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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **China Aluminum International Engineering Corporation Limited**, you should at once hand this circular and the accompanying reply slip and form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

**RENEWAL OF NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS
PROPOSED ISSUANCE OF ONSHORE AND
OFFSHORE CORPORATE DEBT FINANCING INSTRUMENTS
AND
NOTICE OF THE FIRST EGM FOR 2014**

**Independent Financial Adviser to the Independent Board Committee and the
Independent Shareholders**



A notice convening the first EGM of the Company for 2014 to be held at Conference Room 211 of China Aluminum International Engineering Corporation Limited, Block C, Xingshikou Road No.99, Haidian District, Beijing, the PRC at 9:30 a.m. on Thursday, 30 October 2014 is set out on pages 48 to 49 of this circular.

If you wish to appoint proxies to attend the EGM, you are requested to complete and return the enclosed reply slip and proxy form in accordance with the instructions printed thereon. Holders of H Shares should return the proxy form to Computershare Hong Kong Investor Services Limited whereas the holders of Domestic Shares should return it to the Company's head office in China but in any event not less than 24 hours before the time appointed for the holding of the EGM or any adjournment thereof either by person or mail. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

If you wish to attend the EGM in person or appoint proxies to attend, you are requested to complete the enclosed reply slip and return it to Computershare Hong Kong Investor Services Limited if you are a holder of H Shares or the Company's head office in China if you are a holder of Domestic Shares on or before Friday, 10 October 2014.

11 September 2014

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“Agreements”	means the Commodities Sales and Purchases Master Agreement, the Engineering Services Master Agreement and the Financial Services Agreement
“Articles”	means the articles of association of the Company, as amended, modified or otherwise supplemented from time to time
“Board”	means the board of Directors
“CBRC”	means China Banking Regulatory Commission
“Chinalco”	means Aluminum Corporation of China (中國鋁業公司)
“Chinalco Finance”	means Chinalco Finance Company Limited (中鋁財務有限責任公司)
“Commodities Sales and Purchases Master Agreement”	means the new commodities sales and purchases master agreement entered into between Chinalco and the Company on 22 August 2014, that respectively governs the sales of products by the Group to Chinalco and/or its associates and/or the purchases of products by the Group to Chinalco and its associates. Under the terms governing the sales of products, the Group may provide its products to Chinalco and/or its associates from time to time as parts of the Group equipment manufacturing business. These products primarily include equipments for the general operation of Chinalco and/or its associates, such as cell control cases, environmental protection equipment and material processing equipment. Under the terms governing the purchases of products, the Group may purchase certain products of Chinalco and/or its associates from time to time for the purpose of the Group’s engineering and construction business. These products primarily include raw materials such as carbon blocks, aluminum busbars and cement

DEFINITIONS

“Company”	means China Aluminum International Engineering Corporation Limited (中鋁國際工程股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, and its H Shares are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Credit Services”	means the credit services provided by Chinalco Finance to the Group under the new Financial Services Agreement
“Deposit Services”	means the deposit services provided by Chinalco Finance to the Group under the Financial Services Agreement
“Director(s)”	means the director(s) of the Company
“Domestic Shares”	means the ordinary shares in share capital of the Company subscribed and fully paid in RMB at nominal par value of RMB1.00 per share
“EGM”	means the first extraordinary general meeting of the Company in 2014 to be held at Conference Room 211 of China Aluminum International Engineering Corporation Limited, Block C, Xingshikou Road No.99, Haidian District, Beijing, 9:30 a.m. on Thursday, 30 October 2014
“Engineering Services Master Agreement”	means the new engineering services master agreement was entered into between Chinalco and the Company on 22 August 2014, pursuant to which the Group may from time to time provide engineering services to Chinalco and/or its associates, including construction engineering, technology (right of use) transfer, project supervision, survey, engineering design, engineering consultancy, equipment agency and equipment sales, engineering management and other engineering related services
“Financial Services Agreement”	means the new financial services agreement was entered into between the Company and Chinalco Finance on 22 August 2014, pursuant to which Chinalco Finance may from time to time provide financial services, to the Group including Credit Services, Deposit Services, Settlement Services and Other Financial Services to the Group

DEFINITIONS

“Group”	means the Company and its subsidiaries
“H Shares”	means the overseas listed foreign invested shares, with a nominal value of RMB1.00 each in the ordinary share capital of the Company, which are subscribed for and traded in HK dollars and listed on the Stock Exchange
“Hong Kong”	means the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	means an independent committee of the Board established for the purpose of considering the Agreements and the transactions thereunder, including the Non-exempt Annual Caps, comprising all independent non-executive Directors who are independent of the transactions at issue
“Independent Financial Advisor” or “GF Capital”	means GF Capital (Hong Kong) Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders and a corporation licensed to carry on type 6 (advising on corporate finance) regulated activities under the SFO
“Independent Shareholders”	means shareholders of the Company other than Chinalco and its associates
“Latest Practicable Date”	means 22 August 2014, being the latest practicable date prior to the printing of this circular to ascertain certain information contained herein
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange
“Non-exempt Annual Caps”	means the proposed annual caps of 2015, 2016 and 2017 in relation to the Provision of Commodities to Chinalco the Provision of Engineering services to Chinalco by the Company and the provision of Deposits Services to the Company by Chinalco Finance

DEFINITIONS

“Non-exempt Continuing Connected Transactions”	means the continuing connected transactions in respect of the Provision of Commodities to Chinalco under the Commodities Sales and Purchases Master Agreement, Provision of Engineering Services to Chinalco under the Engineering Services Master Agreement and the Provision of Deposit Services by Chinalco Finance under the Financial Services Agreement
“Notice of EGM”	means the notice of the first extraordinary general meeting for 2014
“Offshore Debt Financing Instruments”	means the offshore debt financing instruments to be issued by the Company or its subsidiaries on an one-off or multiple issuance or multi-tranche issuance basis
“Onshore and Offshore Corporate Debt Financing Instruments”	means Offshore Debt Financing Instruments and RMB Debt Financing Instruments
“Other Financial Services”	means the other financial services aside from the Credit Services, Debit Services and Settlement Services provided by Chinalco Finance to the Group under the Financial Services Agreement
“PBOC”	means the People’s Bank of China
“PRC”	means the People’s Republic of China
“Provision of Commodities to Chinalco”	means the provision of commodities to Chinalco by the Company as contemplated under the Commodities Sales and Purchases Master Agreement, as more specifically set out in section 2 of this circular
“Provision of Engineering Services to Chinalco”	means the provision of engineering services to Chinalco by the Company as contemplated under the Engineering Services Master Agreement, as more specifically set out in section 3 of this circular
“RMB”	means Renminbi, the lawful currency of the PRC
“RMB Debt Financing Instruments”	means the onshore RMB debt financing instruments to be issued by the Company on an one-off or multiple issuance or multi-tranche issuance basis

DEFINITIONS

“Settlement Services”	means the free settlement services provided by Chinalco Finance to the Group under the Financial Services Agreement
“SFO”	means the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Shareholders”	means the holders of Shares
“Shares”	means the shares in the share capital of the Company at par value RMB1.00 per share, including Domestic Shares and H Shares
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited



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)

Non-executive Directors:

Mr. Zhang Chengzhong (*Chairman*)

Mr. Zhang Zhankui

Mr. WANG Qiang

Executive Directors:

Mr. He Zhihui

Mr. Wang Jun

Independent non-executive Directors:

Mr. Sun Chuanyao

Mr. Cheung Hung Kwong

Mr. Jiang Jianxiang

Registered Office in PRC:

Building C

No. 99, Xingshikou Road

Haidian District

Beijing

PRC

Head Office in PRC:

Building C

No. 99, Xingshikou Road

Haidian District

Beijing

PRC

*Principal Place of Business
in Hong Kong*

Room 4501

Far East Finance Centre

No. 16 Harcourt Road

Admiralty

Hong Kong

11 September 2014

To the Shareholders

Dear Sir or Madam,

**RENEWAL OF NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS
PROPOSED ISSUANCE OF ONSHORE AND
OFFSHORE CORPORATE DEBT FINANCING INSTRUMENTS
AND
NOTICE OF THE FIRST EGM FOR 2014**

I. NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

1. INTRODUCTION

Reference is made to the announcement of the Company dated 22 August 2014 in respect of the renewal of the Non-exempt Continuing Connected Transactions under the Agreements, and the relevant Non-exempt Annual Caps.

LETTER FROM THE BOARD

As the existing purchases master agreement (mutual supply) and engineering services master agreement entered into between the Company and Chinalco would expire on 31 December 2014, and the financial services agreement entered into between the Company and Chinalco Finance would expire on 23 August 2015, the Company entered into the Commodities Sales and Purchases Master Agreement and Engineering Services Master Agreement with Chinalco, and the Financial Services Agreement with Chinalco Finance on 22 August 2014 in order to meet the business needs and to arrange the management on the connected transactions by the Company. The above Agreements shall be effective from 1 January 2015 to 31 December 2017 upon the approval at the general meeting and are renewable subject to agreement between both parties and in accordance with the Listing Rules.

The purpose of the circular is to provide you with, among other things, (i) details of the Non-exempt Continuing Connected Transactions under the Agreements, and the relevant Non-exempt Annual Caps; (ii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Non-exempt Continuing Connected Transactions under the Agreements, and the relevant Non-exempt Annual Caps; and (iii) the recommendation of the Independent Board Committee in respect of the Non-exempt Continuing Connected Transactions under the Agreements, and the relevant Non-exempt Annual Caps, together with the Notice of EGM.

2. **COMMODITIES SALES AND PURCHASES MASTER AGREEMENT – PROVISION OF COMMODITIES TO CHINALCO BY THE COMPANY**

Parties: Chinalco as purchaser; and the Company as supplier

Major Terms: The Commodities Sales and Purchases Master Agreement was entered into by us and Chinalco on 22 August 2014, pursuant to which, the Group may provide its products to Chinalco and/or its associates from time to time as parts of our equipment manufacturing business. These products primarily include equipments for Chinalco's general operation, such as cell control cases, environmental protection equipment and material processing equipment.

The initial term of the Commodities Sales and Purchases Master Agreement shall commence from 1 January 2015 and shall expire on 31 December 2017, unless at any time either party gives at least three months' prior written notice of termination to the other party. The relevant subsidiaries or joint ventures of both parties would otherwise enter into separate contract, which shall set out the specific terms and conditions based on the principles set out in the Commodities Sales and Purchases Master Agreement.

LETTER FROM THE BOARD

Pricing Policy:

(1) In determining the prices of raw materials and equipment, we would firstly make reference to the average market price in the market. In the limited circumstances where a market price is unavailable, we will negotiate with Chinalco about the price based on arm's length basis with reference to costs plus a reasonable profit margin. The relevant cost includes raw materials, auxiliary materials, depreciation, labour, kinetics, tools, and consumption of skills, repairs of equipment, management fees and finance fees. We will consider a price (costs with a profit margin) acceptable only if it is commercially reasonable to us, meaning the overall price does fall within our budget and allows us to meet our profit targets;

(2) The market prices in the industry would be collected by our business department through the industry associations and independent suppliers. Our Company would collect market information from at least 3 independent third parties to consider if the prices of the commodities are fair and reasonable and in line with the market. Our business department staff would periodically update the market information with reference to public industry websites, like Changjiang Non-ferrous Metals Website (<http://www.ccmn.cn>), Shanghai Metals Market (<http://www.smm.cn>) and China Aluminum Website (<http://www.cnal.com>), all of which are independent and timely reflect the market price in the view of the Board. Should the business department staff find the reference prices currently used internally outdated upon their periodic assessment of the prices, the business staff would submit an adjusted price to our senior management, including our vice president for final review and approval; and

(3) For the products which have no alternatives available in the market, the prices would be determined after arm's length negotiation by both parties of the contract. We would make reference to the historical prices of the relevant products, and ensure that the terms and conditions of the products provided to Chinalco are fair and reasonable based on the principle of cost plus a fair and reasonable profit rate. With reference to the above mentioned method in (1), the expected range of profit rate of equipments to be provided to Chinalco is from 15% to 20% and the expected range of raw materials to be provided to Chinalco is from 1% to 5%, each of which is line with the industry and no less favourable to us than the profit rate charged to independent third parties.

LETTER FROM THE BOARD

Historical figures and the proposed annual caps:

<i>Unit: RMB million</i>	Historical amounts for the years ended 31 December			Annual caps for the past three years ended 31 December			Proposed annual caps for the years ending 31 December		
	2012	2013	2014 <i>(forecast)</i>	2012	2013	2014	2015	2016	2017
Total transaction amounts of the commodities provided to Chinalco by the Company	192.47	120.65	160.00	200.00	180.00	160.00	900.00	900.00	1000.00

Basis for the caps:

In determining the caps, we have primarily considered the following factors: (1) the historical prices of the commodities provided to Chinalco by us in the past; (2) the increased production capacities of the equipment by a series of mergers and acquisitions (e.g. the acquisition of Zhuhai Xinfeng Mechanical and Electrical Equipment Company Limited (珠海新峰機電設備有限公司) being our non-wholly-owned subsidiary). As at the date of the circular, the series of mergers and acquisitions were completed; (3) Chalieco Trading Co., Ltd. (中鋁國際工程設備有限公司), a wholly owned subsidiary of the Company, which had been providing commodities to Chinalco, has begun to enhance its business development efforts, resulting in a rapid growth of sales income, and the business with Chinalco and its associates grew by the same ratio; and (4) certain subsidiaries of Chinalco plan to relocate in the next three years, the equipment and commodities to be purchased from us would continue to increase.

Reasons for and benefits of the transactions:

(1) Chinalco may reduce the purchasing cost and the logistics cost through the on-site provision by our subsidiaries; (2) we have built up a long-term cooperation relationship with Chinalco, and we and Chinalco understand the operation plans, quality control and certain special requirement of each other; and (3) the prices and terms of the products provided to Chinalco by us are no less favourable to us than those provided by us to independent third parties and therefore the provision of commodities to Chinalco by us is profitable to us.

LETTER FROM THE BOARD

3. ENGINEERING SERVICES MASTER AGREEMENT

Parties: Chinalco as service recipient; and the Company as service provider

Principal terms: The Engineering Services Master Agreement was entered into by us and Chinalco on 22 August 2014, pursuant to which our Group may from time to time provide engineering services to Chinalco and/or its associates, including construction engineering, technology (right of use) transfer, project supervision, survey, engineering design, engineering consultancy, equipment agency and equipment sales, engineering management and other engineering related services.

The initial term of the Engineering Services Master Agreement shall commence from 1 January 2015 and shall expire on 31 December 2017, unless at any time either party gives at least three months' prior written notice of termination to the other party.

Pricing policy: The prices for the engineering services provided by the Company shall be determined (i) through a bidding process; or (ii) by an arm's length negotiation between the parties. For determining the prices of survey and design projects, the Company would refer to the Engineering Survey and Design Charging Administration Regulations (Ji Jia Ge [2002] No. 10) (《工程勘察設計收費管理規定》(計價格[2002]第10號)) promulgated by the then National Development Plan Commission and Ministry of Construction. As advised by the Company's PRC legal advisers, according to Arts. 5, 6 and 14 of the Engineering Survey and Design Charging Administration Regulations, different pricing guidelines and adjusted market rates would apply to projects according to the size of the investment of each project. For projects with total investment below RMB5 million, the prices of survey and design projects are to follow adjusted market rates. Failing to follow the pricing guidelines or adjusted market rates, according to the Price Law of the People's Republic of China and Regulations on Administrative Penalty against Price-related Illegal Acts, might result in a fine of up to five times of the proceeds derived from such breach(es) or a maximum fine of RMB2 million for serious breach(es).

LETTER FROM THE BOARD

For determining the prices of engineering and construction contracting projects, the Company would estimate prices on the basis of the project size and the exact work to be done, which is also the basis that the Company makes reference to when participating in the bidding or negotiation process. In addition, our Company would also calculate the base prices of engineering and construction contracting projects in accordance with the prevailing market rate and then decide the final consideration of contract on arm's length with the contract party. The Directors have confirmed that all such transactions in relation to engineering services are on normal commercial terms.

Historical figures and the proposed annual caps:

<i>Unit: RMB million</i>	Historical amounts for the years ended 31 December			Annual caps for the past three years ended 31 December			Proposed annual caps for the years ending 31 December		
	2012	2013	2014 <i>(forecast)</i>	2012	2013	2014	2015	2016	2017
Total transaction amounts of the engineering services provided to Chinalco by the Company	2,514.75	2,376.66	3,110.00	3,700.00	3,850.00	4,000.00	5,000.00	5,000.00	5,000.00

Basis for the caps: In determining the above annual caps, the Directors have considered (i) the historical figures; (ii) as subsidiaries of Chinalco plan to relocate in the future, the engineering service volume provided to Chinalco by us is expected to increase; and (iii) the estimated increase of the cost of labour after considering both the economic trend at the moment and in the near future.

Reasons for and benefits of the transactions: (1) As we have long been providing stable engineering services to Chinalco, we are able to fully understand the business and operating requirements of Chinalco; (2) the prices and terms of providing engineering services by us to Chinalco are no less favourable to us than those provided to independent third parties by us.

LETTER FROM THE BOARD

4. FINANCIAL SERVICES AGREEMENT — DEPOSIT SERVICES

Parties: Chinalco Finance as service provider; and the Company as service recipient

Principal terms: The Financial Services Agreement was entered into by us and Chinalco Finance on 22 August 2014, pursuant to which the financial services proposed to be provided by Chinalco Finance to the Group include Deposit services, Settlement Services, Credit Services and Other Financial Services, the Company and Chinalco Finance would enter into separate contracts to provide for the specific items for the provision of these services.

Chinalco Finance undertakes to provide high-quality and efficient financial services to the Company, and to timely notify the Company 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.

The term of the Financial Services Agreement governing the Deposit Services is three years (i.e. from 1 January 2015 to 31 December 2017). Unless one party notifies the other party to terminate this agreement, it would be extended for another three years upon its expiry without limitation on the times of extension, subject to the relevant announcement, annual review, reporting or Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The maximum daily balance of RMB1.3 billion (including any interest accrued thereon) for the deposit services would only become effective upon Independent Shareholders' approval.

LETTER FROM THE BOARD

Historical figures and the proposed annual caps:

<i>Unit: RMB million</i>	Historical amounts for the years ended 31 December			Annual caps for the past three years ended 31 December			Proposed annual caps for the years ending 31 December		
	2012	2013	2014 <i>(forecast)</i>	2012	2013	2014	2015	2016	2017
The daily maximum deposit balance in relation to deposit services	1.45	944.16	1,000.00	1,300.00	1,300.00	1,300.00	1,300.00	1,300.00	1,300.00

Basis for the caps

Deposit Services

In determining the maximum amount of the proposed caps of the Deposit Services above, the Company has taken into account of the increasing total asset of the Group and the anticipated increase in the daily balances of deposits of the Group. In addition, the Company has taken into account of the facts that Chinalco Finance is under the supervision of the CBRC and it has been maintaining satisfactory operating results and financial position with good risks control and well-regulated management in its track record. The safety standards of its settlement system reach the standards of domestic commercial banks. The collaboration between the Group and Chinalco Finance can reduce finance costs, increase interest income of deposits, lower settlement costs and control risks.

As the proposed transaction scale of the deposit transactions during the period from 2015 to 2017 would exceed 5% of the applicable percentage ratios calculated in accordance with the Listing Rules, the proposed Deposit Services shall be subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under the Listing Rules.

The deposit transactions form part of the daily operations of the Group. The commercial terms (including the interest rates) offered by Chinalco Finance in respect of such transaction are no less favourable than those offered by domestic commercial banks for the provision of similar services to the Group. The Directors are of the view that the deposit transactions do not have any effect on the assets and liabilities of the Group. Instead, the Group can earn interests from the deposit transactions. The Group has deposited the remaining cash with several other independent financial institutions. The Company considers that the arrangement of deposits with Chinalco Finance helps diversify the Group's risk in relation to its deposits.

LETTER FROM THE BOARD

Pricing Policy

Chinalco Finance has undertaken Deposit Services that the interest rate for the Group's deposit with Chinalco Finance should not be lower than (i) the benchmark interest rate published by PBOC from time to time for the deposit with the same type and term, (ii) the interest rate offered by major commercial banks (including but not limited to Bank of China, China Construction Bank, Industrial and Commercial Bank of China and Agricultural Bank of China) in the PRC for the deposit with the same type and term, and (iii) the interest rate offered by Chinalco Finance to Chinalco and its group companies for the deposit with the same type and term;

Reasons for and benefits of the transactions

- (1) The interest rates on the Deposit Services offered by Chinalco Finance to the Group and the handling charges related to Other Financial Services (as the case may be) shall be no less favourable to us than those offered by any independent third parties; and
- (2) The arrangements under the Financial Services Framework Agreement would help in saving financial costs, so as to increase the profitability of the Group.

5. MEASURES OF INTERNAL CONTROL

To ensure the Company's conformity with the above pricing policy from time to time, the Company would adopt a series of internal control policies for its daily operation. Such internal control policies would be conducted and supervised by the financial department of the Company:

- the Company has adopted and implemented a management system on connected transactions. According to the system, the office of the Board and finance department are responsible for the information gathering on and monitoring of connected transactions, and conducting evaluation on the fairness of the transaction terms and the pricing terms;
- Prior to the implementation of certain financial services, the principal officers who handle the relevant matters shall lodge applications to the financial department, and such applications would only be approved upon preliminary review and final review conducted by the head of the financial department and the chief financial officer of the Company pursuant to the relevant internal control policies of the Group; and
- The independent non-executive Directors of the Company have also reviewed and would continue to review the non-exempt continuing connected transactions to ensure such agreements are entered into on normal commercial terms, are fair and reasonable, and are carried out

LETTER FROM THE BOARD

pursuant to the terms of such agreements. The auditors of the Company would also conduct an annual review on the pricing and annual cap of such non-exempt continuing connected transactions.

6. REASONS FOR AND BENEFITS OF THE RENEWAL OF THE NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

The renewal of the Non-exempt Continuing Connected Transactions contemplated under the Agreements will enable the Group to continue to use financial services from Chinalco Finance. The Group will also continue to benefit from the provision of engineering services and commodities to Chinalco.

The Directors (including the independent non-executive Directors, having received and considered the advice from the Independent Financial Adviser) are of the opinion that the renewal of the Agreements (including the Non-exempt Annual Caps thereunder) are fair and reasonable and that the transactions contemplated under the Agreements are in the ordinary and usual course of business of the Group and on normal commercial terms, and the terms of the Agreements are fair and reasonable and in the interest of the Shareholders as a whole.

As each of Mr. ZHANG Chengzhong, Mr. ZHANG Zhankui and Mr. WANG Qiang holds management position in Chinalco and therefore has a material interest in the Agreements and the transactions thereunder, they have abstained from voting on the board resolutions approving the renewal of the Non-exempt Continuing Connected Transactions under the Agreements, and the relevant Non-exempt Annual Caps.

7. GENERAL INFORMATION

Information on the Company

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

Information on Chinalco

Chinalco is a state-owned enterprise incorporated under the PRC law in 2001. Chinalco is the controlling shareholder of the Company and directly and indirectly holds approximately 85% of its share capital in issue. Chinalco is principally engaged in mineral resources development, smelting and processing of non-ferrous metal, relevant trading and related engineering and technical services.

LETTER FROM THE BOARD

Information on Chinalco Finance

Chinalco Finance is a limited liability company incorporated in the PRC in June 2011 with the approval of CBRC, which is 100% held by Chinalco. The business scope of Chinalco Finance includes provision of finance services and financing consultancy services, credit reference and related consultancy and agency services to group companies; provision of assistance to group companies in payment and receipt of transaction proceeds; provision of approved insurance agency services; provision of guarantee to group companies; provision of bills acceptance and discounting services to group companies; provision of intra-group entrustment loan services to group companies; provision of loans and financial leasing services to group companies; provision of intra-group transfer and Settlement Services to group companies and planning of clearing and settlement scheme; provision of deposit services to group companies; and inter-banking lending.

8. LISTING RULES IMPLICATIONS

As at the date of this circular, Chinalco directly and indirectly holds 85% of the existing issued share capital of the Company, and is a controlling shareholder of the Company and thus a connected person thereof. Chinalco Finance is a wholly-owned subsidiary of Chinalco, and is therefore a connected person of the Company. Accordingly, the Commodities Sales and Purchases Master Agreement, Engineering Services Master Agreement and Financial Services Agreement and the contemplated transactions thereunder constitute continuing connected transactions of the Company.

As at least one of the applicable percentage ratios in respect of the annual caps under the Provision of Commodities to Chinalco, Provision of Engineering Services to Chinalco and Deposit Services exceeds 5%, such transactions constitute non-exempt continuing connected transactions and would therefore be subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

In addition, as the placing of deposits by the Company to Chinalco Finance constitutes as a provision of financial assistance by the Company to Chinalco Finance under Chapter 14 of the Listing Rules and the proposed transaction scale of the deposit transaction during the period from 2015 to 2017 exceeds 5% of the applicable percentage ratios in accordance with the Listing Rules, it is also subject to the requirements of notification and announcement requirements under Chapter 14 of the Listing Rules as a discloseable transaction.

LETTER FROM THE BOARD

9. VOTING ARRANGEMENT

As Chinalco directly and indirectly holds approximately 85% of the issued share capital of the Company, it is a controlling shareholder and thus a connected person of the Company. Chinalco Finance is a wholly-owned subsidiary of Chinalco, and is therefore a connected person of the Company. Under Rule 14A.36 of the Listing Rules, any connected person and shareholder and their associates who have a material interest in the Agreements and the transactions thereunder are required to abstain from voting in respect of the related resolutions at the general meeting. Accordingly, due to the interest of Chinalco in these transactions, Chinalco and its associates would be required to abstain from voting on the resolutions for the approval of the Non-exempt Continuing Connected Transactions and the relevant Non-exempt Annual Caps.

10. RECOMMENDATION

As Independent Board Committee comprising all independent non-executive Directors has been set up to advise the Independent Shareholders in relation to the renewal of the Non-exempt Continuing Connected Transactions and the relevant Non-exempt Annual Caps. GF Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the renewal of the Non-exempt Continuing Connected Transactions and the relevant Non-exempt Annual Caps.

The Directors (excluding the Directors abstained from voting but including the independent non-executive Directors, having received and considered the advice from the Independent Financial Adviser) are of the opinion that the Non-exempt Continuing Connected Transactions under the Agreements are entered into in the ordinary and usual course of business of the Group and are on normal commercial terms and the terms of the Non-exempt Continuing Connected Transactions under the Agreements (including the relevant Non-exempt Annual Caps) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the ordinary resolutions set out in the Notice of EGM enclosed with this circular.

II. PROPOSED ISSUANCE OF ONSHORE AND OFFSHORE CORPORATE DEBT FINANCING INSTRUMENTS

1. ISSUING ENTITY, SIZE OF ISSUANCE AND METHOD OF ISSUANCE

The Company will be the issuing entity of the RMB Debt Financing Instruments. The RMB Debt Financing Instruments that will be approved by or filed with the CSRC and other relevant authorities in accordance with the relevant regulations will be issued on an one-off or multiple issuance or multi-tranche issuance basis through public offerings in the People's Republic of China or through private placements to the qualified investors in accordance with CSRC's relevant regulations.

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The Company or its wholly-owned offshore subsidiary(ies) will act as the issuing entity(ies) of the Offshore Debt Financing Instruments. The Offshore Debt Financing Instruments will be issued on an one-off or multiple issuance or multi-tranche issuance basis through public offerings or private placements outside the PRC.

The sizes of the issuance of the Onshore and Offshore Corporate Debt Financing Instruments will be in aggregate no more than RMB20 billion (inclusive, calculated based on the aggregate balance outstanding upon issue of the instruments and, in the case of an instrument denominated in a foreign currency, based on the median rate for the exchange rates as quoted by The People's Bank of China on the date of each issuance), and shall be in compliance with the requirements prescribed in the relevant laws and regulations on the maximum amount of the debt financing instruments to be issued.

The Board will present a proposal to the EGM for authorizing the Board and agreeing the Board in turn to authorize its working committee which comprises the chairman, the president and the chief financial officer of the Company to determine, at its sole discretion, the issuing entity, the size of issue, the number of tranches, the currency and the method of each issuance in accordance with the relevant laws and regulations after taking into account the advices and recommendations made by the regulatory authorities, the Company's actual needs of the funds and the then prevailing market conditions on the principle of maximizing the interest of the Company.

2. TYPES OF DEBT FINANCING INSTRUMENTS

The RMB Debt Financing Instruments will include (as the case may be) ordinary bonds, non-public placement debt, short-term bills, medium term, super short-term bills notes and the other types which can be issued as permitted by the regulatory authorities.

The Offshore Debt Financing Instruments will include (as the case may be) bonds and other types.

The Board will present a proposal to the EGM for authorizing the Board and agreeing the Board in turn to authorize its Authorized Committee to determine the types of the Onshore and Offshore Corporate Debt Financing Instruments and the priorities for repayment of creditors in accordance with the relevant regulations and the then prevailing market conditions.

3. TERMS OF DEBT FINANCING INSTRUMENTS

The term of the Onshore and Offshore Corporate Debt Financing Instruments shall be no longer than 10 years (inclusive) with a single term or hybrid type with multiple terms. The Board will present a proposal to the EGM for authorizing the Board and agreeing the Board in turn to authorize its Authorized Committee to determine the term and size of each type of the Onshore and Offshore Corporate Debt Financing Instruments in accordance with the relevant regulations and the then prevailing market conditions.

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4. INTEREST RATE OF DEBT FINANCING INSTRUMENTS

The Board will present a proposal to the EGM for authorizing the Board and agreeing the Board in turn to authorize its Authorized Committee and the sponsors (or the lead underwriters, if any) to determine the interest rate of the Onshore and Offshore Corporate Debt Financing Instruments to be issued as well as the method of calculation and payment thereof in accordance with the then prevailing domestic market conditions and the relevant regulations in respect of the administration on the interest rate of the debt financing instruments (in the case and at the time of an issuance of the RMB Debt Financing Instruments) or in accordance with the then prevailing overseas market conditions (in the case and at the time of an issuance of the Offshore Debt Financing Instruments).

5. SECURITY AND OTHER ARRANGEMENTS

The Board will present a proposal to the EGM for authorizing the Board and agreeing the Board in turn to authorize its Authorized Committee to determine the security arrangement for the issuance of the RMB Debt Financing Instruments in accordance with the laws. Depending on the structure of each issuance, the Company or its qualified wholly-owned offshore subsidiary(ies) will be the issuing entity(ies) of the Offshore Debt Financing Instruments to be issued, on the basis of, including but not limited to, credit enhancement arrangements such as a guarantee or a letter of support or a keep-well agreement to be issued by the Company and/or the aforesaid wholly-owned offshore subsidiary(ies) and/or third party(ies).

The Board will present a proposal to the EGM for authorizing the Board and agreeing the Board in turn to authorize its Authorized Committee to determine the arrangement relating to the credit enhancement arrangements such as the provision of guarantee or the issuance of the letter of support or keep-well agreement in accordance with the structure of each issuance.

6. USE OF PROCEEDS

The proceeds to be raised from the issuance of the Onshore and Offshore Corporate Debt Financing Instruments will be used to meet the business operation needs of the Company, adjust the debt structure of the Company, supplement the working capital of the Company and/or make project investment. The Board will present a proposal to the EGM for authorizing the Board and agreeing the Board in turn to authorize its Authorized Committee to determine the use of proceeds in accordance with the Company's demand for capital.

7. ISSUING PRICE

The Board will present a proposal to the EGM for authorizing the Board and agreeing the Board in turn to authorize its Authorized Committee to determine the issuing price of the Onshore and Offshore Corporate Debt Financing Instruments in

LETTER FROM THE BOARD

accordance with the then prevailing market conditions at the time of each issuance and the relevant laws and regulations.

8. TARGETS OF ISSUE

The targets of the Onshore and Offshore Corporate Debt Financing Instruments shall be the onshore and offshore investors which meet the conditions for subscription.

9. LISTING OF THE DEBT FINANCING INSTRUMENTS

The Board will present a proposal to the EGM for authorizing the Board and agreeing the Board in turn to authorize its Authorized Committee to determine the relevant matters involved in the application for the listing of the Onshore and Offshore Corporate Debt Financing Instruments in accordance with the actual conditions of the Company and the then prevailing conditions of the domestic and overseas markets.

10. VALID PERIOD OF THE RESOLUTIONS PASSED

The validity period of the resolutions passed at the EGM for the issuance of the Onshore and Offshore Corporate Debt Financing Instruments shall be 36 months from the date of approval by the EGM. Where the Board and/or its Authorized Committee had, during the term of the authorization, decided the issuance or partial issuance of the Onshore and Offshore Corporate Debt Financing Instruments, and provided the Company had also, during the term of the authorization, obtained the approval, license, filing or registration from the regulatory authorities on the issuance (if applicable), the Company may, during the validity period of such approval, license, filing or registration/confirmation, complete the issuance or relevant partial issuance of the Onshore and Offshore Corporate Debt Financing Instruments.

11. AUTHORIZATION FOR THE ISSUANCE OF THE ONSHORE AND OFFSHORE CORPORATE DEBT FINANCING INSTRUMENTS

To ensure effective coordination of the issuance of the Onshore and Offshore Corporate Debt Financing Instruments and specific matters in the issuance processes, the Board will present a proposal to the EGM for authorizing the Board and agreeing the Board in turn to authorize its Authorized Committee to deal with all matters in connection with the issuance of the Onshore and Offshore Corporate Debt Financing Instruments in accordance with the relevant laws, regulations and opinions and advices from the regulatory authorities, within the framework and under the principles approved at the EGM, and based upon the general principle of acting in the best interest of the Company, including but not limited to:

- 1) formation and adjustment of specific plans for the issuance of the Onshore and Offshore Corporate Debt Financing Instruments in accordance with the applicable laws, regulations and relevant

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provisions from the regulatory authorities as well as resolutions passed at the EGM for such purposes, and based on the actual conditions of the Company and the relevant debt markets, including, without limitation, determination of the suitable issuing entity(ies), timing of issuance, specific amount and method of issuance, target of issuance, targets and duration, whether to issue on an one-off, multiple issuance, multi-tranche issuance or multiple-category issuance basis and, if on multiple issuances, multi-tranche issuance or multiple-category issuance basis, the size and term of each issuance, tranche and category thereof, the ways in which the nominal value and interest rate are determined, currency (including offshore RMB), pricing method, issuance arrangements, letter of guarantee, letter of support or keep-well agreement arrangement, rating arrangement, specific methods of application and purchase, whether to incorporate terms of repurchase or redemption, specific private placement arrangement, use of proceeds, registration, listing of Onshore and Offshore Corporate Debt Financing Instruments and place of listing, measures to mitigate repayment risks, measures to ensure debt repayment, etc. and all matters relating to the issuance of the Onshore and Offshore Corporate Debt Financing Instruments;

- 2) determining and engaging intermediary agency, signing, executing, amending and completing all agreements and documents relating to the issuance of the Onshore and Offshore Corporate Debt Financing Instruments, including, without limitation, underwriting agreement, guarantee agreement, letter of support or keep-well agreement, bond indenture, engagement letter with intermediary agency, trust agreement, liquidation management agreement, registration and custody agreement, listing agreement and other legal documents, etc., and disclosing the relevant information in accordance with the relevant laws, regulations and the listing rules of the exchanges on which the Company's securities are listed (including but not limited to the preliminary and final offering memoranda of the debt financing instruments, and all announcements and circulars, etc. in relation to the issuance of the Onshore and Offshore Corporate Debt Financing Instruments);
- 3) selecting and engaging trustee(s) and clearance/settlement manager(s) for the issuance of the Onshore and Offshore Corporate Debt Financing Instruments, signing the trust agreement(s) and clearance/settlement management agreement(s) and (if applicable) formulating rules for meetings of the holders of the debt financing instruments;
- 4) undertaking all applications and filings as well as listing matters with regard to the issuance of the Onshore and Offshore Corporate Debt Financing Instruments, including, without limitation, preparing, revising and submitting relevant applications and filings of materials relating to the issuance and listings of the Onshore and Offshore

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Corporate Debt Financing Instruments, any guarantee, letter of support or keep-well agreement to be provided by the Company, the issuing entity(ies) and/or third party(ies), and signing the relevant applications and filing documents and other legal documents;

- 5) making relevant adjustments to matters relating to the issuance of the Onshore and Offshore Corporate Debt Financing Instruments according to the opinions and changes in the policies of the regulatory authorities or the changes in market conditions, or determining whether to continue with all or part of the work in respect of the issuance of Onshore and Offshore Corporate Debt Financing Instruments in accordance with the actual situation, unless re-approval by the Shareholders at general meeting is otherwise required pursuant to the relevant laws, regulations and the Articles of Association of the Company; and
- 6) dealing with the other matters in relation to the issuance of the Onshore and Offshore Corporate Debt Financing Instruments.

All these above matters shall be further proposed and are subject to approval at EGM. The above-mentioned authorization shall remain valid and effective on and from the date which the resolutions were approved and passed by the Shareholders at the EGM to the date which the resolutions passed at the EGM approving the Onshore and Offshore Corporate Debt Financing Instruments cease to be effective or to the date on which matters authorized above have been completed (depending on whether the issuance of the Onshore and Offshore Corporate Debt Financing Instruments have been completely issued).

EGM

The first EGM for 2014 will be held at Conference Room 211 of China Aluminum International Engineering Corporation Limited, Block C, Xingshikou Road No. 99, Haidian District, Beijing, at 9:30 a.m. on Thursday, 30 October 2014. The Notice of EGM is set out on pages 48 to 49 of this circular.

In order to determine the shareholders entitled to attend the EGM to be convened on Thursday, 30 October 2014, the register of members will be closed from Tuesday, 30 September 2014 to Thursday, 30 October 2014, both days inclusive, during which time no transfer of the Company's shares will be registered. The holders of H Shares of the Company shall lodge relevant share transfer documents with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 29 September 2014.

Shareholders intending to attend the EGM must return the EGM reply slip to the Company's head office in the PRC (for holders of domestic shares of the Company) by hand, by post or by fax (fax number: (86) 10 8240 6961, or (for holders of H shares of the Company) return the EGM reply slip to the Company's H share registrar, Computershare

LETTER FROM THE BOARD

Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by hand or by post on or before Friday, 10 October 2014.

VOTING BY POLL AT EGM

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the Shareholders at the general meetings must be taken by poll. The Chairman of the EGM will therefore demand a poll for every resolution put to the vote of the EGM pursuant to Article 80 of the Articles.

On a poll, every Shareholder present in person or by proxy or (being a corporation) by its duly authorised representative shall have one vote for each Share registered in his/her/its name in the register of members. A Shareholder entitled to more than one vote needs not use all his/her/its votes or cast all the votes he/she uses in the same manner.

Due to the interest of Chinalco in the Agreements and the transactions thereunder, Chinalco and its associates are required to abstain from voting on the resolutions for the approval the Non-exempt Continuing Connected Transactions the Non-exempt Annual Caps.

GENERAL

Your attention is also drawn to the letter from the Independent Board Committee, the letter from GF Capital and the additional information set out in the appendix to this circular and the Notice of EGM.

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



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)

11 September 2014

To the Independent Shareholders

Dear Sir or Madam,

**RENEWAL OF NON-EXEMPT CONTINUING
CONNECTED TRANSACTIONS**

We refer to the circular dated 11 September 2014 issued by the Company to its Shareholders (the "Circular") of which this letter forms part. Terms defined in the Circular shall have the same meanings when used in this letter, unless the context otherwise requires.

We, being the independent non-executive Directors, have been appointed as members of the Independent Board Committee to advise the Independent Shareholders in connection with the renewal of the Non-exempt Continuing Connected Transactions (including the Non-exempt Annual Caps thereunder), the details of which are set out in the letter from the Board contained in the Circular. GF Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the renewal of the Non-exempt Continuing Connected Transactions (including the Non-exempt Annual Caps thereunder).

We wish to draw your attention to the letter from the Board and the letter from GF Capital to us, the Independent Board Committee and the Independent Shareholders containing its advice in respect of the renewal of the Non-exempt Continuing Connected Transactions (including the Non-exempt Annual Caps thereunder), as set out in the Circular. Having taken into account the principal factors and reasons considered by GF Capital and its conclusion and advice, we consider that the renewed Non-exempt Continuing Connected Transactions under the Agreements are in the ordinary and usual course of business of the Group and are on normal commercial terms, that the terms of the Non-exempt Continuing Connected Transactions under the Agreements (including the relevant Non-exempt Annual Caps) are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Agreements (including the Non-exempt Annual Caps thereunder).

Yours faithfully,
Independent Board Committee

Mr. SUN Chuanyao
*Independent non-executive
Director*

Mr. CHEUNG Hung Kwong
*Independent non-executive
Director*

Mr. JIANG Jianxiang
*Independent non-executive
Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of the letter of advice to the Independent Board Committee and the Independent Shareholders from the Independent Financial Adviser in connection with the renewal of the Non-Exempt Continuing Connected Transactions under the Agreements (including the Non-exempt Annual Caps thereunder) which has been prepared for inclusion in this circular.



29-30/F, Li Po Chun Chambers
189 Des Voeux Road Central
Hong Kong

11 September 2014

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

RENEWAL OF NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the renewal of (1) commodity transactions provided by the Group to Chinalco under the Commodities Sales and Purchases Master Agreement; (2) engineering services provided by the Group to Chinalco under the Engineering Services Master Agreement; and (3) the provision of deposit services provided by Chinalco Finance to the Group under the Financial Services Agreement (the “**Non-Exempt Continuing Connected Transactions**”), for which the Independent Shareholders’ approval is being sought, including the relevant Non-exempt Annual Caps, particulars of which are set out in the circular (the “**Circular**”) of the Company dated 11 September 2014 and in which this letter is reproduced. Unless the context requires otherwise, terms used in this letter shall have the same meanings as defined in the Circular.

As at the Latest Practicable Date, Chinalco directly and indirectly holds 85% of the existing issued share capital of the Company, and is a controlling shareholder of the Company and thus a connected person of the Company. Chinalco Finance is a wholly owned subsidiary of Chinalco, and is therefore a connected person of the Company. Accordingly, the Commodities Sales and Purchases Master Agreement, the Engineering Services Master Agreement and the Financial Services Agreement (the “**Agreements**”) and the transactions contemplated thereunder constitute the continuing connected transactions of the Company under the Listing Rules. According to the Letter from the Board, under the Commodities Sales and Purchases Master Agreement, the products that the Group sells to Chinalco and/or its associates as part of the Group’s equipment manufacturing business include equipment for the general operation of Chinalco and/or its associates, such as cell control cases, environmental protection equipment and material processing equipment, while the products that the Group purchases from

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Chinalco and/or its associates for the purpose of the Group's engineering construction business include raw materials such as carbon blocks, aluminum busbars and cement. As discussed with the management of the Group, we understand that the said products sold to Chinalco and/or its associates by the Group and the said products purchased from Chinalco and/or its associates by the Group are different in nature and thus each of the sales and purchase transactions under the Commodities Sales and Purchases Master Agreement are regarded by the Company as two separate transactions. As the applicable percentage ratios of the annual caps of commodity purchase from Chinalco by the Group are more than 1% but less than 5% (as defined in the Listing Rules), the transaction is subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules but is exempt from the Independent Shareholders' approval requirement.

On the other hand, as at least one of the applicable percentage ratios of the annual caps for the Non-Exempt Continuing Connected Transactions exceeds 5% (as defined in the Listing Rules), the Non-Exempt Continuing Connected Transactions are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company has established the Independent Board Committee to advise the Independent Shareholders on the renewal of the Non-Exempt Continuing Connected Transactions under the Agreements (including the Non-exempt Annual Caps thereunder). We have been engaged to advise the Independent Board Committee and the Independent Shareholders in this regard.

As at the Latest Practicable Date, we did not have any relationships or interests with the Company or any other parties that could reasonably be regarded as relevant to the independence of us. In the last two years up to the Latest Practicable Date, we acted as an independent financial adviser on one occasion to the independent board committee and independent shareholders of the Company in relation to its non-exempt continuing connected transactions (details of which were set out in the circular of the Company dated 20 March 2013). Apart from normal professional fee paid to us in connection with such appointment, no arrangements exist whereby we had received any fees or benefits from the Company or any other party to the aforesaid transactions, and therefore we consider such prior relationship would not affect our independence.

BASIS OF OUR OPINION

In formulating our opinion, we have relied on the accuracy of the information and representations contained in the Circular and have assumed that all information and representations made or referred to in the Circular were true, accurate and complete in all material respects at the time they were made and continue to be true, accurate and complete in all material respects as at the date of the Circular. We have also relied on our discussion with the management of the Company regarding the Group and the respective terms of the Non-exempt Continuing Connected Transactions (including the relevant Non-exempt Annual Caps), including the information and representations contained in the Circular. We have also assumed that all statements of belief, opinion and intention made by the Directors and the Company in the Circular were reasonably made after due

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

enquiry. We consider that we have reviewed sufficient information to reach an informed view, to justify our reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our advice. We have no reason to suspect that any material facts have been omitted or withheld from the information contained or opinions expressed in the Circular nor to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors. We have not, however, conducted an independent in-depth investigation into the business and affairs of the Group, Chinalco, Chinalco Finance or the respective associates nor have we carried out any independent verification of the information supplied.

PRINCIPAL FACTORS CONSIDERED

In arriving at our opinion regarding the renewal of Non-exempt Continuing Connected Transactions (including the relevant Non-exempt Annual Caps), we have considered the following principal factors and reasons:

Background of the Company, Chinalco, and Chinalco Finance

Your attention is drawn to the respective sub-section headed "Information on the Company", "Information on Chinalco", and "Information on Chinalco Finance" from the Letter from the Board of the Circular.

Background of the transactions

On 2 June 2012, the Group entered into (1) a commodities sales and purchases master agreement ("**Existing Commodities Sales and Purchases Master Agreements**") with Chinalco, pursuant to which the Group may, among other things, from time to time sell certain commodities, mainly including equipment, to Chinalco and/or its associates for the general operation of Chinalco and/or its associates, such as cell control cases, environmental protection equipment and material processing equipment, and (2) an engineering services master agreement ("**Existing Engineering Services Master Agreement**") with Chinalco, pursuant to which the Group may provide engineering services to Chinalco and/or its associates, including construction engineering, technology transfer (right of use only), project supervision, reconnaissance, engineering design, engineering consultancy, equipment agency and equipment sales, respectively. On 24 August 2012, the Group entered into a Financial Services Agreement ("**Existing Financial Services Agreement**"), with Chinalco Finance, pursuant to which Chinalco Finance may, among other things, provide deposit services to the Group. As the Existing Commodities Sales and Purchases Master Agreement and Existing Engineering Services Master Agreement would expire on 31 December 2014, and the Existing Financial Services Agreement would expire on 23 August 2015, the Company entered into the Commodities Sales and Purchases Master Agreement, the Engineering Services Master Agreement, and the Financial Services Agreement with Chinalco Finance on 22 August 2014 in order to meet the business needs and to arrange the management on the connected transactions by the Group. The Agreements shall be effective from 1 January 2015 to 31 December 2017 (including, for avoidance of doubt, the superseding of the Existing Financial Services Agreement which originally would not be expired until 23 August 2015) upon the approval at the forthcoming general meeting of the Company and are renewable subject to agreement between both parties and in accordance with the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Reasons for and benefits of the transactions:

i) Provision of Commodities to Chinalco by the Group

In assessing whether the Provision of Commodities to Chinalco by the Group under the Commodities Sales and Purchases Master Agreement is in the interests of the Company and the Shareholders as a whole, we have considered the following reasons and benefits:

- (i) According to the Letter from the Board, the Group has built up a long-term cooperation relationship with Chinalco, and understand the operation plans, quality control and certain special requirement of each other. As discussed with the management of the Company, we understand that the process of equipment manufacturing in the nonferrous metals industry is highly technical and the equipment is subject to a number of different construction and technical standards. Given the unmatched familiarity the Group has with Chinalco, the management of the Company believes they are in a more competent position to manufacture equipment that is in full accordance with Chinalco's requirements. The management of the Company also believes that a smoother overall manufacturing process, including installation and testing, will in turn allow the Group to better allocate its resources and plan the utilization of its facilities;
- (ii) Based on discussion with and information provided by the management of the Company, the Group has, since its listing, been selling to independent third party customers many of the similar commodities to be provided to Chinalco. The management of the Company believes that sufficient manufacturing capacity is available and that economies of scale could be achieved by producing more units of the similar goods, and since the prices and terms of the products provided to Chinalco by the Group are no less favourable to the Group than those provided by the Group to independent third party customers, more gross profits in absolute amount could be generated by the Group by selling to Chinalco; and
- (iii) According to the management of the Company, many of the Group's manufacturing facilities are located in a close proximity with Chinalco. Therefore, not only can Chinalco reduce the purchasing cost and the logistics cost through the on-site manufacturing and installation service provision by the Group, the Group is also able to reduce its selling cost and the logistics cost when providing commodities to Chinalco.

In light of the above commercial justifications, we concur with the view of the Directors that the provision of commodities to Chinalco by the Group under the Commodities Sales and Purchases Master Agreement is conducted in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

ii) Provision of Engineering Services to Chinalco by the Group

In assessing whether the Provision of Engineering Services to Chinalco by the Group under the Engineering Services Master Agreement is in the interests of the Company and the Shareholders as a whole, we have considered the following reasons and benefits:

- (i) According to the Letter from the Board, the Group has long been providing stable engineering services to Chinalco, and the Group is able to fully understand the business and operating requirements of Chinalco. As discussed with the management of the Company, a substantial portion of the Group's engineering services revenue is from contracts with a pre-agreed price which may therefore expose the Group to cost overruns. In performance of the contract, the Group may need to execute extra work when the project owner changes the design for non-technical reasons after the design plan is confirmed. In addition, any delay caused by the extra work may affect the progress of the Group's projects and thus the ability to meet the established milestone dates of the specific contract. Given the unmatched familiarity the Group has with Chinalco, the management of the Company believes the aforementioned costs could be minimized;
- (ii) Based on the historical transaction amounts of the engineering services provided to Chinalco by the Group as set out in the Letter from the Board, total transaction amounts of engineering services provided to Chinalco during each of the years ended 31 December 2012 and 2013 were RMB2,514.75 million and RMB2,376.66 million respectively, which accounted for approximately 15% and 13% of the Group's turnover during each respective year. In view of the significance of the engineering services provided to Chinalco to the Group's turnover, and the prices and terms of providing engineering services by the Group to Chinalco are no less favourable to the Group than those provided to independent third party customers by the Group, more gross profit in absolute amount could be generated by the Group by providing services to Chinalco.

In light of the above commercial justifications, we concur with the view of the Directors that the transactions under the Engineering Services Master Agreement is conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

iii) Provision of Deposit Services to the Group by Chinalco Finance

In assessing whether the utilization of the deposit services under the Financial Services Agreement is in the interests of the Company and the Shareholders as a whole, we have considered the following reasons and benefits:

- (i) Based on discussion with and information provided by the management of the Company, we understand that the major purpose for the Group to place deposits with Chinalco Finance is to settle a number of routine intra-group transactions through the settlement services offered by Chinalco Finance,

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which is free of charge. On the other hand, the bank charge otherwise charged by other major commercial banks through their settlement services is based on each transaction amount of the same intra-group transaction and as at the Latest Practicable Date, subject to a cap of RMB200 per transaction;

- (ii) The interest rate for the Group's deposit placed with Chinalco Finance will be not lower than (a) the benchmark interest rate published by PBOC from time to time for the deposit with the same type and tenure, (b) the interest rate offered by major commercial banks in China (including but not limited to Bank of China, China Construction Bank, Industrial and Commercial Bank of China, and Agricultural Bank of China) for the deposit with the same type and tenure, and (c) the interest rate offered by Chinalco Finance to Chinalco and its group companies for the deposit with the same type and tenure. As the Group is entitled but not obligated to use the deposit services of Chinalco Finance, this deposit service provides the Group an alternative means to earn interests from the deposit transactions while helping diversify the Group's risk in relation to its deposits;
- (iii) By placing deposits with Chinalco Finance, the Company will strengthen its centralized management of its subsidiaries' working capital by monitoring the balance of cash deposits of each subsidiary placed with Chinalco Finance and reduce the working capital transmission time and amount of settlement deposit required to be kept by the Company, thereby increasing the Group's efficiency of fund utilization;
- (iv) The deposits placed with Chinalco Finance by the Company allow the provision of financing support to the Company's subsidiaries through operating loans subject to compliance with the limits for such loans. Such arrangements will resolve the liquidity requirements of individual subsidiaries of the Company and enable the individual subsidiaries to effectively utilize the operating loans from the cash deposits placed and the Company to centralize its management of the Company's credit limits and loan targets through Chinalco Finance;
- (v) As stated in the Letter from the Board, Chinalco Finance is under the supervision of CBRC and it has been maintaining satisfactory operating results and financial position with good risks control and well-regulated management in its track record. In this connection, we understand from the Company that Chinalco Finance has been regularly filing to CBRC and has since its establishment received no non-compliance notices or any penalty from CBRC. As part of our due diligence exercise, we have reviewed samples of Chinalco Finance's regular filing to CBRC and noted no irregularities;
- (vi) Pursuant to the articles of association of Chinalco Finance, Chinalco, as the controlling shareholder of Chinalco Finance, will provide effective assistance, including but not limited to, injecting more capital to Chinalco Finance if there are any financial difficulties in order to ensure the safety and liquidity of the relevant deposits of the Group with Chinalco Finance; and

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (vii) There is extra risk control to be established by the Group such as to (a) regularly check online bank statements for deposits placed with Chinalco Finance; (b) require Chinalco Finance to issue monthly deposit transaction record statements to the Group so that the Group can timely monitor the safety of its deposit and reconcile any difference (if any); and (c) require Chinalco Finance to provide copies of its quarterly financial statements to the Group on demand so that the Group can timely monitor the financial status of Chinalco Finance.

In light of the above commercial justifications, we concur with the view of the Directors that the utilization of Chinalco Finance's deposit services under the Financial Services Agreement is conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

Key terms of the transactions

i) Provision of Commodities to Chinalco by the Group

We have reviewed the Commodities Sales and Purchases Master Agreement and have considered the following major terms relating to the provision of commodities to Chinalco by the Group:-

- (i) The Commodities Sales and Purchases Master Agreement was entered into by the Group and Chinalco on 22 August 2014, pursuant to which, the Group may provide commodities to Chinalco and/or its associates from time to time, primarily including commodities such as the equipment and raw materials required for the production and operations of Chinalco and/or its associates;
- (ii) The initial term of the Commodities Sales and Purchases Master Agreement shall commence from 1 January 2015 and expire on 31 December 2017, unless at any time either party gives at least three months' prior written notice of termination to the other party. The relevant subsidiaries or joint ventures of both parties would otherwise enter into separate contract, which shall set out the specific terms and conditions based on the principles set out in the Commodities Sales and Purchases Master Agreement;
- (iii) In determining the prices of raw materials and equipment, the Group would first make reference to the average market price and if there are no similar market price available, adopt the principle of cost plus mark-up. The relevant cost includes raw materials, auxiliary materials, depreciation, labour, kinetics, tools, consumption of skills, repairs of equipment, management fees and finance fees;
- (iv) The market prices and level of profit rates in the industry would be collected by business departments of the Group through the industry associations and independent suppliers. In particular, we noted that the Company will refer to <http://www.ccmn.cn> (長江有色金屬網), <http://www.smm.cn> (上海有色網), and <http://www.cnal.com/> (中鋁網), among others, which are websites

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providing news about the aluminum market, aluminum price, aluminum products and aluminum suppliers from all over the world and also various sources of nonferrous metals market spot prices. From our understanding, these are all well-regarded platforms commonly used within the aluminum industry; and

- (v) For the products which have no alternatives available in the market, the prices would be determined after arm' length negotiation by both parties of the contract. The Group would make reference to the historical prices of the relevant products, and ensure that the terms and conditions of the products provided to Chinalco are fair and reasonable based on the principle of cost plus a fair and reasonable profit rate.

As part of our due diligence exercise, we have reviewed samples of sales contracts of commodities by the Group to its customers, including sales to Chinalco and to independent third party customers. We noted that the profit rate of the sampled sales to Chinalco were no less favourable to the Group than the profit rate of the sampled sales to independent third party customers. Furthermore, we noted that the payment terms and credit period offered to Chinalco, as stipulated in the individual sales agreements, is similar to that offered to independent third party customers and is comparable to the average credit terms of 30 to 90 days from sales of goods based on the 2013 Annual Report of the Group.

We also understand from the management of the Company that all the quotations to Chinalco prepared by the business department of the Group are subject to review and pre-approval by multiple departments, including but not limited to finance and business departments (who does not have any direct interest in the transactions) of the Company. The staff in business department will compare the profit rate of sales to Chinalco to the level of profit rates in the industry as well as those of sales to other independent third party customers, and obtain final approval from the department head before going through a formal approval process with involvement from other departments. If the price of the orders by Chinalco after price negotiations are below a fair and reasonable profit rate, the Group may choose not to accept the orders placed by Chinalco. By doing so, the Group can evaluate and ensure that the terms of each sales provided to Chinalco are no less favourable to the Group than the terms to independent third party customers.

Based on review of the above key terms, we concur with the view of the Directors that the provision of commodities to Chinalco by the Group under the Commodities Sales and Purchases Master Agreement is on normal commercial terms which are fair and reasonable so far as the Independent Shareholders are concerned.

ii) Provision of Engineering Services to Chinalco by the Group

We have reviewed the Engineering Services Master Agreement and have considered the following major terms of the engineering services provided by the Group to Chinalco:

- (i) The Engineering Services Master Agreement was entered into by the Group and Chinalco on 22 August 2014, pursuant to which the Group may from time

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to time provide engineering services to Chinalco and/or its associates, including construction engineering, technology (right of use) transfer, project supervision, survey, engineering design, engineering consultancy, equipment agency and equipment sales, engineering management and other engineering related services;

- (ii) The initial term of the Engineering Services Master Agreement shall commence from 1 January 2015 and shall expire on 31 December 2017, unless at any time either party gives at least three months' prior written notice of termination to the other party; and
- (iii) The prices for the engineering services provided by the Group shall be determined by an arm's length negotiation between the parties. For determining the prices of survey and design projects, the Company would refer to the Engineering Survey and Design Charging Administration Regulations (Ji Jia Ge [2002] No. 10) (《工程勘察設計收費管理規定》(計價格[2002]第10號)) promulgated by the then National Development Plan Commission and Ministry of Construction. As part of our due diligence procedures, we have enquired with management of the Company and understand that the consequence the Company failing to follow with the aforesaid regulation is a possible penalty imposed by the relevant PRC price control department according to the Price Law of the People's Republic of China (《中華人民共和國價格法》) and the Regulations on Administrative Penalty against Price-related Illegal Acts (《價格違法行為行政處罰規定》). We have not identified any incidences of non-compliance nor have we identified incidences where the Company received any penalty notice during our due diligence procedures. For determining the prices of engineering and construction contracting projects, the Company would estimate prices on the basis of the project size and the exact work to be done, which is also the basis that the Company makes reference to when participating in the bidding or negotiation process in engineering and construction contracting projects with independent third parties.

As part of our due diligence exercise, we have reviewed samples of contracts of provision of engineering services by the Group to its customers, including sales to Chinalco and to independent third party customers. We noted that cost budgets were prepared for all these engineering services projects on the basis of the project size and the work to be done. We also noted that the profit rate of the sampled engineering services provided to Chinalco were no less favourable to the Group than the profit rate of the sampled sales to independent third party customers. Furthermore, we noted that the payment terms offered to both Chinalco and independent third party customers, as stipulated in the individual sales agreements, is by installments according to project progress. Based on the 2013 Annual Report of the Group, we noted that 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. In our sampled sales, we noted the payment terms offered to Chinalco were no less favourable to the Group than the payment terms offered to other independent third party customers.

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Based on review of the above key terms, we concur with the view of the Directors that the engineering services provided by the Group to Chinalco under the Engineering Services Master Agreement are on normal commercial terms which are fair and reasonable so far as the Independent Shareholders are concerned.

iii) Provision of Deposit Services to the Group by Chinalco Finance

We have reviewed the Financial Services Agreement and have considered the following major terms relating to the deposit services provided by Chinalco Finance to the Group:-

- (i) The Financial Services Agreement was entered into by the Group and Chinalco Finance on 22 August 2014, pursuant to which Chinalco Finance may, among other things, provide deposit services to the Group. The Company and Chinalco Finance would enter into separate contracts to provide for the specific deposit services;
- (ii) Chinalco Finance undertakes to provide high-quality and efficient financial services to the Company, and to timely notify the Company agreed events in order to safeguard the financial assets of the Company and to adopt proper mitigation measures. In respect of the deposit services provided under this Financial Services Agreement, 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;
- (iii) The term of the Financial Services Agreement governing the deposit services is three years (i.e. from 1 January 2015 to 31 December 2017) (for avoidance of doubt, shall supersede the Existing Financial Services Agreement which originally would not be expired until 23 August 2015). Unless one party notifies the other party to terminate this agreement, it would be extended for another three years upon its expiry without limitation on the times of extension, subject to the relevant announcement, annual review, reporting or Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The maximum daily balance of RMB1.3 billion (including any interest accrued thereon) for the deposit services would only become effective upon Independent Shareholders' approval;
- (iv) The interest rate for the Group's deposit with Chinalco Finance should not be lower than (i) the benchmark interest rate published by PBOC from time to time for the deposit with the same type and tenure, (ii) the interest rate offered by major commercial banks (including but not limited to Bank of China, China Construction Bank, Industrial and Commercial Bank of China and Agricultural Bank of China) in the PRC for the deposit with the same type and tenure, and (iii) the interest rate offered by Chinalco Finance to Chinalco and its group companies for the deposit with the same type and tenure;

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- (v) Chinalco Finance shall ensure the security of the Group's funds and promptly and fully satisfy any withdrawal request raised by the Group. If Chinalco Finance fails to pay the deposits to the Group on time and in full upon request, the Group shall be entitled to terminate the Financial Services Agreement and offset any such deposits payable with the loans due to Chinalco Finance by the Group according to laws and regulations of the PRC; and
- (vi) The settlement services provided by Chinalco Finance to the Group are free of charge.

As part of our due diligence exercise, we have obtained and reviewed the monthly deposit statement dated March 2014 and May 2014 issued by Chinalco Finance to the Company. We noted that Chinalco Finance has set the actual interest rates for the deposit services to the maximum allowable savings rate, being 110% of the PBOC standard rate.

Based on review of the above key terms, we concur with the view of the Directors that the deposit services provided by Chinalco Finance to the Group under the Financial Services Agreement is on normal commercial terms which are fair and reasonable so far as the Independent Shareholders are concerned.

Non-exempt Annual Caps

i) Provision of Commodities to Chinalco by the Group

The provision of commodities to Chinalco by the Group contemplated under the Commodities Sales and Purchases Master Agreement is subject to the proposed annual caps as discussed below:

a) Review of historical figures

Set out below are the historical total transaction amounts of the commodities actually provided to Chinalco by the Group during the two years ended 31 December 2013 and the forecasted total transaction amounts of the commodities to be provided to Chinalco by the Group for the year ending 31 December 2014, and the relevant annual caps for each of the three years ending 31 December 2014:

Unit: RMB million

	For the financial year ending 31 December		
	2012	2013	2014
	<i>(historical)</i>	<i>(historical)</i>	<i>(forecast)</i>
Total transaction amounts of the commodities provided to Chinalco by the Group	192.47	120.65	160.00
Relevant annual caps	200.00	180.00	160.00
Utilisation rates	96.2%	67.0%	100.0%

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Other than the under-utilisation of the annual cap for the year ended 31 December 2013 due to a lower than expected commodities trading volume with Chinalco, we note that the annual cap for the year ended 31 December 2012 and for the year ending 31 December 2014 were either almost fully utilized or is forecasted to be fully utilized, respectively.

b) Assessment of the proposed annual caps

The proposed annual caps in respect of the provision of commodities to Chinalco by the Group under the Commodities Sales and Purchases Master Agreement for each of the three years ending 31 December 2017 are set out below:

<i>Unit: RMB million</i>	For the financial year ending 31 December		
	2015	2016	2017
Proposed annual caps	900.00	900.00	1,000.00

As seen above, the proposed annual caps represents a significant increase as compared to the historical annual caps for the three years ending 31 December 2014. From our discussion with management of the Company, this is mainly due to an expected increase in manufacturing capacity of the Group, which is contributed by (i) the acquisition of Zhuhai Xinfeng Mechanical and Electrical Equipment Company Limited (珠海新峰機電設備有限公司), (“**Xinfeng**”) a company primarily engaged in the production of dense and ultra-dense phase powdery material transmission system (equipment) and which had been providing commodities to Chinalco, in January 2013. As discussed with management of the Company, Xinfeng has endeavored to and will keep its transaction amounts with Chinalco below the relevant annual caps for the year ended 31 December 2013 the year ending 31 December 2014. The expected amount of commodities to be provided to Chinalco by Xinfeng are approximately RMB213 million, RMB35 million and RMB38 million for each of the three years ending 31 December 2017 respectively. As discussed with management of the Company, the significant amount of expected sales by Xinfeng to Chinalco in year 2015 was mainly due to the plan of certain subsidiary(ies) of Chinalco to relocate and re-build a new alumina production line. We understand from the management of the Company that such subsidiary(ies) of Chinalco is expected to source commodities for re-building the said production line, and management of the Company is confident that Xinfeng could become one of the main equipment suppliers in the said relocation plan; and (ii) Chalieco Trading Co., Ltd. (中鋁國際工程設備有限公司), a wholly owned subsidiary of the Company, has enhanced its business development efforts, resulting in a rapid growth of business with Chinalco and its associates. The expected amount of commodities to be provided to Chinalco by Chalieco Trading Co., Ltd. are approximately RMB370 million, RMB350 million and RMB450 million for each of the three years ending 31 December 2017 respectively.

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As discussed with management of the Company, we understand that management of the Company has procured each of its subsidiaries to provide an estimate of the forecasted transaction amount with Chinalco. The forecasted transaction amount would be approved by management of each of the subsidiary before submitting to the Company for consolidation and review. From our further due diligence enquiry, we understand that Xinfeng and Chalieco Trading Co., Ltd. are two of the principal subsidiaries with more significant business volume with Chinalco, and together contributing approximately half of the relevant annual cap for each of the three years ending 31 December 2017 respectively. As discussed with management of the Company and noted from the consolidated forecasted sales amount to Chinalco, we understand that despite the decrease in the expected amount of sales of Xinfeng to Chinalco in years 2016 and 2017 as compared with year 2015, the proposed annual cap for the total transaction amounts of the commodities provided to Chinalco by the Group nevertheless remained constant in year 2016 and increased by RMB100 million in 2017. This is due to (i) overall increase in expected sales to Chinalco in years 2016 and 2017 due to enhanced business development efforts by a number of the Company's other subsidiaries, in particular, (a) Shenyang Boyu Science and Technology Co., Ltd. (瀋陽博宇科技有限責任公司), which is engaged in the manufacturing of Alumina hyper dense phase conveying systems, agitators, vacuum ladles and non-standard equipment; and (b) Guiyang Zhenxing Aluminum & Magnesium Technological Development Co., Ltd. (貴陽振興鋁鎂科技產業發展有限公司), which is engaged in the manufacturing of cell control cases, and environmental protection equipment; and (ii) increase in expected amount of sales to Chinalco by Chalieco Trading Co., Ltd. of RMB100 million in year 2017 compared to year 2016 as mentioned above. In assessing the fairness and reasonableness of the basis for the proposed annual caps for the total transaction amounts of the commodities provided to Chinalco by the Group, we have obtained and reviewed the Company's forecasted sales of commodities to other independent third parties and also noted a significant expected increase for the year ending 31 December 2015 as compared to the year ending 31 December 2014.

Other than the above, the management of the Company also contributes part of the reason to increase the proposed cap being the plan of certain other subsidiary(ies) of Chinalco to relocate in the future. As part of our due diligence exercise, we understand from management of the Company that Chinalco is undergoing preliminary discussion regarding such relocation and new production line construction plan. Therefore, we concur with the management of the Company that relocation of subsidiary(ies) of Chinalco should result in additional equipment to be purchased from the Group in the three years ending 31 December 2017.

In view of the above, we concur with the Directors' view that the basis for determining the proposed total transaction amounts of the commodities provided to Chinalco by the Group, being the proposed annual caps sought, for the three years ending 31 December 2017 is fair and reasonable so far as the Independent Shareholders are concerned.

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ii) *Provision of Engineering Services to Chinalco by the Group*

The Provision of Engineering Services to Chinalco by the Group contemplated under the Engineering Services Master Agreement is subject to the proposed annual caps as discussed below:

a) Review of historical figures

Set out below are the historical total transaction amounts of the engineering services actually provided to Chinalco by the Group during the two years ended 31 December 2013 and the forecasted total transaction amounts of the engineering services to be provided to Chinalco by the Group for the year ending 31 December 2014, and the relevant annual caps for each of the three years ending 31 December 2014:

<i>Unit: RMB million</i>	For the financial year ended 31 December		For the financial year ending 31 December
	2012	2013	2014
	<i>(historical)</i>	<i>(historical)</i>	<i>(forecast)</i>
Total transaction amounts of the engineering services provided to Chinalco by the Group	2,514.75	2,376.66	3,110.00
Relevant annual caps	3,700.00	3,850.00	4,000.00
Utilisation rates	68.0%	61.7%	77.8%

b) Assessment of the proposed annual caps

The proposed annual caps in respect of the provision of engineering services to Chinalco by the Group under the Engineering Services Master Agreement for each of the three years ending 31 December 2017 are set out below:

<i>Unit: RMB million</i>	For the financial year ending 31 December		
	2015	2016	2017
Proposed annual caps	5,000.00	5,000.00	5,000.00

The Company estimates that the proposed annual caps for the maximum transaction amounts of the engineering services provided to Chinalco by the Group, upon the Independent Shareholders' approval, for each of the three years ending 31 December 2017 to be RMB5.0 billion, representing an increase of 25% from the historical annual cap for the year ending 31 December 2014.

As discussed with the management of the Company, the forecasted increase in engineering services to be provided by the Group is mainly due to (i) plan of

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subsidiaries of Chinalco to relocate in the future, as discussed in the above section headed “Assessment of the proposed annual caps” under “Provision of commodities to Chinalco by the Group” and thus an anticipated increase in the engineering service volume to be provided to Chinalco by the Group; and (ii) the estimated increase of the cost of labour after considering both the economic trend at the moment and in the near future. As discussed with management of the Company, we understand that labour, such as labour subcontracting and the Group’s own employee costs, is one of the major components of the cost of the engineering services and that the Company negotiates prices for the engineering services to be provided by reference to the anticipated cost required for the relevant services. With the increasing importance of strict compliance with project regulations, the management of the Company anticipates the cost of attracting individuals knowledgeable in technologies, safety, cost control and operational process management will continue to increase. In assessing the fairness and reasonableness of the basis for the proposed annual caps for the total transaction amounts of the engineering services provided to Chinalco by the Group, we have obtained and reviewed the Company’s forecasted engineering services to be provided to other independent third parties and also noted a similar trend of increase that is in line with the anticipated increase in labour cost.

In view of the above, we concur with the Directors’ view that the basis for determining the proposed total transaction amounts of the engineering services provided to Chinalco by the Group, being the proposed annual caps sought, for the three years ending 31 December 2017 is fair and reasonable so far as the Independent Shareholders are concerned.

iii) Provision of Deposit Services to the Group by Chinalco Finance

The deposit services contemplated under the Financial Services Agreement is subject to the proposed annual caps as discussed below:

a) Review of historical figures

Set out below are the historical maximum daily balances of deposit of the Group during the two years ended 31 December 2013 and the forecasted maximum daily balances of deposit of the Group for the year ending 31 December 2014, and the relevant annual caps for each of the three years ending 31 December 2014:

Unit: RMB million

	For the financial year ended		For the
	31 December		financial
	2012	2013	year ending
	<i>(historical)</i>	<i>(historical)</i>	31 December
			2014
			<i>(forecast)</i>
Historical maximum daily			
balances of deposit	1.45	944.16	1,000.00
Relevant annual caps	1,300.00	1,300.00	1,300.00
Utilisation rates	0.1%	72.6%	76.9%

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Although the Existing Financial Services Agreement was entered into between the Company and Chinalco Finance on 24 August 2012, the low utilization rate in the year ended 31 December 2012 was mainly due to the Company agreeing not to deposit any funds with Chinalco Finance (and, if any, would be kept below the de minimis threshold set out in the then Rule 14A.33 of the Listing Rules) before the then independent shareholders' approval, which was not obtained until the 2012 Annual General Meeting of the Company held on 8 May 2013.

b) Assessment of the proposed annual caps

The proposed annual caps in respect of the deposit services under this Financial Services Agreement for each of the three years ending 31 December 2017 are set out below:

<i>Unit: RMB million</i>	For the financial year ending		
	31 December		
	2015	2016	2017
Proposed annual caps	1,300.00	1,300.00	1,300.00

As discussed with management of the Company, the proposed annual caps were set after taking into account of the utilisation percentage of the historical annual caps, the increasing total asset of the Group, and the anticipated increase in the daily balance of cash and deposits of the Group, thus keeping the proposed annual caps consistent with the historical annual caps. The management of the Company represented to us that they anticipate approximately 30% of their total cash and deposit balance will continue to be deposited with Chinalco Finance for the three years ending 31 December 2017.

In assessing the fairness and reasonableness of the basis for determining the proposed maximum daily balance of cash and deposits, we have obtained and reviewed from the annual reports of the Company the audited historical year-end balance of cash and deposits of the Group as at 31 December 2011, 2012 and 2013, which were approximately RMB2.58 billion, RMB3.23 billion and RMB6.74 billion respectively, being an average cash and deposit balance of approximately RMB4.18 billion. Based on the aforementioned expected proportion of cash and deposit balance to be deposited in Chinalco Finance of 30%, this calculates to approximately RMB1.25 billion, which is a level similar to the proposed annual caps of RMB1.3 billion now being sought. We have also obtained and reviewed from the annual reports of the Company and note an increasing trend of the actual audited historical year-end total asset balance of the Group as at 31 December 2011, 2012 and 2013, which were approximately RMB14.14 billion, RMB20.12 billion and RMB28.21 billion respectively.

In view of the above, we concur with the Directors' view that the basis for determining the proposed maximum daily deposit balance, being the proposed annual caps sought, for the three years ending 31 December 2017 is fair and reasonable so far as the Independent Shareholders are concerned.

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Conditions

Pursuant to the Listing Rules, the Company will seek the approval by the Independent Shareholders of the Non-exempt Continuing Connected Transactions (including the Non-exempt Annual Caps) for the three years ending 31 December 2017 subject to the following conditions:

1. Each year the independent non-executive Directors must review the Non-exempt Continuing Connected Transactions and confirm in the annual report and accounts that the transactions have been entered into:
 - (a) in the ordinary and usual course of business of the Group;
 - (b) either on normal commercial terms or, if there are no sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Company than terms available from independent third parties; and
 - (c) in accordance with the Agreements on terms that are fair and reasonable and in the interests of the Shareholders as a whole;
2. Each year the auditors of the Company must provide a letter to the Board (with a copy provided to the Stock Exchange), confirming whether anything has come to their attention that causes them to believe that the Non-exempt Connected Transactions:
 - (a) have not been approved by the Board;
 - (b) were not, in all material respects, in accordance with the pricing policies of the Group;
 - (c) were not entered into, in all material respects, in accordance with the Agreements; and
 - (d) have exceeded the relevant Non-exempt Annual Caps; and
3. The Company will comply with all other relevant requirements under the Listing Rules.

Taking into account of the conditions attached to the Non-exempt Continuing Connected Transactions, in particular, (i) the ways of setting the Non-exempt Annual Caps; and (ii) the compliance with all other relevant requirement under the Listing Rules (which include the annual review and/or confirmation by the independent non-executive Directors and auditors of the Company on the actual execution of the Non-exempt Continuing Connected Transactions pursuant to Rule 14A.55 and Rule 14A.56 of the Listing Rules), we consider that the Company has taken appropriate measures to govern the Company in carrying out the Non-exempt Continuing Connected Transactions, with a view to safeguarding the interests of the Shareholders thereunder.

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RECOMMENDATION

Having considered the principal factors and reasons set out in this letter, we are of the opinion that the entering into of the Non-exempt Continuing Connected Transactions are conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole and that the terms of the Non-exempt Continuing Connected Transactions are on normal commercial terms and, together with the Non-exempt Annual Caps, are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves advise, the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM for approving the renewal of the Non-Exempt Continuing Connected Transactions under the Agreements and the Non-exempt Annual Caps.

Yours faithfully,
For and on behalf of
GF Capital (Hong Kong) Limited

Danny Wan
Managing Director

Harry Yu
Director

Note: Mr. Danny Wan and Mr. Harry Yu are licensed persons registered with the SFC and responsible officers of GF Capital (Hong Kong) Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. Both of them have over 15 years of experience in the corporate finance industry, and have participated in the provision of independent financial advisory services for various connected transactions involving companies listed in Hong Kong.

1. RESPONSIBILITY STATEMENT

This document, for which the Directors of the issuer collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the issuers. After having made all reasonable enquiries, each of Directors confirms that to the best of their knowledge and belief the information contained in this document is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.

2. DISCLOSURE OF INTERESTS AND RECOGNITION

As at the Latest Practicable Date, none of the Directors, supervisors or senior management of the Company had an interest or a short position in the Shares, underlying Shares and debentures of the Company and any associated corporation. As at the Latest Practicable Date:

- (a) Save as disclosed above, none of the Directors, supervisors and senior management of the Company had any interest or short position in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (including interests and short positions which they were taken or deemed to be interested under such provisions of Securities and Futures Ordinance) or which will be required, pursuant to section 352 of the Securities and Futures Ordinance, to be entered in the register referred to therein, or will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies;
- (b) none of the Directors, supervisors and senior management or their spouses or children under the age of 18 was granted any rights to subscribe any equity security or debt security of the Company;
- (c) except that Mr. ZHANG Chengzhong, Mr. ZHANG Zhankui and Mr. WANG Qiang all hold management positions in Chinalco and as such are deemed as associated Directors of the Company under the Listing Rules, none of the Directors has material interests in any contract or arrangement which has been entered by any member of the Group since 31 December 2013 (being the date to which the latest published audited annual financial statement of the Company were made up), was subsisting as at the Latest Practicable Date and significant in relation to the business of the Group;

- (d) none of the Directors has any direct or indirect interest in any asset which have been acquired or disposed of by or leased to any member of the Group, or in which any member of the Group intended to acquire or dispose of by or lease to any member of the Group since 31 December 2013 (being the date to which the latest published audited annual financial statement of the Company were made up);
- (e) save as disclosed in “the Directors’ interest in competing business” in Appendix I, so far as is known to the Directors, they and any of their respective associates was not interested in any business (excluding the business of the Group) which competes or is likely to compete either directly or indirectly with the business of the Group; if each of them were the controlling shareholder, they are required to make disclosure under Rule 8.10 of the Listing Rules;
- (f) the Company has not been aware of any material adverse change in the financial or trading position of the Group since 31 December 2013 (being the date to which the latest published audited annual financial statement of the Company were made up);
- (g) none of the Directors entered into any service contract (excluding agreements expiring or determinable by employers within one year without payment of compensation other than statutory compensation) with the Company or any member of the Group; and
- (h) The Board confirms that to the best of their knowledge, information and belief having made all reasonable enquiries, as at the Latest Practicable Date, there was no voting trust or other agreement or other arrangement or understanding (other than an outright sale) entered into by or binding upon any Shareholder and there was no obligation or entitlement of any Shareholder whereby he has or may have temporarily or permanently passed control over the exercise of the voting right in respect of his Shares to a third part either generally or on a case-by-case basis.

3. THE DIRECTORS’ INTEREST IN COMPETING BUSINESS

As at the Latest Practicable Date, save as disclosed below, the Directors and their related associates did not have any competing interest in any business which directly or indirectly competes or is likely to compete with the business of the Company:

Name of the Director	Position in the Company	Other interest
Mr. ZHANG Chengzhong	Chairman	vice president of Chinalco
Mr. ZHANG Zhankui	non-executive Director	the director of the finance department of Chinalco
Mr. WANG Qiang	non-executive Director	the director of the capital operation department of the Chinalco

4. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as the Directors and the chief executive officer of the Company are aware, the following persons will have an interest or short position in the 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, or who are, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings:

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

Notes:

- The percentage is calculated based on the number of shares in the relevant class/total number of shares in issue as at the Latest Practicable Date.
- 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.

5. THE QUALIFICATION AND CONSENT OF EXPERT

The below is the qualification of the expert who provided views or advice set out in the Circular:

Name	Qualification
GF Capital	A licensed corporation under the SFO to carry on type 6 (advising on corporate finance) regulated activities, the independent financial adviser to the Independent Board Committee and the Independent Shareholders.

- (a) As at the Latest Practicable Date, GF Capital does not have any shareholding in any member of the Group and they do not have rights (whether legally enforceable or not) to subscribe for or to nominate others to subscribe for the securities in any member of the Group.
- (b) As at the Latest Practicable Date, GF Capital has given and has not withdrawn its written consent to the issue of the Circular with its statement included in the form and context in which it is included.
- (c) As at the Latest Practicable Date, GF Capital has not had any interest in any asset which have been acquired or disposed of by or leased to any member of the Group, or in which any member of the Group intended to acquire or dispose of by or leased to any member of the Group since 31 December 2013 (being the date to which the latest published audited annual financial statement of the Company were made up).

6. OTHER INFORMATION

- (a) The Company's secretary is Mr. Wang Jun.
- (b) The address of the Company's registered office is Building C, No. 99, Xingshikou Road, Haidian District, Beijing, PRC.
- (c) The Company's H Share registrar is Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (d) In the event of any inconsistency, the English text of the Circular shall prevail over the Chinese text.

7. DOCUMENT AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the principal place of business of the Company at Room 4501, Far East Finance Centre, No. 16 Harcourt Road, Admiralty, Hong Kong during normal business hours from the date of the circular to Thursday, 25 September 2014 (both days inclusive):

- (a) Commodities Sales and Purchases Master Agreement; Engineering Services Master Agreement; and Financial Services Agreement;
- (b) Letter from the Independent Board Committee, its full text set out on page 24 of the circular;
- (c) the letter from GF Capital, its full text set out on page 25 to page 42 of the circular; and
- (d) the letter of consent from the experts mentioned in the 46 paragraph of this appendix.

NOTICE OF EGM



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)

NOTICE OF THE FIRST EXTRAORDINARY GENERAL MEETING FOR 2014

NOTICE IS HEREBY GIVEN that the extraordinary general meeting of China Aluminum International Engineering Corporation Limited (the "Company") will be held at Conference Room 211 of China Aluminum International Engineering Corporation Limited, Building C, No. 99, Xingshihou Road, Haidian District, Beijing, at 9:30 a.m. on 30 October 2014 (Thursday) to consider and, if thought fit, pass the following resolutions. Terms used herein shall have the same meaning as defined in the Circular dated 11 September 2014 ("Circular") unless otherwise stated.

Ordinary Resolutions

1. **THAT** the transactions and the annual caps of 2015, 2016 and 2017 in relation to the Provision of Commodities to Chinalco under the Commodities Sales and Purchases Master Agreement be and are hereby approved and confirmed.
2. **THAT** the transactions and the annual caps of 2015, 2016 and 2017 in relation to the Provision of Engineering Services to Chinalco under the Engineering Services Master Agreement be and are hereby approved and confirmed.
3. **THAT** the transactions and the annual caps of 2015, 2016 and 2017 in relation to the provision of Deposit Services by Chinalco Finance under the Financial Services Master Agreement be and are hereby approved and confirmed.

Special Resolution

4. **THAT** the proposed issuance of Onshore and Offshore Corporate Debt Financing Instruments are hereby approved.

By order of the Board

China Aluminum International Engineering Corporation Limited

Chairman of the Board

ZHANG Chengzhong

Beijing, PRC, 11 September 2014

NOTICE OF EGM

Notes:

1. In order to determine the list of shareholders who are entitled to attend the extraordinary general meeting to be convened on Thursday, 30 October 2014, the register of members will be closed from Tuesday, 30 September 2014 to Thursday, 30 October 2014, both days inclusive, during which time no transfer of the Shares will be registered. In order to be qualified to attend and vote at the extraordinary general meeting, the holders of H Shares of the Company shall lodge relevant share transfer documents with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited at No. 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Monday, 29 September 2014.
2. A shareholder who is entitled to attend and vote at the extraordinary general meeting may appoint one or more proxies (whether he/she is a shareholder) to attend and vote at the EGM on his or her behalf.
3. The instrument to appoint a proxy shall be signed by the appointer or his attorney duly authorised in writing or, in the case of a legal person, must be either executed under its common seal or under the hand of its Directors or attorney duly authorised.
4. To be valid, the form of proxy must be lodged with the Company's H share registrar, Computershare Hong Kong Investor Services Limited, at 17Mth Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (for holders of H Shares of the Company) or the Company's head office in China (for holders of Domestic Shares of the Company) not less than 24 hours prior to the holding of the EGM. If such instrument is signed by another person under a power of attorney or other authorisation documents given by the appointer, such power of attorney or other authorisation documents shall be notarised. The notarised power of attorney or other authorisation documents shall, together with the form of proxy, be deposited at the specified place at the time set out in such form of proxy.
5. If the appointer is a legal person, its legal representative or any person authorised by resolutions of the Board or other governing bodies may attend the EGM on behalf of the appointer.
6. The Company has the rights to request a proxy who attends the EGM on behalf of a shareholder to provide proof of identity.
7. The extraordinary general meeting is expected to take less than half a day. Shareholders who attend the extraordinary general meeting shall be responsible for their own travel and accommodation expenses.
8. The address of the Company's head office in China is as follows:

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

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