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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 form of proxy and reply slip 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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**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)**

**BOARD OF DIRECTORS' REPORT FOR 2016**  
**BOARD OF SUPERVISORS' REPORT FOR 2016**  
**FINANCIAL REPORT FOR 2016**  
**REPORT OF FINANCIAL BUDGET FOR 2017**  
**PROFITS DISTRIBUTION AND DIVIDENDS DISTRIBUTION PLAN FOR 2016**  
**REMUNERATION PLAN FOR DIRECTORS FOR 2017**  
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**RE-APPOINTMENT OF INTERNATIONAL AUDITOR AND DOMESTIC AUDITOR**  
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**INVESTMENT PLAN FOR 2017**  
**IMPLEMENTATION SCHEME FOR THE**  
**"THIRTEENTH FIVE-YEAR" DEVELOPMENT PLAN**  
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**AND**  
**NOTICE OF THE FIRST H SHARE CLASS MEETING OF 2017**

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



**Gram Capital Limited**  
**嘉林資本有限公司**

The AGM and the Class Meetings will be held at Conference Room 211 of China Aluminum International Engineering Corporation Limited, Building C, No. 99 Xingshikou Road, Haidian District, Beijing at 9 a.m. on Tuesday, 23 May 2017. The notices of the AGM and the Class Meetings are set out on pages 83 to 95 of this circular.

The forms of proxy is enclosed herewith and also published on the website of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)). Shareholders who intend to appoint a proxy to attend the AGM and the Class Meetings shall complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same not less than 24 hours before the time fixed for holding the AGM and the Class Meetings or any adjournment thereof (as the case may be). Completion and return of the Form of Proxy will not preclude you from attending the AGM and the Class Meetings and voting in person if you so wish.

Shareholders who intend to attend the AGM in person or appoint a proxy to attend are requested to complete the enclosed reply slip in accordance with the instructions printed thereon and return it to the Company's Hong Kong H share registrar Computershare Hong Kong Investor Services Limited if you are a holder of H Shares or the Company's board office (at board office of China Aluminum International Engineering Corporation Limited, Building C, No. 99 Xingshikou Road, Haidian District, Beijing) if you are a holder of Domestic Shares on or before Tuesday, 2 May 2017.

7 April 2017

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## DEFINITIONS

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

“A Share(s)”	means the share(s) with a nominal value of RMB1.00 each in the share capital of the Company to be issued and listed on the Shanghai Stock Exchange
“AGM”	means the 2016 annual general meeting of the Company, which is to be held at Conference Room 211 of China Aluminum International Engineering Corporation Limited, Building C, No. 99 Xingshikou Road, Haidian District, Beijing on at 9 a.m. on Tuesday, 23 May 2017
“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 of the Company
“Chinalco”	means Aluminum Corporation of China (中國鋁業公司)
“Class Meetings”	means the first Domestic Share Class Meeting of 2017 and the first H Share Class Meeting of 2017 of the Company, which are to be held at Conference Room 211 of the Company, Building C, No. 99 Xingshikou Road, Haidian District, Beijing, the People’s Republic of China immediately after the 2016 AGM on Tuesday, 23 May 2017
“Commodities Sales and Purchases Master Agreement”	means the commodities sales and purchases master agreement entered into between Chinalco and the Company on 20 March 2017
“Company” or “we”	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, the H Shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“CSRC”	means China Securities Regulatory Commission (中國證券監督管理委員會)

## DEFINITIONS

“Director(s)”	means the director(s) of the Company
“Domestic Share Class Meeting”	means the first Domestic Share Class Meeting of 2017 of the Company, which is to be held at Conference Room 211 of the Company, Building C, No. 99 Xingshikou Road, Haidian District, Beijing, the People’s Republic of China immediately after the 2016 annual general meeting on Tuesday, 23 May 2017
“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
“Engineering Services Master Agreement”	means the engineering services master agreement entered into between Chinalco and the Company on 20 March 2017
“Existing Commodities Sales and Purchases Master Agreement and the Engineering Services Master Agreement”	means the Commodities Sales and Purchases Master Agreement and the Engineering Services Master Agreement entered into between the Company and Chinalco on 22 August 2014
“General Mandates”	means the general mandates granted to the Board to, independently or simultaneously, allot, issue and deal with the new shares that shall not exceed 20% of domestic shares and/or overseas listed foreign invested shares (H Shares) of the Company as at the date of the passing of relevant resolutions
“Group”	means the Company and its subsidiaries
“Hong Kong”	means the Hong Kong Special Administrative Region of the People’s Republic of China
“H Share Class Meeting”	means the first H Share Class Meeting of 2017 of the Company, which is to be held at Conference Room 211 of the Company, Building C, No. 99 Xingshikou Road, Haidian District, Beijing, the People’s Republic of China immediately after the Domestic Share Class Meeting on Tuesday, 23 May 2017

## DEFINITIONS

“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
“Independent Board Committee”	means an independent committee of the Board established for the purpose of considering renewal of the Commodity Sales and Purchase Master Agreement and the Engineering Services Master Agreement and the transactions thereunder, including the Annual Caps, comprising all independent non-executive Directors who are independent of the transactions
“Independent Financial Adviser” or “Gram Capital”	means Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Commodities Sales and Purchases Master Agreement, the Engineering Services Master Agreement and the transactions contemplated thereunder
“Independent Shareholders”	means shareholders of the Company other than Chinalco and its associates
“Latest Practicable Date”	means 31 March 2017, 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
“Notice of AGM”	means the notice of the 2016 annual general meeting
“NSSF”	means National Council for Social Security Fund (全國社會保障基金理事會)
“PRC”	means the People’s Republic of China
“RMB”	means Renminbi, the lawful currency of the PRC
“SFO”	means the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

## DEFINITIONS

“Shareholders”	means the holders of Shares of the Company
“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
“Supervisory Board”	means the supervisory board of the Company

LETTER FROM THE BOARD



**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. Wang jun  
Mr. Li Yihua

*Executive Directors:*

Mr. He Zhihui  
Mr. Zhang Jian

*Independent Non-executive Directors:*

Mr. Sun Chuanyao  
Mr. Cheung Hung Kwong  
Mr. Fu Jun

*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

Beijing, PRC, 7 April 2017

*To the Shareholders*

Dear Sirs or Madams,

**BOARD OF DIRECTORS' REPORT FOR 2016**  
**BOARD OF SUPERVISORS' REPORT FOR 2016**  
**FINANCIAL REPORT FOR 2016**  
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## LETTER FROM THE BOARD

### INTRODUCTION

The purpose of this circular is to issue the notice of AGM and notices of the Class Meetings and provide you with relevant information for making informed decisions to vote for or against the ordinary resolutions and special resolutions regarding the following matters to be proposed at the meeting:

#### Ordinary Resolutions

1. Board of Directors' report for 2016;
2. Board of Supervisors' report for 2016;
3. Financial report for 2016;
4. Report of financial budget for 2017;
5. Profits distribution and dividends distribution plan for 2016;
6. Remuneration plan for Directors for 2017;
7. Remuneration plan for Supervisors for 2017;
8. Re-appointment of international auditor and domestic auditor;
9. Proposed re-election and appointment of Directors;
10. Proposed re-election and appointment of Supervisors;
11. Entering into Commodities Sales and Purchases Master Agreement;
12. Entering into Engineering Services Master Agreement;
13. Investment plan for 2017; and
14. Implementation scheme for the "Thirteenth Five-Year" development plan.

#### Special Resolutions

15. Proposed amendments to the Articles;
16. Grant of General Mandates to the Board to issue Shares;
17. Extension of the valid period for the resolution of the general meeting in relation to the issue of A Shares; and
18. Extension of the valid period authorizing the Board to deal with relevant matters of the issue of A Shares.



## LETTER FROM THE BOARD

### ORDINARY RESOLUTIONS

#### **Board of Directors' Report for 2016**

An ordinary resolution will be proposed at the AGM to approve the Board of Directors' report for 2016, the full text of which will be incorporated into the annual report of the Company to be dispatched afterwards.

#### **Board of Supervisors' Report for 2016**

An ordinary resolution would be proposed at the AGM to approve the Board of Supervisors' report for 2016, the full text of which will be incorporated into the annual report of the Company to be dispatched afterwards.

#### **Financial Report or 2016**

An ordinary resolution will be proposed at the AGM to approve the financial report for 2016. The financial report for 2016 prepared by the Company according to International Financial Reporting Standards is summarized as follows:

1. *Revenue and profit*

In 2016, the Company's consolidated statements recorded operating income of RMB24,765.62 million; operating expenses of RMB23,419.32 million and net finance costs of RMB184.22 million. The profit after tax for the year was RMB1,302.37 million, of which RMB1,144.40 million was attributable to the equity holders of the Company.

2. *Cash flows*

In 2016, the net cash outflow from operating activities in the Company's consolidated statements was RMB1,192.4 million. The net cash outflow from investing activities was RMB295.0 million. The net cash inflow from financing activities was RMB4,329.9 million. The net increase of cash and cash equivalents was RMB2,866.4 million.

3. *Assets and liabilities*

As of 31 December 2016, the total assets in the Company's consolidated statements were RMB42,572.63 million, of which current assets and non-current assets amounted to RMB34,858.41 million and RMB7,714.22 million, respectively, and the total liabilities were RMB28,556.06 million. The total equity was RMB14,016.57 million, of which RMB9,407.03 million was the interest attributable to the equity holders of the Company.

#### **Report of Financial Budget for 2017**

An ordinary resolution will be proposed at the AGM to approve the report of financial budget for 2017. Such a budget report mainly includes: in 2017, the Company

## LETTER FROM THE BOARD

will allocate (i) RMB1,286 million as the budget of annual management fee; (ii) RMB136 million as the budget of annual sales expenses; (iii) RMB362 million as the budget of annual finance costs.

### **Profits Distribution and Dividends Distribution Plan for 2016**

An ordinary resolution would be proposed at the AGM to approve profits distribution and dividends distribution plan of the Company for 2016.

The Board of the Company proposed to pay a final dividend for the year ended 31 December 2016 of RMB0.87 for every 10 ordinary Shares with an aggregate amount of approximately RMB231,700,000. The Board recommended to distribute a final dividend for the year ended 31 December 2016 in cash to the Shareholders whose names recorded in the register of members of the Company on Thursday, 1 June 2017. The above dividend is subject to the approval of Shareholders at the AGM of the Company to be held on Tuesday, 23 May 2017.

The Company will determine the resident status of the individual Shareholders of H Shares based on the registered address as recorded in the register of members of the Company on Thursday, 1 June 2017 (the “**Registered Address**”). If the resident status of any individual Shareholder of H Shares is inconsistent with that indicated by the Registered Address, such individual Shareholder of H Shares shall notify the Company’s H Share registrar not later than 4:30 p.m. on Friday, 26 May 2017 and provide relevant supporting documents to 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. Any individual Shareholder of H Shares, who fails to provide relevant supporting documents within the time period stated above, may either personally or appoint an agent to attend to the relevant procedures in accordance with the relevant requirements under the tax treaty notice.

In addition, the register of members will be closed from Saturday, 27 May 2017 to Thursday, 1 June 2017, both days inclusive. To be qualified for the entitlement of the final dividend mentioned above, the H Shareholders of the Company shall lodge the instruments of transfer 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 Friday, 26 May 2017.

Meanwhile, the business in relation to authorizing the Board and its authorized persons to implement the aforementioned distribution plan is proposed at the general meeting and the business in relation to all relevant matters regarding the transfer of authorization to the management of the Company from the Board after obtaining the aforementioned authorization to deal with the aforementioned distribution plan is proposed as well.

The final dividend will be paid to the Shareholders as recorded in the register of members of the Company on Thursday, 1 June 2017 on or before Friday, 21 July 2017, subject to the approval of the Shareholders at the AGM. If there is any change to the dividends payment date, an announcement will be published regarding such change.

## LETTER FROM THE BOARD

In accordance with the “Enterprise Income Tax Law of the People’s Republic of China” (《中華人民共和國企業所得稅法》) and its implementation regulations, which came into effect from 1 January 2008, and relevant requirements, the Company is required to withhold and pay the enterprise income tax at the tax rate of 10% on behalf of the non-resident enterprise Shareholders whose names appear on the register of members for H Shares when distributing the 2016 final dividends to them. Any H Shares registered under the name of a non-individual H Shareholder, including Hong Kong Securities Clearing Company Nominees Limited, other nominees or trustees, or other organizations or groups, shall be deemed as shares held by non-resident enterprise Shareholders. Therefore, on this basis, the enterprise income tax shall be withheld from dividends payable to such Shareholders.

According to the requirements of the Guoshuihan [2011] No. 348 of State Administration of Taxation and relevant laws and regulations, if individual H Shareholders are Hong Kong or Macau residents or residents from other countries which have entered into a taxation agreement with the PRC stipulating a dividend tax rate of 10%, the Company would withhold and pay 10% of their personal income tax on behalf of them. If individual H Shareholders are residents from countries which have entered into a taxation agreement with the PRC stipulating a dividend rate lower than 10%, the Company would apply for the entitlement of relevant agreed preferential treatment on behalf of them. If individual H Shareholders are residents from countries which have entered into a taxation agreement with the PRC stipulating a dividend rate higher than 10% but lower than 20%, the Company would withhold and pay their personal income tax based on the effective tax rate under relevant taxation agreement on behalf of them. If individual H Shareholders are residents from countries which have entered into a taxation agreement with the PRC stipulating a dividend rate of 20%, or residents from countries which have not entered into any taxation agreement with the PRC, or under any other circumstances, the Company would withhold and pay 20% of their personal income tax on behalf of them.

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

### **Remuneration Plan for Directors for 2017**

An ordinary resolution will be proposed at the AGM to approve the remuneration plan for Directors for the year ending 31 December 2017, and authorize the remuneration committee of the Board to perform the details of such plan with the human resources department of the Company. According to the plan, remuneration of each independent non-executive Director shall be RMB10,000 per month, net of tax. Remuneration of the Chairman and non-independent Directors of the Company who serve as senior management of the Company is determined according to the relevant remuneration policies set by the Company. Non-independent Directors (excluding the Chairman) who do not serve as senior management of the Company shall not receive their remuneration from the Company.

## LETTER FROM THE BOARD

### **Remuneration Plan for Supervisors for 2017**

An ordinary resolution will be proposed at the AGM to approve the remuneration plan for Supervisors for the year ending 31 December 2017, and authorize the remuneration committee of the Board to perform the details of such plan with the human resources department of the Company. According to the plan, the remuneration of Supervisors is determined by annual basis according to their respective positions and specific duties. Supervisors who do not serve in the Company shall not receive remuneration from the Company. Supervisors who serve in the Company shall receive remuneration on an annual basis. The cash remuneration of the annual salary consists of basic salary, annual performance-based salary and tenure incentive pays. The relevant benefits for Supervisors who serve in the Company shall be implemented in accordance with the unified benefit policy of the Company.

### **Re-appointment of International Auditor and Domestic Auditor**

An ordinary resolution will be proposed at the AGM to approve the re-appointment of PKF Hong Kong (大信梁學濂(香港)會計師事務所) and Daxin Certified Public Accountants (Special General Partnership) (大信會計師事務所有限公司(特殊普通合夥)) as the international auditor and domestic auditor of the Company for 2017, respectively, for a term of office from the date of the AGM until the next AGM, and their audit fees shall be approved by the audit committee under the Board of the Company.

### **Re-election and Appointment of Directors**

As the term of the second session of the Board will expire on 23 May 2017, in accordance with the Company Law of the PRC and the Articles, the Board has passed the resolution in relation to the proposed re-election and appointment of the third session of the Board members on 20 March 2017. The next session of the Board will comprise nine Directors. The candidates for Directors of this session nominated by the nomination committee of the Company are as follows:

<b>Executive Directors</b>	HE Zhihui, ZONG Xiaoping, WU Zhigang, ZHANG Jian
<b>Non-executive Directors</b>	WANG Jun, LI Yihua
<b>Independent non-executive Directors</b>	SUN Chuanyao, CHEUNG Hung Kwong, FU Jun

The biographical details of the above candidates are set out in Appendix II.

## LETTER FROM THE BOARD

Pursuant to the Articles, the Directors serve for a term of three years for each session. If the above candidates for Directors are appointed as the Directors of the third session of the Board of the Company at the AGM, they will enter into service agreements with the Company.

Save as disclosed in the biographical details of the above candidates, each of the candidates confirmed that (1) he does not hold any position in the Company or any of the subsidiaries of the Company, and did not hold any position of director or supervisor in any other listed public companies during last three years; (2) he does not have any relationship with any other Directors, Supervisors, senior management or substantial shareholders or controlling shareholders of the Company or any of its subsidiaries; and (3) he does not have any interest in the Shares of the Company within the meaning of Part XV of the SFO as at the date of this circular.

In addition, there is no information in relation to the above candidates which is required to be disclosed pursuant to any of the requirements as set out in Rules 13.51(2)(h) to (v) of the Listing Rules and there are no other matters in respect of the proposed appointment of Directors which need to be brought to the attention of the Shareholders.

### **Re-election and Appointment of Supervisors**

As the term of the second session of the Supervisory Board of the Company will expire on 23 May 2017, in accordance with the Company Law of the PRC and the Articles, HE Bincong was elected as the staff representative supervisor of the third session of the Supervisory Board at the 2017 first staff meeting held on 20 March 2017. The Supervisory Board of the Company has passed the resolution in relation to the proposed re-election and appointment of the third session of the shareholder representative supervisors of the Supervisory Board on 20 March 2017. The candidates for Supervisors of this session nominated by the Company are as follows:

<b>Staff representative supervisor</b>	HE Bincong (has been appointed)
<b>Shareholder representative supervisors</b>	OU Xiaowu, LI Wei

Pursuant to the Articles, the Supervisors serve for a term of three years for each session. HE Bincong has entered into a service agreement with the Company. OU Xiaowu and LI Wei will enter into service agreements with the Company after their appointment as the Supervisors of the third session of the Supervisory Board of the Company at the AGM.

The biographical details of OU Xiaowu and LI Wei are set out in Appendix III.

## LETTER FROM THE BOARD

Save as disclosed in the biographical details of the above candidates, each of the candidates confirmed that (1) he does not hold any position in the Company or any of the subsidiaries of the Company, and did not hold any position of director or supervisor in any other listed public companies during last three years; (2) he does not have any relationship with any other Directors, Supervisors, senior management or substantial shareholders or controlling shareholders of the Company or any of its subsidiaries; and (3) he does not have any interest in the Shares of the Company within the meaning of Part XV of the SFO as at the date of this circular.

In addition, there is no information in relation to the above candidates which is required to be disclosed pursuant to any of the requirements as set out in Rules 13.51(2)(h) to (v) of the Listing Rules and there are no other matters in respect of the proposed appointment of Supervisors which need to be brought to the attention of the Shareholders.

### **Continuing Connected Transactions**

As the existing Commodities Sales and Purchases Master Agreement and Engineering Services Master Agreement entered into between the Company and Chinalco will expire on 31 December 2017, the Company entered into new Commodities Sales and Purchases Master Agreement and Engineering Services Master Agreement with Chinalco on 20 March 2017 in order to meet the business needs and to arrange the management on the connected transactions by the Company. The aforesaid Agreements shall be effective upon the approval at the annual general meeting, which shall be valid until 31 December 2019. The above agreements are renewable subject to agreement between both parties and in accordance with the Listing Rules.

#### **1. COMMODITIES SALES AND PURCHASES MASTER AGREEMENT — PROVISION OF COMMODITIES BY THE COMPANY TO CHINALCO**

**Parties:** Chinalco (as the purchaser); and the Company (as the supplier)

**Date:** 20 March 2017

**Major terms:** Pursuant to the Commodities Sales and Purchases Master Agreement entered into by the Company and Chinalco on 20 March 2017, thereby the Group may provide its products to Chinalco and/or its associates from time to time, as a part of equipment manufacturing business of the Group. These products primarily include equipment, raw materials and commodities for Chinalco's production operation.

The initial term of the Commodities Sales and Purchases Master Agreement shall commence from 1 January 2017 and shall expire on 31 December 2019, unless at any time either party gives at least three months' written notice in advance to the other party to terminate the agreement.

## LETTER FROM THE BOARD

### **Pricing policy:**

- (1) In determining the prices of raw materials, equipment and commodities, the Company would firstly make reference to the average market price. In the limited circumstances where a market price is unavailable, the Company 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, consumption of skills, repairments of equipment, management fees and finance fees. For the determination of reasonable profit margin, the Company mainly refers to the profit margin of same type of products provided by the independent third parties in the market in the corresponding period to ensure the price offered by the Company to Chinalco is not lower than other independent third parties. The Company will consider the price (costs plus a profit margin) only if it is commercially acceptable to us, meaning the overall price shall fall within our budget and allow 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. The Company would collect market information from at least three independent third parties to consider if the prices of the raw materials, equipment and commodities are fair and reasonable and in line with the market. Our business department staff would update the market information on a daily basis 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 assessment of the prices at the dates of the transactions, the business staff would submit an adjusted price to our senior management, including the vice president, for final review and approval.

## LETTER FROM THE BOARD

- (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. The Company would make reference to the relevant historical prices of the products, and ensure that the terms of the products provided to Chinalco are fair and reasonable based on the principle of cost plus a fair and reasonable profit margin. With reference to the method in aforesaid (1), the expected profit margin of equipment to be provided to Chinalco and the expected profit margin of raw materials to be provided to Chinalco by the Company are both in line with the industry standard and no less favorable than the profit margin charged from independent third parties.

**Reasons for and benefits of the transactions:**

- (1) Chinalco may reduce the purchasing cost and the logistics cost through the on-site provision by the Company and its subsidiaries.
- (2) the Company have built up a long-term cooperation relationship with Chinalco with mutual understanding of the operation plans, quality control and certain special requirements of both parties.
- (3) the prices and terms of the raw materials, equipment and products provided to Chinalco by the Company are no less favourable than those provided by the Company to independent third parties, therefore the provision of commodities to Chinalco by us generates profits for us.

**Historical figures and the proposed annual caps:**

*Historical amounts*

*Unit: RMB million*

	For the years ended 31 December		As of 28 February	
	2014	2015	2016	2017
Total transaction amounts of the raw materials, equipment and commodities provided to Chinalco and/or its associates by the Company under Commodities Sales and Purchases Master Agreement	134	231	468.66	30.63



<b>LETTER FROM THE BOARD</b>
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*Historical annual caps*

*Unit: RMB million*

	<b>For the years ended 31 December</b>			
	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Total transaction amounts of the raw materials, equipment and commodities provided to Chinalco and/or its associates by the Company under Commodities Sales and Purchases Master Agreement	<u>180</u>	<u>900</u>	<u>900</u>	<u>1,000</u>

*Proposed annual caps*

*Unit: RMB million*

	<b>For the years ended 31 December</b>		
	<b>2017</b>	<b>2018</b>	<b>2019</b>
Total transaction amounts of the raw materials, equipment and commodities provided to Chinalco and/or its associates by the Company under Commodities Sales and Purchases Master Agreement	<u>600</u>	<u>700</u>	<u>800</u>

## LETTER FROM THE BOARD

**Basis for the caps:** In determining the caps, the Company have primarily considered the following factors:

- (1) the historical prices of the raw materials, equipment and commodities provided to Chinalco by the Company in the past. The amounts of the continuing connected transaction of the Company actually proceeded from January to February 2017 represented a relatively small portion to the estimated amount cap for the year, mainly because it is a period for Chinese traditional holidays during January and February, a period of infrequent equipment maintenance and components replacement by Chinalco and its subsidiaries. As such, only a small actual amount was incurred in January and February. Nevertheless, the amount of business will continue to grow, starting from the second quarter.
- (2) the estimated increasing sales volume of products by taking into account macroeconomic conditions as well as the development strategies and business expansion plan of the Group.
- (3) the Company has increased, and will continue to increase, the production capacities of the equipment, and the Group has begun to enhance its business development efforts, resulting in a rapid growth of sales income, and the business with Chinalco and its associates also grew steadily by the same ratio.
- (4) The main businesses of the Company include equipment manufacturing business and trading business. As the main non-ferrous metal engineering service provider of Chinalco, upon completion of the constructions, the Company will supply the components and parts required in operating the production lines on an ongoing basis. With the increase in engineering service, the transaction amounts of this business are expected to increase to approximately RMB600 million, RMB700 million and RMB800 million in 2017, 2018 and 2019, respectively.

## LETTER FROM THE BOARD

### 2. COMMODITIES SALES AND PURCHASES MASTER AGREEMENT — PROVISION OF COMMODITIES TO THE COMPANY BY CHINALCO

**Parties:** Chinalco (as supplier); and the Company (as purchaser)

**Date:** 20 March 2017

**Major terms:** In accordance with the Commodities Sales and Purchases Master Agreement entered into by the Company and Chinalco on 20 March 2017, Chinalco and/or its associates may provide products to the Group from time to time, including non-ferrous products, manufacturing equipments relating to non-ferrous industry, cement, engineering equipment and components.

The initial term of the Commodities Sales and Purchases Master Agreement shall commence from 1 January 2017 and shall expire on 31 December 2019, unless at any time either party gives at least three months' written notice in advance to the other party and as agreed by both parties to terminate the agreement.

**Pricing policy:** (1) When deciding the prices of commodities to be purchased from Chinalco, we would primarily make reference to the market prices. The Company would collect market information by inviting certain suppliers appeared on the Group's recognized suppliers list to submit quotes or proposals before placing purchase orders to at least three 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 update the market information on a daily basis 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 assessment of the prices at the dates of the transactions, the business staff would submit an adjusted price to our senior management, including the vice president for final review and approval.

## LETTER FROM THE BOARD

- (2) Negotiated by both parties based on the assessed value issued by a third appraisal institution.
- (3) In the limited circumstances where a comparable market fair value range is unavailable, we would negotiate with Chinalco to calculate the price on arm's length basis with reference to costs plus a reasonable profit margin. The relevant costs include costs of raw materials, equipment purchased or produced, labour cost and staff welfare expenses, electricity and other utilities costs, depreciation, cost of machinery maintenance, and sales and administration expenses and so on. Unit cost would be determined based on the above factors. Chinalco shall then charge us a profit rate based on arm's length negotiation on top of the unit cost. We would consider the profit rate (costs plus profit margin) only if it is commercially acceptable to us, meaning the overall price shall fall within our budget and allow us to meet our profit targets.

**Reasons for and  
benefits of the  
transactions:**

- (1) These commodities provided by Chinalco are readily available from independent third parties at similar terms and prices. However, we had maintained and have been maintaining, and expect to continue to maintain, sound business relationships with Chinalco which is also familiar with our specific and special requirements for certain commodities.
- (2) In addition, as we provide engineering construction for Chinalco and purchase related goods from Chinalco and its manufacturing subsidiaries on a proximity basis, the Company will make use of the products such as aluminum busbars and carbon blocks from Chinalco and its manufacturing subsidiaries where the project is located at or nearby, and will apply such products to the projects undertaken by the Company to provide engineering services to Chinalco. In this way, the Company can effectively reduce its costs of purchasing and logistic with prices not higher than an independent third party. Transportation and administration costs can be saved so that the purchase price of the Company is not higher than the market price. The steady increase for the above annual caps corresponds with the increase of our existing engineering services provided to Chinalco during the same period.

## LETTER FROM THE BOARD

- (3) The Group is following the national “One Belt, One Road” strategy to strengthen international capacity cooperation, and intends to export domestic equipments relating to non-ferrous industry overseas. In this respect, Chinalco, as the leading figure in non-ferrous industry, owns certain assets reserves.
- (4) The Group grasps opportunities from the national supply-side structural reform with very effort to promote and expand the application of aluminum materials actively. The national supply-side structural reform represents the focus on the improvement in supply of quality with the use of reform measures to carry forward the structural adjustment, expand effective supply, and enhance the adaptability and flexibility of the supply structure to the change in demands, which promote sustainable and healthy development of the economic society. By now we have developed various products such as aluminum alloy bridge, aluminum alloy shell for cell-phone, aluminum siding and aluminum template for construction use and aluminum integrated house. The main raw materials of the aforesaid products are aluminum alloys and aluminum profiles. Chinalco, as one of the major domestic manufacturers of aluminum alloy and aluminum profile, is one of the main suppliers of these commodities required by the Company.

## LETTER FROM THE BOARD

### Historical figures and the proposed annual caps:

*Historical amounts*

*Unit: RMB million*

	<b>For the years ended</b>		<b>As of</b>	
	<b>31 December</b>		<b>28 February</b>	
	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Total transaction amounts of the commodities provided to the Company by Chinalco and/or its associates under Commodities Sales and Purchases Master Agreement	26	69	87.26	3.85

*Historical annual caps*

*Unit: RMB million*

	<b>For the years ended 31 December</b>			
	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Total transaction amounts of the commodities provided to the Company by Chinalco and/or its associates under Commodities Sales and Purchases Master Agreement	180	70	160	160

## LETTER FROM THE BOARD

### *Proposed annual caps*

*Unit: RMB million*

	For the years ended 31 December		
	2017	2018	2019
Total transaction amounts of the commodities provided to the Company by Chinalco and/or its associates under Commodities Sales and Purchases Master Agreement	<u>1,800</u>	<u>1,400</u>	<u>1,400</u>

**Basis for the caps:** The above proposed annual caps estimation is based on:

- (1) the historical prices of the commodities provided to us by Chinalco in the past. The amounts of the continuing connected transaction of the Company actually proceeded from January to February 2017 represented a relatively small portion to the estimated amount cap for the year, mainly due to that the projects of engineering services undertaken by the Company coincided with traditional Chinese Lunar New Year at the beginning of the year, and subject to various limitations including the seasonality and weather conditions, and frozen soil in northern China being unsuitable for the commencement of project constructions. Therefore, these engineering services projects experienced low tide of construction during which the main business has not been commenced. Accordingly, the low tide of the engineering services projects reduced lowered the commodities sales and purchase transactions between the Company and Chinalco. According to the market practice in the industry and the previous experience of the Company, each engineering businesses undertaken by the Company shall begin to reach the peak of construction since March every year, and the execution of relevant connected business contracts shall start.

## LETTER FROM THE BOARD

- (2) Responding to the national supply-side structural reform (as defined above), and following the policies including the “Three cuts, One drop, One improve” (三去一降一補) (i.e. cut the production capabilities, cut the inventories, cut the levers, drop the costs, and improve the shortcoming), Chinalco has implemented or planned to implement several major projects in regions such as Shanxi, Guangxi, Guizhou, Fujian and Inner Mongolia. The Company, as the largest non-ferrous metal engineering industry chain technology service provider in China, has fully participated in bidding process of these projects, some of which have been won while the bidding documents for the other projects are being vigorously prepared to win the bidding. Please see the Engineering Services Master Agreement in this circular for details. During the implementation process of these construction projects, the Company will make use of the products such as aluminum busbars and carbon blocks from Chinalco or its manufacturing subsidiaries where the project is located at or nearby, and will apply such products to the projects undertaken by the Company to provide engineering services to Chinalco. In this way, the Company can effectively reduce its costs of purchasing and logistic with prices not higher than an independent third party. Meanwhile, as the Company has established a long-term partnership with Chinalco and the companies under its control, both the Company and Chinalco understand each other’s operational plans, quality control and certain specific requirements. Accordingly, pursuant to the estimated purchasing amount of the commodities under the engineering services projects which has been entered into or the bidding of which has been won by the Company in 2017, the Company anticipates that the transaction amount of this business in 2017, 2018 and 2019 will be approximately RMB830 million RMB500 million and RMB300 million respectively. Specifically, in the construction projects undertaken by the Company, the products such as aluminum busbars required to be purchased in 2017, 2018 and 2019 would be 55,000 tonnes, 35,000 tonnes and 20,000 tonnes in total, respectively, and the average purchase price would be RMB15,000/tonne.



## LETTER FROM THE BOARD

(3) Capitalizing on the national supply-side structural reform (as defined above), the Group has actively expanded the application of aluminum materials. At present, we have developed various products such as aluminum-alloy bridges, aluminum alloy shell for cell-phone, aluminum siding and aluminum template for construction use and aluminum integrated house. The main raw materials for the aforesaid products are aluminum alloys and aluminum profiles. As one of the major domestic manufacturers of aluminum alloys and aluminum profiles, Chinalco serves as a main supplier for the Group. Accordingly, based on the estimation on the aggregate purchasing amount of aluminum material from Chinalco required for the Company's aluminum application business in the coming three years and the purchasing prices, the Company anticipates that the transaction amounts of this business in 2017, 2018 and 2019 will be approximately RMB400 million, RMB600 million and RMB800 million, respectively. Specifically, total aluminum materials requirement for the Company in 2017, 2018 and 2019 is described as follows:

(i) In 2017, we intend to purchase aluminum alloy shell for cell-phone of 15,000 tonnes at the price of RMB16,000/tonne, that is RMB240 million in total. We intend to purchase aluminum extrusion profiles for house of 1,500 tonnes at the price of RMB20,000/tonne, RMB30 million in aggregate. We intend to purchase aluminum extrusion profiles for vehicle of 2,500 tonnes at the price of RMB20,000/tonne, that is RMB50 million in total. We intend to purchase aluminum-alloy bridges for vehicle of 600 tonnes at the price of RMB60,000/tonne, that is RMB36 million in total. We intend to purchase other extrusion profiles for breakfast kiosks, courier cabinets, and windows and doors of 2,200 tonnes at the price of RMB20,000/tonne, that is RMB44 million in total. Thus, the accumulated purchase amount would be RMB400 million.

## LETTER FROM THE BOARD

- (ii) In 2018, we intend to purchase aluminum alloy shell for cell-phone of 20,000 tonnes at the price of RMB16,000/tonne, that is RMB320 million in total. We intend to purchase aluminum extrusion profiles for house of 3,000 tonnes at the price of RMB20,000/tonne, RMB60 million in aggregate. We intend to purchase aluminum extrusion profiles for vehicle of 4,000 tonnes at the price of RMB20,000/tonne, that is RMB80 million in total. We intend to purchase aluminum-alloy bridges for vehicle of 1,000 tonnes at the price of RMB60,000/tonne, that is RMB60 million in total. We intend to purchase other extrusion profiles for breakfast kiosks, courier cabinets, and windows and doors of 4,000 tonnes at the price of RMB20,000/tonne, that is RMB84 million in total. Thus, the accumulated purchase amount would be RMB600 million.
- (iii) In 2019, we intend to purchase aluminum alloy shell for cell-phone of 30,000 tonnes at the price of RMB16,000/tonne, that is RMB480 million in total. We intend to purchase aluminum extrusion profiles for house of 3,000 tonnes at the price of RMB20,000/tonne, RMB60 million in aggregate. We intend to purchase aluminum extrusion profiles for vehicle of 5,000 tonnes at the price of RMB20,000/tonne, that is RMB100 million in total. We intend to purchase aluminum-alloy bridges for vehicle of 1,200 tonnes at the price of RMB60,000/tonne, that is RMB72 million in total. We intend to purchase other extrusion profiles for breakfast kiosks, courier cabinets, and windows and doors of 4,500 tonnes at the price of RMB20,000/tonne, that is RMB90 million in total. Thus, the accumulated purchase amount would be RMB800 million.

## LETTER FROM THE BOARD

- (4) The Group is following the national “One Belt, One Road” strategy to strengthen international capacity cooperation, and intends to export domestic equipments relating to non-ferrous industry overseas. In this respect, Chinalco, as the leading figure in non-ferrous industry, owns certain assets reserves. Chinalco acts as an important supplier of non-ferrous facilities and equipments under the Group’s “Go Global” strategy. Based on the above factors, commodities supplied by Chinalco to the Group in the coming few years will significantly increase. Accordingly, based on the current negotiation for foreign projects, and the estimation in respect of foreign engineering projects in the coming three years which required purchases of related equipment, the Company anticipates that the transaction amounts of this business in 2017, 2018 and 2019 will be approximately RMB500 million, RMB300 million and RMB300 million, respectively, subject to the actual negotiation results for the overseas projects.

### 3. ENGINEERING SERVICES MASTER AGREEMENT

**Parties:** Chinalco (as service recipient); and the Company (as service provider)

**Date:** 20 March 2017

**Principal terms:** In accordance with the Engineering Services Master Agreement entered into by the Company and Chinalco on 20 March 2017, our Group may from time to time provide engineering services to Chinalco and/or its associates, including but not limited to 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 2017 and shall expire on 31 December 2019, unless at any time either party gives at least three months’ prior written notice of termination to the other party and as agreed by both parties.

## LETTER FROM THE BOARD

**Pricing policy:**

The prices for the engineering services provided by the Company shall be determined (i) through the tender by Chinalco; or (ii) by 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 and refer to the pricing factors such as the scale and complexity of the projects and determine after negotiation with the parties. The price is usually not lower than the independent third parties.

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 provincial and industrial standard of construction quota where the project is located and then decide the final consideration of contract on arm's length with the contract party. All such transactions in relation to engineering services are on normal commercial terms.

**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 engineering provided services by us to Chinalco are no less favourable than those provided to independent third parties by us, the transactions shall generate profits for us.

## LETTER FROM THE BOARD

### Historical figures and the proposed annual caps:

#### *Historical amounts*

*Unit: RMB million*

Total fees for the engineering services provided to Chinalco by the Company under the Engineering Services Master Agreement	For the years ended 31 December		As of 28 February	
	2014	2015	2016	2017
	1,339	1,473	1,749.25	135.40

#### *Historical annual caps*

*Unit: RMB million*

Total fees for the engineering services provided by the Company to Chinalco under the Engineering Services Master Agreement	For the year ended 31 December			
	2014	2015	2016	2017
4,000	5,000	5,000	5,000	5,000

#### *Proposed annual caps*

*Unit: RMB million*

Total fees for the engineering services provided by the Company to Chinalco under the Engineering Services Master Agreement	For the year ended 31 December		
	2017	2018	2019
11,000	6,600	6,000	

## LETTER FROM THE BOARD

**Basis for the caps:** In determining the caps, the Company have primarily considered the following factors:

- (1) the historical prices of the engineering services provided by the Group to Chinalco. The amounts of the continuing connected transaction of the Company actually incurred from January to February 2017 represented a relatively small portion to the estimated amount cap for the year, mainly due to the fact that the projects of engineering services undertaken by the Company coincided with traditional Chinese Lunar New Year at the beginning of the year, and were subject to various limitations, including the seasonality and weather conditions, frozen soil in northern China which was not suitable for the commencement of project construction. These engineering service projects experienced a low tide of construction during which the main business has not commenced. According to the market practice in the industry and the previous experience of the Company, each engineering businesses undertaken by the Company shall begin to reach the peak season of construction since March every year, and the execution of relevant connected business contracts shall start.

## LETTER FROM THE BOARD

- (2) Based on the current project implementation of the Group and the development planning of Chinalco. Actively responding to the national supply-side structural reform, and following the policies including the “Three cuts, One Drop, One Improve” (i.e. cut production capabilities, cut inventories, cut levers, drop costs, improve shortcomings), Chinalco has proactively implemented strategic transformation and structural adjustment, phased out and shut down the production lines with insufficient capacity and no competitiveness, and dropped the production costs as a whole and improved the shortcomings of the enterprise development to raise the competitiveness by means of capacity replacement and technological improvement and upgrades in the regions with rich energy resources. To this end, Chinalco has been implementing several major projects in Shanxi, Guangxi, Guizhou and Zunyi. The Company, as the largest non-ferrous metal engineering industry chain technology service provider in China, has fully participated in the negotiation and bidding process of the abovementioned projects with Chinalco. Some of these projects have been won while the bidding documents are being actively prepared to win the bidding for the other projects. The contract sums of the aforementioned projects under construction or proposed to construct totalled approximately RMB13.5 billion. The construction period of the projects is expected to be about 2 years, which will mainly be completed and put into operation in 2017 and 2018. In the up coming two years, these projects will bring construction service income of RMB9.0 billion and RMB4.5 billion for the Company in 2017 and 2018, respectively. In addition, according to the capacity adjustment and investment planning of the Company and Chinalco, the Company will enter into another batch of construction contracting contracts with an aggregate amount of approximately RMB8.0 billion in 2018 and complete the execution in 2018 and 2019. As such, the amount of the continuing connected transactions in respect of the services provided to Chinalco by the Group in the future will increase significantly, particularly in 2017 which is the centralized period of this business.
- (3) The estimated increase of the cost of labour after considering the economic trend both at the moment and within the short term.

## LETTER FROM THE BOARD

#### 4. INTERNAL CONTROL MEASURES ADOPTED FOR THE IMPLEMENTATION OF CONTINUING CONNECTED TRANSACTIONS

The Company has adopted the following internal management procedures to ensure that the above continuing connected transactions are fair and reasonable and on normal commercial terms:

- The Company has adopted and implemented a set of management system on connected transactions. Under the system, our financial department and the office of the board are responsible for conducting reviews on compliance with relevant laws, regulations, the Company's policies and the Listing Rules in respect of continuing connected transactions. In addition, the financial department, the office of the board and other relevant operation departments of the Company are jointly responsible for evaluating the transaction terms under the agreements of continuing connected transactions, in particular, the fairness and reasonableness of the pricing terms under each agreement; and
- Independent non-executive Directors have also reviewed the agreements of continuing connected transactions, to ensure that such agreements are entered into on normal commercial terms, are fair and reasonable, and are carried out pursuant to the terms of such agreements. The auditors of the Company will also conduct an annual review on the pricing and annual caps of such agreements.

When determining the actual prices of products supplied and services provided by Chinalco to the Company, Chinalco will provide our Company with a proposed price before determination. As mentioned above, in order to ensure that the pricing terms under the agreements of continuing connected transactions are fair and reasonable, the Company's E-commerce center, financial department and other relevant operation departments will conduct the following review procedures on the proposed price offered by Chinalco.

- If a comparable market price is available, the proposed price will be compared with the market price to ensure that such proposed price is not higher than the selling price of the materials, components and parts or products with similar specifications, technology and quality requirements provided by other manufacturers in the market;
- The Company has established a stringent management method on market price inquiries:
  - i. For selection of potential suppliers, the Group has developed standards for the selection of suppliers based on different purchase needs. Such standards include, but are not limited to, the scale of business, industry recognition, experiences in supplying the same types of products and services, technological level, financial conditions, etc. The same standards are applicable to both connected persons and independent



## LETTER FROM THE BOARD

third-party suppliers. We do not give any preferential treatment to connected persons in respect of the selection of potential suppliers. The selection of suppliers shall be determined by the collective decision of a comprehensive tender assessment board with members including representatives from the E-commerce center, financial department and other relevant operation departments jointly participating in such assessment. The Company will inquire various suppliers and conducted certain internal assessment with reference to the factors including pricing, quality, technology, product risks and after-sales services;

- ii. For price inquiry procedures, we require at least three potential suppliers participating in the same purchase, of which at least two of them shall be independent third-party suppliers. Price inquiry procedures that fail to meet the above requirements will be void. Price inquiry procedures are conducted in strict accordance with the above model and the entire process is under the supervision of the E-commerce center, the compliance, supervision and audit department and the financial department. Any violation of those measures will be recorded. The result of price inquiry will undergo a final review by our management. The winner of the price inquiry procedure will enter into a written agreement with us. If there is any evidence of frauds or breaches of the supplier during the procedure, we will terminate cooperation and pursue legal responsibility, regardless of whether such supplier is our connected person. All of the written documents involved in the price inquiry procedure shall be kept for at least ten years. In case the parties involving in the price inquiry procedure have any reasonable doubt about the result of price inquiry, they may check relevant documents upon our approval;
- If no comparable market price is available, the fairness and reasonableness of the proposed price will be determined with reference to (i) the market price of the raw materials or products and services forming relevant equipments or products; and (ii) the cost estimated to be required for manufacturing such equipments, products and services with reference to requirements in relation to their nature, functionality, technology and quality standards, etc., and the total cost of such equipments, products and services plus a profit margin of not more than the maximum level as stipulated in the relevant agreements, depending on the complexity of technologies and quality control procedures involved; and
  - The Company has established a bidding leading team, which comprises the vice president, heads of the purchase, engineering management and the financial department and legal personnel. The members of the team have more than 10 years of experience in the industry as well as work experience, and each of them possesses professional specialties. The bidding leading team will review the proposed price to ensure that it is in line with the pricing terms of the relevant agreements and the terms provided to our Company are no less favorable than those offered by the supplier to independent third parties.

## LETTER FROM THE BOARD

### 5. CONFIRMATION OF THE BOARD

The Directors (including the independent non-executive Directors) considered that: (a) it is beneficial to the Company to continue the Continuing Connected Transactions as these transactions have facilitated and will continue to facilitate the operation and growth of the Company's business; (b) the Continuing Connected Transactions and the annual caps for 2017, 2018 and 2019 have been conducted on normal commercial terms or on terms no less favourable than those available to the Company by independent third parties under prevailing local market conditions, and were entered into in the ordinary and usual course of business of the Company, (c) they are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As Mr. Wang Jun and Mr. Li Yihua, the Directors of the Company, hold management positions in Chinalco, they are deemed to have material interests in such truncations. They have abstained from voting in respect of the above resolutions.

According to the Commodities Sales and Purchases Master Agreement and the Engineering Services Master Agreement, the Company expected that the revenue received from Chinalco in 2017, 2018 and 2019 shall account for 30%, 20% and 20% of the Company's total revenue in 2017, 2018 and 2019, respectively. Therefore, revenue received from the transactions with Chinalco will not become a major source of revenue of the Company. The Company confirmed that transactions between the Company and the independent third parties are the major source of revenue of the Company.

### 6. GENERAL INFORMATION

#### *Information on the Company*

The Company is a leading technology, engineering service and equipment provider in the non-ferrous metals industry in China, capable of providing full business-chain integrated engineering solutions throughout various stages of the non-ferrous 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

### 7. 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. As at least one of the applicable percentage ratios of the annual caps for the commodities provided to or purchased from Chinalco and engineering services provided to Chinalco exceeds 5%, such transactions constitute continuing connected transactions and are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Under Rule 14A.36 of the Listing Rules, any connected persons and shareholders and their associates who have a material interest in the Commodities Sales and Purchases Master Agreement and Engineering Services Master Agreement and the transactions contemplated thereunder are required to abstain from voting in respect of the related resolutions at the annual 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 Commodities Sales and Purchases Master Agreement and Engineering Services Master Agreement and the annual caps for 2017, 2018 and 2019.

The Independent Board Committee has been formed, comprising all the independent non-executive directors independent of the transactions, to consider the Commodities Sales and Purchases Master Agreement and the Engineering Services Master Agreement and the transactions thereunder and the annual caps for 2017, 2018 and 2019. The Independent Board Committee advises the Independent Shareholders on the Commodities Sales and Purchases Master Agreement and the Engineering Services Master Agreement and the annual caps for 2017, 2018 and 2019. Gram Capital has been appointed as the Independent Financial Adviser, to advise Independent Board Committee and Independent Shareholders in relation to the Commodities Sales and Purchases Master Agreement, the Engineering Services Master Agreement and the transactions contemplated thereunder.

The Directors (excluding the Directors who have 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 Commodities Sales and Purchases Master Agreement and the Engineering Services Master Agreement and the transactions contemplated thereunder are entered into in the ordinary and usual course of business of the Group and on normal commercial terms, and the terms of the Commodities Sales and Purchases Master Agreement and the Engineering Services Master Agreement (including the relevant annual caps) are fair and reasonable and in the interests of the Company and Shareholders as a whole.

Accordingly, the Directors recommend that the Independent Shareholders vote in favor of the Commodities Sales and Purchases Master Agreement and the Engineering Services Master Agreement and the transactions contemplated thereunder as set out in this circular.

## LETTER FROM THE BOARD

### INVESTMENT PLAN FOR 2017

An ordinary resolution will be proposed at the AGM to approve the investment plan for 2017.

The overall invest plan of the Company would be RMB494.41 million, mainly includes:

#### *Investment on fixed assets*

The investment plan for fixed assets of the Company for 2017 would be RMB412.91 million, mainly includes the investment on infrastructures technological improvement project, technology research and development, and information construction investment.

#### *Investment on equity project*

The investment plan for equity project for 2017 would be RMB81.50 million.

The Board is hereby proposing to the AGM for considering the investment plan of the Company for 2017, as well as proposing to the Board to authorize the management of the Company to execute the concrete investment plan.

### IMPLEMENTATION SCHEME FOR THE “THIRTEENTH FIVE-YEAR” DEVELOPMENT PLAN

An ordinary resolution will be proposed at the AGM to approve the “Thirteenth Five-Year” development plan.

The “Thirteenth Five-Year” development plan of the Company fully addresses and reviews the development of the “Twelfth Five-Year”, with the five major development ideas of “Innovation, Co-ordination, Green, Opening up, Sharing” as the guiding principle. It describes the overall objective, guidelines and principles, primary duty, steps for implementation of the Company’s operations and management for the coming five years, in order to regulate and guides the specific operating activities of the Company as a whole, as well as for its member companies. During the “Thirteenth Five-Year” period, the Company will follow the strategic mindmap of “big layout, big project, and big cooperation” to realize our development goals. The Company will initiate operations and management activities focusing on the strategic position of the “industrial technology service and construction group with international competitiveness”. Also, the Company has clarified the internal and external positions, operating goals and business plans for all of our businesses in respect of its present and future development. The “Implementation Scheme for the “Thirteenth Five-Year” Development Plan” is the framework document for the development of the Company for 2016 to 2020, which is the overall description for the development layout, development goal, development mission and the execution strategy.

## LETTER FROM THE BOARD

### AMENDMENTS TO THE ARTICLES

According to the requirements of the “Guidelines on Deepening the Reform of State-owned Enterprises” (《關於深化國有企業改革的指導意見》) (Zhongfa [2015] No. 22), the “Certain Opinions on Upholding the Leadership by the Party and Strengthening the Party Construction Throughout the Deepening Reform of State-owned Enterprises” (《關於在深化國有企業改革中堅持黨的領導加強黨的建設的若干意見》) (Zhongfa [2015] No. 44) and China Securities Regulatory Commission Announcement [2016] No. 23-Guidelines for the Articles of Association of Listed Companies (Revised in 2016) (《中國證券監督管理委員會公告[2016]23號上市公司章程指引(2016年修訂)》), pursuant to the provisions of the Company Laws of the PRC, the Securities Laws of the PRC, the Rules Governing the Listing of Securities on the Shanghai Stock Exchange and the actual situation of the Company, the Company proposed amendments to the Articles. Details of amendments to the Articles are as follows:

#### Articles of Association of China Aluminum International Engineering Corporation Limited

##### Current Articles

##### Amended Articles

Nil

##### Article 10

According to the Constitution of the Communist Party of China and relevant provisions, the Company set up a party organization, established a work mechanism of the party and assigned personnel to handle party affairs, included the establishment of party organization and staffing of party members into the Company’s management organization and staffing, included the party organization’s work funding into the Company’s budget which is charged to the Company’s management costs. The party committee of the Company plays a core political role in the Company.

Nil

##### Article 99

The party committee of the Company plays a supervision role in significant matters, to ensure the strategy deployment and their implementation in compliance with the party and the government policies. The Company shall define the rules and work processes for the party committee participated in decision-making concerning significant matters in accordance with the relevant requirements, to ensure organic synergy between the core political role of the party committee and the decision-making role of the board of directors.

## LETTER FROM THE BOARD

### Current Articles

### Amended Articles

#### Article 100

Strengthening the leadership of party building; implementing the accountability of party building; fulfilling the principal responsibility of strict party management; determining the major concerns on the construction of a clear and honest party and anti-corruption tasks; enhancing supervision on the construction of a clear and honest party and duty execution. Party secretary is the principal party responsible for party building.

#### Article 101

The Company shall adhere to the principle of the party assuming the responsibility for cadres' and personnel affairs; establish the guidelines for the party to manage cadres and the cooperation mechanism so that the board of directors can select the management according to law and the management can exercise the right of talent recruitment according to law; define duties and working procedures.

#### Article 102

The party committee of the Company shall support the board of directors, supervisory board and the senior managements towards exercising their power according to law; facilitate scientific decisionmaking; oversee the effective implementation of decision; and increase the value of the state assets.

Other chapters and articles will be renumbered after the newly added articles.

### Grant of General Mandates to the Board to Issue Shares

To guarantee the flexibility of and the rights to handle the issue of new Shares of the Company, the Company proposed to grant General Mandates to the Board to independently and simultaneously allot, issue and deal with the new Domestic Shares and/or H Shares which, each of them, shall not exceed 20% of the respective aggregate nominal amount of the Domestic Shares and/or H Shares in issue of the Company at the date of the passing of this resolution, and make respective amendments, which it consider appropriate, on the Articles for the allotment, issue and dealing of the relevant Shares. As at the date of this circular, the issued share capital of the Company comprises 2,263,684,000 Domestic Shares and 399,476,000 H Shares. Upon the passing of the resolution of General Mandates to issue Shares, and on the basis that no further Shares are issued before the AGM, the Company may issue a maximum of 452,736,800 Domestic Shares and 79,895,200 H Shares. The General Mandates will be effective until the earliest of: (i) the conclusion of the next annual general meeting of the Company after the passing of this resolution; (ii) the expiry date of 12 months from the passing of this resolution; (iii) the date on which the mandates mentioned in this resolution are revoked or amended by a special resolution in the general meeting of the Company. Under the General Mandates, any power exercised by the Directors should be in compliance with the related

## LETTER FROM THE BOARD

requirements of the Listing Rules, the Articles and relevant PRC laws and regulations. The Board currently has no plans to issue new shares according to the General Mandates.

### **Extension of the Valid Period for the Resolution of the General Meeting in Relation to the Issue of A Shares**

References are made to the announcements dated 18 June 2015 and 25 August 2015 and the circular dated 5 August 2015 of the Company in relation to the initial public offer of RMB-denominated ordinary Shares and the listing and the relevant matters (the “**Issue of A Shares**”). Reference are also made to the announcements dated 31 March 2016 and 25 May 2016 and the circular dated 7 April 2016 of the Company in relation to the proposed extension of the valid period for the resolution of the general meeting in relation to the Issue of A shares and the proposed extension of the valid period authorizing the board of Directors (the “**Board**”) to deal with relevant matters of the Issue of A shares. As the Company requires additional time to finalize the offering plan for the Issue of A Shares and the valid period for the resolution in relation to the Issue of A Shares passed at the 2015 annual general meeting, the first Domestic Share class meeting of 2016 and the first H Share class meeting of 2016 held on 25 May 2016 will expire soon, in this regard, the Board of the Company resolved to propose, by way of a special resolution, to consider and approve the extension of the valid period for the resolution of the general meeting in relation to the Issue of A Shares at the AGM, the Domestic Share Class Meeting and the H Share Class Meeting to be convened on 23 May 2017.

In view of the following reasons, with appropriate and due consideration, the Company has resolved to extend the valid period for the Issue of A Shares that: (i) the Issue of A Shares is subject to the approvals by the relevant regulatory authorities in the PRC. As at the date of this circular, the approvals from the relevant regulatory authorities in the PRC in respect of the Issue of A Shares have not been obtained, and the Company is unable to expect when would such approvals be obtained; and (ii) the subsequent events in relation to the Issue of A Shares shall remain to be dealt with by the Board under the authorization by way of resolutions at the general meeting.

Having considered the above, the Company is of the view that it is beneficial and necessary for the benefits of the Company and the Shareholders of the Company as a whole to extend the valid period for the resolution of the general meeting in relation to the Issue of A Shares for 12 months after the date of the approval at the AGM and the Class Meetings, respectively.

Details of the Issue of A Shares are set out in Appendix IV.

### **Extension of the Valid Period Authorizing the Board to Deal with Relevant Matters of the Issue of A Shares**

References are made to the announcements dated 18 June 2015 and 25 August 2015 and the circular dated 5 August 2015 of the Company in relation to the Issue of A Shares.

As the Company requires additional time to finalize the offering plan for the Issue of A Shares and the extension of the valid period authorizing the Board to deal with relevant matters of the Issue of A Shares passed at the 2015 annual general meeting, the first Domestic Share class meeting of 2016 and the first H Share class meeting of 2016 held on 25 May 2016 will expire soon, in this regard, the Board resolved to propose, by way of a

## LETTER FROM THE BOARD

special resolution, to consider and approve the extension of the valid period authorizing the Board to deal with relevant matters relating to the Issue of A Shares at the AGM, the Domestic Share Class Meeting and the H Share Class Meeting to be held on 23 May 2017.

In view of the following reasons, with appropriate and due consideration, the Company has resolved to extend the valid period authorizing the Board to deal with relevant matters relating to the Issue of A Shares that: (i) the Issue of A Shares is subject to the approvals by the relevant regulatory authorities in the PRC. As at the date of this circular, the approvals from the relevant regulatory authorities in the PRC in respect of the Issue of A Shares have not been obtained, and the Company is unable to expect when would such approvals be obtained; and (ii) the subsequent events in relation to the Issue of A Shares shall remain to be dealt with by the Board under the authorization by way of resolutions at the general meeting.

Having considered the above, the Company is of the view that it is beneficial and necessary for the benefits of the Company and the Shareholders of the Company as a whole to extend the valid period authorizing the Board to deal with relevant matters relating to the Issue of A Shares for 12 months after the date of the approval at the AGM and the Class Meetings, respectively.

Details of authorization to the Board for handling relevant matters in relation to the Issue of A Shares are set out in Appendix IV.

### AGM AND CLASS MEETINGS

The AGM and the Class Meetings of the Company will be held at Conference Room 211 of China Aluminum International Engineering Corporation Limited, Building C, No. 99 Xingshikou Road, Haidian District, Beijing at 9 a.m. on Tuesday, 23 May 2017. The notice of AGM and notice of Class Meetings are set out on page 83 to 95 of this Circular.

In order to determine the shareholders entitled to attend the AGM to be convened on Tuesday, 23 May 2017, the register of members will be closed from Sunday, 23 April 2017 to Tuesday, 23 May 2017, both days inclusive, during which time no transfer of the Company's shares will be registered. In order to qualify to attend and vote at the AGM, 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, Wan Chai, Hong Kong not later than 4:30 p.m. on Friday, 21 April 2017 or the holders of the domestic shares of the Company shall lodge relevant share transfer documents with the Company's head office in the PRC at Building C, No. 99 Xingshikou Road, Haidian District, Beijing, PRC.

In order to be qualified to the final dividends for the year ended 31 December 2016 (subject to the approval by the Shareholders of the Company), the non-registered Shareholders of H Shares shall lodge their 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, Wan Chai, Hong Kong not later than 4:30 p.m. on Friday, 26 May 2017.



## LETTER FROM THE BOARD

Shareholders intending to attend the AGM must return the AGM reply slip to the Company's head office in the PRC by hand, by post or by fax (fax number: (86) 1082406797) (for the holders of the domestic shares of the Company), or return the AGM reply slip to the Company's H share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by hand or by post (for the holders of H Shares of the Company ) on or before Tuesday, 2 May 2017.

### VOTING BY POLL AT AGM AND CLASS MEETINGS

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the Shareholders at the AGM and the Class Meetings must be taken by poll. The Chairman of the AGM and the Class Meetings will therefore demand a poll for the above resolutions pursuant to Article 80 of the Articles.

On a poll, every Shareholder presents in person or by proxy or (being a corporation) by its duly authorized 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.

Given that Chinalco directly and indirectly holds 2,263,684,000 domestic shares, representing 85% of the issued share capital of the Company and Chinalco is interested in the Commodities Sales and Purchases Master Agreement and the Engineering Services Master Agreement and the transactions thereunder, Chinalco and/or its associates would abstain from voting on the resolutions in respect of the new Commodities Sales and Purchases Master Agreement and the Engineering Services Master Agreement and the annual caps for 2017, 2018 and 2019.

### GENERAL

Your attention is also drawn to the letter from the Independent Board Committee, the letter from Gram Capital and the Notice.

### RECOMMENDATION

The Board considers that the above resolutions are in the best interests of the Company and its Shareholders. The Board therefore recommends the Shareholders to vote in favour of the resolutions as set out in the notices of the AGM and the Class Meetings and to be proposed at the AGM and the Class Meetings.

By order of the Board  
**China Aluminum International Engineering Corporation Limited**  
**ZHAI Feng**  
*Joint Company Secretary*

*As at the date of this circular, the non-executive Directors are Mr. WANG Jun and Mr. LI Yihua; the executive Directors are Mr. HE Zhihui and Mr. ZHANG Jian; and the independent non-executive Directors are Mr. SUN Chuanyao, Mr. CHEUNG Hung Kwong and Mr. FU Jun.*



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)**

7 April 2017

*To the Independent Shareholders*

Dear Sir or Madam,

We refer to the circular dated 7 April 2017 issued by the Company to its Shareholders 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 relation to the Commodities Sales and Purchases Master Agreement, the Engineering Services Master Agreement and the transactions contemplated thereunder, the details of which are set out in the Letter from the Board in the Circular. Gram Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Commodities Sales and Purchases Master Agreement, the Engineering Services Master Agreement and the transactions contemplated thereunder.

We wish to draw your attention to the Letter from the Board and the Letter from Gram Capital to us, the Independent Board Committee and the Independent Shareholders, containing its advice in relation to the Commodities Sales and Purchases Master Agreement, the Engineering Services Master Agreement and the transactions contemplated thereunder as set out in the Circular. Having taken into account the principal factors and reasons considered by Gram Capital and its conclusion and advice, we consider that the transactions contemplated by Commodities Sales and Purchases Master Agreement and Engineering Services Master Agreement are in the ordinary and usual course of business of the Group and are on normal commercial terms, and that the terms of Commodities Sales and Purchases Master Agreement, Engineering Services Master Agreement and the transactions contemplated thereunder 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.

**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the AGM to approve Commodities Sales and Purchases Master Agreement, Engineering Services Master Agreement and the transactions contemplated thereunder.

Yours faithfully,  
**Independent Board Committee**

**Mr. SUN Chuanyao**  
*Independent*  
*non-executive Director*

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

**Mr. FU Jun**  
*Independent*  
*non-executive Director*

## LETTER FROM GRAM CAPITAL

*Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Commodities Sales and Purchases Master Agreement, the Engineering Services Master Agreement and the transactions contemplated thereunder for the purpose of inclusion in this circular.*



Room 1209, 12/F.  
Nan Fung Tower  
88 Connaught Road Central/  
173 Des Voeux Road Central  
Hong Kong

7 April 2017

*To: The independent board committee and the independent shareholders  
of China Aluminum International Engineering Corporation Limited*

Dear Sir/Madam,

### CONTINUING CONNECTED TRANSACTIONS

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the renewal of Commodities Sales and Purchases Master Agreement, Engineering Services Master Agreement and transactions contemplated thereunder (the “CCTs”), details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 7 April 2017 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

With reference to the Board Letter, as the existing commodities sales and purchases master agreement and the existing engineering services master agreement entered into between the Company and Chinalco will expire on 31 December 2017, the Company entered into the Commodities Sales and Purchases Master Agreement and the Engineering Services Master Agreement (the “**CCT Agreements**”) with Chinalco on 20 March 2017 in order to meet the business needs and to arrange the management on the connected transactions by the Company. The CCT Agreements shall be effective upon the approval at the annual general meeting, which shall be valid until 31 December 2019. The CCT Agreements are renewable subject to agreement between both parties and in accordance with the Listing Rules.

With reference to the Board Letter, the Commodities Sales and Purchases Master Agreement, Engineering Services Master Agreement and transactions contemplated thereunder constitute non-exempt continuing connected transactions of the Company and are subject to the reporting, annual review, announcement and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

## LETTER FROM GRAM CAPITAL

The Independent Board Committee comprising Mr. SUN Chuanyao, Mr. CHEUNG Hung Kwong and Mr. FU Jun (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the CCT Agreements are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether the CCTs are in the interests of the Company and the Shareholders as a whole and are conducted in the ordinary and usual course of business of the Group; and (iii) how the Independent Shareholders should vote in respect of the resolution(s) to approve the CCT Agreements and the transactions contemplated thereunder at the AGM. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

### **BASIS OF OUR OPINION**

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors and/or the management of the Company (the “**Management**”). We have assumed that all information and representations that have been provided by the Directors and/or the Management, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors and/or the Management in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers, the Directors and/or the Management, which have been provided to us. Our opinion is based on the Management’s representation and confirmation that there are no undisclosed private agreements/arrangements or implied understanding with anyone concerning the CCTs. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

The Circular, for which the Directors 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 Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in the Circular 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 as contained in the Circular or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, Chinalco and each of their respective subsidiaries or associates, nor have we

## LETTER FROM GRAM CAPITAL

considered the taxation implication on the Group or the Shareholders as a result of the CCTs. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the CCTs, we have taken into consideration the following principal factors and reasons:

#### 1. Background of and reasons for the CCTs

##### *Information on the Group*

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

##### *Information on Chinalco*

With reference to the Board Letter, Chinalco is a state-owned enterprise incorporated under the PRC law in 2001. Chinalco is the controlling Shareholder 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.

##### *Reasons for and benefits of the CCTs*

###### *(i) Provision of commodities to Chinalco by the Group (the "Sales Transaction")*

With reference to the Board Letter and as understood from the Management, the reasons for and benefits of the Sales Transaction are as follows: (i) due to the close proximity (i.e. the Group's facilities are located in a close proximity with Chinalco), the Group may reduce its selling cost and

## LETTER FROM GRAM CAPITAL

the logistics cost while Chinalco may also reduce the purchasing cost and the logistics cost through the on-site provision by the Group; (ii) as the Company has built up a long-term cooperation relationship with Chinalco with mutual understanding of the operation plans, quality control and certain special requirements of both sides, smoother manufacturing process can help the Group to improve its resources management and plan the utilization of its facilities; and (iii) the prices and terms of the raw materials, equipment and products provided to Chinalco by the Company are no less favourable than those provided by the Company to independent third parties and the provision of commodities to Chinalco by the Company generates profits to the Company.

We further discussed with the Management and understood that the process of equipment manufacturing in the non-ferrous 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 believes they are in a more competent position to manufacture equipment that is in full accordance with Chinalco's requirements. We also noted that the Group has been providing similar commodities before its listing on the Stock Exchange in 2009 to both the independent third parties and Chinalco. As advised by the Management, economies of scale could be achieved by bulk production of the similar goods, which may further reduce the cost of production as compared to the low-level production of goods (i.e. fixed cost will be reduced by bulk production of similar goods). Furthermore, we understood from the Directors that the Sales Transaction is revenue nature for the Group.

With reference to the Board Letter, the Sales Transaction is conducted in the ordinary and usual course of business of the Company. As also confirmed by the Directors, the Sales Transaction is conducted on a frequent and regular basis. Therefore, the Directors consider that it would be (i) impracticable to negotiate for numerous agreements with Chinalco; and (ii) costly and impractical to make regular disclosure of each of the relevant transactions and obtain the prior approval from the Independent Shareholders, as required by the Listing Rules. Accordingly, the Directors are of the view that the Sales Transaction will be beneficial to the Company and the Shareholders as a whole.

In light of the above factors, we concur with the Directors that the Sales Transaction is conducted in the ordinary and usual course of business and is in the interests of the Company and the Shareholders as a whole.

(ii) *Provision of commodities to the Group by Chinalco (the "Purchase Transaction")*

With reference of the Board Letter and as understood from the Management, the reasons for and benefits of the Purchase Transaction are as follows: (i) Chinalco is familiar with the Company's specific and special

## LETTER FROM GRAM CAPITAL

requirements for certain commodities; (ii) while the Company purchases relevant commodities directly from Chinalco, the Company also provide its engineering services to them in order to save transport and administrative costs; and (iii) the main raw materials of the certain products of the Group are aluminum alloys and aluminum profiles. Chinalco, as one of the major domestic manufacturers of aluminum alloy and aluminum profile, is the main supplier of these commodities required by the Company.

With reference to the Board Letter, the Purchase Transaction is conducted in the ordinary and usual course of business of the Company. As also confirmed by the Directors, the Purchase Transaction is conducted on a frequent and regular basis. Therefore, the Directors consider that it would be (i) impracticable to negotiate for numerous agreements with Chinalco; and (ii) costly and impractical to make regular disclosure of each of the relevant transactions and obtain the prior approval from the Independent Shareholders, as required by the Listing Rules. Accordingly, the Directors are of the view that the Purchase Transaction will be beneficial to the Company and the Shareholders as a whole.

In light of the above factors, we concur with the Directors that the Purchase Transaction is conducted in the ordinary and usual course of business and is in the interests of the Company and the Shareholders as a whole.

*(iii) Provision of engineering services to Chinalco by the Group (the “Engineering Transaction”)*

With reference of the Board Letter, the Group has long been providing stable engineering services to Chinalco, the Group is able to fully understand the business and operating requirements of Chinalco.

As discussed with the Management, 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. As the Group has been providing the engineering services to Chinalco before the Company’s listing on the Stock Exchange in 2009, the Group is able to fully understand the business and operating requirements of Chinalco and is accordingly familiar with Chinalco and therefore the aforesaid costs could be minimized.

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. The Management consider that it would be (i) impracticable to negotiate for numerous agreements with Chinalco; and (ii) costly and impractical to make regular disclosure of each of the relevant transactions and obtain the prior approval from the Independent



## LETTER FROM GRAM CAPITAL

Shareholders, as required by the Listing Rules. Accordingly, the Directors are of the view that the Engineering Transaction will be beneficial to the Company and the Shareholders as a whole.

In light of the above factors, we concur with the Directors that the Engineering Transaction, being a revenue nature transaction for the Group, is conducted in the ordinary and usual course of business and is in the interests of the Company and the Shareholders as a whole.

### 2. Principal terms of the CCT Agreements

#### A. *The Sales Transaction*

##### *Date*

20 March 2017

##### *Parties*

- (i) Chinalco (as the purchaser); and
- (ii) the Company (as the supplier)

##### *Major terms*

Pursuant to the Commodities Sales and Purchases Master Agreement entered into by the Company and Chinalco on 20 March 2017, the Group may provide its products to Chinalco and/or its associates from time to time, as a part of equipment manufacturing business of the Group. These products primarily include equipment, raw materials and commodities for Chinalco's production operation.

The initial term of the Commodities Sales and Purchases Master Agreement shall commence from 1 January 2017 and shall expire on 31 December 2019, unless at any time either party gives at least three months' written notice in advance to the other party to terminate the agreement.

##### *Pricing policy*

- i. In determining the prices of raw materials, equipment and commodities, the Company would firstly make reference to the average market price. In the limited circumstances where a market price is unavailable, the Company 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, consumption of skills, repairs of

## LETTER FROM GRAM CAPITAL

equipment, management fees and finance fees. For the determination of reasonable profit margin, the Company mainly refers to the profit margin of same type of products provided by the independent third parties in the market in the corresponding period to ensure the price offered by the Company to Chinalco is not lower than other independent third parties. The Company will consider the price (costs plus a profit margin) only if it is commercially acceptable to the Company, meaning the overall price shall fall within the budget and allow the Company to meet its profit targets;

- ii. The market prices in the industry would be collected by the Company's business department through the industry associations and independent suppliers. The Company would collect market information from at least three independent third parties to consider if the prices of the raw materials, equipment and commodities are fair and reasonable and in line with the market. The Company's business department staff would update the market information on a daily basis 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 assessment of the prices at the dates of transactions, the business department staff would submit an adjusted price to senior management of the Company, including the vice president, for final review and approval; and
- iii. 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. The Company would make reference to the relevant historical prices of the products, and ensure that the terms of the products provided to Chinalco are fair and reasonable based on the principle of cost plus a fair and reasonable profit margin. With reference to the method in aforesaid (i) above, the expected profit margin of equipment to be provided to Chinalco and the expected profit margin of raw materials to be provided to Chinalco by the Company are both in line with the industry standard and no less favourable than the profit margin charged from independent third parties.

For our due diligence purpose, we requested the Company to provide three individual contracts entered into (i) between the Group and Chinalco; and (ii) between the Group and independent third parties and remain effective during 2016 regarding the sale of similar commodities by the Group. As per our request, the Company provided,

## LETTER FROM GRAM CAPITAL

on a random basis, the aforesaid individual contracts to us. We noted from the aforesaid contracts that the selling price of commodities offered by the Group to Chinalco is not lower than those offered by the Group to the independent third parties. We also enquired into the Directors regarding the profit margin of aforesaid individual contracts and noted that the profit margin for similar commodities offered by the Group to Chinalco are in line with those offered to independent third parties. Furthermore, according to the aforesaid contracts, the payment terms and credit period offered to Chinalco is similar to that offered to independent third party customers.

Furthermore, with reference to the Board Letter, the Company has formulated a series of internal management procedures (the “**Procedures**”) to ensure the continuing connected transactions are fair and reasonable. We understood from the Management 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 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.

With reference to Rule 14A.56 of the Listing Rules, among other things, the auditors of the Company must provide a letter to the Board confirming whether anything has come to their attention that causes them to believe that the continuing connected transactions were not, in all material respects, in accordance with the pricing policies of the listed issuer’s group if the transactions involve the provision of goods or services by the listed issuer’s group. We obtained the letter from the Company’s auditors, showing their confirmation that, among other things, nothing has come to their attention that causes them to believe that the Sales Transaction for the year ended 31 December 2016 was not, in all material respects, in accordance with the pricing policies of Group.

In light of the aforesaid requirement of the Procedures as well as (i) our findings on previous contracts regarding the Sales Transaction; (ii) the confirmation letter from Company’s auditors; and (iii) independent non-executive Directors and auditors of the Company will review the continuing connected transactions annually, we consider that the effective implementation of the Procedures would help to ensure the fair pricing under the Sales Transaction and we do not doubt the effectiveness of the implementation of the Procedures for the existing Sales Transaction.

## LETTER FROM GRAM CAPITAL

In light of the above factors, we consider that the Sales Transaction under the Commodities Sales and Purchases Master Agreement is on normal commercial terms and is fair and reasonable so far as the Independent Shareholders are concerned.

### *Historical figures and the proposed annual caps*

Set out below are (i) the existing annual caps and historical amounts of the Sales Transaction for the three years ended 31 December 2016 and two months ended 28 February 2017; and (ii) the proposed annual caps for the Sales Transaction for the three years ending 31 December 2019:

	<b>For the year ended 31 December 2014 RMB'million</b>	<b>For the year ended 31 December 2015 RMB'million</b>	<b>For the year ended 31 December 2016 RMB'million</b>	<b>For the two months ended 28 February 2017 RMB'million</b>
Historical amounts	134	231	468.66	30.63
Existing annual caps	180	900	900	1,000
Utilization Rate	74%	26%	52%	N/A
		<b>For the year ending 31 December 2017 RMB'million</b>	<b>For the year ending 31 December 2018 RMB'million</b>	<b>For the year ending 31 December 2019 RMB'million</b>
Proposed annual caps		600	700	800

According to the Board Letter, in determining the caps, the Company has primarily considered the following factors: (i) the historical prices of the commodities provided by the Company to Chinalco in the past; (ii) the estimated increasing sales volume of products by taking into account macroeconomic conditions as well as the development strategies and business expansion plan of the Group; (iii) the Company has increased and will continue to increase production capacities of the equipment of the Company; and (iv) as the main non-ferrous metal engineering service provider of Chinalco, upon completion of the constructions, the Company will supply the components and parts required in operating the production lines on an ongoing basis.

As depicted from the table above, we note that the relevant utilization rate of the previous annual caps are approximately 74%, 26% and 52% for 2014, 2015 and 2016 respectively. The substantial decrease

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in the utilization rate for 2015 as compared to 2014 was mainly due to the increase rate of the existing annual cap being substantially greater than the growth rate of historical amounts of Sales Transaction for 2015 as compared to 2014. The utilization rate for 2016 was substantially increased as compared to that for 2015, which was mainly due to the increase in the historical amounts of Sales Transaction for 2016 as compared to that for 2015. We also note that the utilization rate of the proposed annual cap for each of the three years ending 31 December 2019 as calculated by the historical amounts for the year ended 31 December 2016 is approximately 78%, 67% and 59% respectively.

Despite that the increase in historical amounts of Sales Transaction, representing a compounded annual growth rate (“CAGR”) of approximately 87% from 2014 to 2016, for a prudent sake, the Company apply an increase rate of sales transactions of approximately 17% and 14% for the year ending 31 December 2018 and 31 December 2019 respectively.

For our due diligence purpose, upon our request, we obtained and reviewed a list showing the calculation of the proposed annual caps for the three years ending 31 December 2019. We noted that the subsidiaries of the Company has provided an estimate of the forecasted transaction amount for the Sales Transaction, the sum of which is in line with the proposed annual caps for the each of three years ending 31 December 2019. The forecasted transaction amount was approved by management of each of the subsidiary before submitting to the Company for consolidation and review.

In light of the above factors, including (i) our analysis on utilization rate as mentioned above; and (ii) the calculation of the proposed annual caps for the three years ending 31 December 2019 as provided by the Company upon our request, we consider that basis for the determining of the proposed annual caps for the three years ending 31 December 2019 are fair and reasonable. We also consider that the proposed annual caps for the three years ending 31 December 2019 of the Sales Transaction are fair and reasonable.

Shareholders should note that as the proposed annual caps of the Sales Transaction for the three years ending 31 December 2019 are relating to future events and were estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2019, and they do not represent forecasts of revenue/income/cost to be incurred from the Sales Transaction. Consequently, we express no opinion as to how closely the actual revenue/income/cost to be incurred from the transactions contemplated under the Sales Transaction will correspond with the proposed annual caps.

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### **B. The Purchase Transaction**

#### *Date*

20 March 2017

#### *Parties*

- (i) Chinalco (as the supplier); and
- (ii) the Company (as the purchaser)

#### *Major terms*

The Commodities Sales and Purchases Master Agreement was entered into by the Company and Chinalco on 20 March 2017, pursuant to which, Chinalco and/or its associates may provide products to the Group from time to time, including non-ferrous products, manufacturing equipments relating to non-ferrous industry, cement, engineering equipment and components.

The initial term of the Commodities Sales and Purchases Master Agreement shall commence from 1 January 2017 and shall expire on 31 December 2019, unless at any time either party gives at least three months' written notice in advance to the other party and as agreed by both parties to terminate the agreement.

#### *Pricing policy*

- i. When deciding the prices of commodities to be purchased from Chinalco, the Company would primarily make reference to the market prices. The Company would collect market information by inviting certain suppliers appeared on the Group's recognized suppliers list to submit quotes or proposals before placing purchase orders to at least three independent third parties to consider if the prices of the commodities are fair and reasonable and in line with the market. The business department staff of the Company would update the market information on a daily basis 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 of the Company find the reference prices currently used internally outdated upon their assessment of the prices at the dates of the transactions, the

## LETTER FROM GRAM CAPITAL

business staff of the Company would submit an adjusted price to their senior management for final review and approval;

- ii. negotiated by both parties based on the assessed value issued by a third appraisal institution; and
- iii. in the limited circumstances where a comparable market fair value range is unavailable, the Company would negotiate with Chinalco to calculate the price on arm's length basis with reference to costs plus a reasonable profit margin. The relevant costs include costs of raw materials, equipment purchased or produced, labour cost and staff welfare expenses, electricity and other utilities costs, depreciation, cost of machinery maintenance, and sales and administration expenses and so on. Unit cost would be determined based on the above factors. Chinalco shall then charge the Company a profit rate based on arm's length negotiation on top of the unit cost. The Company would consider the profit rate (costs plus profit margin) only if it is commercially acceptable to the Company, meaning the overall price shall fall within the budget of the Company and allow the Company to meet its profit targets.

For our due diligence purpose, we requested the Company to provide three individual contracts entered into (i) between the Group and Chinalco; and (ii) between the Group and independent third parties and remain effective during 2016 regarding the purchase of similar commodities by the Group. As per our request, the Company provided, on a random basis, the aforesaid individual contracts to us. We noted from the aforesaid contracts that the selling price of commodities offered by Chinalco to the Group is not higher than those offered by the independent third parties to the Group. We also enquired into the Directors regarding the profit margin of aforesaid individual contracts and noted that the profit margin for similar commodities offered by Chinalco to the Group are in line with those offered by independent third parties. Furthermore, according to the aforesaid contracts, the payment terms and credit period offered by Chinalco is similar to that offered by independent third party customers.

Furthermore, with reference to the Board Letter, the Company has formulated a series of internal management procedures to ensure the actual prices of products supplied by Chinalco to the Company is fair and reasonable. We understood from the Management that a proposed price will be provided to Company by Chinalco before determination subject to review by multiple departments of the Company, including E-commerce center, financial department and other relevant operation departments. Details of the procedures are set out under the section headed "Internal control measures adopted for the implementation of continuing connected transactions" of the Board Letter. If the price offered by Chinalco after price negotiations are above a fair and

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reasonable profit rate/selling price, the Group may choose not to accept the price offered by Chinalco. For our due diligence purpose, we obtained internal documents of the Group, showing the collection of three market quotations by the Group before entering into of the individual agreement and determining the party with most favourable selling price as supplier.

In light of the aforesaid requirement of the internal management procedures as well as (i) our findings on previous contracts regarding the Purchase Transaction; (ii) our findings on internal control procedures; and (iii) independent non-executive Directors and auditors of the Company will review the continuing connected transactions annually, we consider that the effective implementation of the aforesaid procedures would help to ensure the fair pricing under the Purchase Transaction and we do not doubt the effectiveness of the implementation of the Procedures for the existing Purchase Transaction.

In light of the above factors, we consider that the Purchase Transaction under the Commodities Sales and Purchases Master Agreement is on normal commercial terms and is fair and reasonable so far as the Independent Shareholders are concerned.

### *Historical figures and the proposed annual caps*

Set out below are (i) the existing annual caps and historical amounts of the Purchase Transaction for the three years ended 31 December 2016 and two months ended 28 February 2017; and (ii) the proposed annual caps for the Purchase Transaction for the three years ending 31 December 2019:

	<b>For the year ended 31 December 2014 <i>RMB'million</i></b>	<b>For the year ended 31 December 2015 <i>RMB'million</i></b>	<b>For the year ended 31 December 2016 <i>RMB'million</i></b>	<b>For the two months ended 28 February 2017 <i>RMB'million</i></b>
Historical amounts	26	69	87.26	3.85
Existing annual caps	180	70	160	160
Utilization Rate	14%	99%	55%	N/A



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	For the year ending 31 December 2017 <i>RMB'million</i>	For the year ending 31 December 2018 <i>RMB'million</i>	For the year ending 31 December 2019 <i>RMB'million</i>
Proposed annual caps	1,800	1,400	1,400

According to the Board Letter, the above proposed annual caps estimation is based on: (i) the historical prices of the commodities provided to the Company by Chinalco in the past; (ii) responding to the national supply-side structural reform, and following the policies including the “Three cuts, One drop, One improve (三去一降一補)” (i.e. cut the production capabilities, cut the inventories, cut the levels, drop the costs and improve the shortcoming), Chinalco has implemented or planned to implement several major projects (the “**Capacity Replacement**” (產能置換)); (iii) capitalizing on the national supply-side structural reform, the Group has actively expanded the application of aluminum materials; (iv) the Group is following the national “One Belt, One Road” strategy to strengthen international capacity cooperation, and intends to export domestic equipments relating to non-ferrous industry overseas.

We noted that the proposed annual caps for each of the three years ending 31 December 2019 represented a substantial increase as compared to the existing annual caps. For this reason, we enquired into the Management and understood that the increase in the proposed annual cap for each of the three years ending 31 December 2019 as compared to the existing annual cap for the year ended 31 December 2016 was mainly due to the fact that the Company proposed to provide engineering services for Chinalco’s construction projects and proposed construction projects.

For our due diligence purpose, we enquired into the Management regarding the construction projects and understood from the Management that the construction projects were projects regarding the Capacity Replacement projects of Chinalco. Chinalco, in response to the national supply-side structural reform of the State council’s policies such as “Three Cuts, One drop, One improve”, has undergone “Capacity Replacement” to successively implement key projects such as “Relocation of Industrial Enterprises from Urban Areas to Industrial Parks”, Phase-II technical transformation projects. The Company, as the largest non-ferrous metal engineering industry chain technology service provider in China, has fully participated in bidding process of these projects, some of which have been won while the bidding documents are being vigorously prepared to win the bidding for the other projects. The contract sums of the aforementioned projects under construction or proposed to construct totaled approximately RMB13.5

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billion. During the implementation process of the aforesaid construction projects, the Group will purchase products, such as aluminum bus and charcoal, from Chinalco and its manufacturing subsidiaries on a proximity basis, and will apply such products to the projects undertaken by the Group to provide engineering services to Chinalco. In this way, the Company can effectively reduce its costs of purchasing and logistics. Meanwhile, as the Group has established a long-term cooperation relationship with Chinalco and the companies under Chinalco's control, with mutual understanding of the operation plans, quality control and certain special requirements of both sides. Pursuant to the estimated purchasing amount of the commodities under the engineering services projects which has been entered into or the bidding of which has been won by the Company in 2017, the Company anticipates that the transaction amount of this business in 2017, 2018 and 2019 will be approximately RMB830 million, RMB500 million and RMB300 million respectively.

The Management expects to purchase aluminum busbars and carbon blocks, being the materials for the aforesaid construction, from Chinalco. We acknowledged the total consideration of the general contracting service which the Company won the projects (i.e. approximately RMB11.5 billion) and were advised by the Management the estimated purchase amount of the materials and its nature and breakdown. We noted that the total consideration of the general contracting service, which has been materialised, represented over 80% of the aforesaid (proposed) contract sums of RMB13.5 billion. The estimated purchase amount for the year ending 31 December 2017 represented approximately 46% of the proposed annual cap for the year ending 31 December 2017. The completion of the construction is expected to take place in 2018. According to the annual results announcement for the year ended 31 December 2016, gross profit margin of engineering and construction contracting were 13.5% and 14.7% for the year ended 31 December 2016 and 2015 respectively. As confirmed by the Directors, majority of cost for engineering and construction contracting business was derived from purchase of raw materials. Accordingly, we do not doubt the fairness and reasonableness of the estimated purchase amount of the materials.

Furthermore, due to the active expansion of the application of aluminum materials, the Group will purchase aluminum alloys and aluminum profiles to develop products such as aluminum-alloy bridges, aluminum alloy shell for cell-phone, aluminum siding and aluminum template for construction use and aluminum integrated house. The main raw materials for the aforesaid products are aluminum alloy and aluminum profile. As one of the major domestic manufacturers of aluminum alloy and aluminum profile, Chinacllo serves as a main supplier for the Group in the past. Accordingly, based on the estimation on the aggregate purchasing amount of aluminum

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material from Chinalco required for the Company's aluminum application business in the coming three years and the purchasing prices, the Company anticipates that the transaction amounts of this business in 2017, 2018 and 2019 will be approximately RMB400 million, RMB600 million and RMB800 million, respectively. Details of the aforesaid transaction amounts are set out under the Sub-Section headed "Basis for the Caps" under the Section headed "Commodities Sales and Purchases Master Agreement – Provision of Commodities to the Company by Chinalco" of the Board Letters.

We also understood that in response to the country's "One Belt, One Road" initiative, the Group has strengthened the international cooperation on production capacity, and intends to export domestic nonferrous equipment, being the one of the aforesaid products, overseas. Accordingly, based on the estimation on the total contracts of equipment processing in respect of foreign engineering projects in the coming three years which required purchases of certain raw materials, the Company anticipates that the transaction amounts of this business in 2017, 2018 and 2019 will be approximately RMB500 million, RMB300 million and RMB300 million, respectively.

For our due diligence purpose, we have discussed with Management regarding (i) the details of its products; and (ii) the bases and assumptions for determining the demand of commodities from Chinalco for application of aluminium materials and domestic non-ferrous equipment for export purpose. During our discussion, we did not identify any major factor which caused us to doubt the reasonableness of the estimation of the demand of commodities from Chinalco for non-ferrous equipment for export purpose. In addition, we also obtained breakdown of the estimated demand of commodities for each of (i) application of aluminium materials; and (ii) non-ferrous equipment for export purpose.

In light of the above factors, we consider that the proposed caps for the three years ending 31 December 2019 of the Purchase Transaction are fair and reasonable.

Shareholders should note that as the proposed annual caps of the Purchase Transaction for the three years ending 31 December 2019 are relating to future events and were estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2019, and they do not represent forecasts of revenue/income/cost to be incurred from the Purchase Transaction. Consequently, we express no opinion as to how closely the actual revenue/income/cost to be incurred from the transactions contemplated under the Purchase Transaction will correspond with the proposed annual caps.

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### C. *Engineering Transaction*

#### *Date*

20 March 2017

#### *Parties*

- (i) Chinalco (as the service recipient); and
- (ii) the Company (as the service provider)

#### *Major terms*

The Engineering Services Master Agreement was entered into by the Company and Chinalco on 20 March 2017, pursuant to which the Group may from time to time provide engineering services to Chinalco and/or its associates, including but not limited to construction engineering, technology (right of use) transfer, project supervision, survey, engineering design, engineering consultancy, equipment agency and equipment sales, engineering management and other engineering services (the “**Engineering Transaction**”).

The initial term of the Engineering Services Master Agreement shall commence from 1 January 2017 and shall expire on 31 December 2019, unless at any time either party gives at least three months’ prior written notice of termination to the other party and as agreed by both parties.

#### *Pricing policy*

The prices for the engineering services provided by the Company shall be determined (i) through the tender by Chinalco; 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 and refer to the pricing factors such as the scale and complexity of the projects and determine after negotiation with the parties. The price is usually not lower than the independent third parties.

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

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or negotiation process. In addition, the Company would also calculate the base prices of engineering and construction contracting projects in accordance with the provincial and industrial standard of construction quota where the project is located and then decide the final consideration of contract on arm's length with the contract party. The Directors of the Company have confirmed that all such transactions in relation to engineering services are on normal commercial terms.

For our due diligence purpose, we requested the Company to provide three individual contracts entered into between the Group Chinalco regarding the Engineering Transaction which remain effective during 2016. As per our request, the Company provided, on a random basis, the aforesaid individual contracts to us. We noted that the individual contracts were all entered into based on the winning bid prices and cost budgets were prepared for all these engineering services projects on the basis of the project size and the workload. We also noted that the payment terms under the individual contracts are in line with the requirement as set out under the tender document. Based on our understanding and as confirmed by the Management, most key terms of individual contracts regarding the engineering transaction had been fixed in the tender documents (招投標文件).

We understood from the Management that before participating tender procedures for construction services, 國內業務部門 (business department for domestic business\*) of the Company and relevant engineering research institute of the Group will determine the cost/budget of the proposed project based on, among other things, the scale, complexity of the projects, scope of work, etc. The bidding price will not be less than the estimated cost/budget. Furthermore, we also enquired into the Management regarding the background of the aforesaid department and institute of the Group and understood that relevant staff holds relevant qualifications for cost budgeting and has extensive experience in the industry.

With reference to Rule 14A.56 of the Listing Rules, among other things, the auditors of the Company must provide a letter to the Board confirming whether anything has come to their attention that causes them to believe that the continuing connected transactions were not, in all material respects, in accordance with the pricing policies of the listed issuer's group if the transactions involve the provision of goods or services by the listed issuer's group. We obtained the letter from the Company's auditors, showing their confirmation that, among other things, nothing has come to their attention that causes them to believe that the Engineering Transaction for the year ended 31 December 2016 was not, in all material respects, in accordance with the pricing policies of Group. Accordingly, we do not doubt whether the Company has been in compliance with the Engineering Survey and Design Charging Administration Regulations in determining the prices of survey and design projects.

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In light of the above factors, we consider that the Engineering Services Master Agreement is on normal commercial terms and is fair and reasonable so far as the Independent Shareholders are concerned.

### *Historical figures and the proposed annual caps*

Set out below are (i) the existing annual caps and historical amounts of the Engineering Transaction for the three years ended 31 December 2016 and two months ended 28 February 2017; and (ii) the proposed annual caps for the Engineering Transaction for the three years ending 31 December 2019:

	<b>For the year ended 31 December 2014 RMB'million</b>	<b>For the year ended 31 December 2015 RMB'million</b>	<b>For the year ended 31 December 2016 RMB'million</b>	<b>For the two months ended 28 February 2017 RMB'million</b>
Historical amounts	1,339	1,473	1,749.25	135.40
Existing annual caps	4,000	5,000	5,000	5,000
Utilization Rate	33%	29%	35%	N/A
		<b>For the year ending 31 December 2017 RMB'million</b>	<b>For the year ending 31 December 2018 RMB'million</b>	<b>For the year ending 31 December 2019 RMB'million</b>
Proposed annual caps		11,000	6,600	6,000

According to the Board Letter, in determining the caps, the Company have primarily considered the following factors: (i) the historical prices of the general services provided by the Group to Chinalco in the past; (ii) based on the current project implementation of the Group and the development plan of Chinalco, it is expected that the Company's business volume would be expanded and the demand for the general services provided by the Group would increase accordingly; and (iii) the estimated increase of the cost of labour after considering the economic trend both at the moment and within the short term.

As depicted from the table above, we note that the relevant utilization rate of the previous annual caps are approximately 33%, 29% and 35% for 2014, 2015 and 2016 respectively. We enquired into the Directors regarding the reasons for the low utilization rate and understood that during the three years ended 31 December 2016, the Company did not carry out all the expected engineering works which were mainly due to the result of macro-economic factors and change in or postpone the construction plan of Chinalco.

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We noted that the proposed annual caps for each of the year ending 31 December 2017 represented a substantial increase as compared to the existing annual caps as well as the historical transactions amount for each of the three years ended 31 December 2016. For this reason, we enquired into the Management and understood that the increase in the proposed annual cap for the year ending 31 December 2017 as compared to the existing annual cap for the year ended 31 December 2016 was mainly due to the fact that the Company was successful in winning several projects under the Capacity Replacement projects implemented by Chinalco. For our due diligence purpose, we obtained (i) all relevant agreements (the “**Service Agreements**”) and noted the total contract price of such projects (i.e. approximately RMB11.5 billion); and (ii) information of additional Capacity Replacement project and noted the estimated contract price of such project (i.e. approximately RMB2.0 billion). In addition, we also enquired into the Directors regarding the expectation on the time for receipt of service fees under the Service Agreements. We understood that the service fees which was expected to receive during 2017 (i.e. RMB9.0 billion) represented approximately 82% of the proposed annual cap for the year ending 31 December 2017; while the service fees which was expected to receive during 2018 (i.e. RMB4.5 billion) represented approximately 68% of the proposed annual cap for the year ending 31 December 2018. Having considered that the total consideration of the general contracting service, which has been materialised, represented over 80% of the aforesaid (proposed) contract sums (i.e. RMB13.5 billion), we do not doubt the fairness and reasonableness of expected receipts of service fees under the Capacity Replacement projects.

According to the above table, the historical amounts for the Engineering Transaction, being one of the bases for determining the proposed annual caps, for the year ended 31 December 2016 represented an increase (the “**Increase**”) of approximately 19% as compared to that for the year ended 31 December 2015. Having taking into account of (i) the service fees which was expected to receive during 2017 represented approximately 82% of the proposed annual cap for the year ending 31 December 2017; (ii) the historical amounts for the year ended 31 December 2016; and (iii) the Increase, we consider that the proposed cap for the year ending 31 December 2017 is fair and reasonable.

We also understood from the Management that the Group is proposed to develop an aluminum production base (the “**Base**”) in southern China (i.e. the additional Capacity Replacement project) with an estimated development cost of RMB8,000 million. We further understood from the Management regarding (i) the production capacity of the Base; (ii) the detailed address of the Base; (iii) the possible ancillary facilities; (iv) target markets; and (v) time schedule for the development of the Base (i.e. RMB2,000 million for 2018 (the “**1st Installment of Development Cost**”) and RMB6,000 million for 2019 (the “**2nd Installment of Development Cost**”).

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Having also taking into account of (i) the service fees which was expected to receive during 2018 represented approximately 68% of the proposed annual cap for the year ending 31 December 2018; (ii) the historical amounts for the year ended 31 December 2016; (iii) the Increase; and (iv) the 1st Installment of Development Cost, we consider that the proposed cap for the year ending 31 December 2018 is fair and reasonable.

As advised by the Management, the completion of the Services Agreements were expected to take place by 2018, accordingly, for a prudent sake, the Management lower the proposed annual cap for the year ending 31 December 2019.

For our due diligence purpose, we have discussed with Management regarding (i) the details of the Capacity Replacement projects implemented by Chinalco; (ii) the bases and assumptions for determining the number of engineering projects to be participated over the next three years and their respective nature and estimated service fees. During our discussion, we did not identify any major factor which caused us to doubt the reasonableness of the estimation of the demand of engineering services by Chinalco over the next three years.

In light of the above factors, including the 2nd Installment of Development Cost, we consider that the proposed caps for the three years ending 31 December 2019 of the Engineering Transaction are fair and reasonable.

Shareholders should note that as the proposed annual cap of the Engineering Transactions for the three years ending 31 December 2019 are relating to future events and were estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2019, and they do not represent forecasts of revenue/income/cost to be incurred from the Engineering Transaction. Consequently, we express no opinion as to how closely the actual revenue/income/cost to be incurred from the transactions contemplated under the Engineering Transaction will correspond with the proposed annual caps.

### **3. Hong Kong Listing Rules implication regarding the CCTs**

The Directors confirmed that the Company shall comply with the requirements of Rules 14A.53 to 14A.59 of the Listing Rules pursuant to which (i) the values of the CCTs must be restricted by their respective proposed annual cap for the period concerned under the CCT Agreements; (ii) the terms of the CCTs (including their respective proposed annual caps) must be reviewed by the independent non-executive Directors annually; (iii) details of independent non-executive Directors' annual review on the terms of the CCTs must be included in the Company's subsequent published annual reports and financial accounts.



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Furthermore, it is also required by the Listing Rules that the auditors of the Company must provide a letter to the Board confirming, among other things, whether anything has come to their attention that causes them to believe that the CCTs (i) have not been approved by the Board; (ii) were not, in all material respects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group; (iii) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and (iv) have exceeded their respective proposed annual caps. In the event that the total amounts of the CCTs are anticipated to exceed their respective proposed annual caps, or that there is any proposed material amendment to the terms of the CCTs, as confirmed by the Directors, the Company shall comply with the applicable provisions of the Listing Rules governing continuing connected transaction.

Given the above stipulated requirements for continuing connected transactions pursuant to the Listing Rules, we are of the view that there are adequate measures in place to monitor the CCTs and thus the interest of the Independent Shareholders would be safeguarded.

#### **4. Recommendation on the CCTs**

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the CCT Agreements are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the CCTs are in the interests of the Company and the Shareholders as a whole and are conducted in the ordinary and usual course of business of the Group. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the AGM to approve the CCT Agreements and the transactions contemplated thereunder, and we recommend the Independent Shareholders to vote in favour of the resolution(s) in this regard.

Yours faithfully,  
For and on behalf of  
**Gram Capital Limited**  
**Graham Lam**  
*Managing Director*

## 1. RESPONSIBILITY STATEMENT

This document, for which the Directors of the Company 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 Company. The Directors, having made all reasonable enquiries, confirmed 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 or 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 SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were deemed or taken to have under such provisions of the SFO), or which were, pursuant to section 352 of the SFO, required to be recorded in the register referred therein, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers;
- b) none of the Directors, supervisors and senior management of the Company or their spouses or children under the age of 18 was granted any rights to subscribe for any equity security or debt security of the Company;
- c) except that Mr. WANG Jun and Mr. LI Yihua who hold management position in Chinalco, 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 2016 (being the date to which the latest published audited annual financial statements 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 interest, either directly or indirectly, in the assets which have been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group, since 31 December 2016 (being the date to which the latest published audited annual financial statements of the Company were made up);
- e) save as disclosed in "Directors' interest in competing business" in Appendix I, so far as is known to the Directors, none of the Directors and any of their respective associates were 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 was a 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 2016 (being the date to which the latest published audited annual financial statements 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, having made all reasonable enquiries, confirms that to the best of their knowledge, information and belief, 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 party either generally or on a case-by-case basis.

### 3. SERVICE CONTRACTS

The Company has entered into service contracts with all the Directors and supervisors. None of the Directors or supervisors has a service contract with the Company which is not determined by the Company within one year without payment of compensation, other than statutory compensation.

**4. LITIGATION**

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

**5. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors confirmed that there are no any material adverse change in the financial or trading position of the Company since 31 December 2016, being the date to which the latest published audited consolidated financial statements of the Company were made up.

**6. DIRECTORS' INTEREST IN COMPETING BUSINESS**

As at the Latest Practicable Date, save as disclosed below, none of the Directors and their respective associates had any competing interest in any business which directly or indirectly competes or is likely to compete with the business of the Company:

<b>Name of Director</b>	<b>Position in the Company</b>	<b>Other interest</b>
Mr. Wang Jun	Non-executive Director	<p>the deputy chief accountant, director of the finance department and capital operation department of Chinalco;</p> <p>the supervisor of Aluminum Corporation of China Limited; and</p> <p>the director and president of Aluminum Corporation of China Overseas Holdings Limited.</p>
Mr. Li Yihua	Non-executive Director	<p>the director of the legal department of Chinalco; and</p> <p>the director of China Aluminum International Trading Co., Ltd.</p>

## 7. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to the Directors and the chief executive officer of the Company, the following persons (other than the Directors, supervisors and senior management) had interests or short positions in the shares or underlying shares which would fall to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at annual general meetings:

Name of shareholder	Class of shares	Capacity/nature of interest	Number of shares held (shares)	Approximate percentage of shareholding in the relevant class of shares (%)	Approximate percentage of shareholding in the total share capital (%)
Chinalco <sup>(1)</sup>	Domestic shares	Beneficial owner/ interest of controlled corporation	2,263,684,000 (L)	100%	85.00%
The Seventh Metallurgical Construction Corp. Ltd.	H shares	Beneficial owner	69,096,000 (L)	17.30%	2.60%
CNMC Trade Company Limited	H shares	Beneficial owner	59,225,000 (L)	14.83%	2.22%
Leading Gain Investments Limited <sup>(2)</sup>	H shares	Nominee of other person (other than passive trustee)	29,612,000 (L)	7.41%	1.11%
China XD Group Corporation	H shares	Beneficial owner	29,612,000 (L)	7.41%	1.11%
Yunnan Tin (Hong Kong) Yuan Xin Company Limited	H shares	Beneficial owner	29,612,000 (L)	7.41%	1.11%
Global Cyberlinks Limited	H shares	Beneficial owner	20,579,000 (L)	5.15%	0.77%

*Notes:*

(1) 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 also deemed to be interested in the domestic shares held by Luoyang Institute under the SFO.

(2) Leading Gain Investments Limited is the nominated holder of J&D Technologies Development Limited.

## 8. QUALIFICATION AND CONSENT OF EXPERT

The below is the qualification of the expert who provided views or advice for inclusion in the Circular:

<b>Name</b>	<b>Qualification</b>
Gram Capital Limited	a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

- a) As at the Latest Practicable Date, Gram Capital did not have any shareholding in any member of the Group, nor did it 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, Gram 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, Gram Capital did not have any interest in the assets which have been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group, since 31 December 2016 (being the date to which the latest published audited annual financial statements of the Company were made up).

## 9. OTHER INFORMATION

- a) Mr. ZHAI Feng is the Company's Joint Company Secretary. Mr. ZHAI Feng has been granted by Hong Kong Stock Exchange Limited a waiver from complying with the Company Secretary qualification requirement for Hong Kong listed companies. Mr. ZHAI Feng was qualified as an economist and has been accredited as a Senior International Finance Manager (SIFM).
- 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, Wan Chai, Hong Kong.
- d) In the event of any discrepancy between the English version and the Chinese version, the English version shall prevail over the Chinese version.

**10. DOCUMENTS 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 Sunday, 7 May 2017 (both days inclusive):

- a) the Commodities Sales and Purchases Master Agreement and Engineering Services Master Agreement;
- b) the Letter from the Independent Board Committee, the text of which is set out on page 40 of the circular;
- c) the Letter from Gram Capital, the text of which is set out on pages 42 to 63 of the circular; and
- d) the written consent from the experts mentioned in the paragraph 8 of this appendix.

**Candidates for Executive Directors:**

**Mr. HE Zhihui** (賀志輝): born in October 1962, served various positions in Guiyang Aluminum and Magnesium Design Institute Co., Ltd. (貴陽鋁鎂設計研究院有限公司), including the dean, from August 1987 to April 2006. He acted as the executive Director and vice president of the Company from December 2003 to March 2010. He has been the executive Director of the Company since March 2010 and served as the president of the Company from March 2010 to October 2016, the chairman of the Company since March 2016, the chairman of China Nonferrous Metals Processing Technology Co., Ltd. (中色科技股份有限公司) from May 2013 to May 2016, the director of the joint board of directors of RTCI (中鋁—力拓技術合作中心) since December 2014, the party secretary of the Company since July 2015, the chairman of the labor union of the Company since August 2015 and the assistant to the general manager of Aluminum Corporation of China (中國鋁業公司) since June 2016. Mr. HE obtained his bachelor's degree in industrial automation from Central South Institute of Mining and Metallurgy (中南礦冶學院) (currently known as Central South University (中南大學)) in 1982 and his master's degree from Huazhong Technology Institute (華中工學院) (currently known as Huazhong University of Science and Technology (華中科技大學)) in May 1987. Mr. HE is an excellent senior engineer granted by the State Bureau of Nonferrous Metals Industry, and received the special government allowance from the State Council in 2013.

**Mr. ZONG Xiaoping** (宗小平): born in November 1968. From July 1991 to April 1995, he served as the responsible person for project technology and project manager of the Third Construction Company of East China Sea Development and Construction Corporation of China State Construction Eighth Engineering Corporation Limited (中國建築第八工程局有限公司東海開發建設總公司第三建築公司). From April 1995 to January 2002, he served various positions such as the deputy director in chief engineer office, project manager and deputy general manager of East China Sea Development and Construction Corporation of China State Construction Eighth Engineering Corporation Limited. From January 2002 to November 2002, he was the general manager of East China Sea Development and Construction Corporation of China State Construction Eighth Engineering Corporation Limited. From November 2002 to November 2012, he was the general manager of Guangzhou Branch of China State Construction Eighth Engineering Corporation Limited. From December 2012 to October 2016, he served as the deputy general manager in the headquarter of southwest region of China State Construction Engineering Corporation Limited and chairman. He has been the chairman and the legal representative of China Construction Aluminum Advanced Material Co., Ltd. (中建鋁新材料有限公司) since August 2015, the president and the deputy party secretary of China Aluminum International Engineering Corporation Limited (中鋁國際工程股份有限公司) since October 2016. Mr. ZONG Xiaoping obtained a bachelor's degree in construction materials and products and a master's degree in business administration from Shenyang Architecture and Civil Engineering Institute (瀋陽建築工程學院) and Sun Yat-sen University (中山大學) in July 1991 and September 2007 respectively. Mr. ZONG Xiaoping is a professor-level senior engineer.



**Mr. WU Zhigang** (吳志剛): born in November 1960. From August 1981 to April 1999, he served various positions in Sixth Metallurgical Construction Company of China Nonferrous Metals Industry (中國有色金屬工業第六冶金建設有限公司), including deputy manager of Machinery Engineering Company (機械化工程公司). From April 1999 to March 2011, he served various positions, such as general manager, in Sixth Metallurgical Construction Company of China Nonferrous Metals Industry. He has been an executive director, the general manager of Sixth Metallurgical Construction Company of China Nonferrous Metals Industry since March 2011, and the vice president of the Company since August 2016. From February 1982 to January 1985, he studied at Vocational College of Luoyang Nonferrous Metal Processing Design Institute, majoring in mechanics and obtained a post-secondary qualification. Mr. WU Zhigang is a senior engineer.

**Mr. ZHANG Jian** (張建): born in March 1972, served various positions in different departments of China Great Wall Aluminum Corporation (中國長城鋁業公司), including the repair workshop in the equipment repair company and finance section and the cost section of the finance department from July 1996 to April 2002, during which he was temporarily seconded to the accounting office of Aluminum Corporation of China from May 2001 to April 2002. He served as the operation manager of the capital office of the finance department of Aluminum Corporation of China Limited (中國鋁業股份有限公司) from April 2002 to February 2004. He served as the vice manager and manager of the cost estimation section of the finance department of Henan Branch of Aluminum Corporation of China Limited (中國鋁業股份有限公司河南分公司) from June 2002 to May 2003 and served various positions in the finance department of Aluminum Corporation of China Limited, including the business manager of the general office, deputy manager of the accounting office and deputy manager of the budget analysis office, from February 2004 to September 2009. Also, he served as the deputy manager of the finance department (taking charge of the work) of Zhongzhou Branch of Aluminum Corporation of China Limited (中國鋁業股份有限公司中州分公司) from September 2009 to September 2010. He served various positions in the finance department of Aluminum Corporation of China Limited, including the deputy manager of the accounting office (taking charge of the work) and the manager of the general management office, from September 2010 to April 2014. Mr. ZHANG Jian served as the chief financial officer of Aluminum Corporation of China Hong Kong Limited (中國鋁業股份有限公司香港有限公司) from April 2014 to May 2015. He has been the chief financial officer and the chief legal adviser of the Company since May 2015, and the executive Director of the Company since June 2015. Mr. ZHANG Jian obtained his bachelor's degree in accounting from Northeastern University (東北大學) in 1996 and obtained his MBA degree from Missouri State University in the U.S. while at work in 2013. Mr. ZHANG Jian was granted the title of accountant by Aluminum Corporation of China (中國鋁業公司) in 2000.

**Candidates for Non-executive Directors:**

**Mr. WANG Jun (王軍):** born in October 1970, worked at the finance department of North China University of Technology (北方工業大學) and the finance department of China Nonferrous Metals Corporation (中國有色金屬工業總公司) from July 1994 to April 1998; served various positions in Aluminum Group of China (中國鋁業集團公司) and Aluminum Corporation of China, including the business manager of the general section of the finance department, from April 1998 to March 2002; served various positions in Aluminum Corporation of China, including the general representative of the Peru office, from March 2002 to November 2010; served as the chief financial officer and the manager of the finance department of China Aluminum Mineral Resources Co., Ltd. (中鋁礦產資源有限公司) from November 2010 to April 2011; served as the chief financial officer and the executive Director of the Company from April 2011 to May 2015; has been the joint secretary of the Company since November 2011. He has been a director of China Aluminum Insurance Broker Co. Ltd (中鋁保險經紀(北京)股份有限公司) since August 2012; has been a director of China Aluminum Finance Co., Ltd (中鋁財務有限公司) since August 2014; has been a capital operation controller of Aluminum Corporation of China and the non-executive Director of the Company since May 2015. Mr. WANG Jun has been the deputy chief accountant and the director of the finance department of Aluminum Corporation of China, the supervisor of Aluminum Corporation of China Limited (中國鋁業公司), and a director and the president of Aluminum Corporation of China Overseas Holdings Limited (中鋁海外控股有限公司) since November 2015. Mr. WANG Jun obtained his bachelor's degree in accounting from North China University of Technology (北方工業大學) in July 1994 and his master's degree in business management from Tsinghua University (清華大學) in January 2004. Mr. WANG Jun was granted the title of senior accountant by Aluminum Corporation of China (中國鋁業公司), and has been accredited the SIFM qualification certificate, and has also been admitted to the National Training Program for Accounting Army Leading Backup (全國會計領軍(後備)人才培養工程).

**Mr. LI Yihua (李宜華):** born in May 1978, worked in the legal affairs department in Yuntianhua Group Co., Ltd (雲天化集團有限責任公司) from July 2001 to July 2003. He served as the project manager in Yunnan Huawen Hengye Investment Company (雲南華文恒業投資公司) from July 2003 to February 2004. He held various positions in Guiyan Platinum Co., Limited (貴研鉑業股份有限公司) including the deputy head, the head, and the representative of securities affairs of the investment and development department from February 2004 to December 2009; served as the deputy director of the corporate development department in Yunnan Tin Group (Holding) Co., Ltd. (雲南錫業集團(控股)有限責任公司) from December 2009 to August 2011; served as the secretary for board of directors, and the director of the securities department in Yunnan Tin Co., Ltd. from August 2011 to November 2012; and served as the vice president of Yunnan Investment Holding Group Co., Ltd. (雲南省投資控股集團有限責任公司) from November 2012 to May 2013. He has been the deputy director general and the director general of the legal department of Aluminum Corporation of China (中國鋁業公司) since May 2013, the director of China Aluminum International Trading Corporation Limited (中鋁國際貿易有限公司) since September 2015, and a non-executive Director of the Company since May 2016. Mr. LI Yihua obtained a bachelor's degree from Southwest University of Political Science and Law (西南政法大學) in June 2001, and a master's degree in business administration from Yunnan University (雲南大學) in June 2011. Mr. LI Yihua was employed as economist in 2005.

**Candidates for Independent Non-executive Directors:**

**Mr. SUN Chuanyao** (孫傳堯): born in December 1944, worked at the Xinjiang Keketuohai Ore Processing Plant (新疆可可托海礦務局) from 1968 to 1978 and served as the deputy factory director. He has served in various positions in Beijing General Research Institute of Mining and Metallurgy (北京礦冶研究總院) since November 1981 and became its dean from February 1988 to February 2007. He served as the chairman of the board of directors of North Magnetic Materials Science and Technology Co., Ltd. (北礦磁材科技股份有限公司) (stock code: 600980.SH) from August 2000 to May 2007. He has been an independent non-executive Director of the Company since December 2011. Mr. Sun has been an independent non-executive director of China Nonferrous Mining Corporation Limited (中國有色礦業有限公司) (stock code: 01258.HK) and an independent non-executive director of Harbin Electric Corporation Jiamusi Electric Machine Co., Ltd (哈爾濱電氣集團佳木斯電機股份有限公司) (stock code: 000922.SZ) since June 2012. He served as the independent non-executive director of Jiangxi Copper Company Limited from August 2016. Mr. SUN Chuanyao graduated from Northeast University of Technology (東北工學院) (currently known as Northeastern University (東北大學)) in 1968 and was awarded a master degree in BGRIMM (北京礦冶研究總院) with a major in ore processing in 1981. Mr. Sun is an associate of Chinese Academy of Engineering (中國工程院) and St Petersburg Academy of Engineering and Science in Russia (俄羅斯聖彼得堡工程科學院). He was a council member of International Council on Mineral Processing (國際礦物加工大會理事會) and is currently a deputy director of Committee of Experts of China Nonferrous Metal Industry Association (中國有色金屬工業協會專家委員會), the director of the Mineral Processing Committee of China Mining Association (中國礦業聯合會選礦委員會), the director of the Ore Processing Academic Committee of the Nonferrous Metals Society of China (中國有色金屬學會選礦學術委員會) and the director of the National Key Laboratory for Mineral Processing Science & Technology (礦物加工科學與技術國家重點實驗室). He served as the professor and doctoral tutor in University of Science and Technology Beijing (北京科技大學), Central South University (中南大學), Northeastern University (東北大學) and China University of Mining and Technology (中國礦業大學).

**Mr. CHEUNG Hung Kwong** (張鴻光): born in September 1967, served as a manager of the assurance and business advisory service department and corporate finance and recovery department of PricewaterhouseCoopers from July 1994 to March 2003. He worked for Boto Company Limited, a private company, from March 2003 to December 2007 and was promoted to the chief financial officer during that period. Mr. CHEUNG worked for Kaisa Group Holdings Ltd. (stock code: 1638.HK) from July 2008 to December 2014 and served as its chief financial officer, company secretary and joint authorized representative during that period. He has been an independent non-executive Director of the Company since December 2011 and has been the company secretary and the chief financial officer of Culture Landmark Investment Limited (stock code: 674) since January 2017. Mr. CHEUNG Hung Kwong has been a member of the American Institute of Certified Public Accountants since August 1996 and a chartered financial analyst qualified by the CFA Institute (formerly known as the Association for Investment Management and Research) in the U.S. since September 2000. Mr. CHEUNG Hung Kwong obtained his bachelor's degree with the second class honors from University of Hong Kong in 1990 and his master's degree with distinction from University of London in 1992.

**Mr. FU Jun** (伏軍): born in January 1972, is a professor of the Law School of University of International Business and Economics (對外經濟貿易大學), an arbitrator of Cairo Regional Centre for International Commercial Arbitration, an arbitrator of China International Economic and Trade Arbitration Commission (中國國際貿易仲裁委員會), an arbitrator of South China International Economic and Trade Arbitration Commission (Shenzhen Court of International Arbitration) (華南國際經濟貿易仲裁委員會(深圳國際仲裁院)), an arbitrator of Guangzhou Arbitration Committee (廣州仲裁委員會), the deputy secretary general and permanent member of Institute of International Economic Law under China Law Society (中國法學會國際經濟法學研究會), the deputy director of the Professional Committee of the International Financial Law under China Law Society (中國法學會國際金融法專業委員會) and an executive director of China Banking Law Society (中國銀行法學研究會). He has served as a teaching assistant, associate professor and professor in University of International Business and Economics (對外經濟貿易大學) since July 2004. Mr. FU Jun has been an independent non-executive director of China CCB Principal Asset Management Co., Ltd. (中國建信基金投資管理公司) since May 2012 and an independent non-executive Director of the Company since June 2015. Mr. FU Jun received a bachelor's degree from Hebei University of Science and Technology (河北科技大學) in 1994 and a Master of Law degree and doctorate of Law from Peking University (北京大學) in 2000 and 2004, respectively. He also went on an exchange and interviewed with Harvard University as a senior visiting scholar of Fulbright (福布賴特高級訪問學者) during 2013 and 2014.

**Biographical Details of Candidates for Shareholder Representative Supervisors:**

**Mr. OU Xiaowu (歐小武):** born in January 1965, served in various positions in China Nonferrous Metals Industry Corporation (中國有色金屬工業總公司), including the director of Division I of the audit department, from December 1992 to October 1998. Mr. OU served as the deputy director of the finance department and audit department of China Copper Lead Zinc Group Corporation (中國銅鉛鋅集團公司) from September 1999 to September 2000. He held various positions in Aluminum Corporation of China, such as the director of the finance department (audit department) from October 2000 to February 2006. He served as a general manager of the finance department of Aluminum Corporation of China from March 2006 to November 2009. He has been the director of the audit department of Aluminum Corporation of China from December 2009 to February 2016. He has been the director and chief financial officer of China Copper Co. Ltd from August 2015. He has been a Supervisor of the Company since June 2011. Mr. OU Xiaowu graduated from the planning and statistics department of Xiamen University (廈門大學) in July 1985. Mr. OU was granted the title of senior auditor by China Nonferrous Metals Industry Corporation (中國有色金屬工業總公司).

**Mr. LI Wei (李衛):** born in July 1970. From July 1992 to October 1995, he served as the probation deputy division head of the 2nd Factory of Beijing Coal Corporation (北京市煤炭總公司). From October 1995 to June 2014, he worked as the discipline inspector of the Research Office under the Integrated Inspection Office of the Discipline Commission of the Communist Party of China (director-level), the office director of the Accredited Institution of the Integrated Inspection Office (director-level), the director of the 2nd Division of Seconded Cadres of Organization Department. From June 2014 to December 2016, he served as the deputy director general of the department of discipline inspection and supervision of Aluminum Corporation of China, the regional officer (Southeast region) of discipline inspection and supervision. He has been the deputy head of the department of discipline inspection of the party committee of Aluminum Corporation of China and the director of the department of discipline inspection and supervision (inspection office) since December 2016. Mr. LI Wei obtained a master's degree in law from University of International Business and Economics (對外經濟貿易大學) in July 2001.

## **1. OFFERING PLAN FOR THE ISSUE OF A SHARES**

The Company proposed to apply to the relevant regulatory authorities in the PRC for the issue of not more than 1,141,000,000 A Shares with a nominal value of RMB1.00 each to qualified investors.

The Issue of A Shares will be, among other things, approved by the Shareholders at general meeting and the class meetings of the Company as special resolutions, and will be subject to the approval (or registration) by the PRC supervisory authorities to the securities offering. The details of the offering plan shall be subject to the final approval (or registration) by the PRC supervisory authorities to the securities offering. Under the provisions of the relevant laws, regulations and regulatory documents, such as the Company Law of The People's Republic of China and the Securities Law of The People's Republic of China, the Board of the Company has formulated the following plans:

### **1) Class and nominal value of shares to be issued**

A Shares with a nominal value of RMB1.00 each.

### **2) Number to be issued**

The number of A Shares to be issued will be not more than 1,141,000,000 shares, representing 29.99% of the total share capital of the Company after the Issue of A Shares. The final number of newly issued A Shares shall be subject to the negotiation between the Board and the lead underwriter(s) as authorised by the Shareholders at the AGM and the Class Meetings, having regard to the relevant circumstances, and subject to final approvals (or registrations) by the PRC supervisory authorities to the securities offering and other relevant regulatory authorities in the PRC.

### **3) Method of Issue**

The Issue shall adopt a combination of placement of shares to participants through offline price consultation and a public offering of shares through online subscriptions, or such other methods of issue as shall be approved by regulatory authorities in the PRC for securities issue.

### **4) Target subscribers**

Qualified investors who are in compliance with the law and regulations.

According to the Measures for the Administration of Securities Issuance and Underwriting (《證券發行與承銷管理辦法》), the issuer and lead underwriter(s) shall not allot any shares to connected persons of the issuer during the placement process of initial public offering. Therefore, the Company will not allot any shares to connected persons as target subscribers in this Issue of A Shares.

**5) Issue price and basis for determination of the Issue price**

Issue price shall be determined by way of price consultation with price consultation participants. The final Issue price shall be agreed upon between the Company and the lead underwriter(s), or such other methods as shall be approved by regulatory authorities in the PRC for securities issue.

According to the Measures for the Administration of Securities Issuance and Underwriting (《證券發行與承銷管理辦法》) and the offering plan of A Shares considered and approved at the general meeting, the Issue price of A Shares shall be negotiated by the lead underwriter(s) and the Company based on the condition of price consultation with investors. The condition of price consultation with investors is the most important factor in determining the issue price by the lead underwriter(s) and the Company. Factors considered by investors in the quotation include judgements on the development prospect of the principal business of the Company, profitability and quality of assets of the Company, as well as development momentum of the industry in which the Company operates.

According to Article 127 of the Company Law of the People's Republic of China, the shares may be issued at a price equal to or in excess of par value, but not below par value. As the par value of the A Shares to be issued by the Company is RMB1.00, the Issue price of A Shares will not be lower than RMB1.00 per share. Save as the aforesaid provision, there is no minimum Issue price of the Issue of A Shares.

**6) Form of underwriting**

The offering will be underwritten by the underwriter(s) on a standby underwriting basis.

The Company has entered into the definitive sponsorship agreement and underwriting agreement with China Merchants Securities Co., Ltd. (to the best of the directors' knowledge, information and belief having made all reasonable enquiry, China Merchants Securities Co., Ltd. is an independent third part of the Company).

Terms of underwriting agreement will be further negotiated and determined by the Company and China Merchants Securities Co., Ltd. pursuant to the requirements under PRC's laws, regulations, departmental rules and other regulatory documents of CSRC.

An underwriting agreement generally sets out the terms, including but not limited to number of A Shares to be issued, Issue price, collection of monies and payment methods of underwriting fees, conditions precedent to the obligations of the underwriter(s) to underwrite, obligations of the issuer and lead underwriter(s) in relation to the Issue of A Shares, underwriting fees, amount or calculation and payment methods of other related fees, termination of underwriting terms, obligation of confidentiality and default liabilities.

APPENDIX IV	DETAILS OF THE INITIAL PUBLIC OFFER OF A SHARES AND THE LISTING AND THE RELEVANT MATTERS
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7) Effects of the issue of a shares on shareholding structure of the company

Assuming that a total of 1,141,000,000 A Shares are to be issued, the shareholding structure of the Company as at the date of this circular and immediately after the completion of the Issue of A Shares is as follow (assuming no other H Shares or Domestic Shares are to be issued by the Company from the date of this circular up to and including the date of the completion of the Issue of A Shares):

	As at the date of this circular		Immediately after completion of the Issue of A Shares	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Domestic Shares	2,263,684,000	85%	–	–
A Shares to be issued	–	–	1,141,000,000	29.99%
A Shares to be converted from Domestic Shares into A Shares and transferred to NSSF	–	–	114,100,000	3.00%
A Shares to be converted from Domestic Shares into A Shares to be held by connected persons <sup>1</sup>	–	–	2,149,584,000	56.51%
H Shares	<u>399,476,000</u>	<u>15%</u>	<u>399,476,000</u>	<u>10.50%</u>
<b>Total</b>	<b><u><u>2,663,160,000</u></u></b>	<b><u><u>100.00%</u></u></b>	<b><u><u>3,804,160,000</u></u></b>	<b><u><u>100.00%</u></u></b>

<sup>1</sup> Connected persons mean Chinalco and Luoyang Institute. Chinalco will, directly and through its wholly-owned subsidiary Luoyang Institute, be beneficially interested in 2,149,584,000 A Shares, representing approximately 56.51% of the total share capital of the Company upon completion of the Issue of A Shares, and thus such portion will not be included in public float.

The public float of the Company prior to completion of the Issue of A Shares is 15%. After completion of the proposed A Shares listing, the percentage of A Shares to be held by the public and traded on the Shanghai Stock Exchange (including the A Shares to be converted from Domestic Shares into A Shares and transferred to NSSF) is expected to be 32.99% at maximum, and the percentage of H Shares held by the public and traded on the Stock Exchange is expected to be 10.50% at minimum. The total number of shares of the Company (both A Shares and H Shares in aggregate) to be held by the public following completion of the proposed A Shares listing will be 43.49% of the Company's issued share capital at maximum.



**8) Use of proceeds**

The exact amount of funds to be raised from the Issue of A Shares cannot be confirmed as at the date of this circular. However, the Company intends to apply the proceeds as follows with a total estimated investment amount of approximately RMB5,000,000,000, of which, proposed usage of the proceeds of Issue of A Shares amounts to RMB5,000,000,000:

- a. technology research and development of smart equipment, smart control and public service platform of nonferrous metals industry, for which the amount of an estimated gross investment of approximately RMB1,000,000,000 shall be required and the amount of proceeds of approximately RMB1,000,000,000 is proposed to be applied;
- b. supplement of working capital for EPC business, for which the amount of an estimated gross investment of approximately RMB2,500,000,000 shall be required and the amount of proceeds of approximately RMB2,500,000,000 is proposed to be applied;
- c. capital reserve for future mergers and acquisitions and strategic development, for which the amount of an estimated gross investment of approximately RMB500,000,000 shall be required and the amount of proceeds of approximately RMB500,000,000 is proposed to be applied;
- d. repayment of the interest-bearing debts, for which the amount of an estimated gross investment of approximately RMB1,000,000,000 shall be required and the amount of proceeds of approximately RMB1,000,000,000 is proposed to be applied.

Before the proceeds from the fund raising become available, the Company will make payments for the projects above by internal funds or bank loans in accordance with the actual payment schedule of each project invested with the proceeds. The proceeds, when available, can be used to make the remaining payments of relevant projects and replenish the funds advanced by the Company after fulfilling relevant procedures pursuant to the requirements of the PRC regulatory authorities. The balance of the proceeds (if any) from the fund raising after investing in the projects above will be used to supplement the Company's working capital. If the proceeds from the fund raising are not enough to finance the purposes above, the deficiency shall be made up by the Company through internal and/or external financial resources.

**9) Allocation of accumulated undistributed profits prior to the Issue of A Shares**

Accumulated undistributed profits of the Company prior to the Issue of A Shares will be shared by the new and existing Shareholders after completion of the Issue of A Shares in proportion to their respective shareholding ratios.

**10) Proposed stock exchange for listing**

The Shanghai Stock Exchange.

**11) Application of the listing of the Domestic Shares**

Upon completion of the Issue of A Shares, the Shareholders will apply for the Domestic Shares to be listed on Shanghai Stock Exchange.

**12) Transfer of state-owned corporate shares**

The volume of shares that Aluminum Corporation of China and Luoyang Engineering & Research Institute for Nonferrous Metals Processing, the state-owned Shareholders, will transfer to NSSF an aggregate of 10% of A Shares issued by the Company under the initial public offering. Aluminum Corporation of China and Luoyang Engineering & Research Institute for Nonferrous Metals Processing will assume their obligations in respect of the transfer of state-owned corporate shares in proportion to their respective shareholding in the Company prior to the Issue of A Shares. The number shall be subject to the approval by the State-owned Assets Supervision and Administration Commission of the State Council and subject to the number of A Shares effectually to be issued by the Company under the Issue. The Company will apply to the Shanghai Stock Exchange for the listing and permission to deal in such A Shares.

The Company will also apply to the Shanghai Stock Exchange to convert all the remaining Domestic Shares held by Aluminum Corporation of China and Luoyang Institute into A Shares, and apply for the listing of and permission to deal in such A Shares.

**13) Validity**

The offering plan for the Issue of A Shares shall be valid for 12 months from the date of approval at the general meeting and Class Meetings of the Company.

## **2.    AUTHORIZATION TO THE BOARD TO DEAL WITH RELEVANT MATTERS CONCERNING THE ISSUE OF A SHARES**

For the purpose of the Issue of A Shares, a proposal will be put forward to the AGM and the Class Meetings to authorize the Board to deal with the relevant matters concerning the Issue of A Shares, including but not limited to:

- i.    Amending and improving specific schemes and measures of the Issue of A Shares and organizing their implementation based on the advice from the relevant government agencies and regulatory authorities and subject to market environment, and to the extent authorized by the general meeting and the Class Meetings of the Company, determining (including but not limited to) specific offering scale, number of shares transferred from state-owned shares, offering price (including price range and final price), time, method and target subscribers of the offering, strategic placing and over-placing issues and proportion of placing, plan for use of proceeds and other matters relating to the implementation of the schemes concerning offering and listing.
- ii.   Drafting, amending and executing the applications, memoranda, relevant reports or materials relating to the Issue of A Shares and submitting the same to government agencies and regulatory authorities in connection with the Issue of A Shares (including but not limited to the State-owned Assets Supervision and Administration Commission of the State Council, CSRC, the Shanghai Stock Exchange, Beijing Regulatory Bureau of CSRC, NSSF, China Security Depository and Clearing Co., Ltd., Shanghai Branch), handling the procedures relating to the Issue of A Shares including review and examination, registration, filing, approval and consent and issuing statements and undertaking relating to the Issue of A Shares, and performing such acts as it deems necessary, expedient or appropriate with respect to the Issue of A Shares.
- iii.   Preparing, amending, signing, submitting and disclosing the prospectus; signing, amending, implementing, suspending or terminating the agreements, contracts and documents relating to the Issue of A Shares; engaging and coordinating with institutions relating to the Issue of A Shares.
- iv.   Authorizing the Board to amend the provisions in the Articles relating to the Issue of A Shares or amending the same in accordance with the requirements of securities regulatory authorities, stock exchanges and securities depository and clearing institutions. After completion of the Issue of A Shares, handling approval, change, filing and other matters in respect of the amendments to the Articles and the change of the registered capital with securities regulatory authorities, administrations for industry and commerce, securities registration authorities and other relevant government departments.

- v. Should there be any new provisions and policies issued by the state and securities regulatory departments with respect to the initial public offering and listing, to the extent authorized by the general meeting and the Class Meetings of the Company, authorizing the Board to make corresponding amendments to the offering plan for the Issue of A Shares in accordance with such new provisions and policies.
- vi. Authorizing relevant persons to handle matters relating to the Issue of A Shares as and when needed.
- vii. All other matters relating to the Issue of A Shares.
- viii. The authorization shall be valid within 12 months from the date of approval of such authorization at the general meeting and the Class Meetings of the Company.

# NOTICE OF THE 2016 ANNUAL GENERAL MEETING



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 2016 ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the 2016 Annual General Meeting (the “**AGM**”) 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 Xingshikou Road, Haidian District, Beijing at 9 a.m. on Tuesday, 23 May 2017 for the following purposes. Unless otherwise stated, expressions used in this notice shall have the same meaning as those defined in the circular of the Company dated 7 April 2017 (the “**Circular**”).

### ORDINARY RESOLUTIONS

To consider the following matters as ordinary resolutions:

1. To consider and approve the Board of Directors’ report for 2016.
2. To consider and approve the Board of Supervisors’ report for 2016.
3. To consider and approve the report on final accounts for 2016.
4. To consider and approve the report of financial budget for 2017.
5. To consider and approve the profit distribution and dividend payment plan of Company for 2016.
6. To consider and approve the remuneration plan for Directors for 2017.
7. To consider and approve the remuneration plan for Supervisors for 2017.
8. To consider and approve the re-appointment of international auditors and domestic auditors.
9. To consider and approve the election and appointment of Mr. HE Zhihui as an executive Director of the Company.
10. To consider and approve the election and appointment of Mr. ZONG Xiaoping as an executive Director of the Company.

## NOTICE OF THE 2016 ANNUAL GENERAL MEETING

11. To consider and approve the election and appointment of Mr. WU Zhigang as an executive Director of the Company.
12. To consider and approve the election and appointment of Mr. ZHANG Jian as an executive Director of the Company.
13. To consider and approve the election and appointment of Mr. WANG Jun as a non-executive Director of the Company.
14. To consider and approve the election and appointment of Mr. LI Yihua as a non-executive Director of the Company.
15. To consider and approve the election and appointment of Mr. SUN Chuanyao as an independent non-executive Director of the Company.
16. To consider and approve the election and appointment of Mr. CHEUNG Hung Kwong as an independent non-executive Director of the Company.
17. To consider and approve the election and appointment of Mr. FU Jun as an independent non-executive Director of the Company.
18. To consider and approve the election and appointment of Mr. OU Xiaowu as a shareholder representative supervisor of the Company.
19. To consider and approve the election and appointment of Mr. LI Wei as a shareholder representative supervisor of the Company.
20. To consider and approve the entering of the Commodities Sales and Purchases Master Agreement.
21. To consider and approve the entering of the Engineering Services Master Agreement.
22. To consider and approve the investment plan of the Company for 2017.
23. To consider and approve the implementation scheme for the “Thirteenth Five-Year” development plan of the Company.

### SPECIAL RESOLUTIONS

To consider and approve the following matters as special resolutions:

24. To consider and approve the amendments to the Articles.

According to the requirements of the “Guidelines on Deepening the Reform of State-owned Enterprises” (《關於深化國有企業改革的指導意見》) (Zhongfa [2015] No. 22), the “Certain Opinions on Upholding the Leadership by the Party and Strengthening the Party Construction Throughout the Deepening Reform of State-owned Enterprises” (《關於在深化國有企業改革中堅持黨的領導加強黨的建設的若干意見》) (Zhongfa [2015] No. 44) and China Securities Regulatory Commission Announcement [2016] No. 23-Guidelines for the

## NOTICE OF THE 2016 ANNUAL GENERAL MEETING

Articles of Association of Listed Companies (Revised in 2016) (《中國證券監督管理委員會公告[2016]23號上市公司章程指引(2016年修訂)》), pursuant to the provisions of the Company Laws of the PRC, the Securities Laws of the PRC, the Rules Governing the Listing of Securities on the Shanghai Stock Exchange and the actual situation of the Company, the Company proposed amendments to the Articles. Details of amendments to the Articles are as follows:

### Articles of Association of China Aluminum International Engineering Corporation Limited

#### Current Articles

#### Amended Articles

Nil

#### Article 10

According to the Constitution of the Communist Party and relevant provisions, the Company set up a party organization, established a work mechanism of the party and assigned personnel to handle party affairs, included the establishment of party organization and staffing of party members into the Company's management organization and staffing, included the party organization's work funding into the Company's budget which is charged to the Company's management costs. The party committee of the Company plays a core political role in the Company.

Nil

#### Article 99

The party committee of the Company plays a supervision role in significant matters, to ensure the strategy deployment and their implementation in compliance with the party and the government policies. The Company shall define the rules and work processes for the party committee participated in decision-making concerning significant matters in accordance with the relevant requirements, to ensure organic synergy between the core political role of the party committee and the decision-making role of the board of directors.

#### Article 100

Strengthening the leadership of party building; implementing the accountability of party building; fulfilling the principal responsibility of strict party management; determining the major concerns on the construction of a clear and honest party and anti-corruption tasks; enhancing supervision on the construction of a clear and honest party and duty execution. Party secretary is the principal party responsible for party building.

## NOTICE OF THE 2016 ANNUAL GENERAL MEETING

### Current Articles

### Amended Articles

#### Article 101

The Company shall adhere to the principle of the party assuming the responsibility for cadres' and personnel affairs; establish the guidelines for the party to manage cadres and the cooperation mechanism so that the board of directors can select the management according to law and the management can exercise the right of talent recruitment according to law; define duties and working procedures.

#### Article 102

The party committee of the Company shall support the board of directors, supervisory board and the senior managements towards exercising their power according to law; facilitate scientific decisionmaking; oversee the effective implementation of decision; and increase the value of the state assets.

Other chapters and articles will be renumbered after the newly added articles.

25. To consider and approve the grant of General Mandates to the Board to issue Shares.

To guarantee the flexibility of and the rights to handle the issue of new Shares of the Company, the Company proposed to grant General Mandates to the Board to independently and simultaneously allot, issue and deal with the new Domestic Shares and/or H Shares which, each of them, shall not exceed 20% of the respective aggregate nominal amount of the Domestic Shares and/or H Shares in issue of the Company at the date of the passing of this resolution, and make respective amendments, which it consider appropriate, on the Articles for the allotment, issue and dealing of the relevant Shares. As at the date of this circular, the issued share capital of the Company comprises 2,263,684,000 Domestic Shares and 399,476,000 H Shares. Upon the passing of the resolution of General Mandates to issue Shares, and on the basis that no further Shares are issued before the AGM, the Company may issue a maximum of 452,736,800 Domestic Shares and 79,895,200 H Shares. The General Mandates will be effective until the earliest of: (i) the conclusion of the next annual general meeting of the Company after the passing of this resolution; (ii) the expiry date of 12 months from the passing of this resolution; (iii) the date on which the mandates mentioned in this resolution are revoked or amended by a special resolution in the general meeting of the Company. Under the General Mandates, any power exercised by the Directors should be in compliance with the related requirements of the Listing Rules, the Articles and relevant PRC laws and regulations. The Board currently has no plans to issue new shares according to the General Mandates.

26. To consider and approve the extension of the valid period for the resolution of the general meeting in relation to the Issue of A Shares.



## NOTICE OF THE 2016 ANNUAL GENERAL MEETING

References are made to the announcements dated 18 June 2015 and 25 August 2015 and the circular dated 5 August 2015 of the Company in relation to the initial public offer of RMB-denominated ordinary Shares and the listing and the relevant matters (the “**Issue of A Shares**”). As the Company requires additional time to finalize the offering plan for the Issue of A Shares and the valid period for the resolution in relation to the Issue of A Shares passed at the 2015 annual general meeting, the first Domestic Share class meeting of 2016 and the first H Share class meeting of 2016 held on 25 May 2016 will expire soon, in this regard, the board of Directors (the “**Board**”) of the Company resolved to propose, by way of a special resolution, to consider and approve the extension of the valid period for the resolution of the general meeting in relation to the Issue of A Shares at the AGM, the first Domestic Share Class Meeting of 2017 and the first H Share Class Meeting of 2017 to be convened on 23 May 2017.

In view of the following reasons, with appropriate and due consideration, the Company has resolved to extend the valid period for the Issue of A Shares that: (i) the Issue of A Shares is subject to the approvals by the relevant regulatory authorities in the PRC. As at the date of this announcement, the approvals from the relevant regulatory authorities in the PRC in respect of the Issue of A Shares have not been obtained, and the Company is unable to expect when would such approvals be obtained; and (ii) the subsequent events in relation to the Issue of A Shares shall remain to be dealt with by the Board under the authorization by way of resolutions at the general meeting.

Having considered the above, the Company is of the view that it is beneficial and necessary for the benefits of the Company and the Shareholders of the Company as a whole to extend the valid period for the resolution of the general meeting in relation to the Issue of A Shares for 12 months after the date of the approval at the AGM and the Class Meetings, respectively.

Details of the Issue of A Shares are set out in Appendix IV.

27. To consider and approve the extension of the valid period authorizing the Board to deal with relevant matters of the Issue of A Shares.

References are made to the announcements dated 18 June 2015 and 25 August 2015 and the circular dated 5 August 2015 of the Company in relation to the Issue of A Shares.

As the Company requires additional time to finalize the offering plan for the Issue of A Shares and the extension of the valid period authorizing the Board to deal with relevant matters of the Issue of A Shares passed at the 2015 annual general meeting, the first Domestic Share class meeting of 2016 and the first H Share class meeting of 2016 held on 25 May 2016 will expire soon, in this regard, the Board resolved to propose, by way of a special resolution, to consider and approve the extension of the valid period authorizing the Board to deal with relevant matters relating to the Issue of A Shares at the AGM, the first Domestic Share Class Meeting of 2017 and the first H Share Class Meeting of 2017 to be held on 23 May 2017.

## NOTICE OF THE 2016 ANNUAL GENERAL MEETING

In view of the following reasons, with appropriate and due consideration, the Company has resolved to extend the valid period authorizing the Board to deal with relevant matters relating to the Issue of A Shares that: (i) the Issue of A Shares is subject to the approvals by the relevant regulatory authorities in the PRC. As at the date of this announcement, the approvals from the relevant regulatory authorities in the PRC in respect of the Issue of A Shares have not been obtained, and the Company is unable to expect when would such approvals be obtained; and (ii) the subsequent events in relation to the Issue of A Shares shall remain to be dealt with by the Board under the authorization by way of resolutions at the general meeting.

Having considered the above, the Company is of the view that it is beneficial and necessary for the benefits of the Company and the Shareholders of the Company as a whole to extend the valid period authorizing the Board to deal with relevant matters relating to the Issue of A Shares for 12 months after the date of the approval at the AGM and the Class Meetings, respectively.

Details of authorization to the Board for handling relevant matters in relation to the Issue of A Shares are set out in Appendix IV.

By Order of the Board  
**China Aluminum International Engineering Corporation Limited**  
**ZHAI Feng**  
*Joint Company Secretary*

Beijing, the PRC, 7 April 2017

*Notes:*

1. Important: Any shareholder of the Company (the “Shareholders”) who wish to appoint a proxy shall first read the Company’s annual report for 2016 published on the websites of The Stock Exchange of Hong Kong Limited and the Company, or dispatched to relevant Shareholders. The annual report for 2016 includes the Board of Directors’ report for 2016 and the Board of Supervisors’ report for 2016.
2. In order to determine the Shareholders entitled to attend the AGM to be convened on Tuesday, 23 May 2017, the register of members will be closed from Sunday, 23 April 2017 to Tuesday, 23 May 2017, both days inclusive. In order to be qualified to attend and vote at the AGM, 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, Wan Chai, Hong Kong or the holders of the Domestic Shares of the Company shall lodge relevant share transfer documents with the Company’s head office in the PRC at Building C, No. 99 Kingshikou Road, Haidian District, Beijing, the PRC not later than 4:30 p.m. on Friday, 21 April 2017.
3. In order to determine the list of the Shareholders entitled to the final dividends, the register of members will also be closed from Saturday, 27 May 2017 to Thursday, 1 June 2017, both days inclusive. In order to be qualified to receive the final dividends for the year ended 31 December 2016, 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, Wan Chai, Hong Kong not later than 4:30 p.m. on Friday, 26 May 2017.
4. Any Shareholder entitled to attend and vote at the AGM may appoint one or more proxies (whether he/she is a Shareholder) to attend and vote at the AGM on his/her behalf.
5. The form of proxy must be signed by the appointer or his attorney duly authorized in writing or, in case of a legal person, must be either executed under its common seal or under the hand of its Directors or attorney duly authorized.

## NOTICE OF THE 2016 ANNUAL GENERAL MEETING

6. To be valid, the form of proxy must be lodged with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at 17M 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 the PRC (for holders of Domestic Shares of the Company) not less than 24 hours prior to the holding of the AGM. If the form of proxy is signed by another person under a power of attorney or other authorization documents given by the appointer, such power of attorney or other authorization documents shall be notarized. The certified copy of the power of attorney or other authorization documents together with the form of proxy shall be deposited at the specified place at the time set out in such form of proxy.
7. If the appointer is a legal person, its legal representative or any person authorized by resolutions of the Board or other governing bodies may attend the AGM on behalf of the appointer.
8. The Company has the rights to request a proxy who attends the AGM on behalf of a Shareholder to produce his/her proof of identity.
9. The AGM is expected to take less than half day. Shareholders who attend the AGM shall be responsible for their own travel and accommodation expenses.
10. The address of the Company's head office in the PRC is set out as follows: Building C, No. 99 Xingshikou Road, Haidian District, Beijing, the PRC.

*As at the date of this notice, the non-executive Directors are Mr. WANG Jun and Mr. LI Yihua; the executive Directors are Mr. HE Zhihui and Mr. ZHANG Jian; and the independent non-executive Directors are Mr. SUN Chuanyao, Mr. CHEUNG Hung Kwong and Mr. FU Jun.*



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 DOMESTIC SHARE CLASS MEETING OF 2017

NOTICE IS HEREBY GIVEN that the first Domestic Share class meeting of 2017 (the “**Domestic Share Class Meeting**”) of China Aluminum International Engineering Corporation Limited (the “**Company**”) will be held at Conference Room 211 of the Company, Building C, No. 99 Xingshikou Road, Haidian District, Beijing, the People’s Republic of China immediately after the 2016 AGM on Tuesday, 23 May 2017 for the following purposes.

A circular containing following resolutions and the notice convening the Domestic Share Class Meeting (the “**Circular**”) is expected to be dispatched to the Shareholders on or before 7 April 2017. Unless the context otherwise requires, expressions used in this notice shall have the same meaning set out in the Circular above.

### SPECIAL RESOLUTIONS

1. **To consider and approve the extension of the valid period for the resolution of the general meeting in relation to the Issue of A Shares.**

References are made to the announcements dated 18 June 2015 and 25 August 2015 and the circular dated 5 August 2015 of the Company in relation to the initial public offer of RMB-denominated ordinary Shares and the listing and the relevant matters (the “**Issue of A Shares**”).

As the Company requires additional time to finalize the offering plan for the Issue of A Shares and the valid period for the resolution in relation to the Issue of A Shares passed at the 2015 annual general meeting, the first Domestic Share class meeting of 2016 and the first H Share class meeting of 2016 held on 25 May 2016 will expire soon, in this regard, the board of Directors (the “**Board**”) of the Company resolved to propose, by way of a special resolution, to consider and approve the extension of the valid period for the resolution of the general meeting in relation to the Issue of A Shares at the 2016 annual general meeting (the “**AGM**”), the Domestic Share Class Meeting and the first H Share class meeting of 2017 (the “**H Share Class Meeting**”) to be convened on 23 May 2017.

## NOTICE OF THE FIRST DOMESTIC SHARE CLASS MEETING OF 2017

In view of the following reasons, with appropriate and due consideration, the Company has resolved to extend the valid period for the Issue of A Shares that: (i) the Issue of A Shares is subject to the approvals by the relevant regulatory authorities in the PRC. As at the date of this notice, the approvals from the relevant regulatory authorities in the PRC in respect of the Issue of A Shares have not been obtained, and the Company is unable to expect when would such approvals be obtained; and (ii) the subsequent events in relation to the Issue of A Shares shall remain to be dealt with by the Board under the authorization by way of resolutions at the general meeting.

Having considered the above, the Company is of the view that it is beneficial and necessary for the benefits of the Company and the Shareholders of the Company as a whole to extend the valid period for the resolution of the general meeting in relation to the Issue of A Shares for 12 months after the date of the approval at the AGM and the Class Meetings, respectively.

Details of the Issue of A Shares are set out in Appendix IV.

**2. To consider and approve the extension of the valid period authorizing the Board to deal with relevant matters of the Issue of A Shares.**

References are made to the announcements dated 18 June 2015 and 25 August 2015 and the circular dated 5 August 2015 of the Company in relation to the Issue of A Shares.

As the Company requires additional time to finalize the offering plan for the Issue of A Shares and the extension of the valid period authorizing the Board to deal with relevant matters of the Issue of A Shares passed at the 2015 annual general meeting, the first Domestic Share class meeting of 2016 and the first H Share class meeting of 2016 held on 25 May 2016 will expire soon, in this regard, the Board resolved to propose, by way of a special resolution, to consider and approve the extension of the valid period authorizing the Board to deal with relevant matters relating to the Issue of A Shares at the AGM, the Domestic Share Class Meeting and the H Share Class Meeting to be held on 23 May 2017.

In view of the following reasons, with appropriate and due consideration, the Company has resolved to extend the valid period authorizing the Board to deal with relevant matters relating to the Issue of A Shares that: (i) the Issue of A Shares is subject to the approvals by the relevant regulatory authorities in the PRC. As at the date of this announcement, the approvals from the relevant regulatory authorities in the PRC in respect of the Issue of A Shares have not been obtained, and the Company is unable to expect when would such approvals be obtained; and (ii) the subsequent events in relation to the Issue of A Shares shall remain to be dealt with by the Board under the authorization by way of resolutions at the general meeting.

Details of authorization to the Board for handling relevant matters in relation to the Issue of A Shares are set out in Appendix IV.

## NOTICE OF THE FIRST DOMESTIC SHARE CLASS MEETING OF 2017

Having considered the above, the Company is of the view that it is beneficial and necessary for the benefits of the Company and the Shareholders of the Company as a whole to extend the valid period authorizing the Board to deal with relevant matters relating to the Issue of A Shares for 12 months after the date of the approval at the AGM and the Class Meetings, respectively.

By Order of the Board  
**China Aluminum International Engineering Corporation Limited**  
**ZHAI Feng**  
*Joint Company Secretary*

Beijing, the PRC, 7 April 2017

*Notes:*

1. Any Shareholder entitled to attend and vote at the Domestic Share Class Meeting convened by the above notice is entitled to appoint one or more proxies to attend and vote on his/her behalf. A proxy shall not be a Shareholder of the Company.
2. In order to determine the capacity of the Shareholders entitled to attend the Domestic Share Class Meeting to be convened on Tuesday, 23 May 2017, the register of members will be closed from Sunday, 23 April 2017 to Tuesday, 23 May 2017, both days inclusive. In order to be qualified to attend and vote at the Domestic Share Class Meeting, the holders of Domestic Shares of the Company shall lodge relevant share transfer documents with the Company's head office in the PRC at Building C, No. 99 Xingshikou Road, Haidian District, Beijing, the PRC not later than 4:30 p.m. on Friday, 21 April 2017.
3. The form of proxy must be signed by the appointer or his attorney duly authorized in writing or, in case of a legal person, must be either executed under its common seal or under the hand of its directors or attorney duly authorized.
4. To be valid, the form of proxy must be lodged with the Company's head office in the PRC not less than 24 hours prior to the holding of the Domestic Share Class Meeting. If the form of proxy is signed by another person under a power of attorney or other authorization documents given by the appointer, such power of attorney or other authorization documents shall be notarized. The certified copy of the power of attorney or other authorization documents together with the form of proxy shall 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 authorized by resolutions of the Board or other governing bodies may attend the Domestic Share Class Meeting on behalf of the appointer.
6. The Company has the rights to request a proxy who attends the Domestic Share Class Meeting on behalf of a Shareholder to produce his/her proof of identity.
7. The Domestic Share Class Meeting is expected to take less than half day. Shareholders who attend the Domestic Share Class Meeting shall be responsible for their own travel and accommodation expenses.
8. The address of the Company's head office in the PRC is set out as follows: Building C, No. 99 Xingshikou Road, Haidian District, Beijing, the PRC.

*As at the date of this notice, the non-executive Directors are Mr. WANG Jun and Mr. LI Yihua; the executive Directors are Mr. HE Zhihui and Mr. ZHANG Jian; and the independent non-executive Directors are Mr. SUN Chuanyao, Mr. CHEUNG Hung Kwong and Mr. FU Jun.*



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 H SHARE CLASS MEETING OF 2017

NOTICE IS HEREBY GIVEN that the first H Share class meeting of 2017 (the “**H Share Class Meeting**”) of China Aluminum International Engineering Corporation Limited (the “**Company**”) will be held at Conference Room 211 of the Company, Building C, No. 99 Xingshikou Road, Haidian District, Beijing, the People’s Republic of China immediately after the first Domestic Share class meeting of 2017 (the “**Domestic Share Class Meeting**”) on Tuesday, 23 May 2017 for the following purposes.

A circular containing following resolutions and the notice convening the H Share Class Meeting (the “**Circular**”) is expected to be dispatched to the Shareholders on or before 7 April 2017. Unless the context otherwise requires, expressions used in this notice shall have the same meaning set out in the Circular above.

### SPECIAL RESOLUTIONS

1. **To consider and approve the extension of the valid period for the resolution of the general meeting in relation to the Issue of A Shares.**

References are made to the announcements dated 18 June 2015 and 25 August 2015 and the circular dated 5 August 2015 of the Company in relation to the initial public offer of RMB-denominated ordinary Shares and the listing and the relevant matters (the “**Issue of A Shares**”).

As the Company requires additional time to finalize the offering plan for the Issue of A Shares and the valid period for the resolution in relation to the Issue of A Shares passed at the 2015 annual general meeting, the first Domestic Share class meeting of 2016 and the first H Share class meeting of 2016 held on 25 May 2016 will expire soon, in this regard, the board of Directors (the “**Board**”) of the Company resolved to propose, by way of a special resolution, to consider and approve the extension of the valid period for the resolution of the general meeting in relation to the Issue of A Shares at the 2016 annual general meeting (the “**AGM**”), the Domestic Share Class Meeting and the H Share Class Meeting to be convened on 23 May 2017.

## NOTICE OF THE FIRST H SHARE CLASS MEETING OF 2017

In view of the following reasons, with appropriate and due consideration, the Company has resolved to extend the valid period for the Issue of A Shares that: (i) the Issue of A Shares is subject to the approvals by the relevant regulatory authorities in the PRC. As at the date of this announcement, the approvals from the relevant regulatory authorities in the PRC in respect of the Issue of A Shares have not been obtained, and the Company is unable to expect when would such approvals be obtained; and (ii) the subsequent events in relation to the Issue of A Shares shall remain to be dealt with by the Board under the authorization by way of resolutions at the general meeting.

Having considered the above, the Company is of the view that it is beneficial and necessary for the benefits of the Company and the Shareholders of the Company as a whole to extend the valid period for the resolution of the general meeting in relation to the Issue of A Shares for 12 months after the date of the approval at the AGM and the Class Meetings, respectively.

Details of the Issue of A Shares are set out in Appendix IV.

**2. To consider and approve the extension of the valid period authorizing the Board to deal with relevant matters of the Issue of A Shares.**

References are made to the announcements dated 18 June 2015 and 25 August 2015 and the circular dated 5 August 2015 of the Company in relation to the Issue of A Shares.

As the Company requires additional time to finalize the offering plan for the Issue of A Shares and the extension of the valid period authorizing the Board to deal with relevant matters of the Issue of A Shares passed at the 2015 annual general meeting, the first Domestic Share class meeting of 2016 and the first H Share class meeting of 2016 held on 25 May 2016 will expire soon, in this regard, the Board resolved to propose, by way of a special resolution, to consider and approve the extension of the valid period authorizing the Board to deal with relevant matters relating to the Issue of A Shares at the AGM, the Domestic Share Class Meeting and the H Share Class Meeting to be held on 23 May 2017.

In view of the following reasons, with appropriate and due consideration, the Company has resolved to extend the valid period authorizing the Board to deal with relevant matters relating to the Issue of A Shares that: (i) the Issue of A Shares is subject to the approvals by the relevant regulatory authorities in the PRC. As at the date of this announcement, the approvals from the relevant regulatory authorities in the PRC in respect of the Issue of A Shares have not been obtained, and the Company is unable to expect when would such approvals be obtained; and (ii) the subsequent events in relation to the Issue of A Shares shall remain to be dealt with by the Board under the authorization by way of resolutions at the general meeting.



## NOTICE OF THE FIRST H SHARE CLASS MEETING OF 2017

Having considered the above, the Company is of the view that it is beneficial and necessary for the benefits of the Company and the Shareholders of the Company as a whole to extend the valid period authorizing the Board to deal with relevant matters relating to the Issue of A Shares for 12 months after the date of the approval at the AGM and the Class Meetings, respectively.

Details of authorization to the Board for handling relevant matters in relation to the Issue of A Shares are set out in Appendix IV.

By Order of the Board  
**China Aluminum International Engineering Corporation Limited**  
**ZHAI Feng**  
*Joint Company Secretary*

Beijing, the PRC, 7 April 2017

*Notes:*

1. Any Shareholder entitled to attend and vote at the H Share Class Meeting convened by the above notice is entitled to appoint one or more proxies to attend and vote on his/her behalf. A proxy shall not be a Shareholder of the Company.
2. In order to determine the capacity of the Shareholders entitled to attend the H Share Class Meeting to be convened on Tuesday, 23 May 2017, the register of members will be closed from Sunday, 23 April 2017 to Tuesday, 23 May 2017, both days inclusive. In order to be qualified to attend and vote at the H Share Class 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 Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Friday, 21 April 2017.
3. The form of proxy must be signed by the appointer or his attorney duly authorized in writing or, in case of a legal person, must be either executed under its common seal or under the hand of its directors or attorney duly authorized.
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 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not less than 24 hours prior to the holding of the H Share Class Meeting. If the form of proxy is signed by another person under a power of attorney or other authorization documents given by the appointer, such power of attorney or other authorization documents shall be notarized. The certified copy of the power of attorney or other authorization documents together with the form of proxy shall 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 authorized by resolutions of the Board or other governing bodies may attend the H Share Class Meeting on behalf of the appointer.
6. The Company has the rights to request a proxy who attends the H Share Class Meeting on behalf of a Shareholder to produce his/her proof of identity.
7. The H Share Class Meeting is expected to take less than half day. Shareholders who attend the H Share Class Meeting shall be responsible for their own travel and accommodation expenses.
8. The address of the Company's head office in the PRC is set out as follows: Building C, No. 99 Xingshikou Road, Haidian District, Beijing, the PRC.

*As at the date of this notice, the non-executive Directors are Mr. WANG Jun and Mr. LI Yihua; the executive Directors are Mr. HE Zhihui and Mr. ZHANG Jian; and the independent non-executive Directors are Mr. SUN Chuanyao, Mr. CHEUNG Hung Kwong and Mr. FU Jun.*