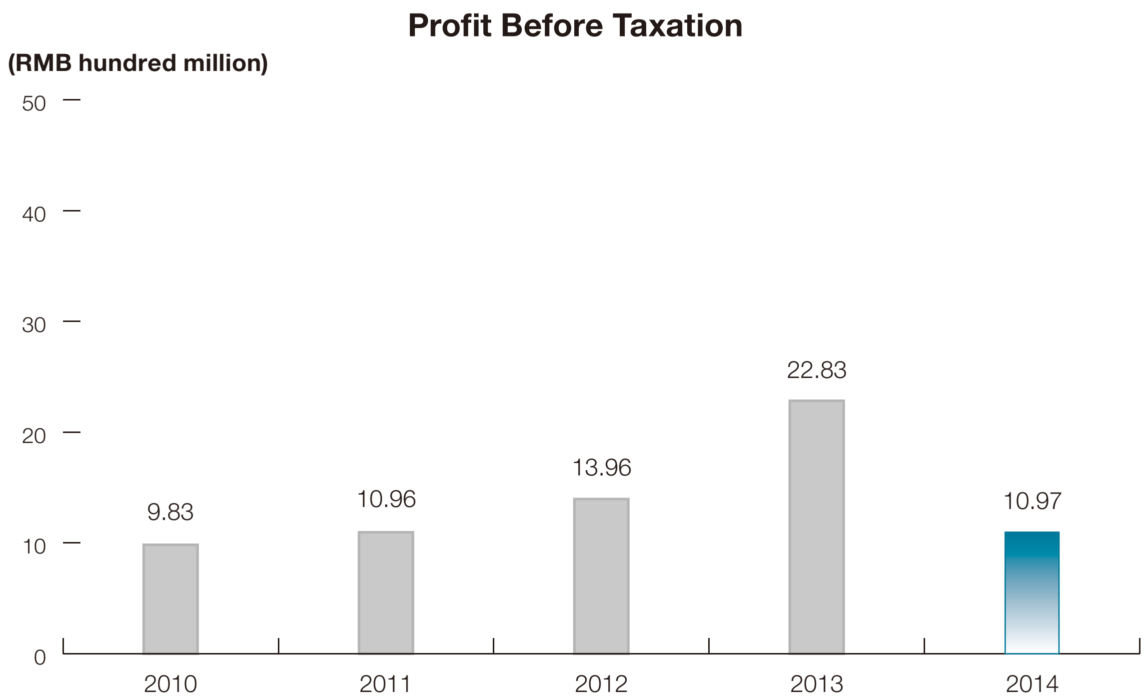
He Zhihui
President

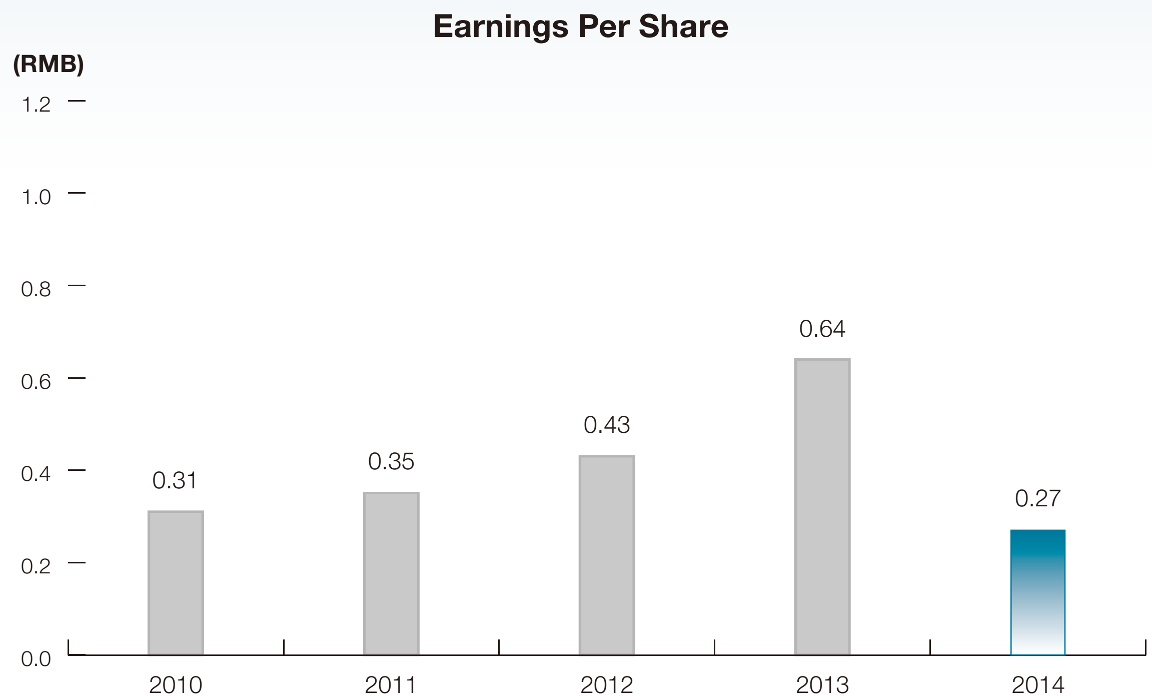
FINANCIAL INFORMATION SUMMARY

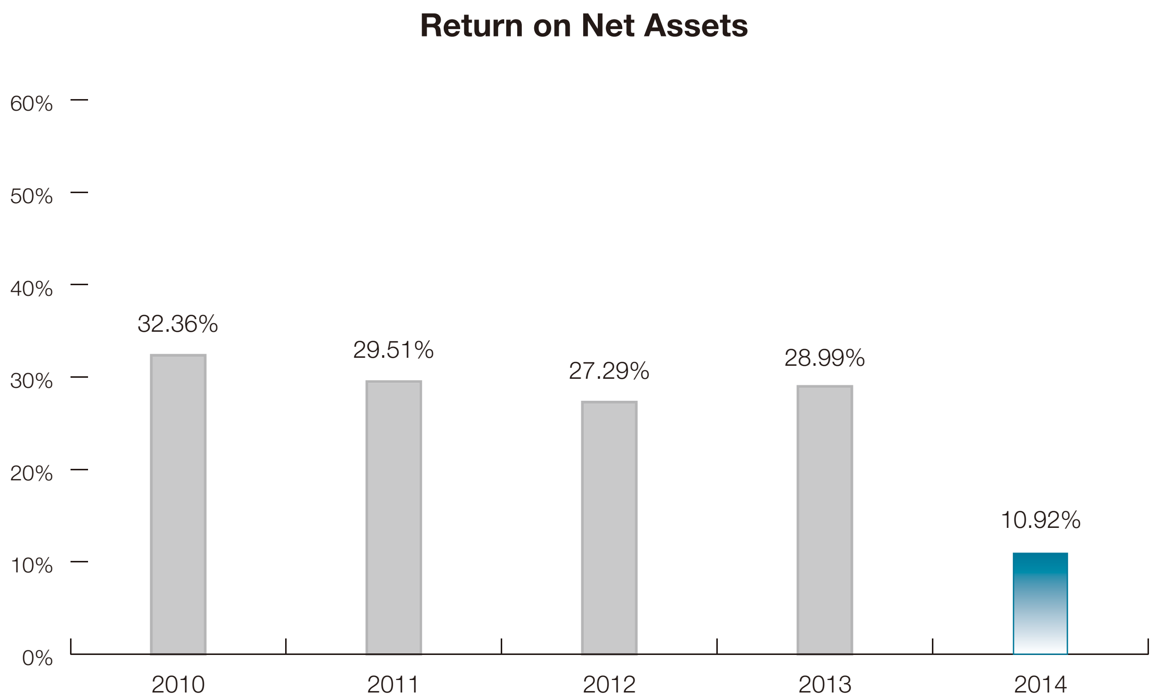





Revenue
(RMB hundred million)
500
400
300
200
100
0
112.33
121.94
164.66
181.45
253.44
2010
2011
2012
2013
2014


Profit Before Taxation
(RMB hundred million)
50
40
30
20
10
0
9.83
10.96
13.96
22.83
10.97
2010
2011
2012
2013
2014


Earnings Per Share
(RMB)
1.2
1.0
0.8
0.6
0.4
0.2
0.0
0.31
0.35
0.43
0.64
0.27
2010
2011
2012
2013
2014


Return on Net Assets
60%
50%
40%
30%
20%
10%
0%
32.36%
29.51%
27.29%
28.99%
10.92%
2010
2011
2012
2013
2014

CORPORATE PROFILE

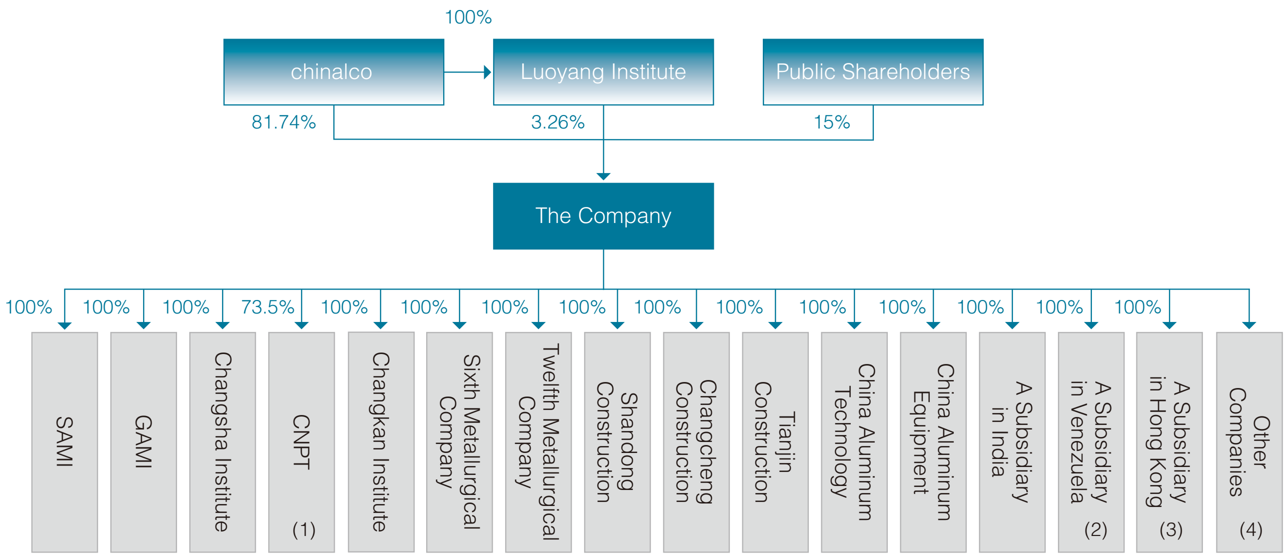
THE ISSUANCE AND LISTING OF THE SHARES

The Company is a subsidiary of Chinalco and listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 2068) on 6 July 2012 with an offering price of HK$3.93 per share. As at 31 December 2014, the total number of shares in issuance of the Company is 2,663,160,000 shares, which is comprised of 399,476,000 H Shares, representing 15% of the issued share capital, and 2,263,684,000 Domestic Shares.

BUSINESS OVERVIEW

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

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) Chalieco Venezuela C.A..

(3) Chalieco Hong Kong Corporation Limited (中鋁國際香港有限公司).

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

The Storage Yard for Blending of 800,000 tons Alumina Materials of Twelfth Metallurgical Company in Yangquan City

MANAGEMENT DISCUSSION AND ANALYSIS

1. INDUSTRY OVERVIEW AND SEGMENT BUSINESS CONDITION

Industry Overview in 2014

(I) Nonferrous Metal Industry

According to the statistical figure of MIIT, the domestic production of non-ferrous metal was 44.17 million tons in 2014, representing an increase of 7.2% over last year with a growth rate slowdown by 2.7%. Gross income of the industry was RMB5,702.6 billion and profit was RMB205.3 billion, and only 6.5% of the enterprises within the industry were profitable. The industry completed fixed asset investment amounting to RMB691.25 billion, representing a growth of 4.6% with a growth rate slowdown by 15.2%, of which Aluminum smelting investment in fixed assets decreased by 17.8% to RMB61.86 billion. Investment in fixed assets of non-ferrous fabrication was RMB381.07 billion, representing an increase of 15.4%.

He Zhihui
President

(II) Construction Industry

In 2014, the domestic investment in fixed assets was RMB50,200.5 billion, the gross growth was 15.1% after deducting the price factors, with a growth rate slowdown. In the view of construction and new construction project, the total investment of construction project was RMB96,878.5 billion, representing an increase of 11.1%. The total investment of construction project was RMB40,647.8 billion, representing an increase of 13.6%. In 2014, domestic investment in property development was RMB9,503.6 billion, representing an increase of 9.9% in gross growth as compared with last year after deducting price factors, but recorded a slowdown of 9.3% as compared with 2013, representing a slowdown in growth rate.

Business Overview for 2014

In 2014, in face of serious challenges of a slowdown in domestic economic growth and lingering around the tough of nonferrous metal industry, the Group persisted in marketization and open reform while continuously innovating business model and expanding its business, thereby achieved an excellent result in production and operation. The total amount of newly signed contract in 2014 was RMB45.3 billion, representing an increase of 15.3% over last year. The total amount of contract backlog of the Group was RMB71.5 billion as of 31 December 2014, representing an increase of 16.3% over last year.

(I) Value of newly signed domestic operating contracts exceeds RMB40 billion for the first time

Under severe external market environment, the Group set exploring the nonferrous reserve market and shanty town reconstruction projects which is supported by policies as priorities for the year. The Company and its subsidiaries fully utilized financial advantages, management experience and credit of state-owned enterprise and brand advantages to proactively explore new fields in business and innovate new models for project operation. Throughout the year, the Group has signed new domestic contracts totalling to RMB41.8 billion, which exceeds RMB40 billion for the first time. At present, construction for more than ten projects including Yueqi Zhai Project in Xi'An (西安岳旗寨項目), residential district project in Hanzhong Shanxi (陝西漢中安置住宅小區) and Financial and Trading Centre in Urumqi (烏魯木齊市金融貿易中心) has commenced or will soon commence.

(II) Strong momentum of international business expansion

In 2014, the international business underwent full integration and was operated under division-based management approach, achieving the integrated operations of the contract of the overseas project from negotiation to execution.

The Company capitalized on the changing trend in the international market and actively captured opportunities on project cooperation brought by "One Belt and One Road", the new strategic policy of the PRC. The Company successfully entered into the EPC contract with VENALUM Electrolysis Plant under CVG Group in Venezuela with a contract value amounting to USD500 million, and signed the order for commencement of project in December 2014, advancing the project to all-sided implementation. It is the second cooperation between China and Venezuela in the field of primary aluminum. The Company has become one of the most popular Chinese enterprises in Venezuela.

VENALUM Project Department of the Branch of Chalieco in Venezuela

In addition, the Company entered into a trading contract with Vietnam National Coal and Mineral Industries Group (TKV) in Vietnam, which is the first contract of the Company in that country; in Australia, the Company entered into a research contract of refining vanadium, the by-products of Graphite, in BALAMA Mozambique, and an a contract of the feasibility of scene selection, which marks the first step in Eastern-African market formally; In Indonesia, the Company enters into a prepared contract with Indonesia Asahan Aluminum (印尼國家鋁業公司) in respect of the feasibility report of calcined petroleum coke project. Meanwhile, the projects in Indonesia, India, Brazil, Guinea, Russia, Kazakhstan and etc. were actively in progress.

DP450 Type Bridge Girder-erecting Machine

At the same time, the bridge girder erection machine SDI1800 produced by the Company realized its export. It renewed the record so far with 1,800 tonnes in weight, 132.6 meters in length and maximum load of 2,250 tonnes as the heaviest and the longest bridge girder erection machine in the world. It was exported to Kuwait for constructing cross-sea bridge.

Followed by the exportation of equipment to Papua New Guinea in 2008 and 2010, the Company exported cylinder coal washing machine and groove type coal washing machine in 2014 to this country.

(III) A More Flexible Business Mode

The Company introduced a flexible mechanism. During the operations management, the Company learnt from the experience of private enterprises and capitalized on the advantages of the flexible mechanism of private enterprises, so as to enhance the industrialized projects and the competitiveness of its products. CNPT, a holding subsidiary of the Company took advantage of developing mixed ownership economy put forward by the state, transforming the industrialization development trend. With the introduction of private capital proactively, seeking various ways of cooperation and building a mixed ownership company by using intangible assets including specialized technology and fixed assets including factories and workshops as contribution to realize the industrialization of technologies and the transformation of intangible assets, such as kinetic lithium battery casing, advanced material of aluminum-alloy and car suspensions.

(IV) A More Diversified Business Scope

In 2014, various subsidiaries of the Company devoted themselves to identifying new markets and expanding into new businesses. CNPT realized its goal by engaging into culture and tourism industry through entering into design contracts of Guangzhou Prince Mountain Forest Park Project (廣州王子山森林公園項目) and Kunming Xundian Swan Island Film and Television Project (昆明尋甸天湖島影視產業項目). GAMI expanded into coal and mining areas through the acquisitions of Zhuhai Xinfeng Electro-mechanical Equipment Co., Ltd. (珠海新峰機電設備有限公司) and Guizhou Chenhuida Mining Industry Designing Co., Ltd. (貴州晨輝達礦業設計有限公司). Meanwhile, the Company successfully applied for the "Permission for the Safety Production in Non-Coal Mine," which paved the way for the Company to undertake EPC projects of Mine.

(V) A More Diversified Implementation Mode for Projects

In the process of focusing on the follow-up work of the real estate projects related to urbanization and the infrastructure projects led by the government, the Company changed the initial traditional construction mode to the development modes of partial investment and financing and the joint operations of level 1 and level 2 of lands nowadays. They significantly improved the profit margins of the projects. For the projects including Luoyang Zhongmai (洛陽中邁) and Qujiang Yuyuan (曲江禦園), which are now under construction, their business models were focused on upstreams, they were expected to bring better revenue.

(VI) Strong and Diversified Financing Capability

Following the IPO of H-Shares in Hong Kong in 2012 and the issuance of private bonds of RMB2.5 billion in 2013, the Company issued RMB2.5 billion private bonds and USD0.3 billion senior perpetual capital securities in 2014. In 2015, the Company has issued RMB1.5 billion private bonds. It has not only greatly improved the capital structure of the Company, but also provided fundings for the business development of the Company.

(VII) A More Optimized Technological Innovative System

The Company insists on selecting research subjects and evaluating scientific achievements by using market standards. In 2014, the Company completed projects building for technology promotion projects, and formally launched a total of 43 projects including "The Research and Application of Digitalized Aluminum Plant". According to the statistics, the Company has achieved an accumulated contract value of RMB1.91 billion for technology promotion projects, and realized an income of RMB0.41 billion with a profit of RMB0.12 billion throughout the year.

The Company continuously innovated the research and development mode of scientific research projects, and a series of new results that passed the tests from the market was obtained. Technologies including the Electrolytic Multi-Parameter Balanced Energy-saving, the Red Mud Dry Storage Method and Wet Red Mud Yard and Dry Compatibilization Method, as developed by GAMI have been promoted in relevant enterprises. Changsha Institute secured a market share with the implementation of mine processing technology in a "high, difficult, and deep" approach. At present, there are 5 plateau mines currently being designed in Tibet, including Qulong Copper Mine (驅龍銅礦), which is the biggest copper mine in China with a daily production scale of 150,000 tons. Meanwhile, capitalized on its own achievements in scientific research, the Company has undertaken the mining projects in Guinea, Mozambique and Laos.

The alumina refining technique and design, and the energy-saving technology specialized projects, which have been initiated by the Company, have passed the staged inspection. Through the evaluation by the external experts in alumina refining, a new technology solution has reached the advanced level around the world. Domestically, in terms of the promotion and application by the alumina refineries over 15% of energy-saving is expected to achieve.

(VIII) A More Standardized Management for Construction Projects

As at the end of 2014, the progress, payment collection, quality, and safety of the projects implemented by the Company have realized its information transmission, which achieved the informatization of project management. In order to enhance the construction management, and regulate the civilized construction management and onsite safety management, "The Visual Identification Manual on the Construction Site" (《施工現場視覺識別手冊》) was issued, and the demonstration project division of small town settlement houses in Dongli District, Tianjin has been set as the benchmark project division, which speeded up the progress of the standardized project division. Such project has passed the inspection of "The Observation Site of Construction Quality, Safety and Civilization Construction in Tianjin" (《天津市建設工程質量安全文明施工觀摩工地》) and "Safety and Civilization Construction Site" (《安全文明工地》) in Tianjin. The increasingly regulated project management of the Company has received significant effects. The Huayin Alumina Project undertaken by the Company has been ranked as one of the 100 classical projects of the 35th anniversary of Reform of China. The Zhongfu Hot Continuous Rolling Project (中孚熱連軋工程) undertaken by the Company has won the "Luban Award" and the Ruimin Aluminum Strip Project (瑞閩鋁板帶項目) undertaken by the Company has won the "National Outstanding Project" (國優工程).

(IX) Early Success for the Operations of Trading Segment

In order to optimize the advantages of the centralized procurement to provide a full fledge industry chain of the Company, the Company made an attempt to commence the trading business related to the core business. With operations for a year, the cooperation targets and the types of product for the trading segment are becoming clearer. The operations have shown an early success.

Hot Continuous Rolling Production Line of Southwest Aluminum

(X) Enhancing Risk Control Capability

Through the implementation of projects in recent years, the Company's overall capability of risk control has been greatly enhanced. Every single process and session along project implementation, from the preliminary planning to project implementation and sub-contracting settlement to the recovery of warranty fund, was safely covered by a risk alert system in place and was installed with the "firewall," ensuring that the fundings for projects has always been under the control within a safe range.

Contracts

The aggregated value of contracts newly signed in 2014 amounted to RMB45.3 billion, representing an increase of 15.3% as compared with the corresponding period over last year. The contracts backlog of the Group as at 31 December 2014 amounted to RMB71.5 billion, representing an increase of 16.3% over the end of 2013.

Credit ratings

Standard & Poor's continued to assign the Company an issuer rating of BB+ and stand-alone credit profile of BB. The rating outlook is stable.

Condition of Scientific Research

Technological Innovation Platform

"Hunan Engineering Research Center of Deep Well Mine Safe and Efficient Production (深井礦山安全高效開採湖南省工程研究中心)" proposed to be established by a subsidiary of the Group has been approved for establishment by Development and Reform Commission of Hunan Province. As of 31 December 2014, the Group possessed 1 national level engineering technical research center, 2 national enterprise post-doctoral technological research centers, 7 provincial technical centers, 1 provincial level post-doctoral technological research station and 1 provincial level post-doctoral innovation and practice base; the Group had 9 persons granted with the honorary title of "the Third National Non-ferrous Metals Industry Engineering Survey and Design Masters" in 2014. So far, the Group has 31 national engineering survey and design masters in non-ferrous metals industry.

Application for Patents and Authorisation

In 2014, the Group has 309 patents applications, 260 authorized patents of which 3 are patents with international authorization. Applications for 5 patents of national industrial methods were granted and applications for 30 patents of provincial industrial methods were granted. As of 31 December 2014, the Group has totally applied for 5,788 patents and 4,035 were granted, of which 134 are international patents and 46 were granted.

Awards Attained

In the evaluation of "2014 ENR/Construction Times" cosponsored by two authoritative medias – US ENR and China Construction Times, Chalieco ranked no. 2 in the "Best Efficiency Contractor" award and no. 5 in the "Engineering Design Enterprises with Greatest International Expansion Strength" award, and ranked no. 13 in the "Top 60 Engineering Design Enterprises", and no. 41 in the "China Top 80 Contractors", and this was the 11^{th} times the Company has consecutively entered the list since 2004 when the evaluation was set up. The Company won "Industry Special Contribution Award" in the 3th IBAAS International Aluminum Industry Forum (IBAAS國際鋁工業論壇) in 2014, indicating that the Company's leading position in the world's aluminum industry has been widely recognized.

In 2014, the Group accomplished five provincial or ministerial scientific and technological achievement appraisal (or evaluation) such as "Tank furnace low temperature calcined petroleum coke key technology R&D and application". Two achievements participated by the Group, namely the "New cathode structure aluminium cell major energy-saving technology development and application" and "Non-ferrous smelting arsenious solid waste control and clean utilization technology", won the Second Prize of the National Prize for Progress of Science and Technology, and 12 achievements such as "600kA super-large capacity aluminium cell technical R&D" were awarded three First Prizes and nine Second Prizes of provincial or ministerial scientific and technological prizes by the industry association and China Hunan Provincial Science & Technology Department.

12 projects of the Company won seven First Prizes, four Second Prizes and one Third Prize of China nonferrous metal industry ministry-level excellent engineering consultancy achievement awards, six projects won three First Prizes and three Second Prizes of China nonferrous metal industry ministry-level excellent engineering survey awards, and 23 projects won 15 First Prizes, five Second Prizes and three Third Prizes of China nonferrous metal industry ministry-level excellent engineering design awards.

Xi Xue Duan of G4 by Sixth Metallurgical Company

Progress of Major Scientific Research Projects and Results

A batch of material research and development projects were progressing well and the technological results were remarkable. The “tank furnace low temperature calcined petroleum coke key technology” was first proposed in “tank furnace low temperature calcined petroleum coke key technology”. The technology and design of “alumina technology and related energy-saving technology”, as a whole, reach leading international standard, and it is expected that its application in the domestic alumina manufacturing enterprises would bring over 15% of energy-saving; “automatic stripping of zinc technology and complete sets of equipment research” was categorized as one of the ten key generic technologies in nonferrous metals industry by the industry association and would replace the imported equipment, which means a lot to the improvement of zinc smelting industry equipment level of our country. Such technology has developed new-type tank furnace low temperature equipment and technology, and has integrated various technologies like intelligent dosing, which can efficiently address important issues such as short equipment life, substantially increase automation level of the factory as a whole, and obviously improve production environment. The result won First Prize of Scientific and Technological Awards of China Non-ferrous Metals Industry Association. The project “research on the application of aluminium alloy to high-performance lithium-ion battery” has successful developed advanced aluminium alloy materials which possess proprietary intellectual property rights, and have made a breakthrough in terms of alloying element, processing technic and mechanical property, placing itself in a nationally leading position with internationally advanced level and succeeding in its commercial application. The project “research on technology and equipment for CSCC continuous lead bullion smelting” has completed the drawing design for main equipment and industrial platform, and is in the process of equipment purchase and engineering construction. With the development of the project, such technology has been well received in the industry.

Investment in R&D of Technology

In 2014, the Company continued to enlarge its investment in research and development of technology. The expenditure on research and development of technology amounted to RMB625.03 million, representing 2.47% of the total revenue of the year.

2. OPERATING RESULTS ANALYSIS AND DISCUSSION

Overview

Revenue continuously increased in 2014. Revenue amounted to RMB25,343.8 million, representing an increase of 39.7% from RMB18,144.8 million in 2013. Net profit for the year amounted to RMB833.9 million, representing a decrease of 51.0% from RMB1,701.8 million in 2013. Net profit attributable to shareholders decreased by 57.4% from RMB1,702.4 million in 2013 to RMB724.5 million in 2014. Earnings per share of the Company for the year were RMB0.27, representing a decrease of 57.8% from RMB0.64 in 2013. After excluding the non-recurring items (the disposal of equity interest in Shenzhen Hengtong (深圳恒通) in 2013 and the disposal of partial listed shares of Zhuzhou Tianqiao (株洲天橋) in 2014), profit for the year increased by RMB326.7 million, representing a growth of 78.2% as compared to the last year; net profit attributable to shareholders of the Company increased by RMB216.8 million, representing a growth of 51.8% as compared to the last year; and earnings per share increased by RMB0.08, representing a growth of 50%.

Revenue

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

The Group recorded a revenue of RMB25,343.8 million in 2014, representing an increase of 39.7% from RMB18,144.8 million in 2013. Although the nonferrous metal industry went down, and the traditional engineering and construction contracting business decreased over the previous year, the Group actively developed the new business (such as trading) by establishing the centralized purchasing platform for engineering equipment and material to promote the urban construction projects steadily. As such, the revenue increased significantly.

	2014		2013		
	(RMB,000)	**(representing the percentage of income before inter-segment elimination)**	(RMB,000)	(representing the percentage of income before inter-segment elimination)	Percentage of change over last year
Engineering design and consultancy	**1,803,378.22**	**6.94**	2,021,515.17	10.78	(10.79)
Engineering and construction contracting	**12,518,431.36**	**48.19**	15,170,111.36	80.94	(17.48)
Equipment manufacturing	**887,806.46**	**3.42**	933,890.06	4.98	(4.93)
Trading	**10,766,851.27**	**41.45**	617,773.37	3.30	1,642.85
Subtotal	**25,976,467.31**	**100.00**	18,743,289.96	100.00	38.59
Inter-segment elimination	**(632,648.72)**		(598,538.30)		5.70
Total revenue	**25,343,818.59**		18,144,751.66		39.68

Non-recurring income

The Group partially sold the listed shares of Zhuzhou Tianqiao Crane Co., LTD held and got a gain of RMB118.9 million in 2014.

Operating expenses

The Group recorded operating expenses of RMB24,329.9 million in 2014, representing an increase of 39.1% from RMB17,490.1 million in 2013, primarily due to an increase in operating expenses as a result of an increase in the scale of operating.

Finance expense – net

The Group recorded net finance expense of RMB200.5 million in 2014, representing an increase of 68.63% from RMB118.9 million in 2013, primarily due to the increase in interestbearing liabilities. The overall cost of capital of the Group is relatively low in the industry.

Operating profit

The Group recorded an operating profit of RMB1,284.3 million in 2014, representing a decrease of 46.6% from RMB2,403.9 million in 2013. After excluding the non-recurring items, operating profit amounted to RMB1,165.4 million in 2014, representing an increase of 68.4% as compared to the operating profit of RMB692.1 million in 2013.

Income tax expense

The Group recorded income tax expense of RMB263.3 million in 2014, representing a decrease of 54.69% from RMB581.1 million in 2013, primarily due to decrease in profit before taxation. Our effective income tax rate decreased from 25.45% in 2013 to 23.99% in 2014, mainly due to the increase in the percentage of realized profit of the subsidiaries which was entitled to the preferential income tax rate during the year to total profit of the Group.

Profit for the year

In 2014, the Group's net profit for the year was RMB833.9 million, representing a decrease of 51% from RMB1,701.8 million in 2013. Profit attributable to equity owners of the Company was RMB724.5 million, representing a decrease of 57.4% from RMB1,702.4 million in 2013. After excluding the non-recurring items, net profit for the year of 2014 was RMB744.7 million, representing an increase of 78.2% as compared to the net profit of RMB418.0 million in 2013.

Distributable profit

In accordance with the International Financial Reporting Standard, the profit available for distribution of the Group was RMB2,996.3 million as at 31 December 2014.

Dividends

In 2014, the Company proposed dividends of RMB1.0 for every ten shares (tax inclusive) in cash, in aggregated amount of RMB266.3 million with dividend payout ratio of 37%, based on the issued 2,663.16 million ordinary shares as at 31 December 2014, while the final dividends of RMB1.3 for every ten shares in cash for the year of 2013 (tax inclusive), dividend payout ratio was 20%.

Segment Operating Results

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

	2014		2013		Change	
	Gross Profit (RMB'000)	Segment results (RMB'000)	Gross Profit (RMB'000)	Segment results (RMB'000)	Gross Profit (RMB'000)	Segment results (RMB'000)
Engineering design and consultancy	547,119.14	169,771.41	730,150.34	323,292.52	(183,031.20)	(153,521.11)
Engineering and construction contracting	1,657,012.09	1,043,189.43	1,197,730.56	363,222.62	459,281.53	679,966.81
Equipment manufacturing	135,378.58	39,519.61	183,808.90	30,342.62	(48,430.32)	9,176.99
Trading	117,135.45	66,676.47	3,625.30	2,414.20	113,510.15	64,262.27
Subtotal	2,456,645.26	1,319,156.92	2,115,315.10	719,271.96	341,330.16	599,884.96
Inter-segment elimination	(11,873.70)	(34,838.35)	(38,112.50)	(27,144.87)	26,238.80	(7,693.48)
Total	2,444,771.56	1,284,318.57	2,077,202.60	692,127.09	367,568.96	592,191.48

Engineering Design and Consultancy

The principal segment results of engineering design and consultancy business are as follows:

	2014		2013		
	(RMB'000)	(% of Segment Revenue)	(RMB'000)	(% of Segment Revenue)	% of Change
Segment revenue	1,803,378.22	100.00	2,021,515.17	100.00	(10.79)
Cost of sales	(1,256,259.08)	(69.66)	(1,291,364.83)	(63.88)	(2.72)
Gross profit	547,119.14	30.34	730,150.34	36.12	(25.07)
Sales and marketing expenses and business tax and surcharges	(55,230.81)	(3.06)	(82,155.63)	(4.06)	(32.77)
Administrative expenses	(401,419.17)	(22.26)	(348,248.69)	(17.23)	15.27
Other income and other gains or loss – net	79,302.25	4.40	23,546.50	1.16	236.79
Segment results	169,771.41	9.41	323,292.52	15.99	(47.49)

Segment revenue. In 2014, revenue from engineering design and consultancy business before inter-segment elimination was RMB1,803.4 million, representing a decrease of 10.79% from RMB2,021.5 million in 2013, primarily affected by the downturn of the non-ferrous metal processing industry.

Cost of sales. In 2014, cost of sales of engineering design and consultancy business was RMB1,256.3 million, representing an decrease of 2.72% from RMB1,291.4 million in 2013, primarily as the cost for this design segment mainly comprised by labor costs and other rigid cost which would be less affected by changes in the volume of business.

Gross profit. In 2014, gross profit of engineering design and consultancy business was RMB547.1 million, representing a decrease of 25.07% from RMB730.2 million in 2013. The gross profit margin was 30.34%, representing a decrease from 36.12% in 2013, which was primarily due to the decrease in the aforesaid revenue and the increase in the allocation of fixed costs for each unit of revenue.

Sales and marketing expenses and business tax and surcharges. In 2014, sales and marketing expenses and business tax and surcharges of engineering design and consultancy business were RMB55.2 million, representing a decrease of 32.77% from RMB82.2 million in 2013, primarily due to the decrease in business tax.

Administrative expenses. In 2014, administrative expenses of engineering design and consultancy business were RMB401.4 million, representing an increase of 15.27% from RMB348.2 million in 2013, primarily due to the increase of research and development expense and labor cost.

Segment results. As a result of the foregoing, segment results for the year from engineering design and consultancy business were RMB169.8 million, representing a decrease of 47.49% from RMB323.3 million in 2013, which contributed 12.87% to the operating results of the Group.

Engineering and Construction Contracting

The principal segment results of engineering and construction contracting business are as follows:

	2014		2013		
	(RMB'000)	**(% of Segment Revenue)**	(RMB'000)	(% of Segment Revenue)	% of Change
Segment revenue	**12,518,431.36**	**100.00**	15,170,111.36	100.00	(17.48)
Cost of sales	**(10,861,419.27)**	**(86.76)**	(13,972,380.80)	(92.10)	(22.27)
Gross profit	**1,657,012.09**	**13.24**	1,197,730.56	7.90	38.35
Sales and marketing expenses and business tax and surcharges	**(225,961.79)**	**(1.81)**	(311,509.62)	(2.05)	(27.46)
Administrative expenses	**(574,502.70)**	**(4.59)**	(530,929.89)	(3.50)	8.21
Other income and other gains or loss – net	**186,641.83**	**1.49**	7,931.57	0.05	2,253.15
Segment results	**1,043,189.43**	**8.33**	363,222.62	2.39	187.20

Segment revenue. In 2014, revenue of engineering and construction contracting business before inter-segment elimination was RMB12,518.4 million, representing a decrease of 17.48% from RMB15,170.1 million in 2013, primarily due to the impact of the industry condition where resulted in the decrease in execution amounts of the projects.

Cost of sales. In 2014, cost of sales of engineering and construction contracting business was RMB10,861.4 million, representing a decrease of 22.27% from RMB13,972.4 million in 2013, primarily due to the decrease in contracting cost and material cost, which was in line with the decline of revenue.

Gross profit. In 2014, gross profit of engineering and construction contracting business was RMB1,657.0 million, representing an increase of 38.35% from RMB1,197.7 million in 2013. The gross profit margin was 13.24%, representing an increase from 7.9% in 2013, primarily due to the changes in business structure of the project commenced, the increasing of the high returned project, in which the Company need to provide financing or BT projects.

Sales and marketing expenses and business tax and surcharges. In 2014, sales and marketing expenses and business tax and surcharges of engineering and construction contracting business were RMB226.0 million, representing a decrease of 27.46% from RMB311.5 million in 2013, primarily due to the decrease in business tax, which is in line with the decline in business.

Administrative expenses. In 2014, administrative expenses of engineering and construction contracting business were RMB574.5 million, representing an increase of 8.21% from RMB530.9 million in 2013, primarily due to the increase of provision for bad debts.

Segment results. As a result of the foregoing, segment results for the year of our engineering and construction contracting business were RMB1,043.2 million, representing an increase of 187.2% from RMB363.2 million in 2013, which contributed 79.08% to the operating results of the Group. The increase was mainly due to the increase of the core business and the increase of the profit margin of this segment.

Equipment Manufacturing

The principal segment results of equipment manufacturing business are as follows:

	2014		2013		
	(RMB'000)	**(% of Segment Revenue)**	(RMB'000)	(% of Segment Revenue)	% of Change
Segment revenue	**887,806.46**	**100.00**	933,890.06	100.00	(4.93)
Cost of sales	**(752,427.88)**	**(84.75)**	(750,081.16)	(80.32)	0.31
Gross profit	**135,378.58**	**15.25**	183,808.90	19.68	(26.35)
Sales and marketing expenses and business tax and surcharges	**(10,410.42)**	**(1.17)**	(8,066.27)	(0.86)	29.06
Administrative expenses	**(97,408.65)**	**(10.97)**	(152,459.14)	(16.33)	(36.11)
Other income and other gains or loss – net	**11,960.10**	**1.35**	7,059.13	0.76	69.43
Segment results	**39,519.61**	**4.45**	30,342.62	3.25	30.24

Segment revenue. In 2014, revenue of the equipment manufacturing business before inter-segment elimination was RMB887.8 million, representing a decrease of 4.93% from RMB933.9 million in 2013, primarily owing to the fluctuation of non-ferrous metal processing industry and the decrease in selling price.

Cost of sales. In 2014, cost of sales of our equipment manufacturing business was RMB752.4 million, representing an increase of 0.31% from RMB750.1 million in 2013, primarily due to the increase of RMB11.0 million in subcontracting costs and increase of RMB6.0 million in equipment charges.

Gross profit. In 2014, gross profit of our equipment manufacturing business was RMB135.4 million, representing a decrease of 26.35% from RMB183.8 million in 2013. The gross profit margin decreased from 19.68% in 2013 to 15.25% in 2014, primarily due to the impact of price reduction.

Sales and marketing expenses and business tax and surcharges. In 2014, selling and marketing expenses and business tax and surcharges of equipment manufacturing business were RMB10.4 million, representing an increase of 29.06% from RMB8.1 million in 2013, primarily owing to the increase in transportation costs.

Administrative expenses. In 2014, administrative expenses of equipment manufacturing business were RMB97.4 million, representing a decrease of 36.11% from RMB152.5 million in 2013, primarily owing to the remarkable control on cost.

Segment results. As a result of the foregoing, segment results of our equipment manufacturing business were RMB39.5 million, representing an increase of 30.24% from RMB30.3 million in 2013, contributing 3.00% to the operating results of the Group.

Trading

The principal segment results of trading business are as follows:

	2014		2013		
	(RMB'000)	**(% of Segment Revenue)**	(RMB'000)	(% of Segment Revenue)	% of Change
Segment revenue	**10,766,851.27**	**100.00**	617,773.37	100.00	1,642.85
Cost of sales	**(10,649,715.82)**	**(98.91)**	(614,148.07)	(99.41)	1,634.06
Gross profit	**117,135.45**	**1.09**	3,625.30	0.59	3,131.06
Sales and marketing expenses and business tax and surcharges	**(61,287.96)**	**(0.57)**	(482.12)	(0.08)	12,612.18
Administrative expenses	**(14,985.21)**	**(0.14)**	(728.98)	(0.12)	1,955.64
Other income and other gains or loss – net	**25,814.19**	**0.24**	–	–	–
Segment results	**66,676.47**	**0.62**	2,414.20	0.39	2,661.85

In 2013, the Group began to engage in trading business. The revenue for the year of 2014 was increasing significantly compared to the year of 2013.

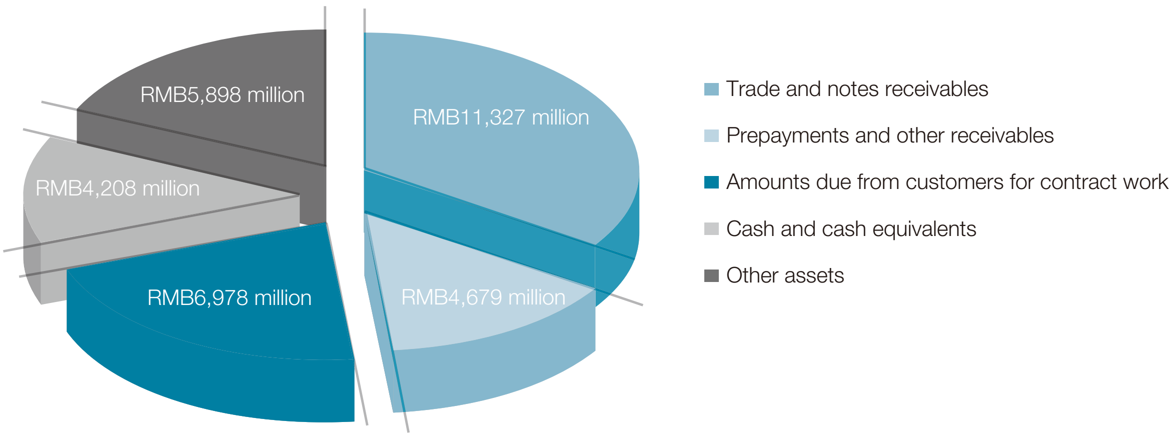
Segment results. In order to strengthen the centralized management of equipment and materials procurement, the Group actively commenced the trading business related to the core business of the Group. Revenue for the year 2014 was RMB10,766.85 million, with gross profit of RMB117.14 million. Trading business segment results for the year 2014 was RMB66.7 million, representing an significantly increase from RMB2.4 million in 2013, contributed 5.05% to the Group's operating results, which also indirectly enhance the gross profit for core business of the Group.

Condition of Assets and Liabilities

At the end of 2014, the total assets of the Group were RMB33,075.71 million, total liabilities were RMB24,344.99 million.

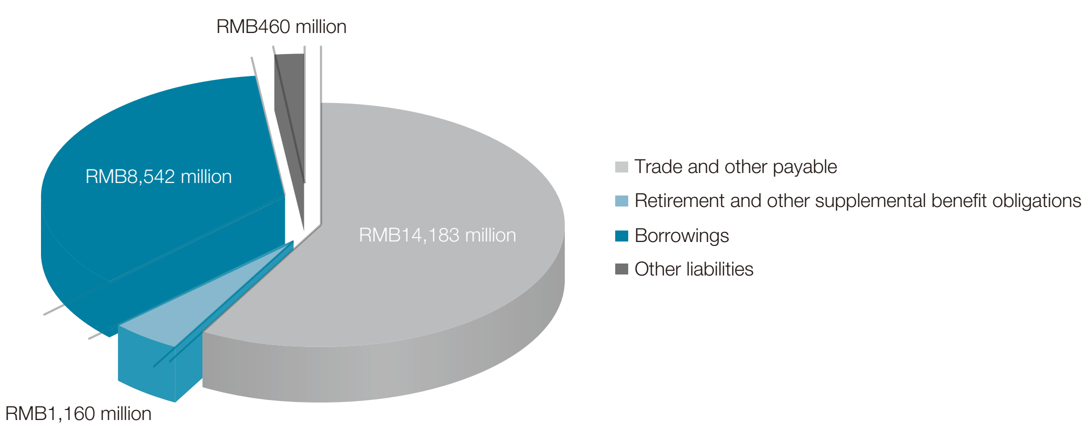
The structure of the assets is as follows:

As at 31 December 2014, due to the characteristics of the business, proportion of trade and note receivables to the composition of assets was the largest with an amount of RMB11,327.3 million, representing 34.25% of the total assets, following which were amounts due from customers for contract work with an amount of RMB6,978 million, representing 21.10% of the total assets; cash and cash equivalents amounted to RMB4,207.9 million, representing 12.72% of the total assets, time deposit and balance of wealth management products at the end of the year was RMB1,262.6 million, representing 3.82% of total asset.



The structure of the liabilities is as follows:

Proportion of trade and other payables to the composition of liabilities was the largest with an amount of RMB14,182.8 million at the end of 2014, representing 58.26% of the total liabilities, following which was borrowings with an amount of RMB8,541.7 million, representing 35.09% of the total liabilities.



3. FINANCIAL REVIEW

Liquidity and capital resources

As of 31 December 2014, the Group had cash and cash equivalents of RMB4,207.9 million, representing a decrease of RMB2,248.3 million from RMB6,456.2 million as at 31 December 2013, primarily due to (i) net cash used in operating activities was RMB942.7 million, representing a decrease of RMB1,224.4 million from RMB2,167.1 million in the previous year, primarily due to the collection of receivables from the international business in Venezuela and India, which indicated a good condition of cash flow in operating activities; (ii) net cash used in investment activities was RMB2,758.6 million, mainly including a net cash used to carry out the core business, engineering and construction contracting business, with a net cash of RMB882.0 million of advances of payment to party A for advance works; in order to increase the investment income of the Group, the Group acquisited structured deposit amounting to RMB1,251.5 million from bank; (iii) net cash inflow of RMB1,451.0 million from financing activities, including RMB1,818.7 million received from issuing of senior perpetual capital securities and payment of dividends amounting to RMB346.8 million.

As of 31 December 2014, current assets amounted to RMB28,080.4 million, of which trade and notes receivables and trade receivables amounted to RMB10,934.1 million. Amounts due from customers for contract work amounted to RMB6,978.0 million; cash and cash equivalents amounted to RMB4,207.9 million.

Current liabilities amounted to RMB21,974.8 million, of which trade and other payables reached RMB14,108.8 million; short-term borrowings amounted to RMB7,377.2 million.

Net current assets were RMB6,105.6 million, representing an increase of RMB3,168.6 million from net current assets of RMB2,937.0 million as at 31 December 2013, which was primarily attributed to the increase of RMB3,194.2 million in trade receivables.

As at 31 December 2014, the current ratio was 1.28, which showed a slightly increase compared to 1.15 as at 31 December 2013, and the ability of repayment for short-term borrowings maintained at a normal level. The Group maintained adequate liquidity.

Net Current Liabilities

As of 31 December 2014, the Group had outstanding borrowings of RMB8,541.7 million (of which, short-term borrowings amounted to RMB4,840.2 million, short-term private bonds amounted to RMB2,537 million and long-term borrowings amounted to RMB1,164.5 million), representing an increase of RMB655.8 million from RMB7,885.9 million as at 31 December 2013. As at 31 December 2014, net current liabilities (interest bearing liabilities less cash and cash equivalents) amounted to RMB3,169.4 million.

Gearing ratio

The Group monitors its capital structure on the basis of gearing ratio. As at 31 December 2014 and 31 December 2013, the Group's gearing ratio was 72.85% and 67.41%, respectively.

Capital expenditure

The Group had capital expenditure of RMB269.6 million in 2014, representing a decrease of 15.10% from RMB317.6 million in 2013. In which, RMB160.1 million was for the construction of production facilities of design and consultancy business segment; RMB46.1 million was for the construction of production facilities and purchase of equipment for engineering contracting and construction segment; and RMB69.4 million was for the construction of production facilities and purchase of equipment for equipment manufacturing segment. Capital resources mainly included self-owned funds and borrowings from banks or other financial institutions.

Pledge of assets of the Group

During the reporting period, the Group had pledged fixed assets and land use rights for short-term borrowings amounting to RMB22.0 million; the Group had pledged trade receivables for short-term borrowings amounting to RMB50.0 million.

Financial guarantee

Details of financial guarantee are set out in Note 42 to the consolidated financial statements.

Contingent liabilities

As at 31 December 2014, the Group didn't have any contingent liabilities.

4. RISK FACTORS

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

Risks relating to cost overruns

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

Risks relating to project delay

The Group may be unable to complete a project in accordance with the schedule set forth in the relevant contract. A project could be delayed for a number of reasons, including but not limited to those relating to market conditions; policies and regulations of the PRC and other relevant jurisdictions; availability of funding; disputes with business partners, technology and equipment suppliers and other contractors, employees, local governments and communities; natural disasters; power and other energy supplies; and availability of technical or human resources. Our overseas engineering and construction contracting projects may also be affected by factors such as deteriorations in foreign relationships between China and relevant governments; war or other significant adverse developments in international relations. In addition, we may need to execute extra work or "change initiated by owner" work in connection with our contracts from time to time. "Change initiated by owner" work is necessary when the project owner changes the design for non-technical reasons after the design plan is confirmed. This may result in disputes in defining work performed beyond the scope as stipulated in the original project specifications, or over the additional price that the customer should pay for the extra work. Even if the customer agrees to pay for the extra work or "change initiated by owner" work, prior to the approval of changes in the design by the owner and the receipt of funds, the Group may need to finance the cost for a prolonged period of time. In addition to that, any delay caused by the extra work may affect the progress of our projects and our ability to meet the established milestone dates of the specific contract. Costs may also incur due to design changes not approved by the project owner or any contractual disputes.

Risks relating to foreign exchange rate fluctuation

A majority of the Group's operations are conducted in the PRC, with the use of Renminbi as the functional currency. A substantial portion of our revenues and cost of sales were denominated in Renminbi during the financial year ended 31 December 2014. However, we conduct part of our engineering and construction contracting business overseas, and may make significant equity and other investments in overseas projects. Our foreign currency denominated assets and liabilities are expected to increase significantly as we further expand our overseas business, particularly when undertaking more EPC projects. We are therefore exposed to risks associated with foreign exchange rate fluctuations.

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

The changes in the exchange rate of Renminbi may be subject to changes in China's governmental policies and international economic and political developments. There can be no assurance that the exchange rate of Renminbi will remain stable against the U.S. dollar or other foreign currencies in the market. Fluctuations in exchange rates may adversely affect the value, converted into U.S. dollars or Hong Kong dollars, of our net assets, earnings and any declared dividends.

Others

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

5. BUSINESS PROSPECT FOR 2015

Outlook of Industry For 2015

(1) Non-ferrous Metals Industry

In 2015, non-ferrous metal industry is still challenged by the problem of overcapacity. The State will continue to strengthen the supervision in the construction project to tightly control expansion of primary aluminum smelting capacity; encourage the existing power plants and aluminum smelters in the region to vertically integrate on the basis of a production chain in order to combine with the power system reform, conducting research on promotion of fair tariff among network electricity, owned electricity and local area network electricity; establish upstream and downstream aluminum industry alliance to expand the application of aluminum in construction, electricity, transportation, aviation and other fields; encourage domestic aluminum enterprises to build electrolytic aluminum and aluminum fabrication plant overseas.

To improve the administration of industry norms, the State will revise and promulgate the "the Norms for Lead and Zinc Industry (《鉛鋅行業規範條件》)" and "the Norms for Tin-tungsten Industry (《鎢錫行業規範條件》), formulate "Norms for Gold Industry" (《黃金行業規範條件》), promote the introduction of "Regulations on Rare Metals (《稀有金屬管理條例》)", strengthen the policy convergence in respect of norms of the access to the sectors of management and financial, environmental protection and energy, and study the establishment of subsequent management system for the industry norms.

"Integrating together" in non-ferrous metal industry will be further advanced. The production enterprises promote the automation of production, information-based management, intelligent processes and personalized manufacture by utilizing a new generation of information technology and focusing on the industry's public service platform, demonstration of intelligent plants, research and development of virtual technology platform.

(2) Construction industry

In 2015, China will continue to implement the new patterns of urbanization strategy, focusing on solving the "three one hundred million people's" problems. Since the task of shantytown renovation is 5.80 million units which is expected to stimulate the utilization of RMB3 trillion, the shantytown renovation, new rural construction, municipal construction business are likely to experience growth. It will bring more business opportunities for the Midwest, especially for the Silk Route economic belt, which in turn will bring more new opportunities for related enterprises in respect of its structural adjustment and transformation.

Business Outlook of the Company For 2015

(1) Target non-ferrous metal reserves market, improve service value

In 2015, the pressure of overcapacity in non-ferrous metal industry is still high. Price of non-ferrous metals remains in the doldrums and the cost is high, creating an urgent need for enterprises to apply the new technology to improve efficiency. Meanwhile, in order to reduce resource and energy consumption and to meet the requirements of being energy-saving and environmentally-friendly, apart from developing a well established market exit mechanism and phase out lagging production capacity, relevant administration departments of the State actively support the upgrading of existing production capacity. The Company will treat technology innovation as the starting point and actively expand non-ferrous metal reserves market, develop new technologies for the energy conservation and lowering energy consumption of alumina and electrolytic aluminum to lead the industry market, and help customers achieve an upswing in economic indicators by leveraging matured and advanced energy-saving and emission reduction technologies.

(2) Implement structural adjustment and strategic transformation, develop new profit sources

Facing the critical shortage of demand of non-ferrous metals, various design enterprises of the Company will accelerate the progress of transformation. While opening up the reserves market, we are actively engaged in civil business and carry out PPP project together with the government. Through the implementation of such projects, our structural adjustment will be enhanced and strategic transformation will be upgraded.

The Company will take advantage from the design and development of Guangzhou Mt. Prince Forest Park Project to enter cultural tourism industry.

The State's related policies and development direction, such as the concept of "Beautiful China", continued promotion on the new urbanization strategy and the planning of "One Belt and One Road" created various opportunities for the Company to implement the structural adjustment and strategic transformation. The Company will focus on reconstruction of shanty towns, new rural construction and development of municipal projects and other related businesses when developing Silk Road economic belt.

Meanwhile, in order to cope with the current severe environmental pollution, the Company will actively cooperate with all levels of government to develop environmental protection industry, expand the environmental protection businesses in sludge treatment, sewage treatment, desulphurization, denitrification and solid waste treatment, and promote the businesses of design, equipment manufacturing and engineering general contract on the basis of gaining long-term stable income.

(3) Leverage the strategy "One Belt and One Road" to accelerate the Company's "Go Global" policy

In 2015, China's "One Belt and One Road" strategy will be fully implemented. From the point of view of the industry, most of the countries along the "One Belt and One Road" are less developed countries with the infrastructure lagging behind and a low level of urbanization. Their needs for infrastructure are the most obvious, which bring new opportunities to Chinese enterprises "Go Global" to develop international business.

As one of the world's major technology suppliers in aluminum industry, the Company has the world's leading professional technology and is professionally and fully equipped. Our production chain is complete. We have initially established a network of overseas business in emerging markets, and our business is distributed in more than ten countries and we have trained various dedicated teams that possess different overseas markets experiences. The Company will give full play to their strengths. With the help of the strategy "One Belt and One Road", we will increase our efforts in expanding overseas business.

The Company will continue to foster the international markets and focus on negotiations in projects. Keeping a close eye on the markets in Brazil, Russia, Turkey and Indonesia, the Company can reach a sustainable business development in the above-mentioned markets by further deepening communication with the owners. At the same time, we actively develop the African markets, especially continuous follow-up of infrastructure projects and mining projects to strive for implementation of substantial projects.

(4) Accelerate the development and transformation of technology, enhance the Company's core competitiveness

The Company will continue to be market-oriented, strengthen the direct investment in technology research and development, promote the application and transformation of scientific research, in order to effectively reflect the technical value. With the State's changes in industrial policies and standards, the Company will carry out technological upgrading and transformation in non-ferrous metals reserves market (e.g. electrolytic aluminum, alumina, copper, lead, zinc), focusing on developing a new technology for power consumption of 11000kWh in production of tonnes of electrolytic aluminum, technology for energy consumption of less than 8GJ in production of more than 1 million tonnes of a single series of alumina and tonnes of alumina, and digital smart mining technology. Meanwhile, we also carry out other major technological developments of workmanship and equipment such as energy conservation, reduction of energy consumption, environmental protection, automation. By creating value for customers and firmly grasp the core technology, the industry continues to maintain a leading edge in technology so as to enhance the Company's core competitiveness.

(5) Attempt to undergo mergers and acquisitions, advance the Company's overall competitiveness

Currently, China's economy is facing unprecedented challenges and opportunities. Industry restructuring and shuffling are expanding around the globe. M & A activities of Chinese enterprises have been increasingly active. The Company has established to improve the related design qualifications and enhance the acceptability of the construction projects, and try to acquire some domestic and overseas design and construction enterprises in order to improve the Company's production chains and enhance overall competitiveness.

(6) Proper risk control, ensure a sustained healthy growth for the Company

With the Company's business restructuring and innovation of business model, various risks are highlighted. The Company will be highly concerned about the liquidity risks of BT projects and advances for contracting business, and the financing risks in relation to areas such as financing platform, financing costs and financing repayment. We strictly implement auditing process and risk alert so as to ensure risks are maintained within the tolerant limits of the Company.

CORPORATE MILESTONES IN 2014

February 2014	Conferences for subject inspection and scientific and technological achievements identification were organized by Ministry of Science and Technology of the State and China Nonferrous Metals Industry Association in Lanzhou. The "R&D of aluminum reduction cell technology with a superlarge capacity of 600 kA", the national 863 key projects submitted for approval by SAMI, passed the inspection and identification successfully, marking the success in the development of the aluminum reduction cell with the world's largest capacity of 600 KA currently. The reduction cell technology of 600kA is of the world's largest capacity and the lowest energy consuming index, the application of which will place the economic indicator of the State in a leading position in the world.
21 February 2014	Chalieco conducted a successful pricing on the perpetual bonds of an aggregated amount of US$0.3 billion in the international capital market. The first redemption date for such 6.875% coupon perpetual bonds is 3 years, and the settlement was completed on 28 February 2014.
June 2014	The Venezuela CVG Company delegation led by Mr. Gustavo Silva, the vice president of CVG, paid its sixth visit to Chalieco.
August 2014	Chalieco injected RMB40 million to Suzhou Engineering & Research Institute for Nonferrous Metal Research Co., Ltd., and thus became the second largest shareholder of it with a shareholding of 40.35%. Such injection served to support the technology research and development and achievement transformation of it, which would be beneficial for it to strengthen its research and development capacity in an attempt to further enhance its independent innovation capacity and sustainability, thereby making it the research and development base of Chinalco and Chalieco.
October 2014	The Vietnam delegation of six people which was led by the president of Vinacomin, Mr. Li Ming (黎明), paid a visit to Chalieco, and He Zhihui, the president of the Company, met the delegation at the headquarter of the Company.

December 2014

According to the Circular on Publishing Ministry-level Excellent Engineering Survey, Design, Consultancy and Computer Software Award Items of the National Non-ferrous Metals Construction Industry by China National Association for Non-Ferrous Metals Industries Construction in 2014 (關於公布全國有色金屬建設行業2014年度部級優秀工程勘察、設計、諮詢及計算機軟件獎獲獎項目的通知) (ZHSJX [2014] No.31), 35 projects of Chalieco won ministry-level excellent engineering survey awards and ministry-level excellent design awards of the non-ferrous metal industry.

December 2014

China Construction Industry Association held commendation meeting in Beijing, issuing 100 Classical & Selected Projects in the 35 Years' Reform and Opening-up and commended advanced enterprises, excellent entrepreneurs and excellent chief engineers of the national construction industry and quality management integrity enterprises of the national construction industry in 2014. Guangxi Huayin Alumina Phase I, designed by GAMI, and co-built by Sixth Metallurgical Company and Shandong Construction, won the title of "100 Classical & Selected Projects in the 35 Years' Reform and Opening-up".

December 2014

On 4 December 2014, CVG-Venalum, a Venezuela Company, held the signing ceremony of commencement document in respect of the Venalum project with Chalieco. Mr. EUCLIDES CAMPOS, the President of CVG-Venalum, and Mr. Ma Ning, the vice president of Chalieco, jointly signed the order of commencement of project. The signing of the order of commencement of Venalum project marked the full entering into implementation phase of such project.

December 2014

The third IBAAS International Aluminum Industry Technology Forum was held in Visakhapatnam, an Indian eastern coastal port. The forum was sponsored by IBAAS (International Bauxite, Alumina and Aluminum Society), and Mr. He Zhihui, the president of Chalieco, attended the forum and delivered a speech. To commend Chalieco huge contribution to Indian and global aluminum industrial development and progress, the meeting issued an industrial special contribution prize to Chalieco.

PRINCIPLE BUSINESS

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

RESULTS

The audited results for the year ended 31 December 2014 of the Company and its subsidiaries are set out in the consolidated statement of comprehensive income on pages 77 to 78. The financial position as at 31 December 2014 of the Company and its subsidiaries are set out in the consolidated balance sheet on pages 79 to 80. The consolidated statement of cash flows for the year ended 31 December 2014 of the Company and its subsidiaries are set out in the consolidated statement of cash flows on pages 85 to 86. Results performance, discussion and analysis of important factors affecting results and financial position are set out in the Management Discussion and Analysis on pages 10 to 32.

PROPERTY, PLANT AND EQUIPMENT

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

CAPITAL STRUCTURE

Our Group monitors our capital structure on the basis of gearing ratio. This ratio is calculated as net debt divided by total capital. Net debts are calculated as the total borrowings and other liabilities (including borrowings, other non-current liabilities, trade and other payables, as shown in the consolidated balance sheets) minus restricted cash, time deposits and cash and cash equivalents. Total capital is calculated as equity interests, as shown in the consolidated balance sheet, plus net debts minus non-controlling interest. We had a gearing ratio of approximately 72.85% as at 31 December 2014, representing an increase of 5.44% from 67.41% as at 31 December 2013. This was primarily due to (i) an increase of RMB4,328.6 million or 36.60% in net debt resulting from an increase of borrowings and total trade and other payables; (ii) after deduction of dividend distributed from the profit for the year, total equity increased by RMB378.3 million. The ratio of increase of net liability, which is relatively higher than the ratio of increase of equity led to an increase in gearing ratio but was still within the preset limit of the Company.

SHARE CAPITAL

The total amount of share capital of the Company as at 31 December 2014 is RMB2,663,160,000, divided into 2,663,160,000 shares at par value of RMB1.00 per share.

TAXATION

Current and deferred income tax

The tax expense for the year of 2014 comprises current and deferred income tax. Income tax is recognized in the consolidated statement of comprehensive income, except for the conditions that it relates to items recognized in other comprehensive income or directly recognized in equity. In this case, the income tax is also recognized in other comprehensive income or directly in equity, respectively.

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

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

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

Deferred income tax assets and deferred income tax liabilities are offset and shown on a net basis when meeting all the conditions below: the Group has the legally enforceable right to settle current income tax assets and current income tax liabilities; and the deferred income tax assets and liabilities relate to income tax levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Value-added taxation ("VAT")

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

Business tax

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

RESERVES

The movement details of reserves of the Group in the year are set out in note 30 to the consolidated financial statements. Details of the portion of reserves available for distribution to shareholders are also set out in note 30 to the consolidated financial statements.

POST BALANCE SHEET EVENT

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

DISTRIBUTION OF PROFIT

In accordance with the market practice of dividend distribution, profit available for distribution is the lower of retained earnings of the consolidated financial statement which is prepared in accordance with Accounting Standard for Business Enterprises of the PRC and IFRS, respectively. The following profit available for distribution is based on the consolidated financial statements prepared in accordance with IFRS.

As shown in the consolidated financial statements, the profit available for distribution of the Group is RMB2,996.3 million at the end of 2014.

The Directors of the Company recommended to distribute a total of RMB266.3 million with RMB1.0 (tax inclusive) per 10 Shares based on the total number of share capital of 2,663.16 million Shares as at 31 December 2014. The recommended final dividends are subject to shareholders' approval at the annual general meeting to be held.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

The Company or its subsidiaries did not purchase, sale or redeem any listed securities of the Company for the year ended 31 December 2014.

USE OF PROCEEDS FROM FUND RAISING

The total amount of fund raised from the Listing of the Company was HK$1,318.0 million. As at 31 December 2014, all fund raised has been used. The fund was primarily used in items disclosed in the Prospectus, such as the industrialization of the Company and overseas engineering projects.

MAJOR CUSTOMERS AND SUPPLIERS

Major customers

For the year ended 31 December 2014, the sales to the Group's five largest customers in aggregate constituted 17.68% of the Group's revenue for the year.

Major suppliers

For the year ended 31 December 2014, the purchase from the Group's five largest suppliers in aggregate constituted 18.41% of the Group's cost of sales for the year.

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

BANK BORROWINGS AND OTHER BORROWINGS

Details of bank borrowings and other borrowings of the Company and its subsidiaries as at 31 December 2014 are set out in Note 34 to the consolidated financial statements.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Part of details of Directors, Supervisors and senior management of the Company for the year ended 31 December 2014 are set out in the table below.

Name	Office in the Company	Appointment Date
Directors		
ZHANG Chengzhong	Chairman and non-executive Director	23 May 2014
ZHANG Zhankui	Non-executive Director	23 May 2014
WANG Qiang	Non-executive Director	23 May 2014
HE Zhihui	Executive Director and President	23 May 2014
WU Yuewu (1)	Former executive Director and Vice President	30 June 2011
WANG Jun	Executive Director and Chief Financial Officer	23 May 2014
SUN Chuanyao	Independent non-executive Director	23 May 2014
CHEUNG Hung Kwong	Independent non-executive Director	23 May 2014
JIANG Jianxiang	Independent non-executive Director	23 May 2014
Supervisors		
HE Bincong	Chairman of supervisory committee and employee representative of supervisory committee	28 March 2014
DONG Hai	Supervisor	23 May 2014
OU Xiaowu	Supervisor	23 May 2014
Senior Management		
HE Zhihui	President	23 May 2014
WU Yuewu (1)	Former Vice President	30 June 2011
QIN Qiwu	Vice President	23 May 2014
MA Ning	Vice President	23 May 2014
WANG Jun	Chief Financial Officer	23 May 2014

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

Note:

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

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACT

The Company entered into service contracts with each Director. The details of such service contracts mainly consist of: (1) term of three years from 23 May 2014; and (2) termination subject to terms of each contract.

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

Save as disclosed above, none of the Directors entered into a service contract with the Company which was not determinable by the Company within one year without payment of compensation (other than statutory compensation).

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

Details of Directors', Supervisors', and senior management's remuneration of the Company are set out in Note 44 to the consolidated financial statements.

INTERESTS OF DIRECTORS AND SUPERVISORS IN CONTRACTS

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

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Save as disclosed below, during 2014, there was no Director or their associate who had any competing interests in business which would directly or indirectly constitute competition or likely to constitute competition with the Group's business:

Name of Director	Post in the Company	Other interests
ZHANG Chengzhong	Chairman	Deputy General Manager of Chinalco
ZHANG Zhankui	Non-executive Director	Financial Controller of Chinalco
WANG Qiang	Non-executive Director	Capital operation controller of Chinalco

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

As at 31 December 2014, none of the Directors, Supervisors and senior management of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Director, Supervisor and senior management was taken or deemed to have under such provisions of the SFO), or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 31 December 2014, so far as the Directors of the Company are aware, the following persons (other than Directors and senior management of the Company) had an interest or short position in the Company's shares or underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

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

Notes:

1. The percentage is calculated based on the number of shares in the relevant class/total number of shares in issue of the Company as at 31 December 2014.

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

COMPLIANCE WITH OFAC UNDERTAKINGS

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

MANAGEMENT CONTRACT

The Company did not enter into or establish any management and administrative contracts relating to all or any material part of business in 2014.

CONNECTED TRANSACTIONS

The following are the major connected transactions of the Group in 2014:

(1) Non-exempt one-off connected transactions

In 2014, the Group did not have any non-exempt one-off connected transaction which required to be disclosed or to gain approval from the independent shareholders under the Listing Rules.

(2) Non-exempt continuing connected transactions

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

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

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

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

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

The annual caps and actual transaction amount of the connected transactions in 2014 are set out in the following table:

	Events of connected transactions	Connected persons	Annual cap for 2014 (RMB'million)	Actual transaction amount for 2014 (RMB'million)
1.	Provision of Engineering Services by the Group	Chinalco	**4,000**	**1,339**
2.	Provision of Commodities by the Group	Chinalco	**180**	**134**
3.	Provision of General Services by the Group	Chinalco	**60**	**41**
4.	Provision of Commodities to the Group	Chinalco	**180**	**26**
5.	Provision of leasing of properties to the Group	Chinalco	**13**	**7**
			Maximum daily balance (RMB'million)	**Maximum outstanding balance (RMB'million)**
6.	Provision of Financial services to the Group – deposit service	China Aluminum Finance Co., Ltd. ("Chinalco Finance")	**1,300**	**1,294**

1. Provision of Engineering Services by the Group

The Company entered into an engineering service general agreement with Chinalco on 2 June 2012, pursuant to which, the Group provided engineering services, including construction engineering, transfer of technologies (right of use), project supervision, surveying, engineering design, engineering consultation, device agency and sale of device, to Chinalco and/or its associates. The agreement is terminated on 31 December 2014 unless at any time either party gives at least three months' prior written notice of termination to the other party.

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

During the reporting period, the annual cap of the continuing connected transaction for 2014 is RMB4,000.00 million and the actual transaction amount is RMB1,339.00 million.

2. Provision of Commodities by the Group

The Company entered into the general sale and purchase agreement of commodities with Chinalco on 2 June 2012, pursuant to which, Chinalco and/or its associates could purchase certain commodities from the Group from time to time, mainly including the equipment required for normal operation of Chinalco (such as control box of the electrolysis tank, environmentally-friendly equipment and material processing equipment). The agreement is terminated on 31 December 2014 unless at any time either party gives at least three months' prior written notice of termination to the other party.

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

During the reporting period, the annual cap of the continuing connected transaction for 2014 is RMB180.00 million and the actual transaction amount is RMB134.00 million.

3. Provision of General Services by the Group

The Company entered into the general sale and purchase agreement of commodities with Chinalco on 2 June 2012, pursuant to which, Chinalco and/or its associates could provide certain types of services to the Group from time to time, including (i) labour services for cleaning, security and equipment technological support; (ii) storage and (iii) transportation. The agreement is terminated on 31 December 2014 unless at any time either party gives at least three months' prior written notice of termination to the other party.

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

During the reporting period, the annual cap of the continuing connected transaction for 2014 is RMB60.00 million and the actual transaction amount is RMB41.00 million.

4. Provision of Commodities to the Group

The Company entered into the general sale and purchase agreement of commodities with Chinalco on 2 June 2012, pursuant to which, the Group could purchase certain commodities from Chinalco and/or its associates from time to time, including coal block, aluminum wire, cement, engineering equipment and components. The agreement is terminated on 31 December 2014 unless at any time either party gives at least three months' prior written notice of termination to the other party.

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

During the reporting period, the annual cap of the continuing connected transaction for 2014 is RMB180.00 million and the actual transaction amount is RMB26.00 million.

5. Provision of Leasing of Properties to the Group

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

Chinalco is the controlling shareholders of the Company. Pursuant to the Listing Rules, Chinalco and its subsidiaries are the connected persons of the Company. During the reporting period, the annual cap of the continuing connected transaction for 2014 is RMB13.00 million and the actual transaction amount is RMB7.00 million.

6. Provision of Financial services to the Group

The Financial Services Agreement was entered into by the Company and Chinalco Finance on 24 August 2012, pursuant to which the financial services proposed to be provided by Chinalco Finance to the Group include to provide deposit services, settlement services, credit services and other financial services to the Group.

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

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

- In respect of the Deposit Services, the daily deposit balance (including any interest accrued thereon) for the Group with Chinalco Finance shall not exceed RMB1.3 billion during the term of the Financial Services Agreement.

During the reporting period, the maximum daily deposit balance of this continuing connected transaction under the deposit services for 2014 was RMB1,300.00 million and the actual maximum daily deposit balance was RMB1,294.00 million.

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

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

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

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

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

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

COMPLIANCE WITH NON-COMPETITION AGREEMENT

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

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

ARRANGEMENT OF PRE-EMPTIVE RIGHTS AND SHARE OPTIONS

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

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

Particulars of H Share appreciation rights granted to the directors and senior management of the Company are as follows:

Name	Position	Number of Shares granted (Ten thousand shares)	The proportion of the amount granted to the total number of H Shares in issue of the Company	The proportion of the amount granted to the total number of shares in issue of the Company
Outstanding at 31 December 2014				
HE Zhihui	Executive Director and President	68.3649	0.1711%	0.0257%
QIN Qiwu	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		**220.6666**	**0.5524%**	**0.0829%**

Name	Position	Number of Shares granted (Ten thousand shares)	Reason for the lapse
Lapsed during the year of 2014			
WU Yuewu	Former Executive Director and Former Vice President	68.3649	Job transfer
LIU Jinbo	Former Vice President	53.8103	Job transfer
Total		**122.1752**	

SIGNIFICANT CONTRACTS

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

RETIREMENT AND EMPLOYEES BENEFIT SCHEME

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

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODES

For the year ended 31 December 2014, the Company has complied with the code provisions set out in the Code on Corporate Governance contained in Appendix 14 to Listing Rules.

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules as the code of conduct and rules governing all Directors and Supervisors in the dealing of securities of the Company. Having made specific enquiries with the Directors and Supervisors of the Company, all Directors and Supervisors have confirmed that they have strictly complied with the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers during the reporting period.

BOARD DIVERSIFICATION POLICY

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

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

PUBLIC FLOAT

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

MAJOR LEGAL PROCEEDING

As of 31 December 2014, the Group was not involved in any major legal proceedings or arbitrations. So far as the Directors are aware, no such litigation or claims are pending or threatened against the Company.

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed the Group's 2014 annual results and the consolidated financial statements for the year ended 31 December 2014 prepared in accordance with the IFRS.

AUDITOR

PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian LLP were appointed as the auditor to audit the consolidated financial statements for the year ended 31 December 2014 prepared in accordance with the IFRS, and the Accounting Standards for Business Enterprise of the PRC, respectively. The enclosed consolidated financial statements prepared in accordance with the IFRS have been audited by PricewaterhouseCoopers. The Company has retained PricewaterhouseCoopers since the date of preparation of its listing.

FINANCIAL SUMMARY IN PAST 5 YEARS

The summary of operating results, assets and liabilities of the Group in the past 5 financial years is set out on pages 5 to 7 of this annual report.

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

Beijing, 12 March 2015

SUPERVISORY BOARD'S REPORT

The current session of the Supervisory Board of the Company was approved to establish in the inaugural meeting of the Company held on 30 June 2011. The current session of the Supervisory Board comprises three Supervisors in total. In 2014, the Supervisory Board of the Company strictly conformed to the laws, regulations, rules and regulatory documents such as the Company Law of the People's Republic of China and the relevant requirements set out in the Articles of Association, the Rules of Procedure of the Supervisory Board of China Aluminum International Engineering Corporation Limited (《中鋁國際工程股份有限公司監事會議事規則》) and the Listing Rules of the Stock Exchange of Hong Kong in terms of the long term interests of the Company and the interests of the shareholders and had carefully exercised its supervision over the behavior when our Directors and the senior management were executing the duties of the Company. The major duties of the Supervisory Board during the reporting period are as follows:

I. ELECTION OF NEW SESSION OF THE SUPERVISORY BOARD

The term of the first session of the Supervisory Board had expired on 30 June 2014. The 9th meeting of the first session of the Supervisory Board was convened on 28 March 2014, at which the Resolution on Considering the Election of New Session of the Supervisory Board (《關於審議公司監事會換屆選舉的議案》) in relation to the election of Mr. Dong Hai and Mr. Ou Xiaowu as the Shareholder representative supervisors of the second session of the Supervisory Board of the Company and the presentation of the election of the second session of the Supervisory Board related matter at the 2013 annual general meeting of the Company for consideration and approval was considered and approved.

The first employee's congress of the Company in 2014 was held on 28 March 2014, at which the election of Mr. He Bincong as the employee representative supervisor of the second session of the Supervisory Board of the Company was approved.

The 2013 annual general meeting of the Company was held on 23 May 2014, at which the Resolution on Considering the Election of New Session of the Supervisory Board (《關於審議公司監事會換屆選舉的議案》) in relation to the election of Mr. Dong Hai and Mr. Ou Xiaowu as the Shareholder representative supervisors of the Company was approved.

The 1st meeting of the second session of the Supervisory Board was convened on 23 May 2014, at which the Resolution regarding the Election of the Chairman of Second Session of the Supervisory Board of China Aluminum International Engineering Corporation Limited (《關於選舉中鋁國際工程股份有限公司第二屆監事會主席的議案》) in relation to the election of Mr. He Bincong as the chairman of the second session of the Supervisory Board of the Company was considered and approved.

II. MEETINGS CONVENED BY THE SUPERVISORY BOARD

1. The 8th meeting of the first session of the Supervisory Board was convened on 12 March 2014, at which the Resolution on Considering the Announcement of 2013 Annual Results and the Annual Report of the Company (《關於審議公司2013年度業績公告和年度報告的議案》), the Resolution on Considering the Report on 2013 Final Accounts of the Company (《關於審議公司2013年度財務決算報告的議案》) and the Resolution on Considering 2014 Financial Budget Report of the Company (《關於審議公司2014年度財務預算報告的議案》), the Resolution on Considering 2013 Profit Appropriation and Dividend Distribution Plan (《關於審議公司2013年度利潤分配和股息派發方案的議案》), the Resolution on Considering 2013 Annual Report of the Supervisory Board (《關於審議公司<2013年度監事會工作報告>的議案》) and the Resolution regarding the Supervisors' Emoluments in 2014 (《關於審議公司 2014 年度監事薪酬的議案》) were considered and approved.

2. The 9th meeting of the first session of the Supervisory Board was convened on 28 March 2014, at which the Resolution regarding Election of New Session of the Supervisory Committee of the Company (《關於審議公司監事會換屆選舉的議案》) was considered and approved.

3. The 1st meeting of the second session of the Supervisory Board was convened on 23 May 2014, at which the Resolution regarding the Election of the Chairman of Second Session of the Supervisory Board of China Aluminum International Engineering Corporation Limited (《關於選舉中鋁國際工程股份有限公司第二屆監事會主席的議案》) was considered and approved.

4. The 2nd meeting of the second session of the Supervisory Board was convened on 22 August 2014, at which the Resolution on Considering the 2014 Interim Report and the Announcement of Interim Results of the Company (《關於審議公司2014年中期報告及中期業績報告的議案》) was considered and approved.

III. DUTIES OF THE SUPERVISORY BOARD

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

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

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

2. Inspection of the financial position of the Company

During the reporting period, the Supervisory Board reviewed the relevant financial information of the Company and its subsidiaries, and the auditor's report of the Company and its subsidiaries. The Supervisory Board is of the opinion that the accounts and audit work of the Company and its subsidiaries are in compliance with the Accounting Law of the People's Republic of China (《中華人民共和國會計法》), the accounting systems promulgated by the Ministry of Finance of the People's Republic of China and the Hong Kong Financial Reporting Standards, for which no concerns has been found. Having duly reviewed the 2014 annual report and relevant information to be submitted by the Board to the general meeting, and as audited by the independent auditor with an unqualified opinion, the Board of the Supervisors is of the opinion that the annual report reflected the financial position and operating results of the Company on a consistent basis and in an accurate, true and fair manner.

3. Inspection of the Company's connected transactions

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

4. Inspection of the Company's information disclosure

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

He Bincong
Chairman of the Supervisory Board

Beijing, 12 March 2015

CORPORATE GOVERNANCE REPORT

The Board of Directors of the Company hereby presents to the Shareholders the corporate governance report for the year ended 31 December 2014.

CORPORATE GOVERNANCE PRACTICES

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

1. The Board

1.1 Composition of the Board

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

The profile details of the Directors as at the date of this annual report are set out on pages 67 to 72 of this annual report. There are no relationships (including financial, business, family or other material or relevant relationship) among members of the Board. The structure of the Board is well balanced with each Director possessing sound knowledge, experience and expertise relevant to the business operation and development of the Group. All Directors are aware of their joint and several responsibilities to the shareholders.

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

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

Name	Position in the Company	Date of Appointment
Director		
ZHANG Chengzhong	Chairman and Non-executive Director	23 May 2014
ZHANG Zhankui	Non-executive Director	23 May 2014
WANG Qiang	Non-executive Director	23 May 2014
HE Zhihui	Executive Director and President	23 May 2014
WU Yuewu(1)	Former Executive Director and Vice President	30 June 2011
WANG Jun	Executive Director and Chief Financial Officer	23 May 2014
SUN Chuanyao	Independent Non-executive Director	23 May 2014
CHEUNG Hung Kwong	Independent Non-executive Director	23 May 2014
JIANG Jianxiang	Independent Non-executive Director	23 May 2014

Note:

1 Mr. Wu Yuewu ceased to be the executive director and the vice president of the Company from 7 March 2014 due to job transfer.

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

1.2 Board Meetings

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

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

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

In 2014, the Board held seven meetings in total. The attendance of the Directors at Board meetings is as follows:

Name	Position	Number of Meetings Attended in Person/Held	Number of Meetings Attended by proxy in writing/ Held	Attendance
ZHANG Chengzhong	Chairman and Non-executive Director	7/7	0/7	100%
ZHANG Zhankui	Non-executive Director	7/7	0/7	100%
WANG Qiang (Note 1)	Non-executive Director	3/3	0/3	100%
HE Zhihui	Executive Director	7/7	0/7	100%
WU Yuewu (Note 2)	Former Executive Director	1/1	0/1	100%
WANG Jun	Executive Director	7/7	0/7	100%
SUN Chuanyao	Independent Non-executive Director	7/7	0/7	100%
CHEUNG Hung Kwong	Independent Non-executive Director	7/7	0/7	100%
JIANG Jianxiang	Independent Non-executive Director	7/7	0/7	100%

Note:

1. Mr. WANG Qiang has been a non-executive director of our Company since 23 May 2014.

2. Due to his job transfer, Mr. Wu Yuewu ceased to be an executive director and vice president of the Company from 7 March 2014.

1.3 Functions and Powers Exercised by the Board and the Management

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

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

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

1.4 Chairman and President

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

1.5 Appointment and Re-election of Directors

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

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

1.6 Directors' Remuneration

Directors' Remuneration is proposed by the Remuneration Committee according to principals such as academic qualifications, work experience etc. and then is determined by the Board with reference to directors' experience, work performance, job responsibilities and the prevailing market conditions after approval from general meetings.

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

1.7 Directors' Training

During 2014, all Directors participated in continuous professional development to develop and refresh their knowledge and expertise so as to ensure that their contribution to the Board remained informed and relevant. The details of training for all Directors are as follows:

Name	Position	Training time	Training content
Zhang Chengzhong	Chairman and Non-executive Director	7 hours	Compliance of listed company and corporate governance
Zhang Zhankui	Non-executive Director	7 hours	Compliance of listed company and corporate governance
Wang Qiang	Non-executive Director	7 hours	Compliance of listed company and corporate governance
He Zhihui	Executive Director	10 hours	Compliance of listed company and corporate governance
Wu Yuewu (Note 1)	Former Executive Director	2 hours	Compliance of listed company and corporate governance
Wang Jun	Executive Director	25 hours	Compliance of listed company and corporate governance
Sun Chuanyao	Independent Non-executive Director	12 hours	Compliance of listed company and corporate governance
Cheung Hung Kwong	Independent Non-executive Director	10 hours	Compliance of listed company and corporate governance
Jiang Jianxiang	Independent Non-executive Director	10 hours	Compliance of listed company and corporate governance

Note:

1. Due to his job transfer, Mr. Wu Yuewu ceased to be an executive director and the vice president of the Company from 7 March 2014.

1.8 Training for company secretary

Mr. Wang Jun, the company secretary of the Company, received relevant training in 2014, which is in accordance with the requirements set out in Rule 3.29 of the Listing Rules.

1.9 Change of Company Secretary and Joint Authorized Representative

On 12 March 2015, the Company Secretary changed to be Mr. Wang Jun (王軍先生) and Mr. Zhai Feng (翟峰先生), who will serve as Joint Secretary of the Company. The Joint Authorized Representative of the Company changed to be Mr. He Zhihui (賀志輝) and Mr. Zhai Feng (翟峰先生).

2.0 Directors' Liability Insurance

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

2. Board Committees

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

2.1 Audit Committee

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

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

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

- On 12 March 2014, the 5th meeting of the Audit Committee of the first session of the Board was held, at which the Resolution on Considering the Announcement of 2013 Annual Results and the Annual Report of the Company (《關於審議公司2013年度業績公告和年度報告的議案》), the Resolution on Considering the Report on 2013 Final Accounts of the Company (《關於審議公司2013年度財務決算報告的議案》) and the Resolution on Considering 2014 Financial Budget Report of the Company (《關於審議公司2014年度財務預算報告的議案》), the Resolution on Considering 2013 Profit Appropriation and Dividend Distribution Plan (《關於審議公司2013年度利潤分配和股息派發方案的議案》), and the Resolution of Re-appointment of the International Auditor and the Domestic Auditor (《關於續聘國際核數師和國內審計師的議案》) were reviewed.

- On 19 August 2014, the 1st meeting of the Audit Committee of the second session of the Board was held, at which interim report for 2014 of the Company was reviewed.

The attendance of the meetings is as follow:

Name	Position	Number of Meetings Attended/Held	Attendance
CHEUNG Hung Kwong	Chairman of the Audit Committee	2/2	100%
JIANG Jianxiang	Member of the Audit Committee	2/2	100%
ZHANG Zhankui	Member of the Audit Committee	2/2	100%

2.2 Remuneration Committee

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

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

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

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

- On 13 March 2014, the 4th meeting of the Remuneration Committee of the first session of the Board was held, at which (1) the remuneration of the Directors; (2) the remuneration of the senior management of the Company were considered.

The attendance of the meeting is as follows:

Name	Position	Number of Meetings Attended/Held	Attendance
SUN Chuanyao	Chairman of the Remuneration Committee	1/1	100%
JIANG Jianxiang	Member of the Remuneration Committee	1/1	100%

2.3 Nomination Committee

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

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

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

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

- On 13 March 2014, the 4th meeting of the Nomination Committee of the first session of the Board was held, at which the structure and the size of the Board, and the qualifications of the directors were considered.

- On 28 March 2014, the 5th meeting of the Nomination Committee of the first session of the Board was held, at which the resolution in relation to the election of new session of the board of Directors of the Company was reviewed.

The attendance of the meetings is as follows:

Name	Position	Number of Meetings Attended/Held	Attendance
ZHANG Chengzhong	Chairman of the Nomination Committee	2/2	100%
SUN Chuanyao	Member of the Nomination Committee	2/2	100%
JIANG Jianxiang	Member of the Nomination Committee	2/2	100%

2.4 Risk Management Committee

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

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

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

- On 13 March 2014, the 4th meeting of the Risk Management Committee of the first session of the Board was held, at which the compliance with the OFAC Undertakings by the Company in 2013 was considered.

- On 22 August 2014, the 1st meeting of the Risk Management Committee of the second session of the Board was held, at which the overall risk management of the Company was considered.

The attendance of the meetings is as follows:

Name	**Position**	**Number of Meetings Attended/Held**	**Attendance**
ZHANG Chengzhong	Chairman of the Risk Management Committee	2/2	100%
JIANG Jianxiang	Member of the Risk Management Committee	2/2	100%
HE Zhihui	Member of the Risk Management Committee	2/2	100%

3. Directors' Responsibility for the Financial Statements

The Board acknowledged its responsibility for preparing the consolidated financial statements of the Group for the year ended 31 December 2014.

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

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

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

4. Compliance with the Code for Securities Transactions

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

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

5. Internal Control

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

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

In terms of rules and regulations, the Company consecutively formulated various internal control measures such as the Measures on Auditing and Administration of Internal Control of China Aluminum International Engineering Corporation Limited (《中鋁國際工程股份有限公司內部控制審計管理辦法》), the Measures on Assessment and Management of Corporate Risks of China Aluminum International Engineering Corporation Limited (《中鋁國際工程股份有限公司企業風險評估管理辦法》), the Measures on Administration of Internal Audit Statistic Works of China Aluminum International Engineering Corporation Limited (《中鋁國際工程股份有限公司內部審計統計工作管理辦法》), the Measures on Assessment, Control and Administration of Risk Management of China Aluminum International Engineering Corporation Limited (《中鋁國際工程股份有限公司風險管理測評及監控管理辦法》), the Implementation of Articles of the Decision-making System on "Three Important Matters and One Big Concern" of Chalieco (《中鋁國際「三重一大」決策制度實施細則》),the Measures on Administration for the Appointment of Intermediaries of China Aluminum International Engineering Corporation Limited To Conduct Auditing (《中鋁國際工程股份有限公司委托中介機構審計管理辦法》), the Regulations on Documentation for Internal Auditing of China Aluminum International Engineering Corporation Limited (《中鋁國際工程股份有限公司內部審計檔案工作規範》) and the Internal Control Manual of China Aluminum International Engineering Corporation Limited (《中鋁國際工程股份有限公司內部控制手冊》).

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

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

In 2014, the Company conducted two internal control assessments and assessed each aspect of work to ensure the effectiveness of the internal control in the Company.

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

6. Auditors

PricewaterhouseCoopers (羅兵咸永道會計師事務所) and PricewaterhouseCoopers Zhong Tian LLP (普華永道中天會計師事務所(特殊普通合夥)) were appointed as auditors of the consolidated financial statements prepared in accordance with International Financial Reporting Standards and Accounting Standards for Business Enterprises of the PRC for the year ended 31 December 2014, respectively.

For the year ended 31 December 2014, apart from the provision for audit services, the Company's auditors, PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian LLP, also provided other services to the Group, details of which are set out below:

	RMB'000
Audit services	
– Annual audit and interim review	7,165
– Non-statutory audit services	937
Non-audit services	
– Services in connection with issue of senior perpetual capital securities	937
– Services in connection with disposal of interest in an associate	375
	9,414

The statements regarding the reporting responsibilities to the consolidated financial statements of PricewaterhouseCoopers, as the external auditor of the Company, is set out on page 75 of this annual report.

7. Shareholders' Meeting

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

On 23 May 2014, the Company held the annual general meeting for 2013. At this meeting, 12 resolutions such as the Directors' Work Report for 2013, the Supervisory Board's Work Report for 2013, the financial report for 2013 and the report of financial budget for 2014 were reviewed and passed.

The first extraordinary general meeting of 2014 was held by the Company on 30 October 2014. The meeting has reviewed and approved "the Proposal on Issuance of Onshore and Offshore Corporate Debt Financing Instruments", "the Proposal on Renewal of the Engineering Services Master Agreement and the adjustment of the caps for the related connected transactions thereunder", "the Proposal on Renewal of the Financial Services Agreement", and "the Proposal on Renewal of the Commodities Sales and Purchases Master Agreement and the adjustment of the caps for the related connected transactions thereunder".

8. Communications with Shareholders

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

8.1 Shareholders' Rights

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

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

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

8.2 Enquires of and Communication with Shareholders

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

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

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

9. Compliance with the Corporate Governance Codes

As a company listed on the Hong Kong Stock Exchange, the Company strives to maintain a high standard of corporate governance. For the year ended 31 December 2014, the Company had complied with all the code provisions of the Corporate Governance Codes set out in Appendix 15 to the Listing Rules and has adopted the suggested best practices where appropriate. Please refer to the Corporate Governance Report as set out on pages 52 to 66 of this annual report for details.

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 above mentioned 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.

10. Investor Relations

10.1 Investor Relations Activities

Announcement of Results and Results Roadshows

On 17 March 2014, the management of the Company held the 2013 annual results conference in Hong Kong to introduce the Company's 2013 annual operating situation and financial performance. Dozens of analysts from leading investment banks in the world attended the meeting.

On 26 August 2014, the management of the Company held the 2014 interim results conference in Hong Kong, at which the management of the Company introduced in detail the Company's 2014 interim performance and business outlook to the analysts and investors from Hong Kong, and answered questions from the persons of investment sector. By results conference, the Company strengthened the relationship with its investors, obtained feedback from the market as to the Company's first half year performance and understood the market's concerns over the Company. Besides, the results conference deepened the investors' knowledge on the Company's development and attracted more attention to the Company's shares.

The Company organized a deal roadshow on issuance of senior perpetual capital securities in February 2014 and met nearly 30 institutional investors in Singapore. We also organized a large-scale promotion seminar in Hong Kong which had approximately 50 investors attended and met nearly 30 institutional investors by way of one-to-one communication.

Investors' Routine Visits

In 2014, the Company had sufficient communication with investors through inviting investors for site visit, on-site meeting and conference meeting, etc.

10.2 Information Disclosure

The Rules Governing the Disclosure of China Aluminum International Engineering Corporation Limited (《中鋁國際工程股份有限公司信息披露管理辦法》), the Debt financing instruments Information Disclosure Management Measures of China Aluminum International Engineering Corporation Limited (《中鋁國際工程股份有限公司債務融資工具信息披露事務管理辦法》) and the Regulations on Connected Transactions of China Aluminum International Engineering Corporation Limited (《中鋁國際工程股份有限公司關連交易管理辦法》) were drafted. The Company also published more than 30 announcements on the website of Hong Kong Stock Exchange, including the disposal of the equity interest of Sixth Metallurgical Company, the issuance of the senior perpetual capital securities and the renewal of caps for the continuing connected transactions and etc.

DIRECTORS

Non-Executive Directors

Mr. Zhang Cheng zhong (張程忠), aged 54, has been the Chairman of the Board of our Company since November 2005 and was reappointed as a non-executive Director and Chairman of our Company on 23 May 2014. Mr. Zhang is primarily responsible for the general business strategies of our Company. Mr. Zhang has been the deputy manager of Chinalco since February 2007, a director and the president of China Copper Co.,Ltd. (中國銅業有限公司) and chairman of the board of Chinalco Shanghai Copper Co., Ltd. (中鋁上海銅業有限公司) since February 2011, and the chairman of the board of Yunnan Copper (Group) Co., Ltd. (雲南銅業(集團)有限公司) since March 2011 and the chairman of the board of China Copper since December 2014, as well as chairman of the board, Chief Executive Officer and Executive Director of Chinalco Mining Corporation International (中鋁礦業國際) since August 2014. He worked as the vice president and a director of Aluminum Corporation of China Limited from September 2001 to May 2007, a director and the vice chairman of the board of Guangxi Huayin Aluminum Co., Ltd. (廣西華銀鋁業有限公司) from February 2003 to December 2009 and served in various positions in Shanxi Aluminum Plant of Chinalco including the plant director from August 1982 to August 2001. Mr. Zhang obtained his doctorate degree in nonferrous metals metallurgy from Northeastern University (東北大學) in March 2008. He is also a professor-grade senior engineer granted by the State Bureau of Nonferrous Metals Industry (國家有色金屬工業局).

Mr. Zhang Zhankui (張占魁), aged 56, has been a non-executive Director of our Company since June 2011 and was reappointed on 23 May 2014. Mr. Zhang is primarily responsible for monitoring our auditing management. Mr. Zhang has been the director of the finance department of Chinalco since December 2009, a supervisor of Chalco since October 2006, the general manager of the finance department of China Rare Earth Co., Ltd. (中國稀有稀土有限公司) from November 2010 to March 2013, executive Director and general manager of China Aluminum Finance Company (中鋁財務公司) from April 2011 to December 2012 and Chairman of Aluminum Corporation of China Overseas Holdings Limited since March 2013. Mr. Zhang served in various positions in Chinalco including as a deputy director of the finance department from October 2000 to March 2002 and from March 2006 to December 2009. He also served as the manager of the general management office of the finance department of Chalco from March 2002 to February 2006, the deputy director of the finance department and the director of the accounting office of the finance department of China Copper Lead Zinc Group Corporation (中國銅鉛鋅集團公司) from March 2000 to September 2000, and the vice president of Beijing ENFI Technology Industry Group Corporation (北京恩菲科技產業集團公司, "Beijing ENFI") from August 1999 to October 1999. He served in various positions in Beijing Central Engineering and Research Institute of Nonferrous Metallurgical Industries (北京有色冶金設計研究總院) including the director of the finance department and the auditing department from July 1982 to August 1999. In October 1999, Mr. Zhang began to serve in China Copper Lead Zinc Group Corporation as a result of an internal job transfer from Beijing ENFI. Mr. Zhang graduated from his doctorate studies in management philosophy from Beijing Normal University (北京師範大學) in December 2006. Mr. Zhang was appointed as an MBA enterprise advisor in School of Business of Renmin University of China (中國人民大學商學院) in December 2011, an advisor for graduates of master degree in Accounting in Research Institute of Fiscal Science of the Ministry of Finance (財政部財政科學研究所) in June 2011 and a part-time professor in Jiaxing University (嘉興學院) in January 2008. He is also a senior accountant granted by Beijing Central Engineering and Research Institute of Nonferrous Metallurgical Industries.

Mr. Wang Qiang (王強), aged 50, has already been a non-executive Director of the Company since May 2014. Mr. Wang has been the head of the capital operation department of Chinalco since March 2013. He served as the secretary of the committee of the Communist Party of China (黨委書記) and the deputy general manager of Chinalco Shanghai Copper Co., Ltd. (中鋁上海銅業有限公司) from February 2011 to March 2013. From February 2010 to February 2011, Mr. Wang served in various positions in China Copper Co. Ltd (中國銅業有限公司) including the head of investment management department and the general manager. He worked for Grirem Advanced Materials Co., Ltd. (有研稀土新材料股份有限公司) as the vice chairman of the board of directors from July 2009 to July 2011. He served in various positions in Chinalco including the director of planning and development division of the corporation planning and development department, the director of capital operation division of the investment department, the deputy head of investment department, and the deputy head of capital operation department from October 2003 to November 2010. He worked as the director of the senior management division (training division) of the personnel department of Chinalco from September 2000 to October 2003. During the period from October 1999 to September 2000, he served as the director of the labor and capital division of the personnel department of China Rare Metals and Rare Earth Group Corporation (中國稀有稀土金屬集團公司). He was the deputy director of No. 2 senior management division of the personnel department of State Bureau of Non-ferrous Metals Industry (國家有色金屬工業局) from August 1998 to October 1999. He served in various positions in China Nonferrous Metals Corporation (中國有色金屬工業總公司), including the deputy director of the directors and supervisors management division of the personal and education department from January 1991 to August 1998. He worked for the General Research Institute for Nonferrous Metals (北京有色金屬研究總院) from July 1986 to January 1991. Mr. Wang obtained a master degree in management engineering from Central South University of Technology (中南工業大學) in July 1997 and recognized as the senior engineer of China Nonferrous Metals Corporation.

Executive Directors

Mr. He Zhihui (賀志輝), aged 52, has been a Director of our Company since December 2003 and reappointed as an executive Director of our Company on 23 May 2014, the President of our Company since March 2010 and served as the vice president of our Company from December 2003 to March 2010. Mr. He is primarily responsible for our daily management and operation, particularly the risk management of our Company. Mr. He has been a director of China Aluminum International Technology Development Co., Ltd. since August 2006. Mr. He served in various positions in Guiyang Aluminum and Magnesium Design Institute Co., Ltd., including as the dean from August 1987 to April 2006. Mr. He obtained his bachelor's degree in industrial automation from Central South Institute of Mining and Metallurgy (中南礦冶學院) (currently known as Central South University) in 1982 and his master's degree from Huazhong Technology Institute (華中工學院) (currently known as Huazhong University of Science and Technology (華中科技大學)) in May 1987. He is also an excellent senior engineer granted by State Bureau of Nonferrous Metals Industry, and received the special government allowance from the State Council in 2013.

Mr. Wang Jun (王軍), aged 44, has been an executive Director since June 2011 and was reappointed on 23 May 2014. Mr. Wang has been the chief financial officer of our Company since April 2011 and also Joint Company Secretary of the Company. Mr. Wang is also the company secretary of the Company. Mr. Wang is primarily responsible for our daily management in respect of finance, tax and risk management. Mr. Wang has been a director of China Aluminum Technology, China Aluminum Insurance Broker Co. Ltd. (中鋁保險經紀公司) and China Aluminum Finance Company since July 2011, August 2012 and August 2014 respectively. Mr. Wang served in various positions in Chinalco, including the general representative of the Peru office of Chinalco from March 2002 to November 2010. He also served as the chief financial officer and the manager of finance department of China Aluminum Mineral Resources Co., Ltd. (中鋁礦產資源有限公司) from November 2010 to April 2011. Mr. Wang served in various positions in Aluminum Group of China (中國鋁業集團公司) and Chinalco from April 1998 to March 2002, including as the business manager of the general section of the finance department. He also worked at the finance department of China Nonferrous Metals Corporation and the finance department of North China University of Technology (北方工業大學) from July 1994 to April 1998. Mr. Wang obtained his bachelor's degree in accounting from North China University of Technology in July 1994 and his master's degree in business management from Tsinghua University (清華大學) in January 2004. He is also a senior accountant granted by Chinalco and obtained SIFM, and is selected to join National Training Programme for Accounting Army Leading Backup (全國會計領軍(後備)人才培養工程).

Independent Non-executive Directors

Mr. Sun Chuanyao (孫傳堯), aged 70, has been an independent non-executive Director of our Company since December 2011 and was reappointed on 23 May 2014. Mr. Sun is the chairman of our remuneration committee and a member of our nomination committee. He has served in various positions in Beijing General Research Institute of Mining and Metallurgy (北京礦冶研究總院) since November 1981 including the dean. Mr. Sun is an academician of the Chinese Academy of Engineering and the Academy of Engineering of St. Petersburg, Russia, a director of the International Mineral Processing Academic Conference Council, the deputy head of professional committee of China Nonferrous Metals Industry Association, head of the Mineral Processing Committee of China Mining Association as well as the Mineral Processing Academic Committee of the Nonferrous Metals Society of China and the director of the National Key Laboratory for Mineral Processing Science & Technology. Mr. Sun graduated from Northeast University of Technology (東北工學院) (currently known as Northeastern University (東北大學)) in 1968 and obtained his master's degree in mineral processing from Beijing General Research Institute of Mining and Metallurgy in 1981. Mr. Sun served as the chairman of the board of directors of North Magnetic Materials Science and Technology Co., Ltd. (北礦磁材科技股份公司), which is listed on the Shanghai Stock Exchange (stock code: 600980.SH), from August 2000 to May 2007. Mr. Sun has been an independent non-executive director of China Nonferrous Mining Corporation Limited (中國有色礦業有限公司) (stock code: 01258.HK), a listed company on the Stock Exchange of Hong Kong Limited, since June 2012 and an independent non-executive director of Harbin Electric Corporation Jiamusi Electric Machine Co., Ltd (哈爾濱電氣集團佳木斯電機股份有限公司) (stock code: 000922.SZ), a listed company on Shenzhen Stock Exchange, since June 2012.

Mr. Cheung Hung Kwong (張鴻光), aged 47, has been an independent non-executive Director of our Company since December 2011 and was reappointed on 23 May 2014. Mr. Cheung is the chairman of our audit committee. Mr. Cheung worked for Kaisa Group Holdings Ltd. (stock code: 1638.HK) from July 2008 to December 2014 and served as its chief financial officer, corporate secretary and joint authorized representative. He served in Boto Company Limited, a private company, from March 2003 to December 2007 and was promoted to chief financial officer during that period. He served as a manager of assurance and business advisory service department and corporate finance and recovery department of PricewaterhouseCoopers from July 1994 to March 2003. Mr. Cheung has been a member of the American Institute of Certified Public Accountants (AICPA) since August 1996 and a chartered financial analyst qualified by the CFA Institute (formerly known as the Association for Investment Management and Research) in the U.S. since September 2000. Mr. Cheung obtained his bachelor's degree with the second class honors from University of Hong Kong in 1990 and his master's degree with distinction from University of London in 1992.

Mr. Jiang Jianxiang (蔣建湘), aged 49, has been an independent non-executive Director of our Company since December 2011 and was reappointed on 23 May 2014. Mr. Jiang is a member of our audit committee, remuneration committee, nomination committee and risk management committee. Mr. Jiang is currently the assistant of headmaster of Central South University (中南大學), as well as, an arbitrator of the Arbitration Committee of Changsha and the Arbitration Committee of Hengyang. He is also a member of the Expert Advisory Committee for the People's Procuratorate of Hunan Province and the expert on the legal system for the People's Government of Changsha. Mr. Jiang was employed as counsel of the Party Committee and the People's Government of Hunan Province on September 2011. Mr. Jiang was granted a second-class prize for state teaching achievement and a first-class prize for teaching achievement of Hunan in 2001, and the title of "the Most Influential Character on Law of Hunan Province" in 2010. Mr. Jiang obtained his bachelor's degree in law from Central China Normal University (華中師範大學) in 1987, his master's degree in philosophy in 2003 and his doctorate degree in management in 2007, respectively, from Central South University. Mr. Jiang has been an independent non-executive director of Zhuzhou Smelter Group Co., Ltd (株洲冶煉集團股份有限公司) (stock code: 600961.SH), a listed company on Shanghai Stock Exchange, since December 2010. He served as an independent non-executive director of Fortune Securities since January 2014.

SUPERVISORS

Mr. He Bincong (賀斌聰), aged 51, has been elected as the staff representative supervisor of the Company in the first session of the meeting of 2014 staff representative on 28 March 2014. He was also been elected as the chairman of the Supervisory Board on the first meeting of the second session of the Supervisory Board held on 23 May 2014. He served as the deputy party secretary, secretary of discipline inspection commission from March 2013 and chairman of the labor union of the Company from June 2013. Mr. He Bincong served as the deputy general manager of China Aluminum Development Ltd. (中鋁置業發展有限公司) from February 2010 to March 2013. From March 2004 to February 2010, he served in various positions in Aluminum Corporation of China Limited (中國鋁業股份有限公司), including the deputy general manager of Human Resources Department. He served as the deputy party secretary and secretary of discipline inspection commission of Shanxi Carbon Plant (山西碳素廠) from April 2001 to March 2004, as the deputy level cadre of Aluminum Group of China (中國鋁業集團公司) from October 1999 to April 2001, and as the manager of General Affairs Department of Beijing Xinou Technology Development Ltd. (北京鑫歐科技發展有限公司) from October 1997 to October 1999. He also served in various positions in China Nonferrous Metals Corporation (中國有色金屬工業總公司), including the deputy director level supervisor of the Supervision Bureau from April 1991 to October 1997. He worked in the Beijing General Research Institute of Mining and Metallurgy (北京礦冶研究總院) from August 1984 to April 1991. Mr. He Bincong obtained his bachelor's degree in geology from Central South University (中南大學) in July 1984. Mr. He Bincong is a senior engineer granted by China Nonferrous Metals Corporation (中國有色金屬工業總公司).

Mr. Dong Hai (董海), aged 59, has been a Supervisor of our Company since June 2011 and was reappointed on 23 May 2014. Mr. Dong has been a deputy director of the party and discipline inspection team of Chinalco since May 2009 and the director of the (patrol office) of discipline inspection committee of Chinalco since December 2009. He served in various positions in the PLA Beijing Military Region (解放軍北京軍區) from January 1971 to June 1986, including as a soldier, a vice company-level staff, company instructor (連隊指導員), deputy battalion (副營職) and the battalion – level staff. He worked for the Ministry of Personnel and Ministry of Supervision from June 1986 to January 1993, and served in various positions in Central Commission for Discipline Inspection (中央紀委), including Comprehensive monitoring bureau-level discipline inspector (監察綜合室正局級紀律檢查員) and inspector (監察專員) from January 1993 to May 2009. Mr. Dong obtained his master's degree in business administration from Zhongnan University of Economics and Law (中南財經政法大學) in June 2008.

Mr. Ou Xiaowu (歐小武), aged 49, has been a Supervisor of our Company since June 2011 and was reappointed on 23 May 2014. He has been the director of the auditing department of Chinalco and the general manager of the auditing department of Chalco since December 2009. He served as a general manager of the finance department of Chalco from March 2006 to November 2009. He also served as the director of the finance department (auditing department) in Chinalco from May 2004 to March 2006 and the deputy general manger of Guizhou Branch of Chinalco from January 2002 to September 2003. Mr. Ou served as the deputy director of the finance department and auditing department of China Copper Lead Zinc Group Corporation from September 1999 to September 2000. He served in various positions in China Nonferrous Metals Industry Corporation, including as the director of Division I of auditing department from December 1992 to October 1998. Mr. Ou graduated from the planning and statistics department of Xiamen University (廈門大學) in July 1985. Mr. Ou is a senior auditor granted by China Nonferrous Metals Industry Corporation.

SENIOR MANAGEMENT

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

Mr. Qin Qiwu (秦奇武), aged 58, has been a vice president of our Company since March 2011 and was reappointed on 23 May 2014. Mr. Qin is primarily responsible for the marketing in the Company's domestic market, production management and our quality, environment and healthy safety system. Mr. Qin has been a director from July 2011 to January 2015 and the chairman of China Aluminum International Technology Development Co., Ltd. from December 2013 to January 2015. He served in various positions in Changsha Institute from January 1982 to March 2011, including senior engineer of the mine processing department, the dean of Mine and Gold Branch, the associate dean and the dean. Mr. Qin graduated from the mine processing department of Central South Institute of Mining and Metallurgy (currently known as Central South University) in December 1981. Mr. Qin is a researcher-grade senior engineer granted by State Bureau of Nonferrous Metals Industry and received the special government allowance from the State Council in 2001.

Mr. Ma Ning (馬寧), aged 51, has been a vice president of our Company since April 2010 and was reappointed on 23 May 2014. Mr. Ma is primarily responsible for the marketing in the global market, technology management and informatization business. Mr. Ma has been a director of Duyun Development Zone Tongda Construction Co., Ltd. since May 2011. He has been the chairman of Wenzhou Tong Gang Construction Co., Ltd (溫州通港建設有限公司) since August 2012 and the chairman of Wenzhou Torin Construction Co., Ltd (溫州通潤建設有限公司) since November 2012 as well as an Executive Director and General Manager of Zichen Investment Development Company Limiited (北京紫宸投資發展有限公司) since February 2014. He served in various positions in Shenyang Branch of Chalieco from July 2006 to March 2010, including the vice president. Mr. Ma previously held various positions in SAMI successively from September 1986 to March 2010, including the engineer of the hot wind department, the head of the purification department, the chief designer and the vice dean. Mr. Ma graduated from Shenyang University (瀋陽大學) and majored in environmental engineering in July 1986. Mr. Ma is an excellent senior engineer granted by Chinalco.

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

SECRETARY TO THE BOARD

Mr. Zhai Feng (翟峰), aged 38, has been a director of the capital market division of the capital operation department of Chinalco since April 2011. He was the vice director of the capital market division of the capital operation department of Chinalco from January 2009 to March 2011, primarily responsible for share issue, material asset reorganization and corporate governance of listed companies under the Group. Mr. Zhai was the senior operation manager, operation manager, operation manager of the secretary of the Board of the capital market division of the capital operation department of Chalco from April 2004 to December 2008, respectively, primarily responsible for capital market-related capital operation, investors' relations and information disclosure. During that period, he participated in the IPO of A shares, acquisition and merger and issue of debentures of Chalco. He was the assistant manager of the audit department of KPMG Huazhen from January 2003 to March 2004 and worked in the audit department of KPMG Huazhen from July 1999 to August 2001. Mr. Zhai graduated from Renmin University of China in July 1999 with a bachelor's degree in accounting, and then graduated from Royal Holloway, University of London in November 2002 with a master's degree in business administration. Mr. Zhai was qualified as an economist and has obtained SIFM.

HUMAN RESOURCES OVERVIEW

As of 31 December 2014, the Group had a total of 9,745 employees, of which 7,375 are male and 2,370 are female, representing 76% and 24% of the total staff, respectively. In addition, the Group has off-post reserve labor force of 2,322.

Table I: The following table shows a breakdown of our employees by business function as of 31 December 2014:

No.	Category	Number of Employees	Percentage
1	Operation and management personnel	2,469	25%
2	Engineering technicians	4,327	44%
3	Production and operation personnel	2,242	23%
4	Service and other personnel	707	8%
Total		**9,745**	**100%**

Table II: The following table shows a breakdown of our employees by level of education as of 31 December 2014:

No.	Category	Number of Employees	Percentage
1	Graduate degree and above	863	9%
2	Undergraduate degree	4,094	42%
3	Associate degree	2,289	23%
4	Secondary School and below	2,499	26%
Total		**9,745**	**100%**

INCENTIVES FOR EMPLOYEES

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

EMPLOYEES' TRAINING

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

EMPLOYEES' REMUNERATION POLICY

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

INDEPENDENT AUDITOR'S REPORT

pwc　　羅兵咸永道

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

We have audited the consolidated financial statements of China Aluminum International Engineering Corporation Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 77 to 241, which comprise the consolidated and company balance sheets as at 31 December 2014, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014, and of the Group's profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

OTHER MATTERS

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 12 March 2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
		2014	2013
	Note	**RMB'000**	RMB'000
Revenue	5	**25,343,819**	18,144,752
Cost of sales	6	**(22,899,047)**	(16,067,549)
Gross profit		**2,444,772**	2,077,203
Business tax and surcharges	6	**(244,514)**	(335,959)
Selling and marketing expenses	6	**(108,375)**	(66,249)
Administrative expenses	6	**(1,077,939)**	(1,020,382)
Other income	7	**61,946**	38,010
Other gains/(losses) – net	8	**208,429**	(496)
Gains on disposal of an associate	19(b)	**–**	1,711,734
Operating profit		**1,284,319**	2,403,861
Finance income	9	**311,982**	132,290
Finance expenses	9	**(512,466)**	(251,238)
Finance expenses – net		**(200,484)**	(118,948)
Share of profit/(losses) of investments accounted for using the equity method	19(b)	**13,381**	(2,071)
Profit before income tax		**1,097,216**	2,282,842
Income tax expense	10	**(263,268)**	(581,083)
Profit for the year		**833,948**	1,701,759
Other comprehensive income:			
Items that may be reclassified to profit or loss			
Fair value gains on available-for-sale financial assets, net of tax		**72,761**	20,231
Reclassified to profit on disposal of available-for-sale financial assets, net of tax		**(89,295)**	–
Currency translation differences		**5,080**	(1,030)
Item that will not be reclassified subsequently to profit or loss			
Remeasurements of post-employment benefit obligations, net of tax		**(27,450)**	109,243
Other comprehensive income for the year, net of tax		**(38,904)**	128,444
Total comprehensive income for the year		**795,044**	1,830,203

	Note	Year ended 31 December 2014 RMB'000	2013 RMB'000
Profit attributable to:			
Equity owners of the Company		**724,526**	1,702,361
Non-controlling interests		**109,422**	(602)
Profit for the year		**833,948**	1,701,759
Total comprehensive income attributable to:			
Equity owners of the Company		**686,099**	1,830,788
Non-controlling interests		**108,945**	(585)
Total comprehensive income for the year		**795,044**	1,830,203
Earnings per share for profit attributable to equity owners of the Company for the year (expressed in RMB per share)			
– Basic and diluted	11	**0.27**	0.64
Dividends	12	**266,316**	346,211

The notes on pages 87 to 241 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

	Note	As at 31 December 2014 RMB'000	 2013 RMB'000
Assets			
Non-current assets			
Property, plant and equipment	15	**1,716,449**	1,682,332
Land use rights	16	**813,384**	834,237
Investment properties	17	**27,643**	28,825
Trade and notes receivables	21	**393,260**	1,223,760
Prepayments and other receivables	22	**1,209,361**	774,672
Intangible assets	18	**192,058**	221,576
Investments accounted for using the equity method	19(b)	**115,217**	21,801
Available-for-sale financial assets	20	**184,518**	259,042
Deferred income tax assets	36	**329,907**	300,887
Other non-current assets		**13,537**	15,987
Total non-current assets		**4,995,334**	5,363,119
Current assets			
Available-for-sale financial assets	20	**501,000**	11,000
Inventories	25	**983,493**	835,206
Trade and notes receivables	21	**10,934,080**	7,739,918
Prepayments and other receivables	22	**3,470,007**	1,493,779
Amounts due from customers for contract work	24	**6,978,000**	5,989,329
Current income tax prepayments		**31,049**	36,690
Restricted cash	26	**213,387**	239,678
Time deposits	27	**761,504**	41,480
Cash and cash equivalents	28	**4,207,857**	6,456,158
Total current assets		**28,080,377**	22,843,238
Total assets		**33,075,711**	28,206,357
Equity			
Share capital	29	**2,663,160**	2,663,160
Reserves	30	**4,044,575**	3,708,696
Consolidated equity attributable to equity owners of the Company		**6,707,735**	6,371,856
Non-controlling interests	38	**2,022,985**	169,390
Total equity		**8,730,720**	6,541,246

	Note	As at 31 December 2014 RMB'000	2013 RMB'000
Liabilities			
Non-current liabilities			
Deferred income	31	**99,209**	97,066
Long-term borrowings	34	**1,164,492**	290,152
Retirement and other supplemental benefit obligations	33	**1,031,573**	1,120,579
Deferred income tax liabilities	36	**919**	11,635
Trade and other payables	35	**73,986**	239,444
Total non-current liabilities		**2,370,179**	1,758,876
Current liabilities			
Trade and other payables	35	**14,108,790**	10,909,538
Dividends payable	37	**57,583**	57,240
Amounts due to customers for contract work	24	**303,038**	726,086
Short-term borrowings	34	**7,377,237**	7,595,740
Current income tax liabilities		**46**	501,010
Retirement and other supplemental benefit obligations	33	**128,118**	116,621
Total current liabilities		**21,974,812**	19,906,235
Total liabilities		**24,344,991**	21,665,111
Total equity and liabilities		**33,075,711**	28,206,357
Net current assets		**6,105,565**	2,937,003
Total assets less current liabilities		**11,100,899**	8,300,122

The notes on pages 87 to 241 are an integral part of these consolidated financial statements.

The consolidated financial statements were approved by the Board of Directors on 12 March 2015 and were signed on its behalf.

He Zhihui
Director

Wang Jun
Director

BALANCE SHEET OF THE COMPANY

	Note	As at 31 December 2014 RMB'000	2013 RMB'000
Assets			
Non-current assets			
Property, plant and equipment	15	**84,057**	86,361
Intangible assets	18	**7,365**	10,266
Land use rights	16	**174,298**	180,431
Investments in subsidiaries	19(a)	**2,603,934**	2,419,934
Investments accounting for using the equity method	19(b)	**55,604**	–
Available-for-sale financial assets	20	**148,798**	235,063
Trade and notes receivables	21	**–**	258,403
Prepayments and other receivables	22	**1,035,200**	408,003
Deferred income tax assets	36	**35,687**	–
Total non-current assets		**4,144,943**	3,598,461
Current assets			
Inventories	25	**132,099**	324,968
Available-for-sale financial assets	20	**501,000**	1,000
Trade and notes receivables	21	**2,789,601**	2,883,362
Prepayments and other receivables	22	**5,197,268**	1,928,242
Amounts due from customers for contract work	24	**1,473,630**	1,261,536
Current income tax prepayments		**13,121**	25,626
Restricted cash	26	**6,308**	89
Time deposits	27	**74,000**	30,000
Cash and cash equivalents	28	**1,628,708**	3,231,327
Total current assets		**11,815,735**	9,686,150
Total assets		**15,960,678**	13,284,611
Equity			
Share capital	29	**2,663,160**	2,663,160
Reserves	30	**1,157,681**	986,210
Total equity		**3,820,841**	3,649,370

		As at 31 December	
	Note	2014 RMB'000	2013 RMB'000
Liabilities			
Non-current liabilities			
Deferred income tax liabilities	36	–	9,817
Retirement and other supplemental benefit obligations	33	7,000	7,549
Long term Borrowings	34	801,453	–
Total non-current liabilities		808,453	17,366
Current liabilities			
Short-term borrowings	34	5,309,997	5,637,940
Trade and other payables	35	6,012,735	3,929,625
Amounts due to customers for contract work	24	8,354	49,992
Retirement and other supplemental benefit obligations	33	298	318
Total current liabilities		11,331,384	9,617,875
Total liabilities		12,139,837	9,635,241
Total equity and liabilities		15,960,678	13,284,611
Net current assets		484,351	68,275
Total assets less current liabilities		4,629,294	3,666,736

The notes on pages 87 to 241 are an integral part of these consolidated financial statements.

The consolidated financial statements were approved by the Board of Directors on 12 March 2015 and were signed on its behalf.

He Zhihui
Director

Wang Jun
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

The notes on pages 87 to 241 are an integral part of these consolidated financial statements.

	Attributable to equity owners of the Company										
	Share capital RMB'000	Capital Reserve RMB'000 (Note 30)	Statutory surplus reserve RMB'000 (Note 30)	Investment revaluation reserve RMB'000 (Note 30)	Remeasure-ments of post-employment benefit obligations RMB'000 (Note 30)	Currency translation differences RMB'000 (Note 30)	Special reserve RMB'000 (Note 30)	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2014	2,663,160	719,102	60,290	134,601	102,763	(1,030)	30,531	2,662,439	6,371,856	169,390	6,541,246
Profit of the year	-	-	-	-	-	-	-	724,526	724,526	109,422	833,948
Other comprehensive income:											
Fair value change of available-for-sale financial assets – gross	-	-	-	95,449	-	-	-	-	95,449	-	95,449
Fair value change of available-for-sale financial assets – tax	-	-	-	(22,688)	-	-	-	-	(22,688)	-	(22,688)
Reclassified to profit on disposal of available-for-sale financial assets – gross	-	-	-	(119,060)	-	-	-	-	(119,060)	-	(119,060)
Reclassified to profit on disposal of available-for-sale financial assets – tax	-	-	-	29,765	-	-	-	-	29,765	-	29,765
Remeasurements of post-employment benefit obligations – gross	-	-	-	-	(35,936)	-	-	-	(35,936)	(561)	(36,497)
Remeasurements of post-employment benefit obligations – tax	-	-	-	-	8,963	-	-	-	8,963	84	9,047
Currency translation differences	-	-	-	-	-	5,080	-	-	5,080	-	5,080
Total comprehensive income	-	-	-	(16,534)	(26,973)	5,080	-	724,526	686,099	108,945	795,044
Dividends to equity owners	-	-	-	-	-	-	-	(346,211)	(346,211)	(64,545)	(410,756)
Acquisition of non-controlling interests	-	(5,858)	-	-	-	-	-	-	(5,858)	(6,140)	(11,998)
Capital contributions by non-controlling interest of the subsidiaries	-	1,467	-	-	-	-	-	-	1,467	6,892	8,359
Capital withdrawal by non-controlling interest	-	-	-	-	-	-	-	-	-	(10,290)	(10,290)
Net proceeds from offering of senior perpetual capital securities	-	-	-	-	-	-	-	-	-	1,818,733	1,818,733
Appropriation of special reserve	-	-	-	-	-	-	(8,741)	8,741	-	-	-
Appropriation of statutory surplus reserve	-	-	53,169	-	-	-	-	(53,169)	-	-	-
Others	-	382	-	-	-	-	-	-	382	-	382
At 31 December 2014	2,663,160	715,093	113,459	118,067	75,790	4,050	21,790	2,996,326	6,707,735	2,022,985	8,730,720

The notes on pages 87 to 241 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 31 December 2014 RMB'000	2013 RMB'000
Cash flows from operating activities			
Cash used in operations	40	**(743,206)**	(1,949,085)
Income tax paid		**(237,292)**	(249,818)
Interest received		**37,806**	31,806
Net cash used in operating activities		**(942,692)**	(2,167,097)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(252,541)**	(395,483)
Purchase of intangible assets		**(14,786)**	(29,723)
Purchase of land use rights		**–**	(35,430)
Purchase of available-for-sale financial assets		**(7,959,522)**	(789,000)
Acquisition of the subsidiary under non-common control		**–**	(3,970)
Investments in associates		**(10,000)**	(21,800)
Interest received from available-for-sale financial assets and time deposits		**37,806**	11,974
(Increase)/Decrease in time deposits		**(761,504)**	156,825
Proceeds from disposal of property, plant and equipment		**22,646**	7,972
Proceeds from disposal of available-for-sale financial assets		**7,469,522**	739,000
Government grants		**17,741**	34,683
Disposal of financial assets at fair value through profit or loss		**–**	(3,856)
Proceeds from disposal of an associate	19(b)	**–**	1,757,593
Income tax paid for disposal of an associate	19(b)	**(427,933)**	–
Financing provided to proprietors	22(ii)	**(1,125,000)**	(650,000)
Receiving payment of financing provided to proprietors	22(ii)	**243,047**	250,000
Dividends received from available-for-sale financial assets		**1,962**	2,352
Net cash (used in)/generated from investing activities		**(2,758,562)**	1,031,137

	Note	Year ended 31 December 2014 RMB'000	2013 RMB'000
Cash flows from financing activities			
Capital contributions made by non-controlling interest		**6,892**	45,726
Capital withdrawal by non-controlling interest		**(10,290)**	–
Borrowings received		**9,234,823**	5,508,667
Repayments of borrowings		**(9,141,507)**	(3,004,721)
Borrowings received from related party	34(iv)	**1,082,000**	960,000
Repayment of borrowings received from related party	34(iv)	**(660,000)**	(460,000)
Interest paid for borrowings		**(469,228)**	(175,858)
Dividends paid to shareholders of the Company		**(346,211)**	(532,632)
Dividends paid to non-controlling interests		**(629)**	–
Net proceeds from issuance of senior perpetual capital securities	38	**1,818,733**	–
Dividends paid to the holders of the senior perpetual capital securities	38	**(63,573)**	–
Issuing of short-term bonds	34(iii)	**2,500,000**	2,500,000
Repayment of short-term bonds		**(2,500,000)**	–
Net cash generated from financing activities		**1,451,010**	4,841,182
Net (decrease)/increase in cash and cash equivalents		**(2,250,244)**	3,705,222
Cash and cash equivalents at beginning of year		**6,456,158**	2,759,653
Exchange gains/(losses) on cash and cash equivalents		**1,943**	(8,717)
Cash and cash equivalents at end of year		**4,207,857**	6,456,158

The notes on pages 87 to 241 are an integral part of these consolidated financial statements.

1. GENERAL INFORMATION AND REORGANISATION

1.1. General information

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

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

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

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

1.2. Reorganisation

Pursuant to a reorganisation of the engineering and construction contracting and design consultation business (the "Core Business") of Chinalco and its subsidiaries (collectively, the "Chinalco Group") in preparation for the Listing of the Company's shares on the Main Board of the Stock Exchange (the "Reorganisation"), the Company became the holding company of the subsidiaries now comprising the Group. The Company then transformed into a joint stock company with limited liability and renamed as China Aluminum International Engineering Corporation Limited (中鋁國際工程股份有限公司) on 30 June 2011.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation and changes in accounting policy and disclosures

Basis of preparation

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

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

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

The consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap.32) for this financial year and the comparative period.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

The following standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2014:

- Amendment to IAS 32, 'Financial instruments: Presentation' on offsetting financial assets and financial liabilities. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the group financial statements.

- Amendments to IAS 36, 'Impairment of assets', on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of CGUs which had been included in IAS 36 by the issue of IFRS 13. It also enhanced the disclosures of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

- Amendment to IAS 39, 'Financial instruments: Recognition and measurement' on the novation of derivatives and the continuation of hedge accounting. This amendment considers legislative changes to 'over-the-counter' derivatives and the establishment of central counterparties. Under IAS 39 novation of derivatives to central counterparties would result in discontinuance of hedge accounting. The amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument meets specified criteria. The group has applied the amendment and there has been no significant impact on the group financial statements as a result.

- IFRIC 21, 'Levies', sets out the accounting for an obligation 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 the payment a levy and when a liability should be recognised. The Group is not currently subjected to significant levies so the impact on the Group is not material.

Other standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2014 are not material to the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Changes in accounting policy and disclosures (continued)

(b) New standard and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual period beginning after 1 January 2014, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant matter on the consolidated financial statements of the Group except the following set out below:

- IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes.

  Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group is yet to assess IFRS 9's full impact.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Changes in accounting policy and disclosures (continued)

(b) New standard and interpretations not yet adopted (continued)

- IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The Group is assessing the impact of IFRS 15.

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

(c) New Hong Kong Companies Ordinance (Cap.622)

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Company's first financial year commencing on or after 3 March 2014 in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated financial statements will be affected.

2.2 Subsidiaries

Consolidation

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Subsidiaries (Continued)

Consolidation (Continued)

(a) Business combinations

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Subsidiaries (Continued)

Consolidation (Continued)

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

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

(c) Disposal of subsidiaries

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

Separate financial statements

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Associates

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Joint arrangements

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

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

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.5 Segment reporting

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

2.6 Foreign currency translation

(a) Functional and presentation currency

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Foreign currency translation (continued)

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investments hedges.

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

(c) Group companies

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

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

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

iii. all resulting currency translation differences are recognised in other comprehensive income.

2.7 Property, plant and equipment

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7 Property, plant and equipment (continued)

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

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

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

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

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

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

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

2.8 Land use rights

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Investment properties

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

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

Depreciation is calculated using the straight-line method to amortise and write off the cost of the asset over a period ranging from 20 to 40 years. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of the non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquire.

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

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

(b) Computer software

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Intangible assets (continued)

(b) Computer software (continued)

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

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

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

(c) Trademarks and licences

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

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

2.11 Impairment of non-financial assets

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.12 Financial assets

(a) Classification

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

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

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

(ii) Loans and receivables

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

(iii) Available-for-sale financial assets

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.12 Financial assets (continued)

(b) Recognition and measurement

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

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

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

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the consolidated statement of comprehensive income as 'Gains and losses from investment securities'.

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

(c) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legal enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.13 Impairment of financial assets

(a) Assets carried at amortised cost

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.13 Impairment of financial assets (continued)

(b) Assets classified as available-for-sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For debt securities, if any such evidence exists the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated statement of comprehensive income.

For equity investments, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in the consolidated statement of comprehensive income on equity instruments are not reversed through the consolidated statement of comprehensive income.

2.14 Inventories

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

2.15 Trade and other receivables

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.16 Cash and cash equivalents

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

2.17 Share capital

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

2.18 Borrowings

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

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

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

2.19 Payables

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Employee benefits

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

Pension obligations

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

The Group also provides supplementary pension subsidies to certain employees in the PRC. Such supplementary pension subsidies are considered to be defined benefit plans as the Group is obligated to provide post-employment benefits to these employees. The liability recognised in the consolidated balance sheet in respect of these defined benefit plans is the present value of the defined benefit obligation at the balance sheet date. The defined benefit obligation is calculated annually by independent qualified actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government securities, which have maturity approximating to the terms of the related pension liability.

The current service cost of the defined benefit plan, recognised in the consolidated statement of comprehensive income in employee benefit expense, except where included in the cost of an asset, reflects the increase in the defined benefit obligation results from employee service in the current year, benefit changes, curtailments and settlements.

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

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost is included in finance expense in the consolidated statement of comprehensive income.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Employee benefits (continued)

Other post-employment obligations

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

Termination and early retirement benefits

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

Housing benefits

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

Bonus entitlements

The expected cost of bonus payments is recognised as a liability when the Group has a present contractual or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for bonus are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.21 Share-based payments

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

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

2.22 Taxation

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

(a) Current income tax

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

(b) Deferred income tax

Inside basis differences

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.22 Taxation (continued)

(b) Deferred income tax (continued)

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint ventures, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint ventures only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) Offsetting

Deferred income tax assets and deferred income tax liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income tax levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(d) Value-added taxation ("VAT")

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

(e) Business tax

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.23 Contingencies

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

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

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

2.24 Provisions

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.25 Government grants

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

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

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

2.26 Contract work

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.26 Contract work (continued)

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

2.27 Revenue recognition

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

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group’s activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue from construction and service contracts

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.27 Revenue recognition (continued)

Revenue from construction and service contracts (continued)

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

Services rendered

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

Sales of products

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

Dividend income

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

Interest income

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.28 Research and development

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

- it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- management intends to complete the intangible asset and use or sell it;
- there is an ability to use or sell the intangible asset;
- it can be demonstrated how the intangible asset will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- the expenditure attributable to the intangible asset during its development can be reliably measured.

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

2.29 Dividend distribution

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.30 Financial guarantee contract

Financial guarantee contracts are contract that require the issuer to make specified payments to reimburse the holder for a loss it occurs because of a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees are initially recognised in the consolidated financial statements at fair value on the date the guarantee was given. The fair value of a financial guarantee at the time of signature is zero because all guarantees are agreed on arm's length terms, and the value of the premium agreed corresponds to the value of the guarantee obligation. No receivable for the future premiums is recognised. Subsequent to initial recognition, the Group's liabilities under such guarantees are measured at the higher of the initial amount, less amortisation of fees recognised in accordance with IAS 18, and the best estimate of the amount required to settle the guarantee. These estimates are determined based on experience of similar transactions and history of past losses, supplemented by management's judgement. The fee income earned is recognised on a straight-line basis over the life of the guarantee. Any increase in the liability relating to guarantees is reported in the consolidated statement of comprehensive income within other operating expenses.

Where guarantees in relation to loans or other payables of subsidiaries, associates or joint venture are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment in the financial statements of the Group.

3. FINANCIAL RISK MANAGEMENT

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

3.1 Financial risk factors

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

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (continued)

(a) Market risk

Foreign exchange risk

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

The Group is exposed to currency risk primarily through provision of engineering contracting services, which give rise to receivables and payables, borrowings and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currency that gives rise to this risk is primarily in USD as at 31 December 2014 and 2013.

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

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

	At 31 December			
	2014		2013	
	USD RMB'000	**Others RMB'000**	USD RMB'000	Others RMB'000
Cash and cash equivalent, restricted cash and time deposit	**710,198**	**88,998**	43,990	173,425
Trade receivables (Note 21)	**573,648**	**163,206**	373,805	–
Borrowings (Note 34)	**(1,764,401)**	**–**	(1,296,412)	–
Trade and other payables (Note 35)	**(1,977,847)**	**(146,698)**	(951,837)	(25,425)
Net exposure in RMB	**(2,458,402)**	**105,506**	(1,830,454)	148,000

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

Foreign exchange risk (continued)

A 5% strengthening of RMB against the USD as at 31 December 2014 and 2013 would have increased the net profit by the amounts shown below:

	At 31 December	
	2014	2013
	RMB'000	RMB'000
Net profit change	**92,190**	68,642

A 5% weakening of RMB against USD as at 31 December 2014 and 2013 would have had the equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remain constant.

The Group has set up a policy to manage their foreign exchange risk against their functional currency. The Group enters into foreign currency forward contracts in order to reduce the exposure to USD. As at 31 December 2014 and 2013, the notional principal amounts of the outstanding forward currency contract were nil.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual balance sheet date. The analysis is performed on the same basis for the years ended 31 December 2014 and 2013.

Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates as the Group has no significant interest-bearing assets and borrowings. As at 31 December 2014 and 2013, the Group's borrowings approximately RMB425 million and RMB680 million, respectively, were at floating rates. The interest rates and terms of repayment of the Group's borrowings are disclosed in Note 34.

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

Price risk

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

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

	As at 31 December	
	2014	2013
Change in equity securities price	**5%**	5%

	For the year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Impact on equity		
Increase/(decrease) in equity for the year		
– as a result of increase in equity securities price	**6,674**	7,910
– as a result of decrease in equity securities price	**(6,674)**	(7,910)

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (continued)

(b) Credit risk

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

Substantially all of the Group's time deposits, cash and cash equivalents are mainly deposited in the stated owned or controlled PRC banks, which the Directors have assessed the credit risk to be insignificant.

The Group has policies in place to ensure that services are rendered and products are sold to customers with appropriate credit history and the Group reforms periodic credit evaluations of its customers. Normally the Group does not require collaterals from trade debtors. However, the Group require collaterals from the proprietors of the Build-Transfer ("BT") contracts or some of the EPC contract to minimise the credit risk involved in these contracts where the Group would normally undertake the financing of the project or provide financing to the proprietors. With regard to overseas companies of inadequate creditworthiness, the Group usually demands a payment in advance from the proprietors. Regarding balances with related parties, the Group assesses the credibility of the related parties by reviewing the operating results and gearing ratios periodically. The directors consider the Group does not have a significant concentration of credit risk.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet after deducting any impairment allowance. The carrying amounts of trade receivables, showing separately those receivables that are past due or impaired, are disclosed in Note 21.

(c) Liquidity risk

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

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

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

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

	Within 1 year RMB'000	1-2 years RMB'000	2-5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At 31 December 2013					
Borrowings	7,857,077	329,195	–	–	8,186,272
Trade and other payables (excluding non-financial liabilities)	9,360,771	239,444	–	–	9,600,215
Dividends payable	57,240	–	–	–	57,240
	17,275,088	568,639	–	–	17,843,727

	Within 1 year RMB'000	**1-2 years RMB'000**	**2-5 years RMB'000**	**Over 5 years RMB'000**	**Total RMB'000**
At 31 December 2014					
Borrowings	**7,539,442**	**252,161**	**1,033,145**	**9,964**	**8,834,712**
Trade and other payables (excluding non-financial liabilities)	**10,700,806**	**73,986**	**–**	**–**	**10,774,792**
Dividends payable	**57,583**	**–**	**–**	**–**	**57,583**
	18,297,831	**326,147**	**1,033,145**	**9,964**	**19,667,087**

3. FINANCIAL RISK MANAGEMENT (Continued)

3.2 Capital risk management

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

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

The Group monitors their capital structure on the basis of gearing ratio. This ratio is calculated as net debt divided by total capital. Net debts are calculated as the total borrowings and other liabilities (including borrowings, other non-current liabilities, trade and other payables, as shown in the consolidated balance sheets) less restricted cash, time deposits and cash and cash equivalents. Total capital is calculated as equity, as shown in the consolidated balance sheets, plus net debts less non-controlling interest. The Group aims to maintain the gearing ratio to be within 60% and 90%.

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Total borrowings and other liabilities	**23,085,126**	19,915,266
Less: Restricted cash, time deposits and cash and cash equivalents	**(5,182,748)**	(6,737,316)
Net debt	**17,902,378**	13,177,950
Total equity attributed to equity owners of the Company	**6,707,735**	6,371,856
Total capital	**24,610,113**	19,549,806
Gearing ratio	**73%**	67%

3. FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation

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

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

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

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

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Level 1		
Available-for-sale financial assets		
Listed equity securities	**174,545**	209,069
Level 3		
Available-for-sale financial assets		
Unlisted equity securities	**9,973**	49,973
Short-term investment	**501,000**	11,000
Total	**685,518**	270,042

There were no transfer between level 1 and level 2.

3. FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (continued)

(a) Financial instruments in level 1

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

(b) Financial instruments in level 2

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

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

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

3. FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (continued)

(c) Financial instruments in level 3

The following table presents the changes in level 3 instruments for the year ended 31 December 2014:

	Available-for-sale financial assets	
	Unlisted securities RMB'000	**Short-term investment RMB'000**
Beginning of year	**49,973**	**11,000**
Additions to short-term investment	**–**	**7,959,522**
Reclassified to investment in joint venture	**(40,000)**	**–**
Settlement on expiration	**–**	**(7,469,522)**
End of year	**9,973**	**501,000**

The following table presents the changes in level 3 instruments for the year ended 31 December 2013:

	Available-for-sale financial assets	
	Unlisted securities RMB'000	Short-term investment RMB'000
Beginning of year	10,184	1,000
Disposal of unlisted securities	(211)	–
Addition of unlisted securities	40,000	–
Additions to short-term investment	–	749,000
Settlement on expiration	–	(739,000)
End of year	49,973	11,000

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT

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

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

4.1 Construction contracts

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

4.2 Useful lives of property, plant and equipment

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT (Continued)

4.3 Provision for impairment of trade receivables and other receivables

A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that a receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to trade receivables and other receivables are discounted if the effect of discounting is material. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the consolidated statement of comprehensive income. When trade receivables or other receivables are uncollectible, it is written off against the allowance account for trade and other receivables. Subsequent recoveries of amounts previously written off are recognised as income in the consolidated statement of comprehensive income. The impairment is subject to management's assessment at the end of the reporting period, and hence, the provision amount is subject to uncertainty.

4.4 Current taxation and deferred taxation

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

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT (Continued)

4.5 Pension obligations

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

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

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

4.6 Jointly control

Significant judgements are involved during the assessment of control or jointly control under IFRS10 and IFRS11 over Shanghai Fengtong Fund. In making the judgement, the Directors of this Company evaluate factors as following: the purpose and the design of Shanghai Fengtong Fund; the relevant activities of Shanghai Fengtong Fund; the right of the Company to direct the relevant activities of Shanghai Fengtong Fund; the exposures and variables returns of the Company; the ability of the Company to use its power over Shanghai Fengtong Fund to affect its returns. The Company also considered the substance of the guarantee provided (Note 42).The Directors of the Company determines that the Company have jointly control of Shanghai Fengtong Fund. The Directors of the Company will continuously reassess the control over Shanghai Fengtong Fund.

5. REVENUE AND SEGMENT INFORMATION

(a) Revenue

The Group's revenue is set out below:

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Engineering design and consultancy	**1,549,013**	1,865,378
Engineering and construction contracting	**12,363,279**	15,147,688
Equipment manufacturing	**684,823**	513,913
Trading	**10,746,704**	617,773
	25,343,819	18,144,752

(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 of the Group, the business of trading grew rapidly in the year ended 31 December 2014, and the management of the Company has decided to report the trading business as single segment in the 2014 annual 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, trade and notes receivables, prepayments and other receivables, restricted cash, time deposits and cash and cash equivalents. Unallocated assets comprise deferred income tax assets, current income tax prepayments and investments in joint venture that accounted for using the equity method.

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

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

(i) As at and for the year ended 31 December 2014:

The segment results for the year ended 31 December 2014 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
Segment revenue and results						
Segment revenue	1,803,378	12,518,431	887,806	10,766,853	(632,649)	25,343,819
Inter-segment revenue	(254,365)	(155,152)	(202,983)	(20,149)	632,649	–
Revenue	1,549,013	12,363,279	684,823	10,746,704	–	25,343,819
Segment result	169,771	1,043,189	39,520	66,676	(34,837)	1,284,319
Finance income	28,979	311,526	1,076	11,630	(41,229)	311,982
Finance expenses	(93,951)	(433,509)	(20,069)	(6,166)	41,229	(512,466)
Share of losses of associates	–	(2,223)	–	–	–	(2,223)
Share of profit of joint venture						15,604
Income tax expense						(263,268)
Profit for the year						833,948
Other segment items						
Amortisation	41,975	15,550	2,719	–	–	60,244
Depreciation	55,342	61,806	15,447	1,323	–	133,918
Provision for/(reversal of)						
– foreseeable losses on construction contracts	–	23	–	–	–	23
– provision of inventories	–	(10,373)	–	–	–	(10,373)
– impairment on trade and other receivables	32,845	235,821	4,249	182	–	273,097

5. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment information (continued)

(i) As at and for the year ended 31 December 2014: (continued)

The segment assets and liabilities as at 31 December 2014 and capital expenditure for the year then ended are as follows:

	Engineering design and consultancy RMB'000	Engineering and construction contracting RMB'000	Equipment manufacturing RMB'000	Trading RMB'000	Inter-segment elimination RMB'000	Total RMB'000
Assets						
Segment assets	6,061,690	24,604,048	1,909,729	2,697,761	(2,614,077)	32,659,151
Unallocated assets						
– Deferred income tax assets						329,907
– Current income tax prepayments						31,049
– Investment in joint venture accounted for using the equity method						55,604
Total assets						33,075,711
Liabilities						
Segment liabilities	3,613,111	20,427,581	1,438,443	1,083,671	(2,218,780)	24,344,026
Unallocated liabilities						
– Deferred income tax liabilities						919
– Current income tax liabilities						46
Total liabilities						24,344,991
Capital expenditure	160,070	46,080	69,428	34	(5,986)	269,626

5. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment information (continued)

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

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

	Engineering design and consultancy RMB'000	Engineering and construction contracting RMB'000	Equipment manufacturing RMB'000	Trading RMB'000	Inter-segment elimination RMB'000	Total RMB'000
Segment revenue and results						
Segment revenue	2,021,515	15,170,112	933,890	617,773	(598,538)	18,144,752
Inter-segment revenue	(156,137)	(22,424)	(419,977)	–	598,538	–
Revenue	1,865,378	15,147,688	513,913	617,773	–	18,144,752
Segment result	323,293	363,222	30,343	2,414	(27,145)	692,127
Gains on disposal of an associate	–	1,711,734	–	–	–	1,711,734
Finance income	9,706	124,231	873	25	(2,545)	132,290
Finance expenses	(52,630)	(192,455)	(8,668)	(3)	2,518	(251,238)
Share of losses of associate	–	(2,071)	–	–	–	(2,071)
Income tax expense						(581,083)
Profit for the year						1,701,759
Other segment items						
Amortisation	37,537	16,119	4,269	–	–	57,925
Depreciation	53,338	56,641	14,521	4	–	124,504
Provision for/(reversal of)						
– foreseeable losses on construction contracts	–	(729)	–	–	–	(729)
– provision of inventories	–	13,674	–	–	–	13,674
– impairment on trade and other receivables	14,938	94,720	13,877	–	–	123,535

5. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment information (continued)

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

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

	Engineering design and consultancy RMB'000	Engineering and construction contracting RMB'000	Equipment manufacturing RMB'000	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
Capital expenditure	32,378	123,865	163,653	150	(2,448)	317,598

5. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment information (continued)

(iii) Analysis of information by geographical regions

Revenue

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
The PRC	**23,524,234**	16,884,353
Other countries	**1,819,585**	1,260,399
	25,343,819	18,144,752

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

	At 31 December	
	2014	2013
	RMB'000	RMB'000
The PRC	**4,463,170**	4,796,043
Other countries	**17,739**	7,147
	4,480,909	4,803,190

5. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment information (continued)

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

Capital expenditures

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
The PRC	**261,129**	311,791
Other countries	**8,497**	5,807
	269,626	317,598

(iv) Revenues of approximately RMB2,115 million and RMB2,531 million were derived from the first two largest customers for the year ended 31 December 2014 and 2013, respectively. These revenues for the year ended 31 December 2014 are attributable to segments of the engineering and construction contracting and the trading while these revenue for the year ended 31 December 2013 were attribute to the engineering and construction contracting segment.

For the year ended 31 December 2014 and 2013, the Group does not have any single customer with the transaction value over 10% of the total external sales.

6. EXPENSES BY NATURE

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Raw materials and consumables used	**12,650,235**	5,711,488
Purchased equipment	**2,031,118**	2,015,436
Subcontracting charges	**6,419,062**	6,627,713
Employee benefits	**1,246,992**	1,228,752
Depreciation and amortisation		
– property, plant and equipment	**132,736**	123,322
– investment properties	**1,182**	1,182
– land use rights	**20,853**	22,169
– intangible assets	**39,391**	35,756
Fuel and heating expenditure	**591**	1,540
Business tax and other transaction taxes	**283,324**	365,420
Travelling expenses	**191,054**	191,453
Office expenses	**26,619**	33,180
Transportation costs	**59,459**	5,818
Operating lease rentals	**42,210**	30,813
Provision for impairment of assets		
– trade and notes receivables	**278,250**	116,652
– prepayments and other receivables	**11,629**	12,977
– foreseeable losses on construction contracts	**28**	–
– inventories	**1,090**	13,720
Reversal of provision for impairment of assets		
– trade and notes receivables	**(16,005)**	(5,147)
– prepayments and other receivables	**(777)**	(947)
– foreseeable losses of construction contracts	**(5)**	(729)
– inventories	**(11,463)**	(46)
Research and development costs	**121,292**	175,106
Repairs and maintenance	**9,767**	14,523
Advertising expenditure	**472**	366
Insurance expenditure	**6,192**	3,698
Professional and technical consulting fees	**59,590**	65,171
Auditors' remuneration	**7,488**	6,879
Outsourcing charges	**79,362**	67,136
Bank charges	**25,713**	17,770
Business development and entertainment	**37,765**	60,943
Property management fees	**14,239**	10,082
Others	**560,422**	537,943
Total cost of sales, selling and marketing expenses and administrative expenses	**24,329,875**	17,490,139

7. OTHER INCOME

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Dividend income from available-for-sale financial assets	**1,962**	2,352
Interest from short-term investment	**10,643**	1,037
Write-back of long outstanding payables (i)	**2,720**	5,730
Government grants (ii)	**44,334**	30,380
Others	**2,287**	(1,489)
	61,946	38,010

Note:

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

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

8. OTHER GAINS/(LOSSES) – NET

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Financial assets at fair value through profit or loss	**(4,166)**	(28)
Net foreign exchange gains/(losses)	**64,381**	(446)
Gains on disposal of available-for-sale financial assets (Note)	**118,888**	–
Gains/(losses) on disposal of property, plant and equipment, and intangible assets	**22,242**	(1,140)
Others	**7,084**	1,118
	208,429	(496)

Note: On disposal of available-for-sale financial assets, RMB119.06 million was transferred from the other comprehensive income to other gains, deducted by transaction commissions amounting to RMB0.172 million.

9. FINANCE EXPENSES – NET

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Interest income on deposits with banks	**30,987**	52,966
Interest income on receivables with interest (Note 21 and Note 22)	**274,176**	77,704
Interest income on deposit in related parties (Note 45 (a))	**6,819**	1,620
Finance income	**311,982**	132,290
Interest expense of retirement and other supplemental benefit obligations (Note 33)	**53,072**	51,899
Interest expense on bank and other borrowings wholly repayable within five years	**464,165**	199,339
Less: capitalised interest expense	**(4,771)**	–
Finance expenses	**512,466**	251,238
Net finance expenses recognised in the consolidated statement of comprehensive income	**200,484**	118,948

10. INCOME TAX EXPENSE

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Current tax		
PRC enterprise income tax for the year (i)	**286,880**	620,620
Deferred tax		
Origination and reversal of temporary differences (Note 36)	**(23,612)**	(39,537)
Income tax expense	**263,268**	581,083

10. INCOME TAX EXPENSE (Continued)

Note:

(i) PRC enterprise income tax

The applicable income tax rate has been 25% since the Corporate Income Tax Law of the PRC became effective from 1 January 2008.

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

Some other subsidiaries of the Company obtained the certificates of high and new tech enterprises from the Ministry of Science and Technology, Ministry of Finance and offices of the State Administration of Taxation and local tax bureaus of some provinces, which granted preferential tax rate of 15% for three years.

Except the above subsidiaries taxed at preferential tax rate of 15%, the remaining subsidiaries are subjected to income tax rate of 25% for the year ended 31 December 2014.

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

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Profit before taxation	**1,097,216**	2,282,842
Taxation calculated at the statutory tax rate of 25%	**274,304**	570,711
Income tax effects of:		
Preferential income tax treatments of certain subsidiaries	**(28,472)**	(30,681)
Non-deductible expenses	**19,358**	29,081
Income not subject to tax	**(491)**	(4,947)
Others	**(1,431)**	16,919
Income tax expense	**263,268**	581,083
Effective income tax rate (i)	**24%**	25%

Note:

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

11. EARNINGS PER SHARE

(a) Basic

The basic earnings per share for each of the years ended 31 December 2014 and 2013 is calculated based on the profit attributable to the equity owners of the Company and on the weighted average number of ordinary shares issued.

	Year ended 31 December	
	2014	2013
Profit attributable to equity owners of the Company (RMB'000)	**724,526**	1,702,361
Weighted average number of ordinary shares issued	**2,663,160,000**	2,663,160,000
Basic earnings per share (RMB)	**0.27**	0.64

(b) Diluted

As the Company had no dilutive ordinary shares for each of the years ended 31 December 2014 and 2013, dilutive earnings per share for the years ended 31 December 2014 and 2013 are the same as basic earnings per share.

12. DIVIDENDS

Dividends represented dividends declared by the Company during each of the years ended 31 December 2014 and 2013.

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Final, proposed, of RMB0.1 per ordinary share (2013: RMB0.13)	**266,316**	346,211
	266,316	346,211

2013 final dividend of RMB0.13 per ordinary share, totalling RMB346.211 million was approved by the Company's shareholders in the Annual General Meeting on 23 May 2014.

Pursuant to the board meeting on 12 March 2015, the Directors recommended the payment of the final dividend of RMB0.1 per ordinary share, totaling amounting to approximately RMB266.316 million. Such dividend is to be approved by the shareholders at the Annual General Meeting to be held in 2015. This recommended dividends has not been reflected as a dividends payable in the 2014 consolidated financial statements, but will be reflected as an appropriation of the retained earnings for the year ended 31 December 2015.

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

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

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Directors and supervisors		
– Salaries, housing allowances, other allowances and benefits-in-kind	**1,212**	1,521
– Contributions to pension plans	**226**	254
– Discretionary bonuses	**1,108**	1,536
	2,546	3,311

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

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

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

For the year ended 31 December 2014

	Salaries, housing allowances, other allowances and benefits-in-kind RMB'000	Contributions to pension plans RMB'000	Discretionary bonuses RMB'000	Total RMB'000
Directors				
– Mr. Zhang Chengzhong (張程忠) (i)/(v)	–	–	–	–
– Mr. He Zhihui (賀志輝) (v)	308	84	432	824
– Mr. Wu Yuewu (吳躍武) (iii)	51	11	72	134
– Mr. Zhang Zhankui (張占魁) (i)/(v)	–	–	–	–
– Mr. Wang Jun (王軍) (v)	230	69	302	601
– Mr. Wang Qiang (王強) (i)/(v)	–	–	–	–
– Mr. Zhang Hongguang (張鴻光) (v)	143	–	–	143
– Mr. Jiang Jianxiang (蔣建湘) (v)	107	–	–	107
– Mr. Sun Chuanyao (孫傳堯) (v)	143	–	–	143
Supervisors				
– Mr. Ou Xiaowu (歐小武) (i)/(v)	–	–	–	–
– Mr. He Bincong (賀斌聰) (vi)	230	62	302	594
– Mr. Dong Hai (董海) (i)/(v)	–	–	–	–
	1,212	226	1,108	2,546

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

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

For the year ended 31 December 2013

	Salaries, housing allowances, other allowances and benefits-in-kind RMB'000	Contributions to pension plans RMB'000	Discretionary bonuses RMB'000	Total RMB'000
Directors				
– Mr. Zhang Chengzhong (張程忠) (i)/(v)	–	–	–	–
– Mr. He Zhihui (賀志輝) (v)	304	75	450	829
– Mr. Wu Yuewu (吳躍武) (iii)	304	66	416	786
– Mr. Zhang Zhankui (張占魁) (i)/(v)	–	–	–	–
– Mr. Wang Jun (王軍) (v)	226	64	315	605
– Ms. Ma Xiaoling (馬曉玲) (i)/(ii)	–	–	–	–
– Mr. Zhang Hongguang (張鴻光) (v)	143	–	–	143
– Mr. Jiang Jianxiang (蔣建湘) (v)	143	–	–	143
– Mr. Sun Chuanrao (孫傳堯) (v)	143	–	–	143
Supervisors				
– Mr. Long Chaosheng (龍朝生) (iv)	126	15	172	313
– Mr. Ou Xiaowu (歐小武) (i)/(v)	–	–	–	–
– Mr. He Bincong (賀斌聰) (iv)/(vi)	132	34	183	349
– Mr. Dong Hai (董海) (i)/(v)	–	–	–	–
	1,521	254	1,536	3,311

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

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

Note:

(i) These directors and supervisors receive no emoluments for their services provided to the Group but they however receive emoluments from Chinalco for their services as directors and/or supervisors of Chinalco and a number of subsidiaries of Chinalco. These directors and supervisors consider the amount of emoluments relating to their services provided to the Group for each of the years ended 31 December 2014 and 2013 is minimal.

(ii) Resigned on 9 October 2013.

(iii) Resigned on 7 March 2014.

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

(v) Re-appointed or appointed on 23 May 2014.

(vi) Re-appointed on 28 March 2014.

During the years ended 31 December 2014 and 2013, no emoluments were paid by the Group to the directors/supervisors as an inducement to join or upon joining the Group or as compensation for loss of office.

(b) Five highest paid individuals

The number of director or supervisor and non-director or supervisor included in the five highest paid individuals for the years ended 31 December 2014 and 2013 are set forth below:

	Year ended 31 December	
	2014	2013
Director or supervisor	**3**	3
Non-director or supervisor	**2**	2
	5	5

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

(b) Five highest paid individuals (continued)

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

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Basic salaries, housing allowances, other allowances and benefits-in-kind	**538**	529
Contributions to pension plans	**142**	133
Discretionary bonuses	**605**	630
	1,285	1,292

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

	Year ended 31 December	
	2014	2013
Nil to HK$1,000,000	**2**	2

14. EMPLOYMENT BENEFITS

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Salaries, wages and bonuses	**817,149**	833,861
Retirement benefits (i)	**158,348**	136,498
Early retirement and supplemental pension benefit (Note 33)		
– interest cost	**53,072**	51,899
– past service cost	**(75,006)**	(16,373)
– current service cost	**465**	898
Housing fund (ii)	**95,179**	85,016
Welfare, medical and other expenses	**250,067**	186,812
Share Appreciation Rights granted (Note 32)	**790**	2,040
	1,300,064	1,280,651

Note:

(i) Retirement benefits

The Group is required to make specific contributions to the state-managed retirement plan at a rate of 20% of the salaries of the PRC employees for the years ended 31 December 2014 and 2013. The PRC government is responsible for the pension liability to the retired employees. The PRC employees of the Group are entitled to a monthly pension upon their retirements.

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

(ii) Housing fund

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

15. PROPERTY, PLANT AND EQUIPMENT

Group

	Buildings and other facilities RMB'000	Equipment, plant and machinery RMB'000	Transportation equipment RMB'000	Furniture, office and other equipment RMB'000	Construction-in-progress RMB'000	Total RMB'000
Year ended 31 December 2013						
Opening net book amount	944,802	295,658	69,129	126,669	140,753	1,577,011
Transfers	123,676	–	–	284	(123,960)	–
Attributable to acquisition of subsidiaries	13,746	1,780	627	215	–	16,368
Additions	–	213	41,195	40,271	144,044	225,723
Depreciation	(3,030)	(37,100)	(21,654)	(61,538)	–	(123,322)
Disposals/write-off	(705)	(9,629)	(1,547)	(1,567)	–	(13,448)
Closing net book amount	1,078,489	250,922	87,750	104,334	160,837	1,682,332
At 31 December 2013						
Cost	1,317,307	579,742	192,801	231,639	160,837	2,482,326
Accumulated depreciation	(238,586)	(328,135)	(105,051)	(127,305)	–	(799,077)
Impairment	(232)	(685)	–	–	–	(917)
Net book amount	1,078,489	250,922	87,750	104,334	160,837	1,682,332
Year ended 31 December 2014						
Opening net book amount	**1,078,489**	**250,922**	**87,750**	**104,334**	**160,837**	**1,682,332**
Transfers	**35,065**	**5,928**	**–**	**2,773**	**(43,766)**	**–**
Additions	**13,986**	**22,622**	**12,400**	**11,800**	**121,746**	**182,554**
Depreciation	**(49,940)**	**(38,462)**	**(18,789)**	**(25,545)**	**–**	**(132,736)**
Disposals/write-off	**(2,604)**	**(1,235)**	**(2,326)**	**(75)**	**(9,461)**	**(15,701)**
Closing net book amount	**1,074,996**	**239,775**	**79,035**	**93,287**	**229,356**	**1,716,449**
At 31 December 2014						
Cost	**1,360,686**	**604,775**	**195,593**	**242,586**	**229,356**	**2,632,996**
Accumulated depreciation	**(285,458)**	**(364,315)**	**(116,558)**	**(149,299)**	**–**	**(915,630)**
Impairment	**(232)**	**(685)**	**–**	**–**	**–**	**(917)**
Net book amount	**1,074,996**	**239,775**	**79,035**	**93,287**	**229,356**	**1,716,449**

Note: As of 31 December 2014, the Group secured certain equipment with net book amount of RMB13 million and land use rights with net book amount of RMB7 million for borrowings amounting to RMB22 million (Note 34).

15. PROPERTY, PLANT AND EQUIPMENT (Continued)

Group

Depreciation expense recognised is analysed as follows:

	Year ended 31 December	
	2014 **RMB'000**	2013 RMB'000
Cost of sales	**84,466**	78,348
Selling and marketing expenses	**849**	729
Administrative expenses	**47,421**	44,245
	132,736	123,322

15. PROPERTY, PLANT AND EQUIPMENT (Continued)

Company

	Buildings and other facilities RMB'000	Equipment, plant and machinery RMB'000	Transportation equipment RMB'000	Furniture, office and other equipment RMB'000	Total RMB'000
Year ended 31 December 2013					
Opening net book amount	67,228	7,005	11,312	14,382	99,927
Additions	538	–	4,890	4,952	10,380
Depreciation	(2,254)	(36)	(3,545)	(5,837)	(11,672)
Disposals	(2,040)	(6,918)	(2,603)	(713)	(12,274)
Closing net book amount	63,472	51	10,054	12,784	86,361
At 31 December 2013					
Cost	102,990	65	26,832	38,803	168,690
Accumulated depreciation	(39,518)	(14)	(16,778)	(26,019)	(82,329)
Net book amount	63,472	51	10,054	12,784	86,361
Year ended 31 December 2014					
Opening net book amount	**63,472**	**51**	**10,054**	**12,784**	**86,361**
Additions	**7,941**	**–**	**1,109**	**290**	**9,340**
Depreciation	**(2,392)**	**(5)**	**(2,567)**	**(4,580)**	**(9,544)**
Disposals	**(1,967)**	**–**	**(21)**	**(112)**	**(2,100)**
Closing net book amount	**67,054**	**46**	**8,575**	**8,382**	**84,057**
At 31 December 2014					
Cost	**108,927**	**65**	**27,672**	**37,420**	**174,084**
Accumulated depreciation	**(41,873)**	**(19)**	**(19,097)**	**(29,038)**	**(90,027)**
Net book amount	**67,054**	**46**	**8,575**	**8,382**	**84,057**

16. LAND USE RIGHTS

Group

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Beginning of the year	**834,237**	798,030
Additions (ii)	**–**	56,710
Attributable to acquisition of subsidiaries	**–**	1,666
Amortisation	**(20,853)**	(22,169)
End of the year	**813,384**	834,237

Note:

(i) Land use rights represent prepayments made by the Group for the land use rights located in the PRC, which are held on leases between 35 years to 50 years.

(ii) The additions of land use rights for the years ended 31 December 2013 amounting to 57 million mainly resulted from purchase of the land use rights.

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

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Administrative expenses	**20,853**	22,169

Company

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Beginning of the year	**180,431**	186,565
Amortisation	**(6,133)**	(6,134)
End of the year	**174,298**	180,431

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

17. INVESTMENT PROPERTIES

Group

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Beginning of the year	**28,825**	30,007
Depreciation	**(1,182)**	(1,182)
End of the year	**27,643**	28,825
Fair value at end of the year	**82,441**	85,879

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

(a) Amounts recognized in the consolidated statement of comprehensive income for investment properties:

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Rental income	**4,292**	5,954
Depreciation recorded as rental costs	**1,182**	1,182

17. INVESTMENT PROPERTIES (Continued)

Group

(b) Valuation basis

Cost method has been adopted as a measurement of investment properties. An independent professionally qualified valuer Jones Lang LaSalle Corporate Appraisal and Advisory Limited, not related to the Group, who hold recognized relevant professional qualifications and have recent experiences in the location and segments of the investment properties valued, has conducted the fair valuation of investment properties at 31 December 2014 and 2013. For this investment property, its current use equates to the highest and best use.

The Group's finance department reviews the valuations performed by the independent valuer for financial reporting purpose and reports directly to the senior management and the audit committee. Discussions of valuation processes and results are held between the management, audit committee and valuer after each valuation by the independent qualified valuer, which is normally done once every six months, in line with the Group's interim and annual reporting dates.

At each financial year end the finance department:

- Verifies all major inputs to the independent valuation report;
- Assess property valuations movements when compared to the prior year valuation report;
- Holds discussions with the independent qualified valuer.

Fair values of completed commercial properties are generally derived using the income approach by taking into account the net rental income of the property derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalized to determine the fair value at an appropriate capitalization rate. Where appropriate, reference has also been made to the comparable sale transactions as available in the relevant market.

There were no changes to the valuation techniques during the year.

The fair values are within level 3 of the fair value hierarchy.

There were no transfer between the level 1, 2 and 3 during the reporting period.

18. INTANGIBLE ASSETS

Group

	Goodwill RMB'000	Patent RMB'000	Computer software RMB'000	Others RMB'000	Total RMB'000
Year ended 31 December 2013					
Opening net book amount	2,586	182,769	25,245	10,129	220,729
Additions	–	20,503	10,404	4,259	35,166
Acquisition of a subsidiary	6,664	–	–	–	6,664
Amortisation	–	(28,849)	(6,279)	(628)	(35,756)
Disposals	–	–	(4,473)	(754)	(5,227)
Closing net book amount	9,250	174,423	24,897	13,006	221,576
At 31 December 2013					
Cost	9,250	278,969	79,577	13,891	381,687
Accumulated amortisation	–	(104,546)	(54,680)	(885)	(160,111)
Net book amount	9,250	174,423	24,897	13,006	221,576
Year ended 31 December 2014					
Opening net book amount	**9,250**	**174,423**	**24,897**	**13,006**	**221,576**
Additions	**–**	**8,677**	**5,309**	**7,588**	**21,574**
Amortisation	**–**	**(28,708)**	**(9,245)**	**(1,438)**	**(39,391)**
Disposals	**–**	**(5,834)**	**–**	**(5,867)**	**(11,701)**
Closing net book amount	**9,250**	**148,558**	**20,961**	**13,289**	**192,058**
At 31 December 2014					
Cost	**9,250**	**281,293**	**84,887**	**13,920**	**389,350**
Accumulated amortisation	**–**	**(132,735)**	**(63,926)**	**(631)**	**(197,292)**
Net book amount	**9,250**	**148,558**	**20,961**	**13,289**	**192,058**

As at 31 December 2014 and 2013, there is no impairment for goodwill.

18. INTANGIBLE ASSETS (Continued)

Group

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

	Year ended 31 December	
	2014 RMB'000	2013 RMB'000
Administrative expenses	**39,391**	35,756

Company

	Computer software RMB'000	**Others** RMB'000	**Total** RMB'000
Year ended 31 December 2013			
Opening net book amount	14,293	1,310	15,603
Additions	2,452	–	2,452
Amortisation	(3,316)	–	(3,316)
Disposals	(4,473)	–	(4,473)
Closing net book amount	8,956	1,310	10,266
At 31 December 2013			
Cost	25,203	1,310	26,513
Accumulated amortisation	(16,247)	–	(16,247)
Net book amount	8,956	1,310	10,266
Year ended 31 December 2014			
Opening net book amount	**8,956**	**1,310**	**10,266**
Additions	**794**	**–**	**794**
Amortisation	**(2,385)**	**–**	**(2,385)**
Disposals	**–**	**(1,310)**	**(1,310)**
Closing net book amount	**7,365**	**–**	**7,365**
At 31 December 2014			
Cost	**25,997**	**–**	**25,997**
Accumulated amortisation	**(18,632)**	**–**	**(18,632)**
Net book amount	**7,365**	**–**	**7,365**

19. INVESTMENTS IN SUBSIDIARIES AND INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

(a) Investments in subsidiaries

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Unlisted investments, at cost (ii)	**2,603,934**	2,419,934

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

(ii) The increase in the year ended 31 December 2014 is mainly due to further capital injection in certain subsidiaries amounting to RMB110 million, as well as some newly set up subsidiaries with capital injection amounting to RMB74 million.

(iii) Material non-controlling interests

The total non-controlling interest as at 31 December 2014 is RMB2,022,985,000 of which RMB1,860,791,000 is for Chalieco Hong Kong Corporation Limited (中鋁國際香港有限公司), RMB90,818,000 is for China Nonferrous Metals Processing Technology Co., Ltd. (中色科技股份有限公司) and RMB41,425,000 is attributed to Shenyang Gina Advanced Materials Co., Ltd. (瀋陽金鈉新材料有限公司). The non-controlling interests in respect of Yunnan Kunye Construction and Development Co., Ltd. (雲南昆冶建設發展有限公司), Guizhou Tongye Construction and Development Co., Ltd. (貴州通冶建設發展有限公司), China Nonferrous Metals Industry's 12th Metallurgical Chongqing Energy Savings Technology Co., Ltd. (中色十二冶金建設重慶節能科技有限公司), China Aluminum Lide Construction (Suzhou) Co., Ltd. (中鋁澧得建築工程(蘇州)有限公司), Guizhou Chenhuida Mining Design Company Limited (貴州晨輝達礦業設計有限公司), Chinalco Huada High-Tech Co., Ltd. (中鋁華大科技股份有限公司) and Beijing Huayu Aerospace Control High-Tech Co., Ltd. (北京華宇天控科技有限公司) are immaterial.

On 22 February 2014, the Group's wholly owned subsidiary, Chalieco Hong Kong Corporation Limited issued USD 300 million senior perpetual capital securities, which is classified as non-controlling interest in the consolidated financial statements, as to the detail of the issuing of senior perpetual capital securities, please refer to Note 38.

19. INVESTMENTS IN SUBSIDIARIES AND INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

(a) Investments in subsidiaries (continued)

Set out below are the summarised financial information for China Nonferrous Metals Processing Technology Co., Ltd., Shenyang Gina Advanced Materials Co., Ltd. and Chalieco Hong Kong Corporation Limited that has non-controlling interests that are material to the Group.

Summarised balance sheet

	China Nonferrous Metals Processing Technology Co., Ltd. (Consolidated)		Shenyang Gina Advanced Materials Co., Ltd.		Chalieco Hong Kong Corporation Limited	
	2014 RMB'000	2013 RMB'000	**2014 RMB'000**	2013 RMB'000	**2014 RMB'000**	2013 RMB'000
Current						
Assets	**999,956**	872,141	**22,445**	28,999	**1,774,731**	–
Liabilities	**(1,057,807)**	(932,820)	**(27,252)**	(30,941)	**–**	–
Total net current (liabilities)/ assets	**(57,851)**	(60,679)	**(4,807)**	(1,942)	**1,774,731**	–
Non-current						
Assets	**779,965**	423,294	**93,254**	91,628	**–**	–
Liabilities	**(393,519)**	(85,130)	**(14,653)**	(17,310)	**–**	–
Total net non-current assets	**386,446**	338,164	**78,601**	74,318	**–**	–
Net assets	**328,595**	277,485	**73,794**	72,376	**1,774,731**	–

19. INVESTMENTS IN SUBSIDIARIES AND INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

(a) Investments in subsidiaries (continued)

Summarized statement of comprehensive income

	China Nonferrous Metals Processing Technology Co., Ltd. (Consolidated)		Shenyang Gina Advanced Materials Co., Ltd.		Chalieco Hong Kong Corporation Limited	
	2014 RMB'000	2013 RMB'000	**2014 RMB'000**	2013 RMB'000	**2014 RMB'000**	2013 RMB'000
Revenue	**597,542**	715,658	**16,287**	30,349	**1,182,995**	–
Profit/(Losses) before income tax	**9,271**	(24,802)	**1,265**	830	**14,459**	–
Income tax (expense)/income	**(800)**	10,658	**154**	(30)	**–**	–
Post-tax profit/(losses) from continuing operations	**8,471**	(14,144)	**1,419**	800	**14,459**	–
Other comprehensive losses	**(1,799)**	(64)	**–**	–	**–**	–
Total comprehensive income/(losses)	**6,672**	(14,208)	**1,419**	800	**14,459**	–
Total comprehensive income/(losses) allocated to non-controlling interests	**5,752**	(168)	**1,164**	336	**105,695**	–
Dividends paid to non-controlling interest	**–**	–	**–**	–	**64,545**	–

19. INVESTMENTS IN SUBSIDIARIES AND INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

(a) Investments in subsidiaries (continued)

Summarised cash flows

	China Nonferrous Metals Processing Technology Co., Ltd. (Consolidated)		Shenyang Gina Advanced Materials Co., Ltd.		Chalieco Hong Kong Corporation Limited	
	2014 RMB'000	2013 RMB'000	**2014 RMB'000**	2013 RMB'000	**2014 RMB'000**	2013 RMB'000
Cash flows from operating activities						
Cash generated from/(used in) operations	**148,741**	(201,364)	**337**	11,433	**(970,747)**	–
Interest received	**776**	918	**75**	60	**11,514**	–
Income tax paid	**(317)**	(301)	**(113)**	(85)	**–**	–
Net cash generated from/(used in) operating activities	**149,200**	(200,747)	**229**	11,408	**(959,233)**	–
Net cash used in investing activities	**(412,663)**	(69,276)	**(2,493)**	(10,195)	**–**	–
Net cash generated from/(used in) financing activities	**312,280**	212,215	**(1,552)**	945	**1,764,171**	–
Net increase/(decrease) in cash and cash equivalents	**48,817**	(57,808)	**(3,746)**	2,158	**804,938**	–
Cash, cash equivalents at beginning of year	**58,996**	116,804	**7,148**	4,990	**–**	–
Exchange gains on cash and cash equivalents	**–**	–	**–**	–	**3,178**	–
Cash, cash equivalents at end of year	**107,813**	58,996	**3,402**	7,148	**808,116**	–

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

19. INVESTMENTS IN SUBSIDIARIES AND INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

(b) Investments accounted for using the equity method

The amounts recognised in the consolidated balance sheet are as follows:

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Associates	**59,613**	21,801
Joint venture	**55,604**	–
At 31 December	**115,217**	21,801

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

	For the year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Associates	**(2,223)**	(2,071)
Joint venture	**15,604**	–
For the year ended 31 December	**13,381**	(2,071)

Investments in associates

	For the year ended 31 December	
	2014	2013
	RMB'000	RMB'000
At 1 January	**21,801**	47,760
Addition	**40,035**	21,800
Share of losses	**(2,223)**	(2,071)
Disposal	**–**	(45,688)
At 31 December	**59,613**	21,801

19. INVESTMENTS IN SUBSIDIARIES AND INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

(b) Investments accounted for using the equity method (continued)

Investments in associates (continued)

Set out below are the associates of the Group as at 31 December 2014, which is, in the opinion of the Directors, are material to the Group. The associates listed below have share capital solely of ordinary shares, which are held indirectly by the Group; the country of the incorporation or registration is also their principle place of business.

Nature of investment in associates that are material to the Group as at 31 December 2014:

Name of entity	Place and date of incorporation/ establishment	Registered and fully paid capital	Effective interest held Indirectly held	Nature of relationship	Measurement method
Xin chengtong Investment Management (Tianjin) Company Limited (鑫誠通投資管理(天津)有限公司)	The PRC/ 3 April 2013	50,000	40%	Note 2	Equity
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%	Note 3	Equity
Jiangsu Nonferrous Metal Rabliy Industrial Co.,Ltd. (江蘇中色鋭畢利實業有限公司)	The PRC/ 8 November 2007	75,000	33%	Note 4	Equity

Note 1: Shenzhen Hengtong Development Co., Ltd. ("Shenzhen Hengtong", 深圳恒通實業發展有限公司) has ever engaged in the manufacture of cement and was a strategic partnership. 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. The Group gets a net gains amounting to RMB1,711,734,000 from the disposal of this associate. And the relevant income tax about this disposal gains has been paid in the year of 2014.

Note 2: Xinchengtong Investment Management (Tianjin) Company Limited ("Xinchengtong", 鑫城通投資管理 (天津) 有限公司) is a strategic partnership in providing financing to the construction contract.

19. INVESTMENTS IN SUBSIDIARIES AND INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

(b) Investments accounted for using the equity method (continued)

Investments in associates (continued)

Note 3: Xi'an Overall Urban-rural Construction and Investment Co.,Ltd.("Xi'an Overall Urban-rural Construction and Investment", 西安市統籌城鄉建設投資發展股份有限公司) is a strategic partnership in providing service to the construction contract. As the Group has one member in the board of director and the CFO of this company was assigned by the Group, and then the Group can affect the operating and the financing of this company, though 18% equity interest and voting rights held, the Directors of the Company determined that the Group has significant influence over this company.

Note 4: Jiangsu Nonferrous Metal Rabliy Industrial Co.,Ltd.("Jiangsu Rabliy", 江蘇中色鋭畢利實業有限公司) is a strategic partnership in manufacture of aluminum alloy material.

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

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

Summarized financial information for associates

Set out below are the summerised financial information for Xinchengtong, Jiangsu Rabliy, Xi'an Overall Urban-rural Construction and Investment and other associates which are accounted for using the equity method.

Summarised balance sheet

	Xinchengtong		Jiangsu Rabliy		Xi'an Overall Urban-rural Construction and Investment		Other associates		Total	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Current										
Total current assets	6,790	4,266	77,665	79,509	308,943	40,808	4,762	5,000	398,160	129,583
Total current liabilities	(8,063)	(4,263)	(79,118)	(79,556)	(261,352)	(21)	(518)	–	(349,051)	(83,840)
Non-current										
Total non-current assets	200,000	200,000	56,006	33,217	16	–	5,044	–	261,066	233,217
Total non-current liabilities	(150,000)	(150,000)	–	–	–	–	–	–	(150,000)	(150,000)
Net assets	48,727	50,003	54,553	33,170	47,607	40,787	9,288	5,000	160,175	128,960

19. INVESTMENTS IN SUBSIDIARIES AND INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

(b) Investments accounted for using the equity method (continued)

Summarised statements of comprehensive income statements

	Xinchengtong		Jiangsu Rabliy		Xi'an Overall Urban-rural Construction and Investment		Other associates		Total	
	2014 RMB'000	2013 RMB'000	**2014 RMB'000**	2013 RMB'000	**2014 RMB'000**	2013 RMB'000	**2014 RMB'000**	2013 RMB'000	**2014 RMB'000**	2013 RMB'000
Revenue	**18,500**	–	**49,154**	50,515	**-**	–	**-**	–	**67,654**	50,515
Post-tax (loss)/profit from continuing operations	**(1,276)**	3	**(3,632)**	(11,591)	**(2,180)**	(213)	**(1,732)**	–	**(8,820)**	(11,801)
Total comprehensive (losses)/income	**(1,276)**	3	**(3,632)**	(11,591)	**(2,180)**	(213)	**(1,732)**	–	**(8,820)**	(11,801)

Reconciliation of summerised financial information

	Xinchengtong		Jiangsu Rabliy		Xi'an Overall Urban-rural Construction and Investment		Other associates		Total	
	2014 RMB'000	2013 RMB'000	**2014 RMB'000**	2013 RMB'000	**2014 RMB'000**	2013 RMB'000	**2014 RMB'000**	2013 RMB'000	**2014 RMB'000**	2013 RMB'000
Opening net assets	**50,003**	50,000	**33,170**	44,761	**40,787**	41,000	**5,000**	5,000	**128,960**	140,761
Capital injection	**-**	–	**25,015**	–	**9,000**	–	**6,020**	–	**40,035**	–
(Loss)/profit for the period	**(1,276)**	3	**(3,632)**	(11,591)	**(2,180)**	(213)	**(1,732)**	–	**(8,820)**	(11,801)
Other Comprehensive Income	**-**	–	**-**	–	**-**	–	**-**	–	**-**	–
Closing net assets	**48,727**	50,003	**54,553**	33,170	**47,607**	40,787	**9,288**	5,000	**160,175**	128,960
Interest in associates	**19,491**	20,001	**24,315**	–	**8,608**	–	**7,199**	1,800	**59,613**	21,801
Goodwill	**-**	–	**-**	–	**-**	–	**-**	–	**-**	–
Carrying value	**19,491**	20,001	**24,315**	–	**8,608**	–	**7,199**	1,800	**59,613**	21,801

19. INVESTMENTS IN SUBSIDIARIES AND INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

(b) Investments accounted for using the equity method (continued)

Investment in joint venture

	For the year ended 31 December	
	2014	2013
	RMB'000	RMB'000
At 1 January	**–**	–
Transfer from available-for-sale financial assets (Note)	**40,000**	–
Share of profit	**15,604**	–
At 31 December	**55,604**	–

Note:

Shanghai Fengtong Equity Investment Fund Partnership (Limited Partner) (上海豐通股權投資基金合夥企業（有限合夥）) (hereinafter "Shanghai Fengtong Fund") was a limited partnership established by Shanghai Ample Harvest Equity Management Company Limited (上海豐實股權管理有限公司) (hereinafter "Harvest Equity") as a general partner in 2013, and the Company recognized the investment in Shanghai Fengtong Fund as available-for-sale financial assets in the consolidated financial statements for the year ended 31 December 2013. During the year of 2014, the Company signed a series of supplemental contracts with other relevant parties and obtained jointly control because that the decision about the main activities required the unanimous consent of the Company and the other parties.

Shanghai Fengtong Fund invested its fund in projects, which are recommended either by the Company or by Harvest Equity.

The parent company of Harvest Equity, Harvest Capital Management Company Limited (嘉實資本管理有限公司) (hereinafter "Harvest Capital") lent RMB2,000 million to Shanghai Fengtong Fund and will withdraw with 3 years and the Company and another third party contributed RMB40 million and RMB50 million, respectively, to Shanghai Fengtong fund as limited partner.

During the three years' investment periods of Harvest Capital, the distribution order is as follows: Shanghai Fengtong Fund should firstly pay 8.3% interest to Harvest Capital before distributing 8.3% expected earnings to the limited partner; then after the withdrawing of Harvest Capital in the third year, the remaining distributable profit after the above distribution will be distributed between Shanghai Fengtong Fund and the Company, in the ratio of 50% and 50%, respectively, for debt investment and 30% and 70%, respectively, for investment in equity of other entities; if Shanghai Fengtong Fund is not able to payback the amount to be withdrawn by Harvest Capital as agreed above, the Company has the responsibility to pay the outstanding balance immediately, then the Company has the right to seek financial supporting from Harvest Equity.

19. INVESTMENTS IN SUBSIDIARIES AND INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

(b) Investments accounted for using the equity method (continued)

Summarised financial information for joint venture

Set out below are the summerised financial information for Shanghai Fengtong Fund, which is accounted for using the equity method.

Summarised balance sheet

	Shanghai Fengtong Fund (Consolidated)	
	2014	2013
	RMB'000	RMB'000
Current		
Total current assets	**1,058,398**	81,360
Total current liabilities	**(2,075,247)**	(20)
Non-current		
Total non-current assets	**1,150,004**	–
Total non-current liabilities	**–**	–
Net assets	**133,155**	81,340

Summarised statement of comprehensive income

	Shanghai Fengtong Fund (Consolidated)	
	2014	2013
	RMB'000	RMB'000
Revenue	**205,390**	340
Profit before tax (i)	**31,815**	340

(i) According to relevant tax law and regulations of the PRC, as a limited partnership, Shanghai Fengtong Fund was not subject to corporate income tax. When receiving dividend from the Limited partnership, the partner need to pay the individual income tax or corporate income tax depending on the legal forms of the partner.

19. INVESTMENTS IN SUBSIDIARIES AND INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

(b) Investments accounted for using the equity method (continued)

Reconciliation of summerised financial information

	Shanghai Fengtong Fund (Consolidated)	
	2014 **RMB'000**	2013 RMB'000
Opening net assets	**81,340**	–
Capital injection	**19,000**	81,000
Profit for the year/period	**32,815**	340
Closing net assets	**133,155**	81,340
Interest in joint venture		
(Capital injected by the Company and the equity pick up of the joint venture according to the distribution agreement)	**55,604**	–
Goodwill	**–**	–
Carrying value	**55,604**	–

20. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Group

	At 31 December	
	2014	2013
	RMB'000	RMB'000
Beginning of year	**270,042**	192,329
Additions of short-term investment	**7,959,522**	749,000
Acquisition of unlisted equity interest	**–**	40,000
Transfer to joint venture (Note 19(b))	**(40,000)**	–
Disposal of unlisted equity interest	**–**	(212)
Settlement on expiration of short-term investment	**(7,469,522)**	(739,000)
Fair value gains transferred to other comprehensive income	**95,449**	27,925
Disposal of listed securities (i)	**(129,973)**	–
End of year	**685,518**	270,042
Less: Current portion	**(501,000)**	(11,000)
Long-term portion of available-for-sale financial assets	**184,518**	259,042

Available-for-sale financial assets include the following:

	At 31 December	
	2014	2013
	RMB'000	RMB'000
Listed securities –		
Equity securities – PRC (i)	**174,545**	209,069
Unlisted securities –		
Equity securities – PRC (ii)	**9,973**	49,973
Short-term investments (iii)	**501,000**	11,000
	685,518	270,042
Market value of listed securities	**174,545**	209,069

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

Group

(i) As at 31 December 2014 and 2013, the available-for-sale financial assets in listed securities are the 6.80% and 11.79% of the equity interest in Zhuzhou Tianqiao Crane Co., Ltd. (株洲天橋起重機股份有限公司), respectively, and the 0.03% of the equity interest in Aluminum Corporation of China Limited.

In year 2014, the Company disposal 16.6 million listed shares of Zhuzhou Tianqiao Crane Co., Ltd. held.

(ii) The fair values of unlisted securities are based on the comparable securities traded in active markets at the balance sheet with a liquidity discount. The fair values are within level 3 of the fair value hierarchy (see Note 3.3).

(iii) The available-for-sale financial assets represent investments in wealthy management products issued by banks with expected return range from 2.1% to 6.3% per annum and will mature within one year. As at 31 December 2014, the carrying amount approximated the fair value. The fair values are based on cash flow discounted using the excepted return based on management judgment and are within level 3 of the fair value hierarchy (see Note 3.3).

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

Company

	At 31 December	
	2014	2013
	RMB'000	RMB'000
Beginning of year	**236,063**	161,011
Additions of short-term investment	**7,959,522**	739,000
Acquisition of unlisted equity interest	**–**	40,000
Reclassified to joint venture	**(40,000)**	–
Settlement on expiration of short-term investment	**(7,459,522)**	(739,000)
Fair value gains transferred to other comprehensive income	**83,708**	35,052
Disposal of listed securities (i)	**(129,973)**	–
End of year	**649,798**	236,063
Less: Current portion	**(501,000)**	(1,000)
Long-term portion of available-for-sale financial assets	**148,798**	235,063

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

Company

Available-for-sale financial assets include the following:

	At 31 December	
	2014 **RMB'000**	2013 RMB'000
Listed securities –		
Equity securities – PRC (i)	**148,798**	195,063
Unlisted securities –		
Equity securities – PRC (ii)	**–**	40,000
Short-term investments (iii)	**501,000**	1,000
	649,798	236,063
Market value of listed securities	**148,798**	195,063

(i) As at 31 December 2014 and 2013, the available-for-sale financial assets in listed securities are the 6.80% and 11.79% of the equity interest in Zhuzhou Tianqiao Crane Co., Ltd. (株洲天橋起重機股份有限公司).

In year 2014, the Company disposal 16.6 million listed shares of Zhuzhou Tianqiao Crane Co., Ltd held.

(ii) The fair values of unlisted securities are based on the comparable securities traded in active markets at the balance sheet with a liquidity discount. The fair values are within level 3 of the fair value hierarchy (see Note 3.3).

(iii) The available-for-sale financial assets represent investments in wealthy management products issued by banks with expected return range from 2.1% to 6.3% per annum and will mature within one year. As at 31 December 2014, the carrying amount approximated the fair value. The fair values are based on cash flow discounted using the excepted return based on management judgment and are within level 3 of the fair value hierarchy (see Note 3.3).

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

21. TRADE AND NOTES RECEIVABLES

Group

	At 31 December	
	2014 RMB'000	2013 RMB'000
Trade and notes receivables		
Trade receivables	**11,275,164**	8,752,578
Less: Provision for impairment	**(590,687)**	(328,626)
Trade receivables-net	**10,684,477**	8,423,952
Notes receivable	**642,863**	539,726
Trade and notes receivables – net	**11,327,340**	8,963,678
Less: Non-current portion (i)	**(393,260)**	(1,223,760)
Current trade and notes receivables	**10,934,080**	7,739,918

Note

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

On 27 January 2011, the Group entered into a build-transfer contract ("Build-Transfer Contract") with Duyun Industrial Aggregation District Capital Operation Company Ltd. (都勻工業聚集區資本運營有限公司, "Duyun Company") to construct a road in Duyun, the PRC (Note 35(i)). In accordance with the contract terms, the outstanding receivables will be collected over three years upon the completion of the construction. The project completion settlement audit of this project has been completed in December 2014. As of 31 December 2014 and 2013, the non-current trade receivables amounted to RMB181.17 million and 540.00 million, respectively, representing receivables from the construction of the road, which would be collected from 2015 to 2016 in accordance with the contract. In connection with the Build-Transfer Contract, the Group also provided and received certain financing to and from Duyun Company (see Notes 22(ii) and 35(i)).

On 14 April 2014, the Group entered into a construction contract with Huainan Zhongsheng Home Co., Ltd. ("淮南中聖置業有限公司", "Zhongsheng Home") to project management service. In accordance with the contract, the Group needs to provide project management service from 1 May 2014 to 30 April 2019 with total service charge accounting to 239 million and the 20%, 30% and 50% of the total receivables will be collected in the year of 2017, 2018 and 2019, respectively. As of 31 December 2014, the non-current trade receivables amounted to 27.88 million has been recognized, which was secured by 100% of the equity interest of Zhongsheng Home and has been discounted using the interest rate of borrowing of the debtor.

On 5 June 2014, the Group entered into an equipment sale and service contract with Suzhou New Metallogarphy Metal Material Co., Ltd. (蘇州新金相金屬材料有限公司) to provide aluminum rod equipment and technical service. In accordance with the contract terms, equipment and technical service fee would be paid 3.02 million annually from 2015 to 2021. As of 31 December 2014, the non-current trade receivables amounted to 17.35 million has been discounted using the interest rate of borrowing of the debtor.

On 10 October 2013, the Group entered into a Build-Transfer contract with Guangxi Guangtong Real Estate Development Company (廣西廣通房地產開發有限公司, "Guangxi Company") to construct a resident area in Nanning, the PRC. According to the contract, the first phase of repurchase will take place in 90 days once this project reaches a percentage of completion 60% or the receivables reaches RMB1.2 billion; then the proprietor need to pay the repurchase fund every three months; more than 85% of the project funds should be paid upon the completion of the project; the final payment will be made in twelve months after the acceptance of the project. The receivables are of an interest rate of 6.15% per annum. As of 31 December 2014 and 2013, the non-current trade receivables amounted to 164.29 million and nil, respectively, and this balance is expected to be collected in 2016 in accordance with the Build-Transfer contract.

21. TRADE AND NOTES RECEIVABLES (Continued)

Group

Note (continued)

(ii) The fair value of the trade and notes receivables is as follows:

	At 31 December	
	2014 RMB'000	2013 RMB'000
Trade receivables – current portion	**10,291,217**	7,200,192
Trade receivables – non-current portion	**398,616**	1,246,130
Notes receivable	**642,863**	539,726
Total trade and notes receivables	**11,332,696**	8,986,048

The fair values of non-current receivables are based on cash flows discounted using a rate based on the borrowings rate of 5.75% (2013: 6.15%). The fair values are within level 2 of the fair value hierarchy.

The effective interest rates on non-current receivables were as follows:

	At 31 December	
	2014	2013
Non-current receivables	**6.15%–8.73%**	6.15%–8.73%

(iii) As of 31 December 2014, the Group pledged trade and notes receivables amounting to RMB106.9 million for borrowings amounting to RMB50 million (Note 34).

Company

	At 31 December	
	2014 RMB'000	2013 RMB'000
Trade and notes receivables		
Trade receivables	**2,870,981**	3,143,507
Less: Provision for impairment	**(279,962)**	(80,236)
Trade receivables-net	**2,591,019**	3,063,271
Notes receivable	**198,582**	78,494
Trade and notes receivables – net	**2,789,601**	3,141,765
Less: Non-current portion	**–**	(258,403)
Current trade and notes receivables	**2,789,601**	2,883,362

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

21. TRADE AND NOTES RECEIVABLES (Continued)

Ageing analysis of trade receivables is as follows:

Group

	At 31 December	
	2014	2013
	RMB'000	RMB'000
Within 1 year	**8,227,550**	6,232,601
Between 1 and 2 years	**1,550,225**	1,420,024
Between 2 and 3 years	**613,955**	764,197
Between 3 and 4 years	**612,630**	88,482
Between 4 and 5 years	**72,678**	126,800
Over 5 years	**198,126**	120,474
Trade receivables – gross	**11,275,164**	8,752,578
Less: Provision for impairment	**(590,687)**	(328,626)
Trade receivables – net	**10,684,477**	8,423,952

Company

	At 31 December	
	2014	2013
	RMB'000	RMB'000
Within 1 year	**1,585,201**	1,838,524
Between 1 and 2 years	**389,699**	592,024
Between 2 and 3 years	**304,451**	621,916
Between 3 and 4 years	**526,174**	5,209
Between 4 and 5 years	**4,709**	72,625
Over 5 years	**60,747**	13,209
Trade receivables – gross	**2,870,981**	3,143,507
Less: Provision for impairment	**(279,962)**	(80,236)
Trade receivables – net	**2,591,019**	3,063,271

21. TRADE AND NOTES 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.

The ageing analysis of these trade receivables is as follows:

Group

	At 31 December	
	2014	2013
	RMB'000	RMB'000
Within 1 year	**8,173,421**	6,216,578
Between 1 and 2 years	**768,671**	822,208
Between 2 and 3 years	**240,389**	282,705
Between 3 and 4 years	**211,783**	35,412
Between 4 and 5 years	**32,397**	8,870
Over 5 years	**3,883**	1,434
Total	**9,430,544**	7,367,207

21. TRADE AND NOTES RECEIVABLES (Continued)

Company

	At 31 December	
	2014	2013
	RMB'000	RMB'000
Within 1 year	**1,585,201**	1,838,524
Between 1 and 2 years	**255,165**	535,670
Between 2 and 3 years	**276,852**	548,194
Between 3 and 4 years	**452,952**	5,209
Between 4 and 5 years	**–**	38,826
Over 5 years	**61**	–
Total	**2,570,231**	2,966,423

Trade receivables wholly or partially impaired are as follows:

Group

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Trade receivables	**1,844,620**	1,385,371
Provision for impairment	**(590,687)**	(328,626)
Trade receivables – net	**1,253,933**	1,056,745

Company

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Trade receivables	**300,750**	177,084
Provision for impairment	**(279,962)**	(80,236)
Trade receivables – net	**20,788**	96,848

21. TRADE AND NOTES RECEIVABLES (Continued)

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

Group

	At 31 December	
	2014	2013
	RMB'000	RMB'000
Within 1 year	**54,129**	16,023
Between 1 and 2 years	**781,554**	597,816
Between 2 and 3 years	**373,566**	481,492
Between 3 and 4 years	**400,847**	53,070
Between 4 and 5 years	**40,281**	117,930
Over 5 years	**194,243**	119,040
Total	**1,844,620**	1,385,371

Company

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Between 1 and 2 years	**134,534**	56,354
Between 2 and 3 years	**27,599**	73,722
Between 3 and 4 years	**73,222**	–
Between 4 and 5 years	**4,709**	33,799
Over 5 years	**60,686**	13,209
Total	**300,750**	177,084

21. TRADE AND NOTES RECEIVABLES (Continued)

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

Group

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
At the beginning of the year	**328,626**	218,068
Provisions	**278,250**	116,652
Receivables written off as uncollectible	**(184)**	(947)
Reversal	**(16,005)**	(5,147)
At the end of the year	**590,687**	328,626

Company

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
At the beginning of the year	**80,236**	14,108
Provisions	**201,773**	66,841
Reversal	**(2,047)**	(713)
At the end of the year	**279,962**	80,236

21. TRADE AND NOTES RECEIVABLES (Continued)

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

Group

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
RMB	**11,181,173**	8,918,499
US dollar	**573,648**	373,805
Others	**163,206**	–
	11,918,027	9,292,304

Company

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
RMB	**2,346,344**	2,848,732
US dollar	**560,013**	373,269
Others	**163,206**	–
	3,069,563	3,222,001

22. PREPAYMENTS AND OTHER RECEIVABLES

Group

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Prepayments		
Prepayments to suppliers	**1,290,443**	814,253
Prepayments to property developer (i)	**308,520**	234,346
Other receivables		
Financing provided to proprietors (ii)	**1,975,531**	685,048
Interest receivable	**71,717**	1,000
Amounts due from related parties (iii)	**42,797**	34,323
Retention fund	**32,934**	16,342
Receivables of export tax refund	**12,621**	12,500
Staff advance	**63,716**	61,162
Bid security	**415,745**	170,543
Deposit	**293,665**	50,344
Payment on behalf of third parties	**116,161**	46,171
Deductible value-added tax	**135,969**	36,461
Others	**14,849**	190,406
	3,175,705	1,304,300
Total prepayments and other receivables	**4,774,668**	2,352,899
Less: Provision for impairment	**(95,300)**	(84,448)
Prepayments and other receivables – net	**4,679,368**	2,268,451
Less: Non-current portion (iv)	**(1,209,361)**	(774,672)
Current portion	**3,470,007**	1,493,779

(i) On 22 September 2011, Changsha Institute entered into a sales and purchase contract with Hunan Runhe Real Estate Development Co., Ltd. (湖南潤和房地產開發有限公司) to acquire an office building to be used for business operations. As at 31 December 2014 and 2013, amounts of RMB308.52 million and RMB234.35 million, respectively, have been paid as prepayment.

22. PREPAYMENTS AND OTHER RECEIVABLES (Continued)

Group

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

On 27 January 2013, the Group entered into a construction contract with Tianjin Dongli Finance Bureau (天津市東麗區財政局, "Dongli Finance Bureau") to construct a resident area in Tianjin, the PRC. In accordance with the construction contract, the Group is required to provide financing amounting to RMB80 million at the interest rate published by the People's Bank of China plus 3%. As at 31 December 2014 and 2013, RMB50 million had been provided, and this will be collected three years after the date of providing. On 28 November, 2014, the Group entered into a supplementary contract with Dongli Finance Bureau. According to the contract, Tianjin Bin Li Construction Development Investment Co. Ltd (天津市濱麗建設開發投資有限公司), replaced Dongli Finance Bureau to perform the relevant contract obligations.

On 21 May 2013, the Group entered into a Build-Transfer Contract with Taiyuan Jingxiu Homeland Investment Management Company Limited (太原市錦繡家園投資管理有限公司, "Taiyuan Company") to construct a resident area in Taiyuan, the PRC. In connection with the Build-Transfer contract, the Group is required to provide financing amounting RMB100.00 million to Taiyuan Company at an interest rate per annum of 15%. As of 31 December 2013, RMB100.00 million has been provided. In the year of 2014, RMB70.00 million has repaid by Taiyuan Company. As of 31 December 2014, the remaining balance amounting to RMB47.75 million (interest included) has been secured by 30% of the equity interest in Taiyuan Company and will be collected once Taiyuan Company gets financing from banks.

On 10 October 2013, the Group entered into a Build-Transfer contract with Guangxi Guangtong Real Estate Development Company (廣西廣通房地產開發有限公司, "Guangxi Company") to construct a resident area in Nanning, the PRC. In connection with the Build-Transfer contract, the Group is required to provide financing amounting to RMB200.00 million to Guangxi Company at 120% of the interest rate published by the People's Bank of China. As at 31 December 2014, RMB200.00 million has been provided, which will be collected when the project reaches a completion of percentage 60%, which is estimated to be in the second half year of 2016. This receivable has been secured by the land use right and the construction-in-progress of this project.

On 31 October 2013, the Group entered into a construction contract with Changsha Yuelu Sanxiang Social Security Housing Development Company Limited (長沙市岳麓區三湘保障房開發建設有限公司, "Sanxiang Company") to construct a resident area in Changsha, the PRC. In accordance with the construction contract, the Group is required to provide financing amounting to RMB150.00 million at an interest rate of 10%. As at 31 December 2014 and 2013, RMB150.00 million has been provided, and this receivable will be repaid before November 2016. Sanxiang Company has provided bank guarantee which is payable on demand and irrecoverable amounting to RMB150.00 million. According to the contract, Sanxiang Company is also required to provide RMB30.00 million to the Group as a guarantee of the payment of interest relevant to the financing, at an interest rate of 10% and the same payment schedule with the financing provided to Sanxiang Company. As at 31 December 2014 and 2013, the Group has provided financing amounting to RMB150.00 million to Sanxiang Company and received RMB30.00 million from Sanxiang Company, and a net amount of RMB120.00 million is included in the prepayments and other receivables.

22. PREPAYMENTS AND OTHER RECEIVABLES (Continued)

Group

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

On 26 December 2013, the Group entered into a construction contract with Xixian Investment Corporation Ltd. (西鹹投資股份有限公司, "Xixian Company") for the construction of a commercial real estate program. In accordance with the contract, the Group is required to provide financing amounting to RMB500 million to Xixian Company, which bears interest at 15% per annum. As of 10 March 2014, RMB500 million has been provided, and RMB300 million of this financing was repaid to the Group in the year of 2014. The remaining balance amounting to RMB261.25 million (interest included) has been secured by 82% of the equity interest of Xixian company, and will be collected in 2015.

On 30 December 2013, the Group entered into a construction contract with Duyun Economic Development Zone Investment and Development Co., Ltd. (都勻經濟開發區城市投資開發有限公司, "Duyun Development") to construct a road in Duyun, the PRC. In accordance with the contract, the Group is required to provide financing amounting to RMB150.00 million to Duyun Development, which bear interest at bank lending rate plus 2% per annum. This financing will be repaid in three stages: 50% will be repaid while the project reaches a completion of percentage of 95%; 25% will be repaid 12 months after the completion of the project and the remaining 25% will be repaid 24 months after the completion of the project. As at 31 December 2014, the construction work of this road didn't commence. This receivable is secured by certain land use rights in Duyun Economic Development Zone.

On 26 January 2014, the Group entered into a construction contract with Luoyang Zhongmai Ruiyang Home Co., Ltd. (洛陽中邁瑞陽置業有限公司, "Zhongmai Ruiyang") to undertake Shangyangcheng commercial and residential development project. In accordance with the contract terms, the Group is required to provide financing amounting to RMB800.00 million for 3 years at an interest rate of 12% per annum. As of 31 December 2014, RMB300.00 million has been provided. The balance has been secured by 20% of the equity interest of Zhongmai Ruiyang, and the shareholders of Zhongmai Ruiyang has provided guarantee for this receivables.

On 1 April 2014, the Group entered into a construction contract with Jiangxi Beiguo Real Estate Development Company Limited (江西北國房地產開發有限公司, "Beiguo Real Estate") to undertake a land development project. In accordance with the contract, the Group is required to provide financing amounting to RMB150.00 million to Beiguo Real Estate at an interest rate of 15% per annum. As at 31 December 2014, RMB150.00 million has been provided and the construction work has not commenced. According to the contract, this balance will be collected once the proprietor gets loans from bank, which is expected to be in the year of 2015.

On 14 April 2014, the Group entered into a construction contract with Huainan Zhongsheng Home Co., Ltd. (淮南中聖置業有限公司, "Zhongsheng Home") to provide project management service. In accordance with the contract terms, the Group is required to provide financing amounting to RMB450.00 million to Zhongsheng Home at an interest rate per annum of 15% by adding an extra interest of amounting to RMB17.00 million. As at 31 December 2014, RMB450.00 million has been provided, the principle and the relevant interest receivables amounting to RMB496.31 million (interest included) has been secured by 100% of the equity interest of Zhongsheng Home and will be received in the first half year of 2015.

22. PREPAYMENTS AND OTHER RECEIVABLES (Continued)

Group

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

On 4 July 2014, the Group entered into a construction contract with Jiangsu Chutian Home Co., Ltd. (江蘇楚天置業有限公司, “Chutian Home”) for the construction of a commercial real estate program. In accordance with the contract, the Group is required to provide financing amounting to RMB100.00 million to Chutian Home, which bear interest at 15% per annum. As of 31 December 2014, a receivable amounted to RMB100.00 million has been secured by 100% of the equity interest of Chutian Home, and will be collected in 2015.

On 12 July 2014, the Group entered into a build-transfer contract (“Build-Transfer Contract”) with Enping Beisheng Development Construction Co., Ltd. (恩平市北晟建設開發有限公司, “Enping Company”) to construct Kaiyang Highway connecting line and relevant infrastructure. In accordance with the contract terms, the Group has provided financing amounted to RMB25.00 million in July 2014, which would be collected in 2016 in accordance with the contract. As of 31 December 2014, the non-current trade receivables amounted to RMB25 million and has been secured by a guarantee amounted to RMB200.00 million.

On 27 October 2014, the Group entered into a construction contract with Xinyang Yiwu Wanjiadenghuo International Trade City Co., Ltd. (信陽義烏萬家燈火國際商貿城有限公司, “Wanjiadenghuo Trade”) and Xinyang Wanjiadenghuo Industry Co., Ltd. (信陽萬家燈火實業有限公司, “Wanjiadenghuo Industry”) for the construction of a commercial real estate project. In accordance with the contract, the Group is required to provide financing amounting to RMB50.00 million to Wanjiadenghuo Industry, which bear interest at 15% per annum. As of 31 December 2014, RMB50.00 million has been provided, which was secured by properties of the proprietor (estimated value of RMB50.13), and will be collected in 2015.

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

(iv) Other than the prepayments to property developers, the remaining non-current prepayments and other receivables mainly relate to financing providing to the proprietor and the quality assurance.

(v) The fair value of the other receivables is as follows:

	At 31 December	
	2014 **RMB’000**	2013 RMB’000
Financing provide to the proprietors	**2,036,464**	688,800
Other receivables	**1,200,174**	619,252
Total other receivables	**3,236,638**	1,308,052

22. PREPAYMENTS AND OTHER RECEIVABLES (Continued)

Group

(v) The fair value of the other receivables is as follows: (continued)

The fair values non-current other receivables are based on cash flows discounted using a rate based on the borrowings rate of 5.75% (2013: 6.15%). The fair values are within level 2 of the fair value hierarchy.

The effective interest rates on non-current other receivables were as follows:

	At 31 December	
	2014	2013
Non-current other receivables	**6.15%–15%**	6.15%–15%

Company

	Year ended 31 December	
	2014 **RMB'000**	2013 RMB'000
Prepayments		
Prepayments to suppliers	**483,627**	515,450
Other receivables		
Interest receivable	**272,910**	20,049
Dividend receivable	**201,607**	39,487
Advance due from related parties	**133,847**	339,516
Payment paid on behalf of third party	**5,470**	4,098
Receipt of export drawback	**11,816**	12,500
Staff advance	**7,464**	4,661
Deductible value-added tax	**77,165**	28,305
Bid security	**3,300**	800
Entrust loans provided to the subsidiaries	**4,959,910**	1,332,103
Payment paid on behalf of subsidiaries	**72,016**	–
Others	**4,603**	40,567
Total prepayments and other receivables	**6,233,735**	2,337,536
Less: Provision for impairment	**(1,267)**	(1,291)
Prepayments and other receivables – net	**6,232,468**	2,336,245
Less: Non-current portion entrust loans provided to subsidiaries	**(1,035,200)**	(408,003)
Current portion	**5,197,268**	1,928,242

22. PREPAYMENTS AND OTHER RECEIVABLES (Continued)

Ageing analysis of other receivables is as follows:

Group

	At 31 December	
	2014	2013
	RMB'000	RMB'000
Within 1 year	**2,406,733**	1,086,711
Between 1 and 2 years	**621,797**	89,554
Between 2 and 3 years	**41,804**	46,919
Between 3 and 4 years	**31,424**	14,569
Between 4 and 5 years	**13,261**	6,732
Over 5 years	**60,686**	59,815
Other receivables – gross	**3,175,705**	1,304,300
Less: Provision for impairment	**(95,300)**	(84,448)
Other receivables – net	**3,080,405**	1,219,852

Company

	At 31 December	
	2014	2013
	RMB'000	RMB'000
Within 1 year	**5,705,089**	1,776,246
Between 1 and 2 years	**29,090**	31,520
Between 2 and 3 years	**1,804**	11,544
Between 3 and 4 years	**11,484**	1,404
Between 4 and 5 years	**1,388**	1,166
Over 5 years	**1,253**	206
Other receivables – gross	**5,750,108**	1,822,086
Less: Provision for impairment	**(1,267)**	(1,291)
Other receivables – net	**5,748,841**	1,820,795

22. PREPAYMENTS AND OTHER RECEIVABLES (Continued)

As at 31 December 2014 and 2013, other receivables that were past due but not impaired relate to a number of independent customers with no recent history of default. The ageing analysis of these other receivables is as follows:

Group

	At 31 December	
	2014 **RMB'000**	2013 RMB'000
Within 1 year	**2,406,733**	1,083,414
Between 1 and 2 years	**549,361**	36,792
Between 2 and 3 years	**2,575**	5,550
Between 3 and 4 years	**3,873**	2,313
Between 4 and 5 years	**2,260**	32
Over 5 years	**1,912**	1,975
	2,966,714	1,130,076

Company

	At 31 December	
	2014 **RMB'000**	2013 RMB'000
Within 1 year	**5,705,089**	1,776,246
Between 1 and 2 years	**28,976**	31,177
Between 2 and 3 years	**1,538**	11,100
Between 3 and 4years	**11,100**	143
Between 4 and 5years	**132**	–
	5,746,835	1,818,666

22. PREPAYMENTS AND OTHER RECEIVABLES (Continued)

Other receivables wholly or partially impaired are as follows:

Group

	At 31 December	
	2014	2013
	RMB'000	RMB'000
Impaired other receivables-gross	**208,991**	174,224
Provision for impairment	**(95,300)**	(84,448)
Impaired other receivables – net	**113,691**	89,776

Company

	At 31 December	
	2014	2013
	RMB'000	RMB'000
Impaired other receivables-gross	**3,273**	3,420
Provision for impairment	**(1,267)**	(1,291)
Impaired other receivables – net	**2,006**	2,129

22. PREPAYMENTS AND OTHER RECEIVABLES (Continued)

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

Group

	At 31 December	
	2014	2013
	RMB'000	RMB'000
Within 1 year	**–**	3,297
Between 1 and 2 years	**72,436**	52,762
Between 2 and 3 years	**39,229**	41,369
Between 3 and 4 years	**27,551**	12,256
Between 4 and 5 years	**11,001**	6,700
Over 5 years	**58,774**	57,840
	208,991	174,224

Company

	At 31 December	
	2014	2013
	RMB'000	RMB'000
Between 1 and 2 years	**114**	343
Between 2 and 3 years	**266**	444
Between 3 and 4 years	**384**	1,261
Between 4 and 5 years	**1,256**	1,166
Over 5 years	**1,253**	206
	3,273	3,420

22. PREPAYMENTS AND OTHER RECEIVABLES (Continued)

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

Group

	Year ended 31 December	
	2014 **RMB'000**	2013 RMB'000
At the beginning of the year	**84,448**	72,332
Additions	**11,629**	12,977
Acquisition of subsidiaries under non-common control	**–**	294
Written off as uncollectible	**–**	(208)
Reversal	**(777)**	(947)
At the end of the year	**95,300**	84,448

Company

	Year ended 31 December	
	2014 **RMB'000**	2013 RMB'000
At the beginning of the year	**1,291**	1,230
Additions	**124**	175
Reversal	**(148)**	(114)
At the end of the year	**1,267**	1,291

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

(a) Financial assets

Group and Company

	At 31 December	
	2014	2013
	RMB'000	RMB'000
At the beginning of the year	**–**	413
Additions	**–**	–
Increase in fair value through profit or loss	**(4,166)**	–
Settled on expiration	**4,166**	(413)
At the end of the year	**–**	–

These financial assets representing forward foreign exchange contracts bought by the Group and the notional principal amounts of these outstanding forward foreign exchange contracts at 31 December 2014 and 2013 were nil.

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

(b) Financial liabilities

Group and Company

	At 31 December	
	2014	2013
	RMB'000	RMB'000
At the beginning of the year	**–**	1,499
Decrease in fair value through profit or loss	**–**	28
Settled on expiration	**–**	(1,527)
At the end of the year	**–**	–

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

(b) Financial liabilities (continued)

Group and Company

These financial liabilities representing the aluminum future contracts bought by the Group and the notional principal amounts of these futures at 31 December 2014 and 2013 were nil.

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

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

Group

	At 31 December	
	2014 RMB'000	2013 RMB'000
Contract cost incurred plus recognised profit less recognised losses	**61,782,356**	50,851,102
Less: Progress billings	**(55,107,394)**	(45,587,859)
Contract work-in-progress	**6,674,962**	5,263,243
Representing:		
Amounts due from customers for contract work	**6,978,035**	5,989,563
Less: Provision	**(35)**	(234)
Net amounts due from customers for contract work	**6,978,000**	5,989,329
Amounts due to customers for contract work	**(303,038)**	(726,086)
	6,674,962	5,263,243

	Year ended 31 December	
	2014 RMB'000	2013 RMB'000
Contract revenue recognised as revenue in the year	**12,363,279**	15,147,688

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

Company

	At 31 December	
	2014	2013
	RMB'000	RMB'000
Contract cost incurred plus recognised profit less recognised losses	**15,374,441**	13,042,788
Less: Progress billings	**(13,909,165)**	(11,831,244)
Contract work-in-progress	**1,465,276**	1,211,544
Representing:		
Amounts due from customers for contract work	**1,473,630**	1,261,541
Less: Provision	**–**	(5)
Net amounts due from customers for contract work	**1,473,630**	1,261,536
Amounts due to customers for contract work	**(8,354)**	(49,992)
	1,465,276	1,211,544

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Contract revenue recognised as revenue in the year	**2,573,636**	3,843,349

25. INVENTORIES

Group

	At 31 December	
	2014	2013
	RMB'000	RMB'000
Raw materials	**241,774**	259,252
Work-in-process	**160,059**	251,137
Finished goods	**578,052**	320,335
Turnover materials and spare parts	**3,608**	4,482
	983,493	835,206

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

	At 31 December	
	2014	2013
	RMB'000	RMB'000
At beginning of the year	**30,181**	14,915
Acquisition of subsidiaries under non-common control	**–**	1,592
Additions	**1,090**	13,720
Reversal	**(11,463)**	(46)
Written off	**(2,331)**	–
At end of the year	**17,477**	30,181

The cost of inventories recognised as expense and included in "Cost of sales" amounted to RMB14,681.35 million and RMB7,726.92 million for the years ended 31 December 2014 and 2013, respectively.

25. INVENTORIES (Continued)

Company

	At 31 December	
	2014	2013
	RMB'000	RMB'000
Raw materials	**41,368**	66,802
Finished goods	**90,731**	258,166
	132,099	324,968

No provision of inventory impairment has been made as at 31 December 2014 and 2013 by the Company.

26. RESTRICTED CASH

Group

	At 31 December	
	2014	2013
	RMB'000	RMB'000
Restricted cash		
RMB	**213,387**	239,510
USD	**–**	168
	213,387	239,678

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

The weighted average effective interest rates per annum on restricted cash, with maturities ranging from one to twelve months, was approximately 0.35% to 3.28% and 0.35% to 2.8% as at 31 December 2014 and 2013, respectively.

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

26. RESTRICTED CASH (Continued)

Company

	At 31 December	
	2014	2013
	RMB'000	RMB'000
Restricted cash		
RMB	**6,308**	89

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

The weighted average effective interest rates per annum on restricted cash, with maturities ranging from one to twelve months, was approximately 0.35% as at 31 December 2014 and 2013.

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

27. TIME DEPOSITS

Group

	At 31 December	
	2014	2013
	RMB'000	RMB'000
Time deposits with initial term of over three months		
RMB	**761,504**	41,480

The effective interest rates per annum on time deposits, with maturities ranging from three months to two years, approximately 2.85% to 3.3% and 3.08% to 3.25% as at 31 December 2014 and 2013, respectively.

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

27. TIME DEPOSITS (Continued)

Company

	At 31 December	
	2014	2013
	RMB'000	RMB'000
Time deposits with initial term of over three months		
RMB	**74,000**	30,000

The effective interest rates per annum on time deposits, with maturities ranging from three months to six months, approximately 3.17% and 3.08% as at 31 December 2014 and 2013, respectively.

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

28. CASH AND CASH EQUIVALENTS

Group

	At 31 December	
	2014	2013
	RMB'000	RMB'000
Cash at bank and in hand	**2,703,027**	5,400,632
Balances placed with Chinalco Finance Company Limited (i)	**1,294,225**	944,157
Short-term bank deposits	**210,605**	111,369
	4,207,857	6,456,158

	At 31 December	
	2014	2013
	RMB'000	RMB'000
Denominated in:		
RMB	**3,408,661**	6,238,911
HKD	**47**	158,763
USD	**710,198**	43,822
Others	**88,951**	14,662
	4,207,857	6,456,158

28. CASH AND CASH EQUIVALENTS (Continued)

Company

	At 31 December	
	2014	2013
	RMB'000	RMB'000
Cash at bank and in hand	**959,448**	3,070,285
Balances placed with Chinalco Finance Company Limited (i)	**620,995**	109,695
Short-term bank deposits	**48,265**	51,347
	1,628,708	3,231,327

	At 31 December	
	2014	2013
	RMB'000	RMB'000
Denominated in:		
RMB	**1,362,535**	3,033,514
HKD	**47**	158,763
USD	**189,516**	28,779
Others	**76,610**	10,271
	1,628,708	3,231,327

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

29. SHARE CAPITAL

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

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

30. RESERVES

Group

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

30. RESERVES (Continued)

Group

	Attributable to equity owners of the Company							
	Capital reserve RMB'000	Statutory surplus reserve RMB'000 (i)	Available-for-sale financial assets RMB'000	Remeasurements of post-employment benefit obligations RMB'000	Special reserve RMB'000 (ii)	Currency translation differences RMB'000	Retained earnings RMB'000	Total RMB'000
At 1 January 2014	719,102	60,290	134,601	102,763	30,531	(1,030)	2,662,439	3,708,696
Profit for the year	-	-	-	-	-	-	724,526	724,526
Fair value losses on available-for-sale financial assets, net of tax	-	-	72,761	-	-	-	-	72,761
Reclassified to profit on disposal of available-for-sale financial assets, net of tax	-	-	(89,295)	-	-	-	-	(89,295)
Remeasurements of post-employment benefit obligations, net of tax	-	-	-	(26,973)	-	-	-	(26,973)
Currency translation differences	-	-	-	-	-	5,080	-	5,080
Acquisition of non-controlling interests	(5,858)	-	-	-	-	-	-	(5,858)
Capital contributions by non-controlling interest of the subsidiaries	1,467	-	-	-	-	-	-	1,467
Dividends to equity owners	-	-	-	-	-	-	(346,211)	(346,211)
Appropriation of special reserve	-	-	-	-	(8,741)	-	8,741	-
Appropriation of statutory surplus reserve	-	53,169	-	-	-	-	(53,169)	-
Others	382	-	-	-	-	-	-	382
At 31 December 2014	715,093	113,459	118,067	75,790	21,790	4,050	2,996,326	4,044,575

30. RESERVES (Continued)

Company

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

30. RESERVES (Continued)

Company

	Attributable to equity owners of the Company						
	Capital reserve RMB'000	Statutory surplus reserve RMB'000 (i)	Available-for-sale financial assets RMB'000	Remeasurements of post-employment benefit obligations RMB'000	Special reserve RMB'000 (ii)	Retained earnings RMB'000	Total RMB'000
At 1 January 2014	804,378	60,290	126,947	6,316	–	(11,721)	986,210
Profit for the year	–	–	–	–	–	543,406	543,406
Fair value losses on available-for-sale financial assets, net of tax	–	–	62,781	–	–	–	62,781
Reclassified to profit on disposal of available-for-sale financial assets, net of tax	–	–	(89,295)	–	–	–	(89,295)
Remeasurements of post-employment benefit obligations, net of tax	–	–	–	790	–	–	790
Dividends to equity owners	–	–	–	–	–	(346,211)	(346,211)
Appropriation of statutory surplus reserve	–	53,169	–	–	–	(53,169)	–
At 31 December 2014	804,378	113,459	100,433	7,106	–	132,305	1,157,681

Note:

(i) Statutory surplus reserve

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

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

(ii) Special reserve

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

31. DEFERRED INCOME

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

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
At beginning of the year	**97,066**	79,022
Additions	**17,741**	34,683
Charged to consolidated statement of comprehensive income	**(15,598)**	(16,639)
At end of the year	**99,209**	97,066

32. CASH-SETTLED SHARE-BASED PAYMENTS

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

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

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

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

The Board of the Directors of the Company granted approximately 21,326,365 of the SAR of the Company on 24 October 2013. The expiry date of the SAR is 23 October 2020. Movements in the number of the SAR granted by the Company during the year ended 31 December 2014 and 2013 are set out as follows:

	For the year ended 31 December 2014 Number of units of SAR						
Category	Exercised price	Outstanding as at 1 January 2014	Granted during the year	Exercised during the year	Expired during the year	Forfeited during the year	Outstanding as at 31 December 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 31 December 2014 was determined using the binomial valuation model amounting to RMB0.6638 (2013: RMB1.3337) per unit. The significant inputs into the model were spot price HKD 2.20 (equivalent approximately RMB1.74), (2013: HKD 3.38 and equivalent approximately RMB2.65) as at 31 December 2014, vesting period, volatility of underlying stock, risk-free interest rate 1.47% as at 31 December 2014 (2013: 1.52%), employee turnover rate, dividend yield and early exercise factor. The expected volatility of 50% per year is estimated based on the historical volatility of the 13 benchmarking companies which are listed in HK main board and engaged in construction and engineering with the same business scale before 31 December 2014.

The amount that was debited to the consolidated statements of comprehensive income and included in the employee expense for the year ended 31 December 2014 in relation to the SAR transaction was RMB0.79 million (2013: RMB2.04 million) (Note 14).

As at 31 December 2014, the total carrying amount of the liabilities arising from the SAR transaction included in other payables in the consolidated balance sheet amounting to RMB2.83 million (2013: RMB2.04 million). There was no exercise in 2014.

As at 31 December 2014, the weighted average remaining contractual life was 5.29 years (2013: 5.55 years).

33. RETIREMENT AND OTHER SUPPLEMENTAL BENEFIT OBLIGATIONS

Group

(a) State-managed retirement plan

The Chinese employees of the Group participate in employee social security plans organised and administrated by the PRC government authority. The PRC companies are required to contribute from 20% to 22%, depending on the applicable local regulations, of salaries, wages and bonuses to the state-managed retirement plans. The obligation of these PRC companies with respect to the state-managed retirement plans is to make the specified contributions (Note 14).

The total cost charged to consolidated statement of comprehensive income during the years ended 31 December 2014 and 2013 are as follows:

	At 31 December	
	2014	2013
	RMB'000	RMB'000
Contributions to state-managed retirement plans	**158,348**	136,498

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

	At 31 December	
	2014	2013
	RMB'000	RMB'000
Amounts due to state-managed retirement plans included in trade and other payables	**4,658**	5,063

(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 defined benefit plan of the Group has an average maturity period of 8.67 year and 9.32 year as at 31 December 2014 and 2013, respectively.

33. RETIREMENT AND OTHER SUPPLEMENTAL BENEFIT OBLIGATIONS (Continued)

Group

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

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

	At 31 December	
	2014	2013
	RMB'000	RMB'000
Current portion of defined benefits obligations	**128,118**	116,621
Non-current portion defined benefits obligations	**1,031,573**	1,120,579
Present value of defined benefits obligations	**1,159,691**	1,237,200

The movements of the Group's early retirement and supplemental benefit obligations for each of the years ended 31 December 2014 and 2013 are as follows:

	At 31 December	
	2014	2013
	RMB'000	RMB'000
At beginning of the year	**1,237,200**	1,442,549
For the year		
– interest expenses (Note 14)	**53,072**	51,899
– payment	**(92,537)**	(99,158)
– re-measurement losses/(gains)	**36,497**	(142,615)
– past service cost (Note 14)	**(75,006)**	(16,373)
– current service cost (Note 14)	**465**	898
At end of the year	**1,159,691**	1,237,200

The above obligations were determined based on actuarial valuations performed by an independent qualified actuarial firm, Towers Watson Consulting Company Limited, using the projected unit credit actuarial cost method.

33. RETIREMENT AND OTHER SUPPLEMENTAL BENEFIT OBLIGATIONS (Continued)

Group

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

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

(i) Discount rates adopted (per annum):

	At 31 December	
	2014 **RMB'000**	2013 RMB'000
Discount rate	**3.75%**	4.50%

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

(iii) Average medical expense increase rate: 8% for the employees who were retired before the date of 31 March 2011;

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

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

33. RETIREMENT AND OTHER SUPPLEMENTAL BENEFIT OBLIGATIONS (Continued)

Company

(a) State-managed retirement plan

The Chinese employees of the Company participate in employee social security plans organized 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 statement of comprehensive income during the years ended 31 December 2014 and 2013 are as follows:

	At 31 December	
	2014	2013
	RMB'000	RMB'000
Contributions to state-managed retirement plans	**30,367**	25,264

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

	At 31 December	
	2014	2013
	RMB'000	RMB'000
Amounts prepaid to state-managed retirement plans included in trade and other payables	**(129)**	(119)

33. RETIREMENT AND OTHER SUPPLEMENTAL BENEFIT OBLIGATIONS (Continued)

Company

(b) Early retirement and supplemental benefit obligations

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

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

	At 31 December	
	2014 RMB'000	2013 RMB'000
Current portion of defined benefits obligations	**298**	318
Non-current portion defined benefits obligations	**7,000**	7,549
Present value of defined benefits obligations	**7,298**	7,867

The movements of the Company's early retirement and supplemental benefit obligations for each of the years ended 31 December 2014 and 2013 are as follows:

	At 31 December	
	2014 RMB'000	2013 RMB'000
At beginning of the year	**7,867**	14,039
For the year		
– interest expenses	**353**	531
– current service	**132**	308
– actuarial losses	**(1,054)**	(7,011)
At end of the year	**7,298**	7,867

33. RETIREMENT AND OTHER SUPPLEMENTAL BENEFIT OBLIGATIONS (Continued)

Company (continued)

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

The above obligations were determined based on actuarial valuations performed by an independent qualified actuarial firm, Towers Watson Consulting Company Limited, using the projected unit credit actuarial cost method.

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

(i) Discount rates adopted (per annum):

	At 31 December	
	2014 RMB'000	2013 RMB'000
Discount rate	**3.75%**	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.

34. BORROWINGS

Group

	At 31 December	
	2014 **RMB'000**	2013 RMB'000
Bank borrowings		
– guaranteed by the Company to its subsidiaries	**580,000**	965,152
– secured by property, plant and equipment (i)	**22,000**	10,000
– secured by trade and notes receivables (ii)	**50,000**	51,800
– unsecured	**4,269,641**	3,697,412
Short-term bonds (iii)		
– unsecured	**2,537,049**	2,501,528
Borrowings from related party (iv)		
– unsecured (Note 44(b))	**1,083,039**	660,000
	8,541,729	7,885,892
Less: non-current portion	**(1,164,492)**	(290,152)
Current portion	**7,377,237**	7,595,740

Note:

(i) As of 31 December 2014, the Group secured certain equipment and land use rights with net carrying amount of RMB20 million for borrowings amounting to RMB22 million (Note 15).

(ii) As of 31 December 2014, the Group pledged trade receivables amounting to RMB106.9 million for borrowings amounting to RMB50 million (Note 21).

(iii) Short-term bonds

The Company has issued the 2014-first tranche and 2014-second tranche of non-public debt financing instruments on 4 September 2014 and 5 December 2014 with issuance amounts of RMB2,000.00 million and RMB500.00 million and with maturity periods of 180 days, respectively. The unit par value is RMB100.00 with an interest rate of 5.5% and 4.9% per annum, respectively.

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.

34. BORROWINGS (Continued)

Group

Note: (continued)

(iii) Short-term bonds (continued)

Outstanding bonds as at 31 December 2014 and 2013 are summarised as follows:

	Face value (RMB'000) /maturity	Effective interest rate	31 December 2014
2014 short-term bonds	**500,000/2015**	**4.9%**	**501,745**
2014 short-term bonds	**2,000,000/2015**	**5.5%**	**2,035,304**
			2,537,049

	Face value (RMB'000) /maturity	Effective interest rate	31 December 2013
2013 short-term bonds	500,000/2014	5.5%	500,306
2013 short-term bonds	2,000,000/2014	5.5%	2,001,222
			2,501,528

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

During the year ended 31 December 2014, the Group borrowed 770 million from Chinalco Finance and repaid RMB590 million. And all of the borrowings form Chinalco Finance will be repaid in 2015.

On 24 April 2014, the Group got an entrusted borrowing from Luoyang Institute amounting to RMB70 million at an interest rate of 5.4% per annum. This borrowing will be repaid on 23 April 2015; on 28 April 2013, the Group got an entrusted borrowing from Luoyang Institute amounting to RMB70.00 million at an interest rate of 5.4% per annum and this borrowing was paid on 27 April 2014.

On 28 February 2014 and 30 December 2014, the Group got entrusted borrowings from Guiyang Aluminium Magnesium Asset Management Ltd. (貴陽鋁鎂資產管理有限公司) amounting to RMB20 million and RMB22 million, respectively, at an interest rate of 6.15% per annum. These principle and relevant interest will be repaid on 27 February 2016 and 29 December 2016, respectively. During the year ended 31 December 2014, the accumulated interest is RMB1.039 million.

On 10 March 2014 and 18 March 2014, the Group got borrowings amounting to RMB100 million and RMB100 million, respectively, from Shanghai Fengtong Fund at an interest of 9.5% per annum. These borrowing will be repaid on 9 March 2016 and 17 March 2016, respectively.

34. BORROWINGS (Continued)

Group

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

	At 31 December	
	2014 RMB'000	2013 RMB'000
RMB	**6,777,328**	6,589,480
USD (RMB equivalent)	**1,764,401**	1,296,412
	8,541,729	7,885,892

The fair value of non-current borrowing of the Group are as following:

	At 31 December 2014		At 31 December 2013	
	Carrying amount RMB'000	**Fair value RMB'000**	Carrying amount RMB'000	Fair value RMB'000
Banking borrowing	**921,453**	**913,065**	280,000	278,193
Borrowings related parties	**243,039**	**248,569**	10,152	9,619
Total	**1,164,492**	**1,161,634**	290,152	287,812

The fair value of current borrowings equals their carrying amount, as the impact of discounting is not significant. The fair values are based on cash flows discounted using a rate based on the borrowing rate of 5.6% (2013: 6%) and are within level 2 of the fair value hierarchy.

The effective interest rates of borrowings are 2.93% to 9.00% and 5.4% to 7.8% as at 31 December 2014 and 2013, respectively.

The Group has the following undrawn borrowing facilities:

	At 31 December	
	2014 RMB'000	2013 RMB'000
– Expiring within one year	**9,750,775**	4,825,943
– Expiring beyond one year	**2,377,760**	3,236,146
	12,128,535	8,062,089

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

34. BORROWINGS (Continued)

Company

	At 31 December 2014 RMB'000	At 31 December 2013 RMB'000
Bank borrowings		
– unsecured	**2,914,401**	2,506,412
Short-term bonds		
– unsecured (i)	**2,537,049**	2,501,528
Borrowings from related party (ii)		
– unsecured	**660,000**	630,000
	6,111,450	5,637,940
Less: non-current portion	**(801,453)**	–
Current portion	**5,309,997**	5,637,940

Note:

(i) Short-term bonds

The Company has issued the 2014-first tranche and 2014-second tranche of non-public debt financing instruments on 4 September 2014 and 5 December 2014 with issuance amounts of RMB2,000.00 million and RMB500.00 million and with maturity periods of 180 days, respectively. The unit par value is RMB100.00 with an interest rate of 5.5% and 4.9% per annum, respectively.

The Company has issued the 2013-first tranche and 2013-second tranche of non-public debt financing instruments on 26 December 2013 with issuance amounts of RMB2,000.00 million and RMB500.00 million and with maturity periods of 270 days and 365 days, respectively. The unit par value is RMB100.00 with an interest rate of 5.5% per annum.

Outstanding bonds as at 31 December 2014 and 2013 are summarised as follows:

	Face value (RMB'000) /maturity	Effective interest rate	31 December 2014
2014 short-term bonds	**500,000/2015**	**4.9%**	**501,745**
2014 short-term bonds	**2,000,000/2015**	**5.5%**	**2,035,304**
			2,537,049

	Face value (RMB'000) /maturity	Effective interest rate	31 December 2013
2013 short-term bonds	500,000/2014	5.5%	500,306
2013 short-term bonds	2,000,000/2014	5.5%	2,001,222
			2,501,528

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

During the year ended 31 December 2014, the Company borrowed RMB660.00 million from Chinalco Finance and repaid RMB630 million.

34. BORROWINGS (Continued)

Company

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

	At 31 December	
	2014 RMB'000	2013 RMB'000
RMB	**4,347,049**	4,341,528
USD (RMB equivalent)	**1,764,401**	1,296,412
	6,111,450	5,637,940

The fair value of non-current borrowing of the Company are as following:

	At 31 December 2014		At 31 December 2013	
	Carrying amount RMB'000	**Fair value RMB'000**	Carrying amount RMB'000	Fair value RMB'000
Banking borrowing	**801,453**	**790,518**	–	–
Total	**801,453**	**790,518**	–	–

The fair value of current borrowings equals their carrying amount, as the impact of discounting is not significant. The fair values are based on cash flows discounted using a rate based on the borrowing rate of 5.6% (2013: 6%) and are within level 2 of the fair value hierarchy.

The effective interest rates of borrowings are 2.93% to 7.2% and 3.35% to 6% as at 31 December 2014 and 2013 respectively.

35. TRADE AND OTHER PAYABLES

Group

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Trade and notes payable		
Trade payables	**8,564,957**	8,103,498
Notes payable	**773,928**	315,424
	9,338,885	8,418,922
Other payables		
Payment in advance received from Duyun Company (i)	**441,731**	429,407
Provision for potential claim (ii)	**40,364**	40,622
Advances from customers	**2,793,060**	1,066,219
Staff welfare payable	**113,558**	145,991
Tax payable	**461,002**	295,935
Deposit payable	**495,588**	355,122
Amounts paid by other parties on behalf of the Group	**305,124**	190,014
Amounts due to related parties	**85,645**	39,343
Others	**107,819**	167,407
	4,843,891	2,730,060
Total trade and other payables	**14,182,776**	11,148,982
Less: Non-current portion	**(73,986)**	(239,444)
Current portion	**14,108,790**	10,909,538

35. TRADE AND OTHER PAYABLES (Continued)

Group

Note:

(i) In accordance with the Build-Transfer Contract entered into between the Group and Duyun Company in relation to construction of a road in Duyun, the PRC, the Group received advance repayment from Duyun Company amounting to RMB400 million before the date of 31 December 2013. Included in the non-current portion of trade and other payables amounting to RMB73.62 million and RMB238.40 million as at 31 December 2014 and 2013, respectively, comprised of the payment in advance and its corresponding interest. The Group requested for payment in advance in accordance with its financial risk management policy to better manage the credit risk. This effective interest rate of the payment in advance approximately 4.12% and the advance repayment will be repaid from 2014 to 2016.

(ii) The Company signed a contract with one proprietor, for the design conversion of the main parts, procurement and construction of a project in Sichuan Province, the PRC. On 16 September 2011, the Company completed the whole project and transferred it to the proprietor. All of the progress billing has been completed between the Company and the proprietor by the end of 2012.

On 7 May 2014, the Company applied for arbitration for the payment of remaining receivables amounting to RMB160.00 million; and on 25 July 2014, the proprietor applied for a cross-claim for the quality defect and delay delivery amounting to RMB208 million. On 16 January2015, the Company and the proprietor reached an agreement under the mediation by arbitration institute. According to the agreement, the proprietor was required to pay RMB131.00 million to the Company before June 2015 to end the debtor-creditor relationship between the Company and the proprietor. And as of the date of this reporting, RMB60 million has been received.

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

Company

	Year ended 31 December	
	2014 **RMB'000**	2013 RMB'000
Trade and notes payable		
Trade payables	**2,714,161**	2,613,346
Notes payables	**578,916**	48,383
Other payables		
Advances from customers	**2,045,012**	920,779
Staff welfare payable	**3,168**	26,643
Tax payable	**26,411**	17,803
Others	**645,067**	302,671
	2,719,658	1,267,896
Total trade and other payables – current portion	**6,012,735**	3,929,625

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

35. TRADE AND OTHER PAYABLES (Continued)

Ageing analysis of trade payables is as follows:

Group

	At 31 December	
	2014	2013
	RMB'000	RMB'000
Within 1 year	**5,893,027**	6,365,006
Between 1 and 2 years	**1,797,147**	989,089
Between 2 and 3 years	**497,590**	561,216
Over 3 years	**377,193**	188,187
	8,564,957	8,103,498

Company

	At 31 December	
	2014	2013
	RMB'000	RMB'000
Within 1 year	**1,463,045**	1,551,943
Between 1 and 2 years	**727,398**	494,230
Between 2 and 3 years	**196,401**	508,134
Over 3 years	**327,317**	59,039
	2,714,161	2,613,346

35. TRADE AND OTHER PAYABLES (Continued)

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

Group

	At 31 December	
	2014	2013
	RMB'000	RMB'000
RMB	**12,058,231**	10,171,720
USD	**1,977,847**	951,837
Others	**146,698**	25,425
	14,182,776	11,148,982

Company

	At 31 December	
	2014	2013
	RMB'000	RMB'000
RMB	**4,070,380**	2,955,571
USD	**1,795,091**	951,837
Others	**147,264**	22,217
	6,012,735	3,929,625

36. CURRENT AND DEFERRED TAXATION

Group

Deferred income tax assets and liabilities recognised:

The analysis of deferred income tax assets and liabilities is as follows:

	At 31 December	
	2014 **RMB'000**	2013 RMB'000
Deferred income tax assets:		
– Deferred income tax assets to be recovered after more than 12 months	**310,240**	286,338
– Deferred income tax assets to be recovered within 12 months	**19,667**	14,549
	329,907	300,887
Deferred income tax liabilities:		
– Deferred income tax liabilities to be settled after more than 12 months	**–**	(9,817)
– Deferred income tax liabilities to be settled within 12 months	**(919)**	(1,818)
	(919)	(11,635)
Deferred income tax assets, net	**328,988**	289,252

36. CURRENT AND DEFERRED TAXATION (Continued)

Group

The gross movement on the deferred income tax account is as follows:

	At 31 December	
	2014	2013
	RMB'000	RMB'000
At the beginning of the year	**289,252**	290,781
Charged to other comprehensive income for fair-value change of available-for-sale financial assets	**(22,688)**	(7,694)
Reclassified to profit on disposal of available-for-sale financial assets	**29,765**	–
Charged to other comprehensive income for remeasurements of post-employment benefit obligations	**9,047**	(33,372)
Tax credited to the consolidated statement of comprehensive income (Note 10)	**23,612**	39,537
At the end of the year	**328,988**	289,252

36. CURRENT AND DEFERRED TAXATION (Continued)

Group

The movement in deferred income tax assets/(liabilities) during the years ended 31 December 2014 and 2013 without taking into consideration the offsetting of balances within the same tax jurisdiction is as follows:

Deferred income tax assets

	Tax losses RMB'000	Provision for retirement and other supplemental benefit obligation RMB'000	Provision for impairment of assets RMB'000	Others RMB'000	Total RMB'000
At 1 January 2013	485	318,188	68,142	40,934	427,749
Credited/(charged) to the consolidated statement of comprehensive income	24,168	(12,409)	32,108	(15,210)	28,657
Charged to other comprehensive income for remeasurements of post-employment benefit obligations	–	(33,372)	–	–	(33,372)
At 31 December 2013	**24,653**	**272,407**	**100,250**	**25,724**	**423,034**
Credited/(charged) to the consolidated statement of comprehensive income	**(9,770)**	**(28,212)**	**63,921**	**(4,001)**	**21,938**
Charged to other comprehensive income for remeasurements of post-employment benefit obligations	**–**	**9,047**	**–**	**–**	**9,047**
At 31 December 2014	**14,883**	**253,242**	**164,171**	**21,723**	**454,019**

36. CURRENT AND DEFERRED TAXATION (Continued)

Group

Deferred income tax liabilities

	Excess of carrying value of assets over tax bases arising from business combination RMB'000	Change in fair value of available-for-sale financial assets RMB'000	Special reserve RMB'000	Others RMB'000	Total RMB'000
At 1 January 2013	96,037	35,971	3,194	1,766	136,968
Charged to the consolidated statement of comprehensive income	(5,921)	–	(3,194)	(1,765)	(10,880)
Charged to other comprehensive income for fair-value change of available-for-sale financial assets	–	7,694	–	–	7,694
At 31 December 2013	90,116	43,665	–	1	133,782
Charged to the consolidated statement of comprehensive income	(6,316)	–	–	4,642	(1,674)
Charged to other comprehensive income for fair-value change of available-for-sale financial assets	–	22,688	–	–	22,688
Reclassified to profit on disposal of available-for-sale financial assets	–	(29,765)	–	–	(29,765)
At 31 December 2014	83,800	36,588	–	4,643	125,031

Deferred income tax assets are recognised for tax losses carried-forward to the extent that the realisation of the related income tax benefit through the future taxable profit is probable. In accordance with the relevant tax law applicable to those companies in their respective jurisdictions, tax losses may be carried forward against future taxable income. The Group did not recognise deferred income tax assets of RMB918,717.15 and nil in respect of tax losses amounting to RMB3,674,868.59 and nil as at 31 December 2014 and 2013, respectively, as management believes it is more likely than not that such tax losses would not be realised before they expire. The tax loss for which no deferred income tax assets recognised mentioned would be expired respectively on 2019 and 2018.

36. CURRENT AND DEFERRED TAXATION (Continued)

Company

Deferred income tax assets and liabilities recognised:

The analysis of deferred income tax assets and liabilities is as follows:

	At 31 December	
	2014	2013
	RMB'000	RMB'000
Deferred income tax assets:		
– Deferred income tax assets to be recovered after more than 12 months	**35,687**	–
– Deferred income tax assets to be recovered within 12 months	**–**	–
	35,687	–
Deferred income tax liabilities:		
– Deferred income tax liabilities to be settled after more than 12 months	**–**	–
– Deferred income tax liabilities to be settled within 12 months	**–**	(9,817)
	–	(9,817)
Deferred income tax assets, net	**35,687**	(9,817)

The gross movement on the deferred income tax account is as follows:

	At 31 December	
	2014	2013
	RMB'000	RMB'000
At the beginning of the year	**(9,817)**	(13,948)
Charged to other comprehensive income for fair-value change of available-for-sale financial assets	**(20,927)**	(8,763)
Reclassified to profit on disposal of available-for-sale financial assets	**29,765**	
Charged to other comprehensive income for remeasurements of post-employment benefit obligations	**(264)**	(1,753)
Tax credited to the statement of comprehensive income	**36,930**	14,647
At the end of the year	**35,687**	(9,817)

36. CURRENT AND DEFERRED TAXATION (Continued)

Company

The movement in deferred income tax assets/(liabilities) during the years ended 31 December 2014 and 2013 without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred income tax assets

	Provision for retirement and other supplemental benefit obligation RMB'000	Provision for impairment of assets RMB'000	Change in fair value of financial liabilities RMB'000	Total RMB'000
At 1 January 2013	15,306	4,027	374	19,707
Credited to the statement of comprehensive income	(4,868)	19,786	(374)	14,544
Charged to other comprehensive income for remeasurements of post-employment benefit obligations	(1,753)	–	–	(1,753)
At 31 December 2013	**8,685**	**23,813**	**–**	**32,498**
Credited to the statement of comprehensive income	**(5,658)**	**47,058**	**–**	**41,400**
Charged to other comprehensive income for remeasurements of post-employment benefit obligations	**(264)**	**–**	**–**	**(264)**
At 31 December 2014	**2,763**	**70,871**	**–**	**73,634**

36. CURRENT AND DEFERRED TAXATION (Continued)

Company

Deferred income tax liabilities

	Change in fair value of financial assets RMB'000
At 1 January 2013	33,655
Charged to other comprehensive income for fair-value change of available-for-sale financial assets	8,763
Credited to the statement of comprehensive income	(103)
At 31 December 2013	**42,315**
Charged to other comprehensive income for fair-value change of available-for-sale financial assets	**20,927**
Reclassified to profit on disposal of available-for-sale financial assets	**(29,765)**
Credited to the statement of comprehensive income	**4,470**
At 31 December 2014	**37,947**

37. DIVIDENDS PAYABLE

Group

	At 31 December	
	2014 RMB'000	2013 RMB'000
Dividends payable:		
Acquisition of subsidiary under non-common control	**2,542**	4,160
Dividends declared to non-controlling interests	**1,961**	–
Equity owners of the subsidiaries before transferred to the Group pursuant to the reorganisation before Listing (i)	**53,080**	53,080
	57,583	57,240

Note

(i) The payment plan of the dividends payable to the then equity owners of subsidiaries prior to the transfer to the Group pursuant to the reorganisation, amounting to RMB53.08 million has not yet to be agreed between the subsidiary and the then equity owners as at 31 December 2014 and 2013.

38. SENIOR PERPETUAL SECURITIES

On 22 February 2014, the Group's wholly owned subsidiary Chalieco Hong Kong Corporation Limited (the "Issuer") issued senior perpetual capital securities (the "Senior Perpetual Securities"), with a total amount of USD 300 million. The Group has the right to redeem the Senior Perpetual Securities in and after 2017. The initial distribution rate of the Senior Perpetual Securities is 6.875% per annum semi-annually. The distribution rate will be reset each day falling every 3 calendar years after 28 February 2017; and the relevant reset distribution rate will be the sum of (a) the initial spread of 6.152%; (b) the treasure rate and (c) a margin of 5% per annum. The Group may, at its sole discretion, elect to defer any scheduled distribution on the Senior Perpetual Securities. 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.

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 the IAS 32 Financial Instruments, and are classified as non-controlling interests and subsequent distribution declared will be treated as profit distribution to equity owners.

The Issuer paid the semi-annual dividend of USD 10.3125 million for the half year on 21 August 2014; and paid the semi-annual dividend of USD 10.3125 million for the half year ended 22 February 2015 before the date of this reporting.

The Senior Perpetual Securities, with an aggregation of principal amount of USD 300 million, plus profit belonged to holders of the Senior Perpetual Securities and deducted by the semi-annual dividend for the half year ended 21 August 2014 and the issuance costs, are recorded as minority interests amounted at RMB1,861 million.

39. COMMITMENTS

(a) Capital commitments

Capital commitments for the purchase of property, plant and equipment outstanding, and committed investment at each year-end not provided for in the consolidated financial statement were as follows:

	At 31 December	
	2014	2013
	RMB'000	RMB'000
Contracted but not provided for		
– Property, plant and equipment	**151,754**	100,434
– investment (i)	**1,223,800**	–
Authorised but not contracted for		
– Property, plant and equipment	**8,800**	39,563
	1,384,354	139,997

(i) As at 9 October 2014, Chalieco Hong Kong Corporation Limited (中鋁國際香港有限公司) (hereinafter "Chalieco HK"), as a limited partner, and Shanghai Ample Harvest Equity Management Company Limited (上海豐實股權管理有限公司) (hereinafter "Harvest Equity"), as a general partner, signed a partnership agreement to set up a limited partnership, named Shanghai Chalieco Fengyuan Equity Investment Fund Partnership (Limited Partner) (上海中鋁豐源股權投資基金合夥企業（有限合夥）, "Fengyuan") in Shanghai Free Trade Zone, the PRC. According to the contract, Chalieco HK is required to subscribe USD 200 million (equivalent approximately RMB1,224 million) of unit shares of Fengyuan, representing 99.95% of the limited partnership subscription, which is to be paid within 90 days from the date of the establishment of the limited partnership. As at 12 January 2015 and 13 January 2015, USD 30 million and 45 million has been paid to Fengyuan, respectively.

(b) Operating leasing commitments

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

	At 31 December	
	2014	2013
	RMB'000	RMB'000
Within 1 year	**4,216**	8,331
Between 1 year to 5 years	**2,258**	5,164
Total	**6,474**	13,495

40. CASH GENERATED FROM OPERATIONS

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Profit before taxation	**1,097,216**	2,282,842
Adjustment for:		
Provision for impairment of trade and other receivables	**273,097**	123,535
Provision for contract work-in-progress and inventories	**(10,373)**	13,674
Provision for foreseeable losses for construction contracts	**23**	(729)
Depreciation of property, plant and equipment	**132,736**	123,322
Depreciation of investment properties	**1,182**	1,182
Amortisation of intangible assets	**39,391**	35,756
Amortisation of land use rights	**20,853**	22,169
Amortisation of other non-current asset	**2,048**	9,493
Net (gains)/losses on disposal of property, plant and equipment	**(22,242)**	1,140
Interest income	**(311,982)**	(132,290)
Interest expenses	**512,466**	251,238
Net foreign exchange gains	**(64,381)**	(1,311)
Share of (profit)/losses of investment accounted for using the equity method	**(13,381)**	2,071
Dividend income from available-for-sale financial assets	**(1,962)**	(2,352)
Gains on disposal of an associate	**–**	(1,711,734)
(Gains)/losses on disposal of available-for-sale financial assets	**(118,888)**	4,858
Decrease in fair value in financial assets at fair value through profit or loss	**–**	(28)
Interest received from short-term investment	**(10,643)**	(1,037)
Government grant	**(15,598)**	(16,639)
Cash flows from operating activities before changes in working capital	**1,509,562**	1,005,160
Changes generated in working capital		
– Inventories	**(136,323)**	(135,527)
– Contract work-in-progress	**(988,473)**	(1,212,336)
– Trade and other receivables	**(3,010,411)**	(2,646,478)
– Early retirement and other supplemental benefit obligations	**(89,006)**	(202,965)
– Trade and other payables	**1,945,154**	1,206,934
– Restricted cash	**26,291**	36,127
Cash used in operations	**(743,206)**	(1,949,085)

41. 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.

42. FINANCIAL GUARANTEE

As described in the Note 19 (b), the Company is required to take the responsibility of the paying the outstanding balance of the principle and the relevant expected earnings of Harvest Capital once Shanghai Fengtong Fund fails to make the payment in accordance with the terms of the relevant contacts.

The Directors of the Company reviewed all of the relevant contacts and information, and assessed that the fair value of this guarantee at the date of inception was not material, as the repayment made by Shanghai Fengtong Fund was on schedule and the risk of default is remote. Therefor no provision was made for this guarantee.

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES

As at the date 31 December 2014, the Company has direct and indirect interests in the following subsidiaries:

Name	Place and date of incorporation/ establishment and type of legal entity	Registered and fully paid capital	Effective interest held		Proportion of ordinary shares held by non-controlling interests	Principal activities and place of operation	Statutory auditors	
			Direct held	Indirect held			2013	2014
		RMB'000						
China Aluminum International Technology Development Co., Ltd. (中鋁國際技術發展有限公司)	The PRC/ 16 August 2006/ Limited liability company	60,000	100%	–	–	Technical Service/ The PRC	(ii)	(ii)
China Aluminum International Engineering & Equipment Co., Ltd. (中鋁國際工程設備有限公司)	The PRC/ 2 November 2010/ Limited liability company	100,000	100%	–	–	Engineering & Equipment/ The PRC	(ii)	(ii)
Duyun Development Zone Tongda Construction Co., Ltd. (都勻開發區通達建設有限公司)	The PRC/ 27 January 2011/ Limited liability company	230,000	50%	50%	–	Construction/ The PRC	(ii)	(ii)
Shenyang Aluminum & Magnesium Engineering Research Institute Co., Ltd. (瀋陽鋁鎂設計研究院有限公司)	The PRC/ 17 January 1991/ Limited liability company	403,743	100%	–	–	Engineering & Research/ The PRC	(i)	(i)
Shenyang Boyu Science and Technology Co., Ltd. (瀋陽博宇科技有限責任公司)	The PRC/ 19 May 2003/ Limited liability company	9,700	–	100%	–	Consulting & Engineering/ The PRC	(i)	(i)
Shenyang Beiding Estate Management Co., Ltd. (瀋陽北鼎物業管理有限責任公司)	The PRC/ 14 June 1999/ Limited liability company	500	–	100%	–	Property Management/ The PRC	(i)	(i)

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name	Place and date of incorporation/ establishment and type of legal entity	Registered and fully paid capital	Effective interest held		Proportion of ordinary shares held by non-controlling interests	Principal activities and place of operation	Statutory auditors	
			Direct held	Indirect held			2013	2014
		RMB'000						
Shenyang Aluminum & Magnesium Technology Co., Ltd. (瀋陽鋁鎂科技有限公司)	The PRC/ 14 December 2006/ Limited liability company	10,500	–	100%	–	Consulting & Engineering/ The PRC	(i)	(i)
Shenyang Aluminum & Magnesium Engineering & Research Institute Construction Supervision Co., Ltd. (瀋陽鋁鎂設計研究院建設監理有限公司)	The PRC/ 4 March 1994/ Limited liability company	4,118	–	100%	–	Project Supervision/ The PRC	(i)	(i)
Shenyang Gina Advanced Materials Co., Ltd. (瀋陽金納新材料股份有限公司)	The PRC/ 6 December 2001/ Limited liability company	40,000	–	58%	42%	Manufacturing/ The PRC	(i)	(i)
Guiyang Aluminum and Magnesium Design Institute Co., Ltd. (貴陽鋁鎂設計研究院有限公司)	The PRC/ 23 April 2010/ Limited liability company	616,208	100%	–	–	Engineering & Research/ The PRC	(ii)	(ii)
Sixth Construction (Now known as Sixth Metallurgical Construction Company of China Nonferrous Metals Industry) (中國有色金屬工業第六冶金建設有限公司)	The PRC/ 1 March 1984/ Limited liability company	376,815	100%	–	–	Construction/ The PRC	(i)	(i)
Twelfth Construction (Now known as China Nonferrous Metals Industry's 12th Metallurgical Construction Co., Ltd.) (中色十二冶金建設有限公司)	The PRC/ 31 May 1989/ Limited liability company	403,419	100%	–	–	Construction/ The PRC	(i)	(i)

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name	Place and date of incorporation/ establishment and type of legal entity	Registered and fully paid capital	Effective interest held		Proportion of ordinary shares held by non-controlling interests	Principal activities and place of operation	Statutory auditors	
			Direct held	Indirect held			2013	2014
		RMB'000						
Chalieco Shandong Construction Co., Ltd. (中鋁國際山東建設有限公司)	The PRC/ 13 October 2001/ Limited liability company	102,900	100%	–	–	Construction/ The PRC	(i)	(i)
Changkan Institute (Now known as China Nonferrous Metals Changsha Investigation and Design Research Institute Co., Ltd.) (中國有色金屬工業長沙勘察設計研究院有限公司)	The PRC/ 17 October 1992/ Limited liability company	50,730	100%	–	–	Engineering & Research/ The PRC	(i)	(i)
China Nonferrous Metals Processing Technology Co., Ltd. (中色科技股份有限公司)	The PRC/ 15 January 2002/ Limited liability company	115.150	73.5%	–	26.5%	Engineering & Equipment/ The PRC	(i)	(i)
China Aluminum Great wall Construction Co., Ltd. (中鋁長城建設有限公司)	The PRC/ 25 October 1979/ Limited liability company	168,536	100%	–	–	Construction/ The PRC	(i)	(i)
Chalieco (Tianjin) Construction Co., Ltd. (中鋁國際(天津)建設有限公司)	The PRC/ 25 December 2006/ Limited liability company	143,000	100%	–	–	Construction/ The PRC	(i)	(i)
Guiyang Aluminum and Magnesium Design Institute Co., Ltd. (貴陽鋁鎂設計研究院工程承包有限公司)	The PRC/ 8 April 2010/ Limited liability company	2,882	–	100%	–	Engineering & Research/ The PRC	(ii)	(ii)
Guiyang Zhenxing Aluminum & Magnesium Technological Development Co., Ltd. (貴陽振興鋁鎂科技產業發展有限公司)	The PRC/ 30 April 1998/ Limited liability company	30,000	–	100%	–	Engineering & Research/ The PRC	(ii)	(ii)

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name	Place and date of incorporation/ establishment and type of legal entity	Registered and fully paid capital	Effective interest held		Proportion of ordinary shares held by non-controlling interests	Principal activities and place of operation	Statutory auditors	
			Direct held	Indirect held			2013	2014
		RMB'000						
Guizhou Light Metal Innovation Research and Equipment Process Co., Ltd. (貴州創新輕金屬工藝裝備工程技術研究中心有限公司)	The PRC/ 30 April 2010/ Limited liability company	5,000	–	100%	–	Research & Equipment/ The PRC	(ii)	(ii)
Guiyang Xinyu Construction Supervision Co., Ltd. (貴陽新宇建設監理有限公司)	The PRC/ 25 June 1994/ Limited liability company	13,420	–	100%	–	Project Supervision/ The PRC	(ii)	(ii)
Suzhou Engineering & Research Institute for Nonferrous Metal Research Co., Ltd. (蘇州有色金屬研究院有限公司)	The PRC/ 2 December 2002/ Limited liability company	99,130	40.35%	43.84%	15.81%	Engineering & Research/ The PRC	(i)	(i)
Luoyang Jincheng Construction Supervision Co., Ltd. (洛陽金誠建設監理有限公司)	The PRC/ 5 March 2002/ Limited liability company	5,000	–	73.5%	26.5%	Project Supervision/ The PRC	(i)	(i)
Suzhou Nonferrous Metal Materials Deyuan Environmental Protection Co., Ltd. (蘇州中色德源環保科技有限公司)	The PRC/ 16 August 2012/ Limited liability company	25,000	–	47.27%	52.73%	Engineering & Research/ The PRC	(i)	(i)
Sixth Metallurgical Construction Company of China Nonferrous (中國有色金屬工業六冶洛陽有限公司)	The PRC/ 1 March 1989/ Limited liability company	16,598	–	100%	–	Construction/ The PRC	(i)	(i)
Shenzhen Changkan Investigation and Design Co., Ltd. (深圳市長勘勘察設計有限公司)	The PRC/ 10 June 2001/ Limited liability company	15,020	–	100%	–	Engineering & Research/ The PRC	(i)	(i)

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name	Place and date of incorporation/ establishment and type of legal entity	Registered and fully paid capital	Effective interest held		Proportion of ordinary shares held by non-controlling interests	Principal activities and place of operation	Statutory auditors	
			Direct held	Indirect held			2013	2014
		RMB'000						
Hainan Changkan Investigation and Design Co., Ltd. (海南長勘勘察設計有限公司)	The PRC/ 8 November 2001/ Limited liability company	9,062	–	100%	–	Engineering & Research/ The PRC	(i)	(i)
Changsha Institute (長沙有色冶金設計研究院有限公司)	The PRC/ 18 November 1991/ Limited liability company	359,938	100%	–	–	Design & Engineering/	(i)	(i)
Hunan Huachu Machinery Co., Ltd. (湖南華楚機械有限公司)	The PRC/ 17 October 2007/ Limited liability company	4,500	–	100%	–	Engineering & Equipment/ The PRC	(i)	(i)
Hunan Huachu Engineering Construction Consultancy and supervision Co., Ltd. (湖南華楚工程建設諮詢監理有限公司)	The PRC/ 29 March 1993/ Limited liability company	6,000	–	100%	–	Project Supervision/ The PRC	(i)	(i)
Hunan Changye Construction Drawing Examination Co., Ltd. (湖南長冶建設工程施工圖審查有限公司)	The PRC/ 18 January 2005/ Limited liability company	3,300	–	100%	–	Construction Drawing Examination/ The PRC	(i)	(i)
Luoyang Jinyan Nonferrous Metal Processing Equipment Nonferrous Co., Ltd. (洛陽金延有色金屬加工設備有限責任公司)	The PRC/ 24 April 2001/ Limited liability company	34,300	–	63.45%	36.55%	Engineering & Equipment/ The PRC	(i)	(i)

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name	Place and date of incorporation/ establishment and type of legal entity	Registered and fully paid capital	Effective interest held		Proportion of ordinary shares held by non-controlling interests	Principal activities and place of operation	Statutory auditors	
		RMB'000	Direct held	Indirect held			2013	2014
Metallurgical and Electrical Installation Engineering Co., Ltd of the Sixth Metallurgical Construction Company of China Nonferrous Metals Industry (中國有色金屬工業六冶機電安裝有限公司)	The PRC/ 16 August 1984/ Limited liability company	11,173	–	100%	–	Construction/ The PRC	(i)	(i)
Liaoning Sixth Metallurgical Construction Co., Ltd. (遼寧六冶建設有限公司)	The PRC/ 23 September 2011/ Limited liability company	20,000	–	100%	–	Construction/ The PRC	(i)	(i)
Sixth Metallurgical (Zhenzhou) Technology Heavy Industry Co., Ltd (六冶（鄭州）科技重工有限公司)	The PRC/ 25 October 2012/ Limited liability company	50,000	–	100%	–	Engineering & Equipment/ The PRC	(i)	(i)
Suzhou Nonferrous Metal Materials Science and technical development Co., Ltd (蘇州中色金屬材料科技有限公司)	The PRC/ 21 September 2011/ Limited liability company	40,000	–	76.71%	23.29%	Engineering & Equipment/ The PRC	(i)	(i)
Huachu High-Tech (Hunan) Co., Ltd (華楚高新科技（湖南）有限公司)	The PRC/ 17 October 2011/ Limited liability company	35,000	–	100%	–	Engineering & Research/ The PRC	(i)	(i)
Chinalco Huada High-Tech Co., Ltd. (中鋁華大科技股份有限公司)	The PRC/ 9 December 2011/ Limited liability company	Paid Capital: 20,944 Registered Capital: 53,000	–	51%	49%	Engineering & Research/ The PRC	(ii)	(ii)

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name	Place and date of incorporation/ establishment and type of legal entity	Registered and fully paid capital	Effective interest held		Proportion of ordinary shares held by non-controlling interests	Principal activities and place of operation	Statutory auditors	
		RMB'000	Direct held	Indirect held			2013	2014
China Nonferrous Metals Industry's 12th Metallurgical Construction (Liaoning) Co., Ltd. (中色十二冶金建設(遼寧)有限公司)	The PRC/ 23 September 2011/ Limited liability company	20,000	–	100%	–	Construction/ The PRC	(i)	(i)
China Nonferrous Metals Industry's 12th Metallurgical Construction (Dalian) Co., Ltd. (中色十二冶金建設(大連)有限公司)	The PRC/ 19 December 2012/ Limited liability company	8,000	–	100%	–	Construction/ The PRC	(i)	(i)
Beijing Huayu Aerospace Control High-Tech Co., Ltd. (北京華宇天控科技有限公司)	The PRC/ 26 October 2011/ Limited liability company	17,500	–	60%	40%	Engineering & Research/ The PRC	(i)	(i)
Wenzhou Tonggang Construction Co., Ltd (溫州通港建設有限公司)	The PRC/ 2 October 2012/ Limited liability company	30,000	93%	7%	–	Construction/ The PRC	(i)	(i)
Wenzhou Tongrun Construction Co., Ltd (溫州通潤建設有限公司)	The PRC/ 21 December 2012/ Limited liability company	100,000	60%	40%	–	Construction/ The PRC	(i)	(i)
Chalieco Venezuela C.A (中鋁國際委內瑞拉股份有限公司)	The Venezuela/ 31 August 2012/ Limited liability company	USD10,000	100%	–	–	Construction/ The Bolivarian Republic of Venezuela	N/A	N/A
Chalieco Hongkong Corporation Limited (中鋁國際香港有限公司)	Hong Kong, the PRC/ 10 December 2013/ Limited liability company	USD1	100%	–	–	Investment/ Hong Kong	N/A	(i)

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name	Place and date of incorporation/ establishment and type of legal entity	Registered and fully paid capital	Effective interest held		Proportion of ordinary shares held by non-controlling interests	Principal activities and place of operation	Statutory auditors	
		RMB'000	Direct held	Indirect held			2013	2014
Guizhou Xinfeng Mechanical and Electrical Equipment Company Limited (貴州新峰機電設備有限公司)	The PRC/ 8 June 2007/ Limited liability company	Paid Capital: 1,000 Registered Capital: 15,500	–	100%	–	Engineering & Equipment/ The PRC	(ii)	(ii)
Guizhou Shunan Mechanical and Electrical Equipment Company Limited (貴州順安機電設備有限公司)	The PRC/ 21 November 2012/ Limited liability company	Paid Capital: 3,500 Registered Capital: 15,500	–	100%	–	Engineering & Equipment/ The PRC	(ii)	(ii)
China Aluminuium International Engineering (India) Private Limited (中鋁國際工程(印度)私人有限責任公司)	The India/ 22 November 2012/ Private limited	USD1,000	99.99%	0.01%	–	Construction/ The Republic of India	N/A	N/A
Changsha Tongxiang Construction Co., Ltd (长沙通湘建設有限公司)	The PRC/ 11 November 2013/ Limited liability company	25,000	40%	60%	–	Construction/ The PRC	(i)	(i)
Pingyang Tongyuan Construction Co., Ltd (平阳通源建設有限公司)	The PRC/ 6 August 2013/ Limited liability company	20,000	90%	10%	–	Construction/ The PRC	(i)	(i)
Wenzhou Tongyang Construction Co., Ltd (溫州通洋建設有限公司)	The PRC/ 19 August 2013/ Limited liability company	10,000	80%	20%	–	Construction/ The PRC	(i)	N/A
Wenzhou Tonghui Construction Co., Ltd (溫州通滙建設有限公司)	The PRC/ 18 October 2013/ Limited liability company	30,000	90%	10%	–	Construction/ The PRC	(i)	(i)

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name	Place and date of incorporation/ establishment and type of legal entity	Registered and fully paid capital	Effective interest held		Proportion of ordinary shares held by non-controlling interests	Principal activities and place of operation	Statutory auditors	
			Direct held	Indirect held			2013	2014
		RMB'000						
China Nonferrous Metals Industry's 12th Metallurgical Chongqing Energy Savings Technology Co., Ltd. (中色十二冶金建設重慶節能科技有限公司)	The PRC/ 25 June 2013/ Limited liability company	18,000	–	66.67%	33.33%	Engineering & Research/ The PRC	(i)	(i)
Guizhou Tongye Construction and Development Co., Ltd (貴州通冶建設發展有限公司)(iii)	The PRC/ 4 July 2013/ Limited liability company	30,000	–	45%	55%	Construction/ The PRC	(i)	(i)
Shanxi Nonferrous Metal 12th Metallurgical Co., Ltd (山西中色十二冶物貿有限公司)	The PRC/ 16 August 2013/ Limited liability company	15,000	–	100%	–	Engineering & Equipment/ The PRC	(i)	(i)
Yunnan Kunye Construction and Development Co., Ltd (雲南昆冶建設發展有限公司)	The PRC/ 12 August 2013/ Limited liability company	9,000	–	51%	49%	Construction/ The PRC	(i)	(i)
China Aluminum Lide Construction (Suzhou) Co., Ltd (中鋁澧得建築工程 (蘇州) 有限公司)	The PRC/ 9 December 2013/ Limited liability company	8,000	73.50%	–	26.50%	Construction/ The PRC	(i)	(i)
Guizhou Chenhuida Mining Design Company Limited (貴州晨輝達礦業設計有限公司)	The PRC/ 27 September 2006/ Limited liability company	3,000	–	100%	–	Engineering & Research/ The PRC	(ii)	(ii)
Zhuhai Xinfeng Mechanical and Electrical Equipment Company Limited (珠海新峰機電設備有限公司)	The PRC/ 26 September 2003/ Limited liability company	20,000	–	100%	–	Engineering & Equipment/ The PRC	(ii)	(ii)

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name	Place and date of incorporation/ establishment and type of legal entity	Registered and fully paid capital	Effective interest held		Proportion of ordinary shares held by non-controlling interests	Principal activities and place of operation	Statutory auditors	
		RMB'000	Direct held	Indirect held			2013	2014
Guizhou Yundu Properties Company Limited (貴州匀都置業有限公司)	The PRC/ 7 Janurary 2013/ Limited liability company	128,000	–	100%	–	Property development & Management/ The PRC	(i)	(i)
Guangxi Tongrui Investment and Construction Company Limited (廣西通鋭投資建設有限公司)	The PRC/ 5 December 2013/ Limited liability company	140,000	100%	–	–	Construction/ The PRC	(i)	(i)
Beijing Zichen Investment & Development Co., Ltd. (北京紫宸投資發展有限公司)	The PRC/ 25 February 2014/ Limited liability company	28,000	100%	–	–	Real estate development & Construction/ The PRC	N/A	(i)
DeBao Heng'antai Environmental Protection Technology Co., LTD (德保恒安泰環保科技有限公司)	The PRC/ 15 October 2014/ Limited liability company	Registered Capital: 30,000 Paid Capital: –	–	100%	–	Technology Consulting/ The PRC	N/A	(ii)
Shanxi Hua Chu Mine Engineering Company Limited (山西華楚礦山工程有限公司)	The PRC/ 21 March 2014/ Limited liability company	1,000	–	100%	–	Construction/ The PRC	N/A	N/A
Hunan Tongdu Investment Company Limited (湖南通都投資開發有限公司)	The PRC/ 21 January 2014/ Limited liability company	10,000	60%	40%	–	Construction/ The PRC	N/A	(i)
Chinalco Huaheng Technology (Hunan) Co., Ltd. (中鋁華亨高新科技(湖南)有限公司)	The PRC/ 6 March 2014/ Limited liability company	Registered Capital 114,000/ Paid Capital 24,481	–	100%	–	Engineering & Equipment/ The PRC	N/A	N/A

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name	Place and date of incorporation/ establishment and type of legal entity	Registered and fully paid capital	Effective interest held		Proportion of ordinary shares held by non-controlling interests	Principal activities and place of operation	Statutory auditors	
		RMB'000	Direct held	Indirect held			2013	2014
Zhengzhou Great Wall Construction Inspection Co., Ltd (鄭州長城建設檢測有限公司)	The PRC/ 30 November 2011/ Limited liability company	800	–	100%	–	Construction/ The PRC	N/A	N/A
Xinchengtong Trading (Tianjin) Co., Ltd (鑫誠通貿易(天津)有限公司)	The PRC/ 13 February 2014/ Limited liability company	5,000	–	100%	–	Trading/ The PRC	N/A	(i)
Xinchengtong (Tianjin) Construction Co., Ltd (鑫誠通(天津)建築工程有限公司)	The PRC/ 30 May 2014/ Limited liability company	100	–	100%	–	Construction/ The PRC	N/A	(i)
China Aluminum Shandong Chemical Trading Co., Ltd (中鋁國際山東化工商貿有限公司)	The PRC/ 27 June 2014/ Limited liability company	20,000	–	100%	–	Trading/ The PRC	N/A	(ii)
Changsha Cinqsoft Information Technology Co., Ltd (長沙華恒園信息科技有限責任公司)	The PRC/ 21 August 2003/ Limited liability company	2,000	–	100%	–	Software development & Technical Service/ The PRC	N/A	(ii)

Notes:

(i) PricewaterhouseCoopers Zhong Tian LLP (普華永道中天會計師事務所(特殊普通合夥))

(ii) Daxin Certificated Public Accountants LLP (大信會計師事務所(特殊普通合夥))

(iii) According to the articles of association of Guizhou Tongye Construction and Development Co., Ltd., China Nonferrous Metals Industry's 12th Metallurgical Construction Co., Ltd. held 45% equity interest and 67% voting right of those company, and has the power to decide the financial and operating policies.

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

44. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

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

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

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

44. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(a) Significant related party transactions arising with Chinalco and its subsidiaries and jointly controlled entity and joint venture of the Group

	At 31 December	
	2014	2013
	RMB'000	RMB'000
Sales of goods or provision of service to:		
– Ultimate holding company	**5,595**	5,974
– Associates of ultimate holding company	**2,237**	18,168
– Fellow subsidiaries	**1,457,044**	2,396,702
– A jointly controlled entity of ultimate holding company	**7,525**	76,467
	1,472,401	2,497,311
Purchase of goods and service from fellow subsidiaries	**66,932**	50,332
Rental expense	**6,958**	7,126
Borrowings from fellow subsidiaries	**882,000**	960,000
Borrowings from joint venture	**200,000**	–
Interest received from Chinalco Finance	**6,819**	1,620
Interest paid to Chinalco Finance	**33,733**	16,905

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

44. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(a) Significant related party transactions arising with Chinalco and its subsidiaries and jointly controlled entity and joint venture of the Group (continued)

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

– Sales and purchase of goods and services;

– Purchase of assets;

– Lease of assets; and;

– Bank deposits and borrowings.

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

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

44. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(b) Year end balances arising from Chinalco and its subsidiaries and jointly controlled entity and joint venture of the Group

	At 31 December	
	2014 **RMB'000**	2013 RMB'000
Trade receivables		
– Fellow subsidiaries	**1,817,515**	1,833,349
– Associates of ultimate holding company	**4,277**	550
– A jointly controlled entity of ultimate holding company	**6,028**	13,095
	1,827,820	1,846,994
Prepayments to suppliers		
– Fellow subsidiaries	**1,077**	6,747
Other receivables		
– Fellow subsidiaries	**42,037**	74,306
Trade payables		
– Fellow subsidiaries	**105,658**	125,401
Advance from customers		
– Ultimate holding company	**–**	780
– Fellow subsidiaries	**94,247**	170,973
	94,247	171,753
Other payables		
– Ultimate holding company	**–**	600
– Fellow subsidiaries	**58,279**	89,792
	58,279	90,392
Borrowings		
– Fellow subsidiaries (Note 34)	**883,039**	660,000
– Joint venture (Note 34)	**200,000**	–
	1,083,039	660,000

44. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(b) Year end balances arising from Chinalco and its subsidiaries and jointly controlled entity and joint venture of the Group (continued)

Notes:

(i) Trade receivables, prepayments to suppliers and other receivables are unsecured, interest free and repayable on demand.

(ii) All trade receivables and payables will be settled accordingly to the terms agreed with the involved parties. The Group has acted as the guarantor mainly for various external borrowings made by certain fellow subsidiaries.

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

(c) Key management personnel remuneration

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

	At 31 December	
	2014 RMB'000	2013 RMB'000
Salaries and other allowances	**1,749**	2,216
Discretionary bonus	**1,714**	2,351
Retired benefits	**368**	400
	3,831	4,967

45. EVENTS AFTER THE BALANCE SHEET DATE

Other than the subsequent events disclosed below and elsewhere in the consolidated financial statements, no other significant subsequent events took place subsequent to 31 December 2014:

On 10 February 2015, the Company has issued the first tranche of 2015 non-public placement debt financing instruments with issuance amounts of RMB1.5 billion with a maturity period of 180 days. The unit face value is RMB100 with an interest rate of 5.05% per annum.

46. APPROVAL OF THE FINANCIAL STATEMENTS

These consolidated financial statements have been approved for issue by the Board of Directors on 12 March 2015.

GLOSSARY OF TERMS

"Articles of Association" or "Articles"	the articles of association of the Company, being adopted on 26 July 2011
"Associate(s)"	has the meaning ascribed thereto in the Listing Rules
"Audit Committee"	the audit committee of the Board
"Chalco"	Aluminum Corporation of China Limited (中國鋁業股份有限公司), a joint stock limited liability company incorporated under the laws of the PRC and listed on New York Stock Exchange, Shanghai Stock Exchange and the Hong Kong Stock Exchange (stock code: 2600) and a subsidiary of Chinalco
"Changcheng Construction"	China Aluminum Great wall Construction Co., Ltd. (中鋁長城建設有限公司)
"Changkan Institute"	China Nonferrous Metals Changsha Investigation and Design Research Institute Co., Ltd. (中國有色金屬長沙勘察設計研究院有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of our Company
"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
"China Aluminum Equipment"	China Aluminum International Engineering Equipment Co., Ltd. (中鋁國際工程設備有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of our Company
"China Aluminum Technology"	China Aluminum International Technology Development Co., Ltd. (中鋁國際技術發展有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of our Company
"Chinalco"	Aluminum Corporation of China (中國鋁業公司), a state-owned enterprise incorporated under the laws of the PRC and our Controlling Shareholder
"Chinalco Finance"	Chinalco Finance Company Limited
"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
"Companies Ordinance"	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

"Company" or "our Company", "Chalieco", "we", "us" or "our"	China Aluminum International Engineering Corporation Limited (中鋁國際工程股份有限公司), a joint stock limited company incorporated under the laws of the PRC on 30 June 2011, and except where the context otherwise requires in respect of the period before our Company became the holding company of our present subsidiaries, the present subsidiaries of our Company and the business carried on by such subsidiaries or (as the case may be) their respective predecessors
"Connected Person"	has the meaning ascribed thereto in the Listing Rules
"Connected Transaction"	has the meaning ascribed thereto in the Listing Rules
"controlling shareholders"	has the meaning ascribed thereto in the Listing Rules
"Domestic Shares"	ordinary shares of our capital, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi
"Duyun Tongda"	Duyun Development Zone Tongda Construction Co., Ltd. (都勻開發區通達建設有限公司), a company incorporated in the PRC with limited liability, the equity interest of which is held by our Company (as to 50%), Sixth Metallurgical Company (as to 30%) and GAMI (as to 20%)
"GAMI"	Guiyang Aluminum & Magnesium Design Institute Co., Ltd. (貴陽鋁鎂設計研究院有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of our Company, and (where the context requires) its subsidiaries
"Global Offering"	the Hong Kong Public Offering and the International Offering
"Group"	the Company and its subsidiaries
"H Share(s)"	the overseas listed foreign invested shares, with a nominal value of RMB1.00 each in the ordinary share capital of our Company, which are to be subscribed for and traded in HK dollars and for which an application has been made for the granting of listing, and permission to deal, on the Stock Exchange
"HK$" or "Hong Kong dollars" or "HK dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"IFRS"	International Financial Reporting Standards issued by the International Accounting Standards Board
"International Accounting Standards"	the International Accounting Standards and its interpretation
"Latest Practicable Date"	31 March 2015, being the latest practicable date prior to the printing of this annual report for containing certain information in annual report

"Listing"	listing of our H Shares on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Luoyang Institute"	Luoyang Engineering & Research Institute for Nonferrous Metals Processing (洛陽有色金屬加工設計研究院), an enterprise incorporated in the PRC owned by the whole people, one of our Promoters and Shareholders
"Main Board"	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
"Ministry of Finance"	the Ministry of Finance of the People's Republic of China
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers
"Nomination Committee"	the nomination committee of the Board
"OFAC"	the U.S. Department of Treasury's Office of Foreign Assets Control
"PRC" or "China" or "People's Republic of China"	the People's Republic of China which, for the purpose of this prospectus(to be confiremed), excludes Hong Kong, Macau Special Administration Region of the PRC and Taiwan
"Promoter(s)"	our Promoters, being Chinalco and Luoyang Institute
"Prospectus"	the Prospectus issued on 22 June 2012 by Company
"Province" or "province"	a province or, where the context requires, a provincial level autonomous region or municipality under the direct supervision of the central government of the PRC
"Renminbi" or "RMB"	the lawful currency of the PRC
"Remuneration Committee"	the remuneration committee of the Board
"Risk Management Committee"	the risk management committee of the Board
"SAMI"	Shenyang Aluminum & Magnesium Engineering & Research Institute Co., Ltd. (瀋陽鋁鎂設計研究院有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of our Company, and (when the context requires) its subsidiaries

"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shandong Construction"	Aluminum International Shandong Construction Co., Ltd. (中鋁國際山東建設有限公司)
"Shareholder(s)"	holder(s) of our shares
"Shares"	shares in the share capital of the Company with a nominal value of RMB1.00 each, comprising the Domestic Shares and the H Shares
"Sixth Metallurgical Company"	Sixth Metallurgical Construction Company of China Nonferrous Metals Industry (中國有色金屬工業第六冶金建設有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of our Company
"State Council"	the State Council of the People's Republic of China
"Stock Exchange"	the Stock Exchange of Hong Kong Limited
"subsidiaries"	has the meaning ascribed thereto in the Section 2 of the Companies Ordinance
"Supervisor(s)"	one (or all) of our supervisors
"Supervisory Board"	board of Supervisors of the Company
"Tianjin Construction"	Chalieco (Tianjin) Construction Co., Ltd.
"Twelfth Metallurgical Company"	China Nonferrous Metals Industry's 12th Metallurgical Construction Co., Ltd. (中色十二冶金建設有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of our Company
"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"U.S. dollars" or "US$"	United States dollars, the lawful currency of the United States
"Wenzhou Tonggang"	Wenzhou Tonggang Construction Co., Ltd
"Wenzhou Tongrun"	Wenzhou Tongrun Construction Co., Ltd.

CORPORATE INFORMATION

LEGAL NAME OF THE COMPANY

中鋁國際工程股份有限公司

ENGLISH NAME OF THE COMPANY

China Aluminum International Engineering Corporation Limited

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Mr. Wang Jun
Mr. Zhai Feng

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

AUDITOR

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Bank of Communication Co., Ltd.

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CHALIECO

中鋁國際工程股份有限公司
China Aluminum International Engineering Corporation Limited

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