CHALIECO
中铝国际

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)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

FINANCIAL HIGHLIGHTS

- Revenue for the year ended 31 December 2013 amounted to RMB18.145 billion, recorded growth of 10.2% over last year.
- Profit before tax for the year ended 31 December 2013 was RMB2.283 billion, recorded growth of 63.6% over last year.
- Net profit attributable to equity owners of the Company was RMB1.702 billion for the year ended 31 December 2013, recorded growth of 58.8% over last year.
- Earnings per share amounted to RMB0.64 for the year ended 31 December 2013.
- Proposed bonus payment of RMB1.3 for every ten shares in cash for the year ended 31 December 2013.

The board of directors (the "**Board**") of China Aluminum International Engineering Corporation Limited (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2013, together with restated comparative figures for the corresponding period of 2012.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2013

(Denominated in RMB, unless otherwise stated)

	Notes	Year ended 31 December **2013** *RMB'000*	2012 *RMB'000* (Restated)
Revenue	*3*	**18,144,752**	16,465,972
Cost of sales	*6*	**(16,067,549)**	(13,759,408)
Gross profit		**2,077,203**	2,706,564
Selling and marketing expenses	*6*	**(402,208)**	(430,738)
Administrative expenses	*6*	**(1,020,382)**	(914,526)
Other income		**38,010**	77,546
Other (losses)/gains – net	*4*	**(496)**	27,991
Gains on disposal of an associate	*4*	**1,711,734**	–
Operating profit		**2,403,861**	1,466,837
Finance income		**132,290**	94,622
Finance expenses		**(251,238)**	(163,396)
Finance expenses – net	*5*	**(118,948)**	(68,774)
Share of loss of associates		**(2,071)**	(2,258)
Profit before taxation		**2,282,842**	1,395,805
Income tax expense	*7*	**(581,083)**	(282,068)
Profit for the year		**1,701,759**	1,113,737
Fair value gains/(losses) on available-for-sale financial assets, net of tax		**20,231**	(30,274)
Remeasurements of post employment benefit obligations, net of tax		**109,243**	84,122
Currency translation differences		**(1,030)**	–
Other comprehensive income for the year, net of tax		**128,444**	53,848
Total comprehensive income for the year		**1,830,203**	1,167,585
Profit attributable to:			
Equity owners of the Company		**1,702,361**	1,072,158
Non-controlling interests		**(602)**	41,579
Profit for the year		**1,701,759**	1,113,737
Total comprehensive income attributable to:			
Equity owners of the Company		**1,830,788**	1,125,644
Non-controlling interests		**(585)**	41,941
Total comprehensive income for the year		**1,830,203**	1,167,585
Earnings per share for profit attributable to equity owners of the Company during the year	*8*	**0.64**	0.43
Dividends	*9*	**346,211**	532,632

CONSOLIDATED BALANCE SHEET
As at 31 December 2013
(Denominated in RMB, unless otherwise stated)

		As at 31 December	
		2013	2012
	Notes	***RMB'000***	*RMB'000*
			(Restated)
ASSETS			
Non-current assets			
Property, plant and equipment		**1,682,332**	1,577,011
Land use rights		**834,237**	798,030
Investment properties		**28,825**	30,007
Prepayments and other receivables		**774,672**	192,543
Trade and notes receivables	*10*	**1,223,760**	1,215,820
Intangible assets		**221,576**	220,729
Investment in associates		**21,801**	47,760
Available-for-sale financial assets		**259,042**	191,329
Deferred income tax assets		**300,887**	312,632
Other non-current assets		**15,987**	4,845
Total non-current assets		**5,363,119**	4,590,706
Current assets			
Inventories		**835,206**	712,624
Trade and notes receivables	*10*	**7,739,918**	5,198,928
Prepayment and other receivables		**1,493,779**	1,603,072
Amounts due from customers for contract work		**5,989,329**	4,776,992
Current income tax prepayments		**36,690**	4,103
Available-for-sale financial assets		**11,000**	1,000
Financial assets at fair value through profit or loss		**–**	413
Restricted cash		**239,678**	275,805
Time deposits		**41,480**	198,305
Cash and cash equivalents		**6,456,158**	2,759,653
Total current assets		**22,843,238**	15,530,895
Total assets		**28,206,357**	20,121,601

CONSOLIDATED BALANCE SHEET – Continued
As at 31 December 2013
(Denominated in RMB, unless otherwise stated)

		As at 31 December	
		2013	2012
	Notes	***RMB'000***	*RMB'000*
			(Restated)
EQUITY			
Share capital		**2,663,160**	2,663,160
Reserves	*11*	**3,708,696**	2,410,540
Consolidated equity attributable to equity owners of the Company		**6,371,856**	5,073,700
Non-controlling interests		**169,390**	124,102
Total equity		**6,541,246**	5,197,802
LIABILITIES			
Non-current liabilities			
Deferred income		**97,066**	79,022
Long-term borrowings		**290,152**	190,349
Retirement and other supplemental benefit obligations		**1,120,579**	1,323,545
Deferred income tax liabilities		**11,635**	21,851
Trade and other payables	*12*	**239,444**	343,841
Total non-current liabilities		**1,758,876**	1,958,608
Current liabilities			
Trade and other payables	*12*	**10,909,538**	10,292,577
Dividends payable		**57,240**	53,080
Financial liabilities at fair value through profit or loss		**–**	1,499
Amounts due to customers for contract work		**726,086**	211,443
Short-term borrowings		**7,595,740**	2,193,491
Current income tax liabilities		**501,010**	94,097
Retirement and other supplemental benefit obligations		**116,621**	119,004
Total current liabilities		**19,906,235**	12,965,191
Total liabilities		**21,665,111**	14,923,799
Total equity and liabilities		**28,206,357**	20,121,601
Net current assets		**2,937,003**	2,565,704
Total assets less current liabilities		**8,300,122**	7,156,410

NOTES:

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.

2 Basis of preparation and accounting policy

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

2.1 Basis of preparation

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.

2 Basis of preparation and accounting policy – Continued

2.1 *Basis of preparation* – Continued

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

The preparation of 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.

2.2 *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 2013:

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

- IAS 19, 'Employee benefits' was revised in June 2011. The revised standard had eliminated the corridor approach and all of the actuarial gain or loss to be recognised immediately in other comprehensive income. The Group has applied the revised standard retrospectively in accordance with the transition provisions of this revised standard. See note 14 for the impact on the consolidated balance sheet as at 31 December 2012 and the consolidated statement of comprehensive income for the year ended 31 December 2012.

2 Basis of preparation and accounting policy – Continued

2.2 Changes in accounting policy and disclosures – Continued

(a) New and amended standards adopted by the Group – Continued

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

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

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

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

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

2 Basis of preparation and accounting policy – Continued

2.2 Changes in accounting policy and disclosures – Continued

(a) New and amended standards adopted by the Group – Continued

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

(b) New standard and interpretations not yet adopted

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

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

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

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

3 Revenue and segment information

(i) Revenue

The Group's revenue is set out below:

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

(ii) Segment information

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

	Engineering design and consultancy *RMB'000*	Engineering and construction contracting *RMB'000*	Equipment manufacturing *RMB'000*	Inter-segment elimination *RMB'000*	Total *RMB'000*
Segment revenue	2,021,515	15,787,885	933,890	(598,538)	18,144,752
Inter-segment revenue	(156,137)	(22,424)	(419,977)	598,538	–
Revenue	1,865,378	15,765,461	513,913	–	18,144,752
Segment result	323,293	365,636	30,343	(27,145)	692,127
Gains on disposal of an associate	–	1,711,734	–	–	1,711,734
Finance income	9,706	124,256	873	(2,545)	132,290
Finance expenses	(52,630)	(192,458)	(8,668)	2,518	(251,238)
Share of loss of associate	–	(2,071)	–	–	(2,071)
Profit before taxation	280,369	2,007,097	22,548	(27,172)	2,282,842
Income tax expense					(581,083)
Profit for the year					1,701,759

3 Revenue and segment information – Continued

(ii) Segment information – Continued

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

	Engineering design and consultancy *RMB'000* (Restated)	Engineering and construction contracting *RMB'000* (Restated)	Equipment manufacturing *RMB'000* (Restated)	Inter-segment elimination *RMB'000* (Restated)	Total *RMB'000* (Restated)
Segment revenue	2,140,445	13,569,084	1,024,076	(267,633)	16,465,972
Inter-segment revenue	(108,155)	(28,778)	(130,700)	267,633	–
Revenue	2,032,290	13,540,306	893,376	–	16,465,972
Segment result	473,561	885,515	106,841	920	1,466,837
Finance income	13,474	79,313	2,314	(479)	94,622
Finance expenses	(32,476)	(119,147)	(15,196)	3,423	(163,396)
Share of loss of associates	–	(2,258)	–	–	(2,258)
Profit before taxation	454,559	843,423	93,959	3,864	1,395,805
Income tax expense					(282,068)
Profit for the year					1,113,737

4 Gains from disposal of an associate

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 and the assets valuation amount of the 46% equity interest of the Shenzhen Hengtong Development Co., Ltd. is RMB679,154,600 with reference to date of July 2013. The Group had received all of the consideration from the Purchaser on 30 December 2013 and the equity transfer certification was issued by the Shanghai United Assets and Equity Exchange (上海聯合產權交易所) on 30 December 2013. The Group gets a net gains amounting to RMB1,711,734,000 from the disposal of this associate.

5 Finance expenses – net

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

6 Expenses by nature

	Year ended 31 December	
	2013	2012
	RMB'000	*RMB'000*
		(Restated)
Raw materials and consumables used	**5,711,488**	4,538,159
Purchased equipment	**2,015,436**	1,938,002
Subcontracting charges	**6,627,713**	5,638,463
Employee benefits	**1,228,752**	1,254,136
Depreciation and amortisation		
– property, plant and equipment	**123,322**	120,600
– investment properties	**1,182**	1,183
– land use rights	**22,169**	19,415
– intangible assets	**35,756**	39,507
Fuel and heating expenditure	**1,540**	22,661
Business tax and other transaction taxes	**365,420**	378,412
Travelling expenses	**191,453**	150,925
Office expenses	**33,180**	28,657
Transportation costs	**5,818**	30,382
Operating lease rentals	**30,813**	39,710
Provision for impairment of assets		
– trade and notes receivables	**116,652**	28,912
– prepayments and other receivables	**12,977**	8,594
– foreseeable losses on construction contracts	**–**	230
– inventories	**13,720**	–
Reversal of provision for impairment of assets		
– trade and notes receivables	**(5,147)**	(4,490)
– prepayments and other receivables	**(947)**	(1,642)
– foreseeable losses of construction contracts	**(729)**	(5,772)
– inventories	**(46)**	–
Research and development costs	**175,106**	163,760
Repairs and maintenance	**14,523**	17,602
Advertising expenditure	**366**	1,256
Insurance expenditure	**3,698**	2,665
Professional and technical consulting fees	**65,171**	121,750
Auditors' remuneration	**5,134**	9,562
Outsourcing charges	**67,136**	26,050
Bank charges	**17,770**	14,720
Business development and entertainment	**60,943**	70,913
Property management fees	**10,082**	14,225
Others	**539,688**	436,125
Total cost of sales, selling and marketing expenses and administrative expenses	**17,490,139**	15,104,672

7 Income tax expense

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

8 Earnings per share

(a) Basic

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

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

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

8 Earnings per share – Continued

(b) Diluted

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

9 Dividends

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

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

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

Pursuant to the board meeting on 13 March 2014,the Directors recommended the payment of the final dividend of RMB0.13 per ordinary share, totaling amounting to approximately RMB346,210,800. Such dividend is to be approved by the shareholders at the annual general meeting. This recommended dividends has not been reflected as a dividend payable in the financial statements, but will be reflected as an appropriation of the retained earnings for the year ended 31 December 2014.

10 Trade and notes receivables

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

The ageing analysis of these trade receivables is as follows:

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

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.

10 Trade and notes receivables – Continued

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.

11 Reserves

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

11 **Reserves** – Continued

	Attributable to equity holders of the Company							
	Capital reserve *RMB'000*	**Statutory surplus reserve** *RMB'000*	**Available-for-sale financial assets** *RMB'000*	**Remeasure-ments of post-employment benefit obligations** *RMB'000*	**Special reserve** *RMB'000*	**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 gains on available-for-sale financial assets, net of tax	–	–	20,231	–	–	–	–	20,231
Remeasurements of post-employment benefit obligations, net of tax	–	–	–	109,226	–	–	–	109,226
Currency translation differences	–	–	–	–	–	(1,030)		(1,030)
Dividends	–	–	–	–		–	(532,632)	(532,632)
Appropriation of special reserve	–	–	–	–	(26,086)	–	26,086	–
Appropriation of statutory surplus reserve	–	11,599	–	–	–	–	(11,599)	–
At 31 December 2013	**719,102**	**60,290**	**134,601**	**102,763**	**30,531**	**(1,030)**	**2,662,439**	**3,708,696**

12 Trade and other payables

	At 31 December 2013 RMB'000	2012 RMB'000 (Restated)
Trade and notes payable		
Trade payables	**8,103,498**	5,777,592
Notes payable	**315,424**	280,840
	8,418,922	6,058,432
Other payables		
Payment in advance received from Duyun Company	**429,407**	412,485
Provision for potential claim	**40,622**	–
Advances from customers	**1,066,218**	3,108,486
Staff welfare payable	**145,991**	180,445
Tax payable	**295,935**	218,941
Deposit payable	**355,122**	215,388
Housing funds raised by employees	**2,291**	4,339
Amounts paid by other parties on behalf of the Group	**190,014**	205,425
Payables for purchasing equipment	**2,175**	486
Amounts due to related parties	**39,343**	62,077
Others	**162,942**	169,914
	2,730,060	4,577,986
Total trade and other payables	**11,148,982**	10,636,418
Less: Non-current portion	**(239,444)**	(343,841)
Current portion	**10,909,538**	10,292,577

Ageing analysis of trade payables is as follows:

	At 31 December 2013 RMB'000	2012 RMB'000 (Restated)
Within 1 year	**6,365,006**	4,054,921
Between 1 and 2 years	**989,089**	1,326,340
Between 2 and 3 years	**561,216**	161,797
Over 3 years	**188,187**	234,534
	8,103,498	5,777,592

13 Commitments

(a) Capital commitments

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

	At 31 December	
	2013	2012
	RMB'000	*RMB'000*
Contracted but not provided for		
– Property, plant and equipment	**100,434**	188,218
Authorised but not contracted for		
– Property, plant and equipment	**39,563**	37,310
	139,997	225,528

(b) Operating leasing commitments

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

	At 31 December	
	2013	2012
	RMB'000	*RMB'000*
Within 1 year	**8,331**	8,149
Between 1 year to 5 years	**5,164**	2,249
	13,495	10,398

14 Changes in accounting policy

In 2013, the Group adopted IAS 19 (Revsied) 'Employee benefits' which has eliminated corridor approach and all of the actuarial gain or loss to be recognised in the other comprehensive income immediately. The Group has applied the standard retrospectively in accordance with the transition provisions of the standard.

Set out below are adjustments, to reflect the retrospective adoption of the revised accounting policy of employee benefits, made to the relevant accounts of consolidated balance sheet as of 31 December 2012 and the consolidated statements of the comprehensive income for the year ended 31 December 2012.

	As at 31 December 2012 (previously stated)	**Adopt IAS 19 (revised 2011)**	**As at 31 December 2012 (restated)**
	RMB'000	*RMB'000*	*RMB'000*
Assets			
Non-current assets			
Deferred income tax assets	324,368	(11,736)	312,632
Total non-current assets	4,602,442	(11,736)	4,590,706
Total assets	20,133,337	(11,736)	20,121,601
Equity			
Reserves	2,378,635	31,905	2,410,540
Consolidated equity attributable to equity owners of the Company	5,041,795	31,905	5,073,700
Non-controlling interests	124,114	(12)	124,102
Total equity	5,165,909	31,893	5,197,802
Retirement and other supplemental benefit obligations	1,367,174	(43,629)	1,323,545
Total non-current liabilities	2,002,237	(43,629)	1,958,608
Total liabilities	14,967,428	(43,629)	14,923,799
Total equity and liabilities	20,133,337	(11,736)	20,121,601

14 Changes in accounting policy - Continued

	For year ended 31 December 2012 (previously stated)	Adopt IAS 19 (revised 2011)	For year ended 31 December 2012 (Restated)
	RMB'000	*RMB'000*	*RMB'000*
Administrative expenses	(869,598)	(44,928)	(914,526)
Operating profit	1,511,765	(44,928)	1,466,837
Profit before income tax	1,440,733	(44,928)	1,395,805
Income tax expense	(292,546)	10,478	(282,068)
Profit for the year	1,148,187	(34,450)	1,113,737
Item that will not be reclassified subsequently to profit or loss			
Remeasurements of post-employment benefit obligations, net of tax	–	84,122	84,122
Other comprehensive income for the year, net of tax	(30,274)	84,122	53,848
Total comprehensive income for the year	1,117,913	49,672	1,167,585
Profit attributable to:			
Equity owners of the Company	1,106,768	(34,610)	1,072,158
Non-controlling interests	41,419	160	41,579
Profit for the year	1,148,187	(34,450)	1,113,737
Total comprehensive income attributable to:			
Equity owners of the Company	1,076,494	49,150	1,125,644
Non-controlling interests	41,419	522	41,941
Total comprehensive income for the year	1,117,913	49,672	1,167,585

BUSINESS REVIEW FOR 2013

In 2013, in face of the complicating operation environment in both domestic and overseas and difficult challenges in the industry, the Group focused on enhancing three areas: production operation, structural adjustment and management. We insisted on reforming by adopting a market-oriented and revolutionary approach. We grasped the historical chances of "new urbanization" timely to actively explore new operation model and made great efforts in expanding new arena in the market, creating a new record high in production operation results. The aggregated value of contracts newly signed in 2013 amounted to RMB39.3 billion, representing an increase of 7.0% as compared with the corresponding period over last year. The contracts backlog of the Company as of 31 December 2013 amounted to RMB61.5 billion, representing an increase of 32.25% over the end of last year.

I. Successful expansion in business coverage through insisting on implementing various intiatives

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

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

We fully exerted the influence from overseas institutions to proactively collect market information and increased efforts in expanding the overseas market. In 2013, the business of the Company expanded into Africa market for the first time. Also, the Company signed design and consultancy contracts such as the design and consultancy contract of an integrated project of Guinea bauxite and alumina with an European company and a subsidiary successfully signed the design and consultancy contract of the electrolytic reformation project with Qili Aluminum Corporation (齊力鋁業公司) in Malyasia and our subsidiary Twelfth Metallurgical Company successfully signed the EPC contract of the highway from Kodbo (科布多) to Bayan-ulgii (巴音烏列蓋) in Outer Mongolia with the Transportation department of Mongolia. The Company also signed several equipment supply contracts with the customers from Venezuela, Turkey, Australia, UAE and Kazakhstan. Meanwhile, the projects in countries including Venezuela, Vietnam, Indonesia, Brazil, Saudi Arabia, India were actively in progress.

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

In 2013, the Company commenced the pilot testing on 4 subsidiaries, namely Changkan Institute, Shandong Construction, Great Wall Construction and Tianjin Construction, and new project departments for the reform on operation target supported by accountability system, which successfully completed the open recruitment of general managers for those 4 enterprises and established a new operation team.

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

III. Reach a breakthrough in market model through innovative operation mind

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

IV. Securing the capital for the business development with effective realization of the stock assets

In 2013, to realize obsolete stock assets and significantly increase the value of assets. Sixth Metallurgical Company, a wholly-owned subsidiary of the Company, sold its entire 46% equity interest in Shenzhen Hengtong Industry Development Co., Ltd. by way of open offer on Shanghai United Assets and Equity Exchange and received proceeds of RMB1,766,666,666 from the transaction. This transaction realized the non-controlling shareholding and securing the capital for the implementation of upcoming contracts and new business expansion for the Company with sufficient cash flow.

V. Successful initial issuance of non-public debt financing instruments

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

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

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

Operating income

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

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

The following table sets forth our segment revenue:

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

Gains on disposal of an associate

The Group sold the entire 46.00% equity interests of Shenzhen Hengtong Industry Development Co., Ltd. which it's held and got a net gain amounting to RMB1,711.734 million in 2013.

Operating expenses

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

Finance costs, net

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

Operating profit

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

Income tax

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

Net profit

In 2013, the Group realised profit after taxation RMB1,701.8 million, representing an increase of 52.80% from RMB1,113.7 million in 2012. Net profit attributable to equity holders of the Group was RMB1,702.4 million, representing an increase of 58.78% from RMB1,072.2 million in 2012.

Bonus

In 2013, the Group proposed to pay bonus of RMB1.3 bonus for every ten shares (tax inclusive) in cash, in aggregated amount of RMB346.2 million, based on the share capital of 2,663.16 million shares as at 31 December 2013, which was at the same level with the bonus of RMB1.3 for every ten shares in cash (net of the distributable profit after the allocation realised during October to December 2011) in 2012.

SEGMENTAL OPERATING RESULTS

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

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

Engineering Design and Consultancy

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

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

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

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

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

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

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

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

Engineering and Construction Contracting

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

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

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

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

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

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

Administrative expenses. In 2013, administrative expenses of engineering and construction contracting business were RMB531.7 million, representing an increase of 35.05% from RMB393.7 million in 2012, primarily due to the growth of investment in research and development and the increase in cost as a result of adjustment for the standard of the subsidies of retirement staff.

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

Equipment Manufacturing

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

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

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

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

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

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

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

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

FINANCIAL REVIEW

Liquidity and capital resources

As of 31 December 2013, the Group had cash and cash equivalents of RMB6,456.2 million, representing an increase of RMB3,696.5 million from RMB2,759.7 million in the end of 2012, primarily due to (i) an increase of RMB5,503.9 million in cash as a result of issuance of bonds by the Company and additional bank borrowings; (ii) an increase of RMB1,757.6 million in cash after disposal of an equity investment; (iii) a decrease of RMB708.5 million in cash after payment of dividend and interest; (iv) a decrease of RMB2,167.1 million after payment of capital requirement of production operation; and (v) cash payment of RMB317.6 million for investment such as acquisition of fixed asset.

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

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

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

Net current assets were RMB2,937.0 million, representing an increase of RMB371.3 million from net current assets of RMB2,565.7 million on 31 December 2012, primarily due to a net increase of RMB3,696.5 million in cash and cash equivalents; an increase of RMB2,541 million and RMB1,212.3 million in trade receivables and in amounts due from customers for contract work, respectively, as a result of the Company's business growth, which was partially off-set by the increase of RMB5,402.2 million in new short-term borrowings and RMB617.0 million in trade payables.

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

Loans

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

Gearing ratio

The Group monitors the capital structures on the basis of gearing ratio. The gearing ratio of the Group was 67.41% and 66.63% respectively as of 31 December 2013 and 2012.

Capital expenditure

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

Pledge of assets of the Company

At the reporting period, the subsidiaries of the Group had pledged fixed assets and land use certificate for short-term borrowings amounting to RMB10 million; the subsidiaries of the Group had pledged trade and notes receivables amounting to RMB65.07 million for short term borrowings amounting to RMB50 million.

Contingent liabilities

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

RISK FACTORS

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

Risks relating to cost overruns

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

Risks relating to project delay

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

Risks relating to foreign exchange rate fluctuation

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

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

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

BUSINESS PROSPECT FOR 2014

Outlook of Non-ferrous Metals Industry For 2014

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

Business Outlook of the Company For 2014

In 2014, the Company will advance the contracts with an aggregated value of RBM61.5 billion in full swing in a bid to materialize a stable growth in revenue. Meanwhile, the Company will actively expand the market to ensure a 3.5 times growth in the total contracts and revenue by the end of 2014 so as to maintain a continuous stable growth in business in the future.

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

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

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

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

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2013.

FINAL DIVIDEND

At the meeting on 13 March 2014, the Board recommends the payment of final dividend of RMB0.13 per ordinary share, representing total approximately RMB346,210,800. The dividend will be subject to shareholders' approval at the annual general meeting.

Pursuant to the Enterprise Income Tax Law of the PRC and its implementation rules, which came into force on 1 January 2008 and other relevant rules, where the Company distributes the 2013 final dividend to non-resident enterprise shareholders whose names appear on the register of members for H shares of the Company, it is required to withhold and pay enterprise income tax at the rate of 10% on behalf of those shareholders. Any H shares registered in the name of non-individual registered shareholders, including HKSCC Nominees Limited, other nominees or trustees, or other organisations or groups, will be treated as shares being held by non-resident enterprise shareholders, and consequently will be subject to the deduction of the enterprise income tax.

According to regulations by the State Administration of Taxation (Guo Shui Han [2011] No.348) and relevant laws and regulations, if the individual H-share shareholders are residents of Hong Kong or Macau or those countries which are signatories of a tax treaty with the PRC stipulating a dividend tax rate of 10%, the Company will withhold and pay individual income tax at the rate of 10% on behalf of these shareholders. If the individual H-share shareholders are residents of those countries which are signatories of a tax treaty with the PRC stipulating a dividend tax rate of less than 10%, the Company will make applications on their behalf for the relevant agreed preferential treatments. If the individual H-share shareholders are residents of those countries which are signatories of a tax treaty with the PRC stipulating a dividend tax rate of more than 10% but less than 20%, the Company will withhold and pay individual income tax at the actual tax rate stipulated in the relevant tax treaty. If the individual H-share shareholders are residents of those countries which are signatories of a tax treaty with the PRC stipulating a dividend tax rate of 20%, or those countries which have not entered into any tax treaties with the PRC, or under any other circumstances, the Company will withhold and pay individual income tax at the rate of 20% on behalf of these shareholders.

The Company assumes no responsibility and disclaims all liabilities whatsoever in relation to the tax status or tax treatment of the individual H-share shareholders and for any claims arising from any delay in or inaccurate determination of the tax status or tax treatment of the individual H-share shareholders or any disputes over the withholding mechanism or arrangements.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

For the year ended 31 December 2013, the Company has complied with the code provisions set out in the Code on Corporate Governance contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

COMPLIANCE WITH THE CODE FOR SECURITIES TRANSACTIONS

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 survey amongst 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.

AUDITORS

PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian LLP were appointed as the Company's international and domestic auditors, respectively, for the year ended 31 December 2013. The Company has retained the services of PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian LLP since the date of preparation of its listing. A resolution to reappoint PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian LLP as the Company's international and domestic auditors respectively will be proposed at the annual general meeting to be held.

AUDIT COMMITTEE

The 2013 annual results of the Group and the financial statements for the year ended 31 December 2013 prepared in accordance with the International Financial Reporting Standards have been reviewed by the audit committee of the Company.

PUBLICATION OF THE ANNUAL RESULTS AND THE ANNUAL REPORT

This results announcement is published on the website of HKExnews of The Stock Exchange of Hong Kong Limited at http://www.hkexnews.com.hk and the Company's website at http://www.chalieco.com.cn.

The Company's 2013 annual report containing all the information required under the Listing Rules will be despatched to the shareholders and will be published on the websites of the Company and The Stock Exchange of Hong Kong Limited in due course.

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

Beijing, the PRC, 13 March 2014

As at the date of this announcement, the executive Directors are Mr. HE Zhihui and Mr. WANG Jun; the non-executive Directors are Mr. ZHANG Chengzhong and Mr. ZHANG Zhankui; and the independent non-executive Directors are Mr. SUN Chuanyao, Mr. CHEUNG Hung Kwong and Mr. JIANG Jianxiang.