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中鋁國際工程股份有限公司

China Aluminum International Engineering Corporation Limited

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

(Stock Code: 2068)

2022 INTERIM RESULTS ANNOUNCEMENT

The Board of Directors (the “**Board**”) of China Aluminum International Engineering Corporation Limited (the “**Company**”) is pleased to announce the unaudited results of the Company and its subsidiaries for the six months period ended 30 June 2022. This results announcement, containing the full text of the 2022 Interim Report of the Company, complies with the relevant content requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to preliminary announcements of interim results and has been reviewed by the audit committee under the Board. The printed version of the 2022 Interim Report of the Company will be dispatched to the holders of H shares of the Company and available for viewing on the websites of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and of the Company at www.chalieco.com.cn in September 2022.

By Order of the Board

China Aluminum International Engineering Corporation Limited

ZHANG Jian

Company Secretary

Beijing, PRC, 8 August 2022

As at the date of this announcement, the non-executive director is Mr. HU Zhenjie, Mr. ZHOU Xinzhe and Mr. ZHANG Wenjun; the executive directors are Mr. LI Yihua, Mr. LIU Jing and Mr. LIU Ruiping; and the independent non-executive directors are Mr. GUI Weihua, Mr. SIU Chi Hung and Mr. TONG Pengfang.

IMPORTANT NOTES

- I. The Board, Board of Supervisors, directors, supervisors and senior management of the Company guarantee that the contents of the interim report are truthful, accurate and complete, free from any false statement, misleading representation or major omission, and are legally liable therefor on a several and joint basis.
- II. All directors of the Company attended the Board Meeting.
- III. This interim report is unaudited.
- IV. LI Yihua, the Company's principal, ZHANG Jian, the accounting principal, and ZHANG Xiuyin, the accounting function's principal (the person in charge of the accounting function) undertake that: the financial report in this interim report is truthful, accurate and complete.
- V. Proposal for profit distribution or proposal for converting capital reserve into share capital for the reporting period as adopted by the board

No

- VI. Forward-looking risk statements

☒Applicable ☐Not applicable

This report contains some predictive statements based on subjective assumptions and judgments about future policies and economic trends. Subject to many variable factors, actual results or trends may deviate from these predictive statements.

Forward-looking statements such as future plans mentioned in this report do not constitute the Company's substantive undertakings to investors. Investors should be aware of investment risks.

- VII. Any funds occupied by the controlling shareholder or its related parties for non-operating purpose?

No

- VIII. Any guarantee provided for any third party in violation of required decision procedures?

No

- IX. Whether more than half of the directors could not guarantee the authenticity, accuracy and completeness of the interim report disclosed by the Company?

No

IMPORTANT NOTES

X. Material Risk Disclosure

The Company may be mainly exposed to personnel health risk (COVID-19 risk), market change and market competition risks, debt risk, cash flow risk and operational benefit risk. For details, please refer to “V. Other Disclosures – (I) Potential Risks” under “Section 3 Management Discussion and Analysis” of this Report. Investor attention is drawn thereto.

XI. Others

☒Applicable ☐Not applicable

For the purpose of this report, all amounts are expressed in RMB unless otherwise specified.



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Documents for inspection Financial statements signed and sealed by the person in-charge of the Company, chief financial officer and head of the accounting department

The original auditor's report with the seal of the accounting firm and signatures and seals of the signing accountants

The original copies of the documents and announcements of the Company published during the reporting period in the press media designated by the CSRC for information disclosures

The interim results announcement for 2022 published on the Stock Exchange



SECTION 1 DEFINITIONS

For the purpose of this report, unless the context otherwise requires, the following terms have the following meanings:

DEFINITION OF TERMS

“the Company”, “Company”, “Chalieco”	China Aluminum International Engineering Corporation Limited (中鋁國際工程股份有限公司)
“Group”	the Company and its subsidiaries
“Chinalco”	Aluminum Corporation of China (中國鋁業集團有限公司), our controlling shareholder
“Luoyang Institute”	Luoyang Engineering & Research Institute for Nonferrous Metals Processing (洛陽有色金屬加工設計研究院有限公司), one of our promoters and shareholders
“Ministry of Finance”	the Ministry of Finance of the People’s Republic of China
“SASAC”	the State-owned Assets Supervision and Administration Commission of the State Council
“CSRC”	the China Securities Regulatory Commission
“SSE”	the Shanghai Stock Exchange
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Listing Rules of the Stock Exchange”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
“Board”	the board of directors of the Company
“Board of Supervisors”	the board of supervisors of the Company
“Audit Committee”	the audit committee of the Board
“Remuneration Committee”	the remuneration committee of the Board
“Risk Management Committee”	the risk management committee of the Board
“Strategy Committee”	the strategy committee of the Board
“Nomination Committee”	the nomination committee of the Board
“Chalco”	Aluminum Corporation of China Limited (中國鋁業股份有限公司), listed on New York Stock Exchange (stock code: ACH), Shanghai Stock Exchange (stock code: 601600) and the Stock Exchange (stock code: 2600) and a subsidiary of Chinalco
“Chinalco Finance”	Chinalco Finance Company Limited (中鋁財務有限責任公司)
“SAMI”	Shenyang Aluminum & Magnesium Engineering & Research Institute Co., Ltd. (瀋陽鋁鎂設計研究院有限公司), a wholly-owned subsidiary of the Company
“GAMI”	Guiyang Aluminum & Magnesium Design Institute Co., Ltd. (貴陽鋁鎂設計研究院有限公司), a wholly owned subsidiary of the Company
“CINF”	Changsha Engineering & Research Institute Limited for Nonferrous Metallurgy(長沙有色冶金設計研究院有限公司), a wholly-owned subsidiary of the Company
“CNPT”	China Nonferrous Metals Processing Technology Co., Ltd. (中色科技股份有限公司), a subsidiary owned as to 92.35% by the Company

SECTION 1 DEFINITIONS

“Changkan Institute”	China Nonferrous Metals Changsha Investigation and Design Research Institute Co., Ltd. (中國有色金屬長沙勘察設計研究院有限公司), a wholly-owned subsidiary of our Company
“Kunming Survey and Design Institute”	Kunming Survey and Design Institute Co., Ltd. of China Nonferrous Metals Industry (中國有色金屬工業昆明勘察設計研究院有限公司), a wholly-owned subsidiary of the Company
“Sixth Metallurgical Company”	Sixth Metallurgical Construction Company of China Nonferrous Metals Industry (中國有色金屬工業第六冶金建設有限公司), a wholly-owned subsidiary of the Company
“Ninth Metallurgical Company”	Ninth Metallurgical Construction Co., Ltd. (九冶建設有限公司), a subsidiary as to 73.17% owned by the Company
“Twelfth Metallurgical Company”	China Nonferrous Metals Industry’s 12th Metallurgical Construction Co., Ltd. (中色十二冶金建設有限公司), a wholly-owned subsidiary of the Company
“Tianjin Construction”	CHALIECO (Tianjin) Construction Co., Ltd. (中鋁國際(天津)建設有限公司), a wholly-owned subsidiary of the Company
“Shandong Engineering”	Chalco Shandong Engineering Technology Co., Ltd. (中鋁山東工程技術有限公司), a subsidiary as to 60% owned by the Company
“China Aluminum Equipment”	China Aluminum International Engineering Equipment Co., Ltd., a wholly-owned subsidiary of the Company
“Guiyang branch”	Guiyang branch of China Aluminum International Engineering Corporation Limited, a branch of the Company
“Renminbi” or “RMB”	Renminbi, the lawful currency of the PRC
“USD”	US dollar, the lawful currency of the U.S.
“Ningyong Expressway Company” or “Ningyong Expressway”	Yunnan Ningyong Expressway Co., Ltd.
“Linyun Expressway Company” or “Linyun Expressway”	Yunnan Linyun Expressway Co., Ltd.
“Linshuang Expressway Company” or “Linshuang Expressway”	Yunnan Linshuang Expressway Co., Ltd.

SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

I. CORPORATE INFORMATION

Chinese Name of the Company	中鋁國際工程股份有限公司
Abbreviation of Chinese Name of the Company	中鋁國際
English Name of the Company	China Aluminum International Engineering Corporation Limited
Abbreviation of English Name of the Company	CHALIECO
Legal Representative of the Company	LI Yihua

II. CONTACTS AND CONTACT INFORMATION

	Secretary to the Board	Representative for Securities Affairs
Name	ZHANG Jian	MA Shaozhu
Contact address	Building C, No. 99 Xingshikou Road, Haidian District, Beijing	Building C, No. 99 Xingshikou Road, Haidian District, Beijing
Tel	010-82406806	010-82406806
Fax	010-82406666	010-82406666
E-mail	IR-chalieco@chalieco.com.cn	IR-chalieco@chalieco.com.cn

III. CHANGES IN BASIC INFORMATION

Registered address of the Company	Building C, No. 99 Xingshikou Road, Haidian District, Beijing
Historical changes in the registered address of the Company	The registered address was “No. B12, Fuxing Road, Haidian District, Beijing” at the time of establishment of the Company; the registered address was changed to “Building C, No. 99 Xingshikou Road, Haidian District, Beijing” in June 2009
Domestic office of the Company	Building C, No. 99 Xingshikou Road, Haidian District, Beijing
Postal code for domestic office of the Company	100093
Hong Kong office of the Company	Room 4501, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong
Website of the Company	http://www.chalieco.com.cn
E-mail	IR-chalieco@chalieco.com.cn
Index of changes during the reporting period	No changes during the reporting period

SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

IV. CHANGES IN THE PLACES FOR INFORMATION DISCLOSURE AND REFERENCE

The Company's designated press media for information disclosure	Securities Daily
Designated website for the interim report	www.sse.com.cn; www.hkex.com.hk
The interim report of the Company is available at	Board Office of Chalieco at Building C, No. 99 Xingshikou Road, Haidian District, Beijing
Index of changes during the reporting period	No changes during the reporting period

V. STOCK PROFILE

Class of Shares	Stock Exchange where the Shares are Listed	Stock Abbreviation	Stock Code	Previous Stock Abbreviation
A Share	The SSE	中鋁國際	601068	—
H Share	The Stock Exchange	CHALIECO	2068	—

VI. OTHER RELEVANT INFORMATION

☒ Applicable ☐ Not applicable

Accounting firm engaged by the Company	Name	WUYIGE Certified Public Accountants LLP
	Office address	15F, Xueyuan International Tower, No.1 Zhichun Road, Haidian District, Beijing
	Names of accountants who signed the review report	SHI Chenqi, LIU Mingzhe
Domestic legal advisor engaged by the Company	Name	Jia Yuan Law Office
	Office address	F408, Ocean Plaza, 158 Fuxing Men Nei Street, Xicheng District, Beijing
Overseas legal advisor engaged by the Company	Name	Clifford Chance
	Office address	27th Floor, Jardine House, One Connaught Place, Central, Hong Kong
A Share Registrar of the Company	Name	China Securities Depository and Clearing Co., Ltd. Shanghai Branch
	Office address	188 South Yanggao Road, Pudong New Area, Shanghai
H Share Registrar of the Company	Name	Computershare Hong Kong Investor Services Limited
	Office address	Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai Hong Kong

SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

VII. KEY ACCOUNTING FIGURES AND FINANCIAL INDICATORS OF THE COMPANY

(I) Key Accounting Figures

Unit: Yuan Currency: RMB

Key Accounting Figures	This reporting period (From January to June)	The corresponding period of last year	Changes for this reporting period as compared with the corresponding period of last year (%)
Operating revenue	10,353,147,273.49	10,333,522,065.37	0.19
Net profit attributable to shareholders of the listed company	66,327,751.24	3,365,857.05	1,870.61
Net profit attributable to shareholders of the listed company, net of non-recurring gain or loss	61,683,093.25	-17,004,599.61	N/A
Net cash flow from operating activities	-1,107,120,889.43	-613,619,819.31	-80.42
	As at the end of this reporting period	As at the end of the previous year	Changes for this reporting period as compared with the end of the previous year (%)
Net assets attributable to shareholders of the listed company	8,203,642,852.8	7,637,117,760.35	7.42
Total assets	61,274,079,678.36	58,828,035,316.25	4.16

SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

(II) Key Financial Indicators

Key Financial Indicators	This reporting period (From January to June)	The corresponding period of last year	Changes for this reporting period as compared with the corresponding period of last year (%)
Basic earnings per share (RMB/share)	0.02	-0.01	N/A
Diluted earnings per share (RMB/share)			
Basic earnings per share, net of non-recurring gain or loss (RMB/share)	0.02	-0.02	N/A
Weighted average return on net assets (%)	0.99	-0.39	Up by 1.38 percentage points
Weighted average rate of return on net assets, net of non-recurring gain or loss (%)	0.90	-0.72	Up by 1.62 percentage points

Explanation of key accounting figures and financial indicators of the Company

☐Applicable ☒Not applicable

VIII. DIFFERENCES IN ACCOUNTING FIGURES UNDER DOMESTIC AND FOREIGN ACCOUNTING STANDARDS

☐Applicable ☒Not applicable

SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

IX. ITEMS AND AMOUNTS OF NON-RECURRING PROFIT OR LOSS

✓Applicable ☐Not applicable

Unit: Yuan Currency: RMB

Non-recurring Profit or Loss	Amount	Note (as applicable)
Gain or loss on disposal of non-current assets	161,768.39	
Tax return, reduction or exemption arising from ultra vires approval, without official approval document, or on an occasional basis		
Government subsidies recorded in current P&L (except government subsidies closely related to business operations granted continuously in a fixed amount or quota according to the unified national standards)	11,153,634.86	
Financing fee income from non-financial enterprises recorded in current P&L	6,028,071.35	
Gain arising from the acquisition of interests in a subsidiary, associate or joint ventures at an investment cost below the share in the fair value of net identifiable assets of the investee at the time of acquisition		
Gain or loss on non-monetary asset exchange		
Gain or loss on assets under discretionary investment or management		
Asset impairment provisions arising from force majeure factors such as natural disasters		
Gains or losses on debt restructuring	141,516.44	
Restructuring costs, such as employee settlement cost and integration cost		
Gain or loss in excess of fair value arising from transactions at obviously unfair prices		
Net profit or loss of a subsidiary arising from business combination under common control for the period from the beginning of the reporting period to the combination date		
Gains or losses on contingencies not related to usual operations of the Company		
Gains on investment in the fair value of the held-for-trading financial assets, derivative financial assets, held-for-trading financial liabilities and derivative financial liabilities held by the Company and investment income from disposal of held-for-trading financial assets, derivative financial assets, held-for-trading financial liabilities, derivative financial liabilities and other debt investments other than the valid hedging services related to the normal operating activities of the Company		
Reversal of impairment provisions on receivables and contract assets tested for impairment individually	10,903,646.26	

SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

Non-recurring Profit or Loss	Amount	Note (as applicable)
Gain or loss on entrusted loans		
Gain or loss on changes in the fair value of investment property subsequently measured at fair value		
Impact of non-off adjustments to current P&L as required by taxation and accounting laws and regulations		
Trustee fee income from entrusted operations		
Other non-operating revenue and expenses other than above items	-32,661,847.52	
Other items falling within the definition of non-recurring gain or loss	-604,285.63	
Less: Impact of income tax	4,621,080.92	
Impact of minority interests (after tax)	-14,143,234.76	
Total	4,644,657.99	

Description of defining the extraordinary profit and loss listed in the “Explanatory Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public – Extraordinary Profit and Loss” to be recurring profit and loss

☐ Applicable ☒ Not applicable

X. OTHER INFORMATION

☐ Applicable ☒ Not applicable

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

I. DESCRIPTION OF THE INDUSTRY AND PRINCIPAL BUSINESS OF THE COMPANY FOR THE REPORTING PERIOD

(I) Principal businesses and operation modes

The Company is a leading technology, engineering service and equipment provider in the nonferrous metals industry in China, capable of providing a full range of integrated technical and engineering design and construction services for various businesses in the entire nonferrous metals industry chain. The Company's businesses mainly include engineering survey, design and consultancy, engineering and construction contracting, equipment manufacturing and equipment trading. In the first half of 2022, the Company continued to be among the China's Fortune 500.

1. Engineering survey, design and consultancy business

Engineering survey, design and consultancy are the Company's traditional key business, covering mining, ore dressing, smelting and processing in the non-ferrous metal industry, geological survey and building construction in the construction industry, as well as engineering design in energy, chemical and environmental protection, etc. The Company's main customers are non-ferrous metal smelting and processing enterprises, and employers in construction and other industries. The Company's technicians have expertise in over 40 professional fields such as geological survey, process design, equipment design, electrical automation, general layout and transportation design, civil engineering, public facilities construction, environmental protection, project budget and technical economy, and have provided engineering design and consultancy services for over 2,000 key construction projects of the state and various industries as well as over 100 overseas projects.

2. Engineering and construction contracting business

The Company's engineering and construction contracting business covers metallurgy industry, housing construction, highways, building materials, electricity, water conservancy, chemical industry, mining, municipal utilities, steel structure and other fields. The Company adopts a couple of engineering and construction contracting business modes, including EPC, EP and PC. Meanwhile, the Company takes part in project construction and operation management through PPP and other modes. With its technology and experience, the Company has established a leading position in China's non-ferrous metal industry, particularly in the area of engineering contracting for the aluminum industry. In recent years, the Company has undertaken many large-scale EPC projects at home and abroad.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

3. Equipment manufacturing business

Equipment manufacturing is a high-tech industry that the Company develops vigorously. The Company insists on independent technological innovation, and focuses on research and development of new process, new technologies, advanced materials and new equipment of non-ferrous metal, leading the direction of technology development of China's non-ferrous metal industry. The Company's equipment manufacturing segment mainly provide customized core metallurgical and processing equipment, environmental protection equipment, mechanical and electronic equipment, industrial automation systems and mine safety monitoring and emergency response intelligent systems. The Company's products are used in many areas in the non-ferrous metal industry chain, including mining, ore dressing, smelting and metal material processing.

4. Trading business

In order to strengthen cost and risk control, the Company has adopted a centralized procurement approach, and mainly carried out the equipment and raw material procurement business related to its principal operations.

(II) Specific business models for engineering design and consultancy, and engineering and construction contracting

The Company has long been engaging in survey, design and project contracting in the non-ferrous metal field. With technological innovation and industrialization as its core competitiveness, the Company has its business covering engineering survey and design and consultancy, engineering and construction, equipment manufacturing and other fields, and has established a business model covering full industrial chain of "investment and financing-planning-design-engineering construction asset operation/industrial service". Among them, the engineering and construction contracting business covers metallurgical industry, housing construction, highways, municipal engineering and other fields, and adopts various business development modes such as construction contracting and general engineering contracting (including EPC, EP, PC, etc.).

1. The Company's engineering design and consultancy business involves compiling relevant technical data and provide technical services based on the engagement of owners, and to carry out engineering consultancy, design and survey services according to the design consultation process to ensure compliance with the requirements stipulated in the contract. Rights and obligations: based on the true and accurate basic information provided by the owner, we have the obligation to provide qualified technical products as agreed in the contract, and also have the right to collect service fees in a timely manner as agreed in the contract. Pricing mechanism: service fees are charged generally by reference to national fee rates for engineering survey and market conditions and based to specific conditions such as the complexity of the project. Relying on the Company's technical advantages in the non-ferrous metallurgy industry, this business brings a higher profit margin compared with engineering construction projects. As to payment terms in the contract, usually an advance payment of about 10%-20% is required, and the remaining amount is paid in installments according to the amount of work completed (as for engineering design business) or settled in full upon delivery of the consultation report (as for engineering consultancy business). The Company bears the risks associated with product design quality and progress pursuant to the contract. This business segment does not involve financing.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

2. The Company's engineering and construction contracting business covers metallurgical industry, housing construction, highways, mines, municipal utilities and other fields. The Company adopts a number of business modes, including traditional contracting, EPC (including EP and PC), and investment-finance-build (including PPP), etc.

Risks: Under the traditional contracting mode, the Company acts as a contractor and is responsible for project construction and equipment installation; Under the EPC mode, the Company takes charge of the whole design process, procurement of materials and equipment, construction, equipment installation and testing, and is liable to the proprietor for the quality, safety, on-time delivery and cost of the project. The main risk for the Company involves material difference not higher than a certain rate as agreed in the contract, while the proprietor assumes compliance risks of the project and ensures the availability of project funds; Under the PC mode, the Company undertakes the procurement and construction of the project according to the contract, and is liable for the quality, safety, progress and cost of the project. Pricing: through participating in competitive bidding, the Company will conduct detailed research on the proposed project in deciding the bid. Specifically, based on on-site visit, the Company will analyze and study on technical conditions, commercial conditions and other factors, forecast the project costs, and based on this, adds proposed gross profit to derive the bid price. Payment collection: mainly project progress payments, settled and collected according to the monthly progress or milestones, and advance payment (if any) is collected according to the contract.

3. According to the direction of national policies, the Company has chosen to undertake some PPP investment-finance-build projects. Risks: The Company, as the general contractor and non-government equity investor of the project, mainly undertakes engineering construction and shares operational risks of the project with the government, while the government mainly bears compliance risk and land acquisition and relocation risks. Finance: in addition to capital injected by all equity investors, project loans represent a major source of funds for the project. Payment collection: the Company, as the general contractor and non-government equity investor of the project, has different sources of income during the construction period and the operation period. During the construction period, income mainly comes from progress payments made by the project company, while during the operation period, income mainly comes from fees paid by users and feasibility gap subsidy from the government. Pricing: based on the PPP mode, the pricing is mainly to determine the rate of return on non-governmental investment (including financing), including the annual discount rate, reasonable profit margin, and engineering construction profit, and the government determines the nongovernmental investor through public tender. Profit: The Company, as both an investor and a project contractor, mainly generates profits from construction during the construction period, and from feasibility gap subsidy from the government during the operation period. Rights and obligations: the Company has the right of construction and payment collection of projects during the construction period, and the right to collect fees from users and feasibility gap subsidies from the government as agreed in the contract during the operation period, and the obligation to ensure successful completion and normal operation of the project.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

(III) Industry overview

In the first half of the year, as impacted by the out-of-expectation domestic pandemic coupled with international geopolitical conflicts, China's economic development faced temporary setbacks, industries including construction and non-ferrous metals made outstanding contributions in helping China's economy to withstand pressure, promote stable recovery and achieve growth.

In the first half of the year, the construction market can be generally divided into three stages, which presented an upward trend followed by a decline, then rebounded again. The first stage was from January to early April, during which, the construction market took the lead to recover to the level before the pandemic and recorded higher operating rates. The second stage was from early April to early May, during which, the COVID-19 pandemic in certain cities, such as Shanghai, recurred beyond expectation, resulting in a rapid increase in the proportion of suspended construction projects. The third stage was from early May to 30 June, during which, the disturbance from the pandemic to infrastructure investments faded away gradually and a series of policies to stabilize the economy have been released in a faster pace, each segmented industrial statistics of the construction industry generally exhibited a rebounding trend.

The pivotal role of investments in driving the economic growth is further leveraged and the scale of effective investments continues to expand. There were 134,000 new construction projects nationwide, representing an increase of 26,000 as compared with the corresponding period of last year. The planned total investments of new construction projects recorded a year-on-year increase of 22.9%. The construction of infrastructures was accelerated, especially after setting the tone in the meeting of the Central Financial and Economic Affairs Commission on 26 April, the meeting of the Political Bureau of the CPC Central Committee on 29 April stated expressly "to firmly stabilize the economy and efforts shall be made to achieve the targets set for economic and social development for the year and keep the economy operating within an appropriate range". "Reinforcing the construction of infrastructures comprehensively" was re-emphasized. Infrastructures became the priority for stabilizing growth, where investments in infrastructures recorded a year-on-year increase of 7.1%, providing strong support for stabilizing the basic economic situation.

The development of construction and new energy industry facilitated the operation of non-ferrous industry. It is estimated that the production volume of ten non-ferrous metals will increase by around 2% year-on-year while the industrial add value of non-ferrous metals is estimated to increase by around 5% year-on-year, which foster the investment and construction of projects in non-ferrous industry to be stable and favourable.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

II. ANALYSIS OF CORE COMPETITIVENESS FOR THE REPORTING PERIOD

✓Applicable ☐Not applicable

(I) The Company possesses strong technological and R&D strength

Four out of the eight nonferrous metal design institutes that were under the former Ministry of Metallurgical Industry, namely SAMI, GAMI, CINF and CNPT (that inherited the assets and business of Luoyang Institute), are under the Company. Moreover, the Company owns two widely recognized survey and design institutions in the industry, namely Changkan Institute and Kunming Survey and Design Institute, and is able to provide project owners with a whole set of technical support and services across the entire nonferrous metal industry chain. As of 30 June 2022, the Company had 6 national-level innovation research platforms and 21 provincial-level innovation platforms and engineering laboratories in aggregate, owned 2 national-level corporate post-doctoral scientific research stations, and there were over 140 national and industrial standards or regulations wholly or partly formulated by the Company. The Company obtained nearly 2,700 domestic patents and 190 international patents in aggregate.

(II) The Company can provide the proprietors in the non-ferrous metal industry with complete engineering solutions

With strong technology as a link, refined management as the backbone and comprehensive professional services as a means, the Company can provide customers with all-round services covering engineering design and consultancy, engineering construction and specialized equipment manufacturing, solving customers' routine problems as well as "high-tech, deep, difficult and specific" problems.

(III) The Company has a strong customer network and good customer relations

The Company has business contacts with many large non-ferrous metal companies in China, and has accumulated good reputation in historical cooperation, which makes it one of preferred choices for major non-ferrous metal engineering projects. At the same time, the Company has actively expanded its overseas business in recent years. As a general contractor, the Company has participated in many projects of Vietnam Coal and Mineral Group, Venezuela CVG Group, India Vendanta Group, PT Borneo Alumina Indonesia and Italian Vesme Port Electrolytic Aluminum Plant, and has established good cooperative relations with non-ferrous metal enterprises overseas, especially in emerging markets.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

III. OPERATING RESULTS DISCUSSION AND ANALYSIS

Business overview in the first half of 2022

The Group's net profit attributable to shareholders of listed companies for the first half of 2022 was RMB66 million, representing an increase of RMB63 million as compared to RMB3 million for the same period of the previous year, which was mainly because: The Company focused on production and operation and strictly controlled the costs while strengthened debt management and vigorously facilitated the settlement of debts, which had a positive impact on promoting the Company's profit level.

(I) Business overview in the first half of the year

- 1. High-quality development:** The Company has been implementing the development strategy of "Technology + Internationalization", the concept of high-quality development has been established, competitiveness, innovation, control, influence and risk resistance have been enhanced, the structure of "one main, one special and one expansion" layout has become more reasonable, and the differentiated competitive advantages are gradually formed.

The Company's high-quality development strategy of "Technology + Internationalization" has been recognized by all employees. The "three musts" of "must be firm in confidence, focus on our core business, refine the professionalism, and take the road of connotative development; must rely on the leadership of Party building, based on our own circumstance, carry out reform and innovation, and enhance the endogenous power; must insist on marketization and contractualization, strongly promote the transformation and upgrading, and establish a sustainable profit model" are deeply rooted in the heart of every member of the Company.

Established a new business layout based on "a core business, a special business and a sideline business", created new profit growth points, introduced market-oriented mechanism in the Company's technology management, project management and market development, etc., to enhance the Company's endogenous power, and the competitive advantage of differentiation among enterprises is forming.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

- 2. Market expansion:** The Company focuses on the competitiveness in the professional field formed by principal businesses and unique businesses, so as to maintain the advantages of principal businesses, the guidance of unique businesses, expand the penetration of businesses, be technology-oriented and cultivate the market actively. During the first half of the year, the member enterprises of the Company achieved upgrading and development in various new fields including new infrastructure, new energy and the transformation of new scientific and technological achievements while focusing on the diversification of their main business and capitalizing on their unique advantages, and achieved remarkable results.

Under the normalized global COVID-19 pandemic, the market tracking personnel of the Company implemented the guidance principle of “a core business, a special business and a sideline business” and established new business structure actively. The domestic market is focusing on the development of sectors such as photovoltaic, wind power and new energy, which gradually forms differentiated competitive advantages and a number of orders have been placed in the first half of the year. Sixth Metallurgical Company newly executed the general contracting contract of EPC construction project of resettlement houses in Liangtun with a total contract value of RMB2.07 billion. Sixth Metallurgical Company executed the EPC general contracting contract of distributed rooftop photovoltaic power generation project in Weishi County with a contract value of RMB670 million. Twelfth Metallurgical Company newly executed the general construction contract for a 600,000-ton production base of alcohol-ether fuel which is a clean alternative fuel for vehicle and the contracted project of 80 terminal refilling stations with a contract value of RMB490 million. Twelfth Metallurgical Company executed the general contracting contract for the production stripping of certain plots in Mazongshan with a contract value of RMB450 million. CNPT executed the general contracting contract for 2,300 mm single-stand cold rolling mill (5# cold rolling mill) by Henan Zhongfu with a contract value of RMB150 million. Our marketing personnel of overseas markets actively explored overseas markets through flexible and diversified approaches. Sixth Metallurgical Company executed “the construction contract of processing and smelting for phase III of the nickel-cobalt hydrometallurgy project of Obi” with a contract value of RMB880 million.

- 3. Technological innovation:** The Company strengthens the guidance of technological innovation and provides high value-added services and products with high technology contents and high quality. At the same time, the Company values the establishment of innovative systems, emphasizes the cultivation of technology talents and carries out projects by using major frontier technologies, so as to ensure that Chalieco will firmly occupy the technology “high ground”.

The Company prioritizes the development of key core technologies that can solve industry challenges, of which, a number of major technology projects were established, which capture the technology high ground and establish the brand of Chalieco Technology. As of June 30, 1 technology achievement won the “First Prize in Science and Technology Progress Award of Guangxi Province for 2021” and 1 invention patent received the Outstanding Awards of the 23rd Patent Awards of China.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

The Company emphasizes the cultivation of a culture of innovation to stimulate the vitality of technical talents. During the first half of the year, the “14th Five-Year” Science and Technology Development Plan of Chalieco was officially released and the first technology innovation meeting of Chalieco was convened successfully. The list of the first leading technical talents of Chalieco was announced and the Company granted the selected leading technical talents from “two types and three levels” special incentives, improved the remuneration packages of core talents and recognized major scientific and technological achievements and teams, in order to ensure that we have continuity in technology innovation and consolidate our team establishment.

4. **Cost control:** The Company enhances the control during the process of projects and commits to implementing “two systems” of projects while meeting the standards of advanced projects and carrying out lean management, so as to boost the brand competitiveness and gradually establish the concept of operating a project.

During the first half of 2022, under the repeated outbreaks of the COVID-19 pandemic, the Company has worked together to overcome difficulties, and the operation of projects which were forced to shut down have been resumed in a very short time thanks to our well organization and comprehensive arrangements, thus the adverse impact brought by the pandemic has been minimized. The Company enhanced the cost control of projects comprehensively, implemented the principal responsibilities of each department and each enterprise and formulated feasible and effective measures, in order to comprehensively improve the level of cost management and enhance market competitiveness.

(II) Business outlook of the second half of the year

Development strategies: The Company will stick to its development concepts of connotative high-quality development and insist on the technology-led and innovation-driven principle, so as to leverage its advantages in technology and talents, tap into the stock market of the non-ferrous industry and increase the proportion of survey, design and consultancy as well as equipment manufacturing business. The Company will enhance the marketing collaboration of internal corporate markets and fully unleash its strengths in the Company’s full value chain operations to extend the service chain. The Company will strengthen its internal marketing collaboration, in order to tap into the potential in upstream and downstream markets of contracted or tracking projects of each unit, so as to expand the incremental market. The Company will leverage the advantages in its comprehensive grade-A engineering qualification and give full play to the advantages of characteristic business of each unit, with an aim to expand relevant business sectors and cultivate new profit drivers.

Market development: The Company will strive to be a focused and nimble organization and deploy its resources, so as to accelerate the construction of overseas marketing systems and speed up the establishment of overseas marketing institutions following the principle of “co-construction, sharing and co-use”. The Company will speed up the construction of systems and strengthen its capabilities and teams, so as to commence the development of localized markets. The Company will implement strategies accurately and carry out comprehensive coordination, so as to help key

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

customers regarding their marketing strategies and regional marketing strategies, coordinate the marketing strategies to be implemented, keep old markets and expand new markets. The Company will refine its management and strengthen its contract performance, so as to have a better execution and organization of contracted projects, strengthen the construction of execution teams, improve its performance ability, and have a better process control.

Project management: The Company will speed up the construction of project management and information system. Coupled with the establishment of an integrated management platform of the Company which integrates the business and financial development of the Company, the Company will materialize the refinement of project management, establish an information management platform for Chalieco and formulate internal standards, which will be gradually extended to all member enterprises. Construction companies will accelerate the application of BIM technologies. The Company will shorten the engineering cycle, strengthen the construction of smart construction sites and achieve digitalization and refinement of the control of construction projects.

Treasury management: The Company will further strengthen the control of its financing scale, track and analyze trends of foreign exchange, reasonably respond to changes in foreign exchange rates and maintain the downward trend of financial expenses. The Company will strengthen the leading role of budget, track the implementation of budget, strengthen process control and issue early warnings. The Company will continue to strive for preferential tax policies, enhance the efforts in tax planning and coordination and achieve greater efficiency of finance and tax management.

Scientific innovation: The Company will fully implement the spirit of the technological innovation conference, implement the main responsibilities of technological innovation and strengthen the construction of technological management systems. The Company will strengthen the creation of “Original Source of Technology”, strengthen the establishment and process management of major technology projects and key projects, so as to achieve a number of hard results by leveraging on its advantageous businesses. The Company will promote the creation and upgrading of technological innovation platforms actively and strengthen external communication and cooperation. The Company will strengthen the training and assessment of technological talents, improve the management and assessment mechanism of technological talents, recommendation program of national talents at all levels and select key talents who have potentials to become national investigation and design masters. The Company will fully promote the application, transformation and industrialization of technological achievements and implement technological incentive policies.

Safety and environmental protection: The Company will strengthen the management of contractors (dispatched workers) and establish an inclusive and win-win safety partnership with contractors, in order to improve the basic safety management level fundamentally. The Company will heighten the “technology protection” of safety risks, improve intelligence and automation level and promote the construction of smart construction sites, so as to achieve the fundamental improvement of safety management. The Company will improve the level of environmental protection management, abandon the inertia of passive environmental protection, improve the level of safety and environmental protection from the design and promote active environmental protection and environmental protection in nature.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

(III) Contracts

From January to June 2022, the Company entered into 3,401 contracts in total, the total amount of which was RMB21.433 billion. Details are as follows:

Type of Contracts	From January to June 2022	
	Number	Amount (RMB100 million)
Engineering survey, design and consultancy	2,554	17.54
Engineering construction	Industrial projects	335
	Civil construction	115
	Highway urbanization	29
Equipment manufacturing	368	14.12
Total	3,401	214.33

As of 30 June 2022, the amount of uncompleted contracts of the Company was RMB63.776 billion. Details are as follows:

Type of Contracts	As of 30 June 2022	
	Number	Amount (RMB100 million)
Engineering survey, design and consultancy	4,166	33.37
Engineering construction	Industrial projects	851
	Civil construction	370
	Highway urbanization	95
Equipment manufacturing	533	41.98
Total	6,015	637.76

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

(IV) Operation results and discussion

In the first half of 2022, the Group achieved operating revenue of RMB10.353 billion, representing an increase of 0.19% as compared with RMB10.334 billion in the same period of last year. Net profit attributable to shareholders of the listed company was RMB66 million, representing a year-on-year increase of RMB3 million or 1,870.61%. The results of the Group for the first half of the year are mainly analyzed as follows:

Operating revenue

In the first half of 2022, the Group achieved operating revenue of RMB10.353 billion, representing an increase of RMB20 million or 0.19% as compared with the same period of last year, which remained basically flat as compared with the corresponding period of last year with no material changes.

Operating cost

The Group's operating cost for the first half of 2022 was RMB9.317 billion, representing an increase of RMB110 million or 1.2% as compared with the same period of last year, which remained basically flat as compared with the corresponding period of last year with no material changes.

Tax and surcharge

The Group's tax and surcharge for the first half of 2022 was RMB58 million, representing a decrease of RMB1 million as compared with the same period of last year, which remained basically flat as compared with the corresponding period of last year with no material changes.

Sales expense

The Group's sales expense for the first half of 2022 was RMB41 million, representing a slight decrease as compared with the same period of last year with no material changes.

Administrative expense

The Group's administrative expense for the first half of 2022 was RMB436 million, representing a decrease of RMB41 million as compared with the same period of last year. Such decrease was mainly because the Company continued to carry out expense budgeting and management as well as streamlining of fees and expenses, resulting in the decrease in administrative expense during the reporting period.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

R&D expense

The Group's R&D expense for the first half of 2022 was RMB246 million, representing an increase of RMB65 million as compared with the same period of last year. The Company continued to increase its investment in research and development during the reporting period, resulting in the investment amount reaching 2.38%.

Financial expense

The Group's financial expense for the first half of 2022 was RMB126 million, representing a decrease of RMB140 million as compared with the same period of last year. Such decrease was mainly because the Company continuously optimized its financing structure and controlled its financing scale, which resulted in the decrease in financial expense. At the same time, a small amount of exchange gain was resulted from the impact of fluctuation of exchange rates between RMB and US dollars.

Credit impairment loss

The Group's credit impairment loss for the first half of 2022 was RMB-51 million, representing a decrease of RMB36 million as compared with the same period of last year. Such decrease was mainly because the Company enhanced the efforts of debt collection, which resulted in a year-on-year decrease in credit impairment loss provided during the reporting period.

Net non-operating income and expenditure

The Group's net non-operating income and expenditure for the first half of 2022 was RMB-33 million, representing a decrease of RMB27 million as compared with the same period of last year. Such decrease was mainly due to the increase in expenditures arising from non-routine business operation.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

(V) Principal business by sectors and regions

Unit: Yuan Currency: RMB

By sector	Principal business by sector					
	Operating revenue	Operating cost	Gross margin (%)	Increase or decrease in operating revenue compared to the corresponding period last year (%)	Increase or decrease in operating cost compared to the corresponding period last year (%)	Increase or decrease in gross profit margin compared to the corresponding period last year (%)
Engineering design and consultancy	1,042,309,572.22	793,145,868.8	23.9	-6.73	-8.13	Up by 1.15 percentage points
Engineering and construction contracting	8,430,711,914.23	7,757,886,724.41	7.98	-0.27	1.58	Down by 1.67 percentage points
Equipment manufacturing	1,022,433,605.55	904,184,075.65	11.57	72.01	67.28	Up by 2.51 percentage points
Trading	/	/	/	-100	-100	Down by 2.37 percentage points
Inter-segment elimination	-142,307,818.51	-138,617,349.35				
Total	10,353,147,273.49	9,316,599,319.51	10.01	0.19	1.2	Down by 0.9 percentage points

Explanation of principal businesses by sector

- ① Engineering design and consultancy segment (before elimination of inter-segment transactions)

Unit: Yuan Currency: RMB

Item	This reporting period	The corresponding period of last year	Growth rate (%)
Operating revenue	1,042,309,572.22	1,117,506,294.79	-6.73
Operating cost	793,145,868.8	863,314,893.44	-8.13
Gross profit	249,163,703.42	254,191,401.35	-1.98
Gross margin (%)	23.9	22.75	Up by 1.15 percentage points
Sales expense	20,183,953.72	3,919,642.61	414.94
Administrative and R&D expense	155,623,742.15	166,325,247.11	-6.43
Total profit	91,657,605.61	68,815,315.23	33.19

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

The Company's engineering design and consulting segment achieved revenue of RMB1.042 billion during this reporting period, representing a year-on-year decrease of 6.73%, mainly due to the decrease in revenue as the design and consultancy business newly undertaken by the Company has not met the criteria of revenue recognition, resulting in a decrease in revenue. Gross margin of this segment was 23.9%, representing a year-on-year increase of 1.15 percentage points, mainly because the proportion of industrial design business of the Company increased, and the proportion of its civil design business decreased during the first half of the year. The gross profit margin of contract orders increased,, resulting in an increase in gross profit margin of this segment.

During this reporting period, the engineering design and consultancy segment realized total profit of RMB92 million, representing a year-on-year increase of RMB23 million, mainly because the Company continued to make greater efforts to settle and collect debts and part of the amounts owing were recovered during this reporting period, which facilitated the improvement of profit level of this segment and the increase in total profits.

② Engineering and construction contracting segment (before elimination of inter-segment transactions)

Unit: Yuan Currency: RMB

Item	This reporting period	The corresponding period of last year	Growth rate (%)
Operating revenue	8,430,711,914.23	8,453,260,528.60	-0.27
Operating cost	7,757,886,724.41	7,637,493,992.73	1.58
Gross profit	672,825,189.82	815,766,535.87	-17.52
Gross margin (%)	7.98	9.65	Down by 1.67 percentage points
Sales expense	15,746,072.55	26,813,947.49	-41.28
Administrative and R&D expense	467,615,751.3	440,592,337.84	6.13
Total profit	45,182,695.82	68,441,787.14	-33.98

The Company's engineering and construction contracting business revenue in the first half of the year was RMB8.431 billion, representing a year-on-year decrease of 0.27%, showing a slight decrease as compared with the same period of last year. The gross profit margin was 7.98%, representing a year-on-year decrease of 1.67 percentage points, mainly because the Company adjusted the structure of the engineering construction business and strictly controlled the advance contracting business with relatively higher risks, thus the gross profit margin decreased accordingly. At the same time, the proportion of expressway projects with high gross profit margin during this reporting period decreased and the contribution to profit dropped.

During this reporting period, the engineering and construction contracting segment recorded a total profit of RMB45 million, representing a year-on-year decrease of 33.98%, mainly because the decrease in gross profit of this segment resulted in the decrease of total profits.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

③ Equipment manufacturing business (before elimination of inter-segment transactions)

Unit: Yuan Currency: RMB

Item	This reporting period	The corresponding period of last year	Growth rate (%)
Operating revenue	1,022,433,605.55	594,406,083.78	72.01
Operating cost	904,184,075.65	540,527,654.24	67.28
Gross profit	118,249,529.90	53,878,429.54	119.47
Gross margin (%)	11.57	9.06	Up by 2.51 percentage points
Sales expense	5,210,634.07	6,829,784.73	-23.71
Administrative and R&D expense	62,715,683.12	43,273,394.30	44.93
Total profit	21,995,445.51	-19,115,079.11	N/A

The revenue of the Company's equipment manufacturing business in the first half of the year was RMB1.022 billion, representing a year-on-year increase of 72.01%. The Company insists on independent technological innovation and focuses on research and development of new process, new technologies, advanced materials and new equipment of non-ferrous metal, the electrolytic aluminum project in Indonesia with larger orders have been developing steadily during the first half of the year, which recorded a significant increase in revenue. Gross margin of such business segment was 11.57%, representing a year-on-year increase of 2.51 percentage points, which was mainly due to the proportion of revenue of overseas business, which is of higher gross profit margin, increased, resulting in an increase in gross profit contribution, while the Company continued to strengthen cost reduction measures in all aspects of the entire production process, which achieved satisfactory results.

During the reporting period, the equipment manufacturing business recorded a total profit of RMB22 million, representing a significant year-on-year increase, which was mainly because such segment was affected by the substantial increase in revenue, coupled with the increase in gross profit margin.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

④ Trading business (before elimination of inter-segment transactions)

Unit: Yuan Currency: RMB

Item	This reporting period	The corresponding period of last year	Growth rate (%)
Operating revenue	-	290,632,848.08	-100
Operating cost	-	283,733,016.99	-100
Gross profit	-	6,899,831.09	-100
Gross margin (%)	-	2.37	Down by 2.37 percentage points
Sales expense	-	4,126,157.31	-100
Administrative and R&D expense	-	11,974,534.24	-100
Total profit	-	-38,032,318.09	N/A

The Company adjusted its business structure and lowered its dedication to external trading business, which has low gross profit, and the relevant business has not been commenced during the first half of the year.

Material changes in the operation of the Company during the reporting period and events that occurred during the reporting period that have had a significant impact on the operation of the Company and are expected to have a significant impact in the future

☐Applicable ☒Not applicable

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

IV. OPERATING OVERVIEW FOR THE REPORTING PERIOD

(I) Analysis of principal business

1. Analysis of changes in relevant items on financial statements

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the corresponding period of last year	Change in percentage (%)
Operating revenue	10,353,147,273.49	10,333,522,065.37	0.19
Operating cost	9,316,599,319.51	9,206,380,124.16	1.2
Sales expense	41,054,811.29	41,383,526.16	-0.79
Administrative expense	435,896,895.88	476,963,845.01	-8.61
Financial expense	126,242,392.61	265,868,717.25	-52.52
R&D expense	246,453,660.58	181,913,417.82	35.48
Credit impairment loss	-51,356,238.19	-15,109,366.50	-239.90
Non-operating expenditure	38,738,113.44	15,009,093.09	158.10
Net cash flow from operating activities	-1,107,120,889.43	-613,619,819.31	-80.42
Net cash flow from investing activities	-1,564,066,893.32	-1,765,569,603.57	11.41
Net cash flow from financing activities	3,201,685,778.76	1,187,109,247.26	169.70

Explanation of reasons for changes in operating revenue: No material change

Explanation of reasons for changes in operating cost: No material change

Explanation of reasons for changes in sales expense: No material change

Explanation of reasons for changes in administrative expense: No material change

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

Explanation of reasons for changes in financial expense: The Company continuously optimized its financing structure and controlled its financing scale, thus its financial expense was lowered. At the same time, a small amount of exchange gain was resulted from the impact of fluctuation of exchange rates between RMB and US dollars.

Explanation of reasons for changes in R&D expense: Due to the increase in investment in research and development during the current period.

Explanation of reasons for changes in net cash flow from operating activities: The Company repaid the due principal of the ABS as the ABS accounts receivable issued by the Company in 2019 reached the repayment period during this reporting period, which was not incurred in the corresponding period of last year.

Explanation of reasons for changes in net cash flow from investing activities: The investment made in the construction of the Miyu Expressway PPP project undertaken by the Company decreased as compared with the corresponding period of last year, and all funds contributed during the project construction period were included in the cash outflow from investing activities.

Explanation of reasons for changes in net cash flow from financing activities: During the reporting period, Miyu project Company received investments from shareholders of government party and the project financings increased as compared with the corresponding period of last year.

Explanation of reasons for changes in credit impairment loss: The Company continued to enhance the efforts in collecting amounts and recovered certain long-aged amounts during the first half of the year, thus the credit impairment loss provided during the reporting period recorded a year-on-year decrease.

Explanation of reasons for changes in non-operating expenditure: Due to the increase in expenditures arising from non-routine business operation of the Company during the first half of the year.

2. Detailed notes to the major changes in the Company's business types, profits structure or profits sources

☐Applicable ☒Not applicable

(II) Explanation of Material Changes in Profit Caused by Non-principal Business

☐Applicable ☒Not applicable

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

(III) Analysis of Assets and Liabilities✓Applicable ☐Not applicable**1. Assets and liabilities**

Unit: '0,000

Item	Amount at the end of the current period	Amount at the end of the current period over total assets (%)	Amount at the end of the corresponding period of last year	Amount at the end of the corresponding period of last year over total assets (%)	Change in balance as at the end of the current period as compared with balance as at the end of the corresponding period of last year (%)	Explanation
Factoring of receivables	55,864.34	0.91	73,057.42	1.24	-23.53	External payments to subcontractors and suppliers paid by available notes of the beginning of the period during the period.
Prepayments	68,204.4	1.11	36,611.85	0.62	86.29	Partial advance payment for construction and equipment purchase was made for the implementation of newly-commenced projects.
Other equity instrument investments	2,295.73	0.04	4,144.95	0.07	-44.61	Receipt of trust funds.
Right-of-use assets	1,047.74	0.02	737.8	0.01	42.01	There was an increase in the Company's rented houses and other assets during this reporting period.
Short-term borrowings	381,647.83	6.23	555,088.57	9.44	-31.25	The Company adjusted its financing structure during this reporting period, thus short-term borrowing decreased.
Taxes payable	16,705.6	0.27	26,417.22	0.45	-36.76	The Company paid relevant taxes during the current period.

Other explanations

No

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

2. Details of overseas assets

☐Applicable ☒Not applicable

3. Details of significant restricted assets as at the end of the reporting period

☒Applicable ☐Not applicable

Unit: Yuan Currency: RMB

Item	Book value as at 30 June 2022	Reasons for restriction
Monetary fund	852,012,606.82	Frozen and pledged
Bills receivable	120,029,103.64	Pledged
Accounts receivable	142,399,740.50	Pledged
Total	1,114,441,450.96	–

4. Other explanations

☒Applicable ☐Not applicable

(1) Liquidity and capital resources

As of 30 June 2022, the bank deposit and cash held by the Group amounted to RMB8.028 billion, representing an increase of RMB511 million as compared with that as at 31 December 2021, primarily due to the increase of funds of Miyu project in this period, which resulted in an increase in the total amount of monetary fund.

The sources of the Group's fund are mainly from operating income, bank borrowings and offering bonds. The financing channels varied, and the Group had good records of due repayment performance. Cash held are mainly denominated in RMB and USD and borrowings are mainly carried with fixed interest rates. The Group has formulated strict capital management measures to monitor closely on the liquidity position as well as the position of the financial market in order to stipulate appropriate financial strategy.

As of 30 June 2022, the current assets of the Group, exclusive of bank deposit and cash, amounted to RMB29.807 billion, among which, bills receivable and receivables, contract assets, prepayments and other receivables, and inventories were RMB15.683 billion, RMB7.509 billion, RMB30.606 billion and RMB2.54 billion, respectively.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

As of 30 June 2022, the current liabilities of the Group amounted to RMB26.643 billion, among which, bills payable and payables were RMB14.819 billion. As of 30 June 2022, the net current assets of the Group, being the difference between total current assets and current liabilities, amounted to RMB11.192 billion, representing an increase of RMB3.456 billion or 44.68% as compared with that as of 31 December 2021.

As of 30 June 2022, the outstanding borrowings of the Group amounted to RMB18.608 billion, among which, short-term borrowings and long-term borrowings due within one year were RMB4.27 billion and long-term borrowings were RMB14.338 billion. Total borrowings increased by RMB526 million as compared with that as of 31 December 2021.

(2) Cash flows

Net cash flows of operating activities. For the six months ended 30 June 2022, net cash outflow generated from operating activities amounted to RMB1.107 billion, representing a year-on-year increase in outflow of RMB494 million, mainly because the Company repaid the due principal of the ABS as the ABS accounts receivable issued by the Company in 2019 reached the repayment period during this reporting period, which was not incurred in the corresponding period of last year.

Net cash flows of investing activities. For the six months ended 30 June 2022, net cash outflow generated from our investing activities amounted to RMB1.564 billion, representing a year-on-year decrease in outflow of RMB202 million, mainly because all funds contributed during the project construction period of Yunnan Miyu Expressway PPP Project (雲南彌玉高速公路PPP項目) of the Company were included in cash outflows from investing activities and the investment made in the construction of such project decreased as compared with the same period of the previous year.

Net cash flows of financing activities. For the six months ended 30 June 2022, net cash generated from our financing activities was net inflow amounted to RMB3.202 billion, representing a year-on-year increase in inflow of RMB2.015 billion, mainly because Miyu project Company received investments from shareholders of government party and the project financings increased as compared with the corresponding period of last year.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

(3) Pledge of assets

The Group pledged receivables of RMB142.3997 million to obtain short-term loans of RMB142.3997 million.

(4) Gearing ratio

The Group monitors its capital structure on the basis of gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as the total borrowings and other liabilities (including short-term borrowings, long-term borrowings, trade and other payables, contract liabilities and dividends payable shown in the consolidated balance sheet) minus restricted cash, time deposits and cash and cash equivalents. Total capital is calculated as equity, as shown in the consolidated balance sheet, plus net debt minus non-controlling interests. The Group's gearing ratios were approximately 83.01% and 84.2% as at 30 June 2022 and 31 December 2021, respectively. The decrease of gearing ratio as of 30 June 2022 as compared with that as of 31 December 2021 was primarily due to the decrease in total borrowings and other liabilities of the Group as compared with those at the beginning of the year, yet maintained within the target range controlled by the Group.

(5) Contingent liabilities

As of 30 June 2022, the Group did not have any material contingent liabilities.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

(IV) Investment Analysis**1. Overall analysis of equity investments**

☒Applicable ☐Not applicable

As at 30 June 2022, the balance (original value) of long-term equity investment of the Company was RMB791.0284 million, representing an increase of RMB3.1998 million or 0.41% from the beginning of the year, of which, the provision for impairment of long-term equity investment was RMB48.2186 million, which was basically the same as at the beginning of the year.

(1) Major equity investments

☐Applicable ☒Not applicable

(2) Significant non-equity investments

☐Applicable ☒Not applicable

(3) Financial assets measured at fair value

☒Applicable ☐Not applicable

Unit: Yuan Currency: RMB

Item	Balance as at 1 January 2022	Balance as at 30 June 2022
Guizhou Aerospace Wujiang Electromechanical Equipment Co., Ltd. (貴州航天烏江機電設備有限責任公司)	15,185,887.93	14,479,694.89
Others	26,263,606.82	8,477,633.02
Total	41,449,494.75	22,957,327.91

(V) Disposal of Significant Assets and Equity

☐Applicable ☒Not applicable

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

(VI) Analysis of major subsidiaries, associates and joint ventures

✓Applicable □Not applicable

During the reporting period, particulars of the major subsidiaries of the Company are set out below:

Unit: '0,000 Currency: RMB

Company name	Business scope	Total assets	Net assets	Operating revenue	Net profit
Shenyang Aluminum & Magnesium Engineering & Research Institute Co., Ltd.	Engineering survey and design	159,307.24	65,466.32	49,665.30	3,446.53
Guiyang Aluminum & Magnesium Design Institute Co., Ltd.	Engineering survey and design	197,877.80	55,864.86	39,858.94	736.98
Changsha Engineering & Research Institute Limited for Nonferrous Metallurgy	Engineering survey and design	255,268.83	107,641.67	60,951.75	1,444.57
China Nonferrous Metals Processing Technology Co., Ltd.	Engineering design and equipment manufacturing	199,589.78	3,680.70	47,603.42	380.82
China Nonferrous Metals Changsha Investigation and Design Research Institute Co., Ltd.	Engineering survey and design	114,318.23	29,767.75	40,165.54	1,211.53
Kunming Survey and Design Institute Co., Ltd. of China Nonferrous Metals Industry	Engineering survey and design	118,492.26	41,927.46	53,278.24	1,740.18
Sixth Metallurgical Construction Company of China Nonferrous Metals Industry	Building and construction	1,185,858.52	307,216.32	341,190.41	7,832.10
Ninth Metallurgical Construction Co., Ltd.	Building and construction	936,737.37	221,454.64	223,961.34	3,134.59
China Nonferrous Metals Industry's 12th Metallurgical Construction Co., Ltd.	Building and construction	428,470.40	42,512.73	114,889.69	418.75
CHALIECO (Tianjin) Construction Co., Ltd.	Building and construction	142,384.73	20,642.72	32,799.59	71.63
Chalco Shandong Engineering Technology Co., Ltd.	Building and construction	106,627.96	23,563.02	25,552.29	-3,703.5

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

(VII) Particulars of structured entities controlled by the Company

☐Applicable ☒Not applicable

V. OTHER DISCLOSURES**(I) Potential risks**

☒Applicable ☐Not applicable

In 2022, the Company may expose to: personnel health risk (COVID-19 risk), market change and market competition risks, debt risk, liquidity risk and operational benefit risk.

1. Personnel health risk (COVID-19 Risk)

In January 2020, COVID-19 outbreaks spread in China, and in February, spread across the world; so far in 2022, the pandemic is still not effectively controlled or mitigated. The situation of pandemic prevention and control in the Company's projects, especially in its Department of Overseas Projects, is serious, for example, the production or construction process may be threatened by the risk of infections due to inadequate supply of anti-pandemic materials and staff flows, the main reason for which are the inadequate reserve of anti-pandemic materials of certain projects and the situation of foreign pandemic prevention and control situation is still severe, and it's hard to manage foreign employees of foreign projects, while in China the projects are rather dispersed, with extensive people flow.

2. Market change and market competition risks

Affected by national policies of "energy consumption volume control and intensity control", the realization of "dual carbon" target, among others, Chinese non-ferrous metals industry construction market shrank sharply, in 2021, there were fewer new big construction projects; in civil market, although China's civil construction market size is stable, the concentration is increasing year after year, small and medium construction enterprises see narrowed survival space; civil market is featured by government-invested projects, all levels of governments exert huge protection for local state-owned construction engineering enterprises, but lay multiple barriers for enterprises from other places; the construction projects led by governments are mostly in the investment-financing-construction mode, where the contractor shall invest or advance the cost of construction, so there is a certain difficulty in development, affected by the scale of investment.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

3. Debt risk

As affected by COVID-19 pandemic, some projects are postponed or failed to commence, the owners face huge pressure of capital requirements; in addition, the suppliers require the payment for materials and equipment, so the Company has larger pressure of debt repayment.

4. Liquidity Risk

The major feature of liquidity risk is high occupation of “receivables and inventory” and low turnover speed due to the characteristics of the industry, which poses certain pressure on funds.

5. Operational benefit risk

In recent years, the Company speeds up transformation and upgrading, without established scale benefits in new fields or new markets; the Company and other construction enterprises are impacted by low entry threshold to the construction market, overcapacity of traditional manufacturing industry, shrinking new investments, fierce competition in construction market; and in addition, COVID-19 outbreaks abroad in the past two years, recurrent epidemic in China, significant rise of bulk material cost, low-profit margin of entire construction industry. The projects may not have satisfactory economic benefits, and the gross margin may be low, among other risks.

(II) Other Matters

☒ Applicable ☐ Not applicable

1. Contract of significance

Save for disclosed in the section headed “Material Related-Party Transactions” in this interim report, none of the Company or any of its subsidiaries entered into any contracts of significance with the controlling Shareholder or any of its subsidiaries other than the Company, nor was there any contracts of significance between the Company and the controlling Shareholder or any of its subsidiaries other than the Company in relation to provision of services.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

2. Business in connection with sanctioned countries

As at the latest practicable date, the Risk Management Committee of the Company confirmed that the proceeds raised from the global offering of the Company had been deposited with designated bank account and no such proceeds had been used in business in connection with sanctioned countries or used as payment for the compensation under the Iran Contracts. From the beginning of the reporting period to the latest practicable date, the Company did not enter into any new business in connection with sanctioned countries, nor did it have any business planning or arrangement for transactions with sanctioned countries. The Board has no intention to enter into any new business with sanctioned countries.

3. Interim dividend

The Board has not made any recommendation on the payment of an interim dividend for the six months ended 30 June 2022.

4. Purchase, redemption or sale of listed securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2022.

5. Financial reporting responsibility of Directors in relation to the financial statements

The Board shall fulfill its duty to prepare the Company's financial statements as of 30 June 2022 so as to give a true and fair view of production and operational condition of the Company, and of the business performance and cash flow of the Company. The management of the Company has provided the Board with the necessary explanation and data to facilitate the review of the Company's financial statements by the Board. The Directors are not aware of any significant uncertainties, that is, events or incidents that may cast significant doubt on the Company's ability to continue as a going concern.

6. Accounting standards

The accounting policies used in the preparation of the Group's unaudited condensed consolidated financial statements as of 30 June 2022 are consistent with the major accounting policies adopted in the preparation of the audited consolidated financial statements for the year ended 31 December 2021.

SECTION 4 CORPORATE GOVERNANCE

I. SHAREHOLDERS' MEETING

Session of meeting	Convening date	Websites designated for disclosure of resolutions	Resolutions disclosing date	Resolutions
The 2022 first extraordinary general meeting of China Aluminum International Engineering Corporation Limited	8 April 2022	www.sse.com.cn www.hkexnews.hk	9 April 2022 (A share) 8 April 2022 (H share)	Considered and approved a total of 3 resolutions, including the Resolution on Election of Non-Independent Directors for the 4th Session of the Board of the Company, the Resolution on Election of Independent Directors for the 4th Session of the Board of the Company and the Resolution on Election of Shareholder Representative Supervisors for the 4th Session of the Board of Supervisors of the Company. For details of the relevant resolutions considered at the meeting, please refer to the disclosure documents including the documents of the 2022 first extraordinary general meeting, the circulars of the general meeting and the announcements on resolutions published on the websites of the SSE and the Stock Exchange.
The annual general meeting of China Aluminum International Engineering Corporation Limited in 2021	28 June 2022	www.sse.com.cn www.hkexnews.hk	29 June 2022 (A share) 28 June 2022 (H share)	Considered and approved a total of 13 resolutions, including the Resolution on the Board of Directors' Work Report for 2021 of the Company, the Resolution on the Board of Supervisors' Work Report for 2021 of the Company, the Resolution on the Financial Report for 2021 of the Company, the Resolution on the Profits Distribution Plan for 2021 of the Company, the Resolution on Provision for Impairment of Assets for 2021 of the Company, the Resolution on the Provision of Guarantees among Holding Subsidiaries of the Company, the Resolution on the Guarantee Provided by the Holding Subsidiary for Wancheng Company of the Company, the Resolution on the Reappointment of Auditor of the Company, the Resolution on the Remuneration Plans for Directors and Supervisors for 2022 of the Company, the Resolution on the Purchase of Liability Insurance for Directors, Supervisors and Senior Management of the Company, the Resolution on the Capital Expenditure Plan for 2022 of the Company, the Resolution on the General Mandates to Issue the Onshore and Offshore Debt Financing Instruments of the Company and the Resolution on the Amendments to the Articles of Association. For details of the relevant resolutions considered at the meeting, please refer to the disclosure documents including the documents of the 2021 annual general meeting, the circulars of the general meeting and the announcements on resolutions published on the websites of the SSE and the Stock Exchange.

SECTION 4 CORPORATE GOVERNANCE

Request for convening of extraordinary general meetings by preference shareholders with reinstated voting rights

☐ Applicable ☒ Not applicable

Particulars of the general meeting

☒ Applicable ☐ Not applicable

The 2022 first extraordinary general meeting and 2021 annual general meeting of the Company were convened by the Board and presided over by Mr. LI Yihua, the chairman of the Company. The convening, holding and voting of the meetings were in compliance with the laws and regulations such as the Company Law of the People's Republic of China, and the Articles of Association of China Aluminum International Engineering Corporation Limited. For details of the meeting, please refer to the announcements on resolutions of the general meeting disclosed by the Company.

II. CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY

☒ Applicable ☐ Not applicable

Name	Position	Change
WU Jianqiang	Executive Director, Chairman of the Board, member and chairman of the Strategy Committee, member and chairman of the Risk Management Committee, member of the Nomination Committee of the Board	Resignation
LI Yihua	Executive Director, Chairman of the Board, member and chairman of the Strategy Committee, chairman of the Risk Management Committee of the Board	Election
LI Yihua	Member of the Nomination Committee of the Board	Dismissal
LIU Jing	Executive Director, member of the Strategy Committee of the Board	Election
LIU Ruiping	Executive Director, member of the Nomination Committee of the Board	Election
ZHANG Jian	Executive Director	Dismissal
HU Zhenjie	Non-executive Director, member of the Risk Management Committee of the Board	Election
ZHOU Xinzhe	Non-executive Director, member of the Remuneration Committee of the Board	Election
ZHANG Wenjun	Non-executive Director, member of the Audit Committee of the Board	Election
GUI Weihua	Independent Non-executive Director, member of the Strategy Committee, member and chairman of the Remuneration Committee, member of the Nomination Committee of the Board	Election

SECTION 4 CORPORATE GOVERNANCE

Name	Position	Change
SIU Chi Hung	Independent Non-executive Director, member and chairman of the Audit Committee of the Board	Election
TONG Pengfang	Independent Non-executive Director, member of the Risk Management Committee, member of the Audit Committee, member of the Remuneration Committee and member, chairman of the Nomination Committee of the Board	Election
CHEUNG Hung Kwong	Independent Non-executive Director	Dismissal
FU Jun	Independent Non-executive Director	Dismissal
FAN Guangsheng	Chairman of the Board of Supervisors, Employee Representative Supervisor	Election
HE Wenjian	Shareholder Representative Supervisor	Election
LIN Ni	Shareholder Representative Supervisor	Election
OU Xiaowu	Shareholder Representative Supervisor	Dismissal
LI Wei	Shareholder Representative Supervisor	Dismissal
LIU Jing	President	Appointment
WANG Yonghong	Vice President	Appointment
LIU Ruiping	Vice President	Appointment
MA Ning	Vice President	Appointment
ZHANG Jian	Chief Financial Officer, Secretary to the Board	Appointment
Bi Xiaoge	Vice President	Appointment

Descriptions of changes in directors, supervisors and senior management of the Company

☒ Applicable ☐ Not applicable

1. Due to work transfer, Mr. WU Jianqiang has resigned as the chairman of the Board and executive director of the Company, member and chairman of the Risk Management Committee, member of the Nomination Committee as well as member and chairman of the Strategy Committee of the Board on 11 February 2022. After his resignation, Mr. WU Jianqiang would no longer hold any position in the Company.
2. On the forty-fourth meeting of the third session of the Board held on 11 February 2022, Mr. LI Yihua was elected as the chairman of the third session of the Board of the Company, member and chairman of the Strategy Committee, member and chairman of the Risk Management Committee of the Board and member of the Nomination Committee of the Board, with his term of office same with that of the third session of the Board of the Company.

SECTION 4 CORPORATE GOVERNANCE

3. At the 45th meeting of the third session of the Board of the Company on 7 March 2022, the Motion to Nominate Candidates for Non-independent Directors to the 4th Board of Directors of the Company and the Motion to Nominate Candidates for Independent Directors to the 4th Board of Directors of the Company were considered and approved. At the 25th meeting of the third session of the Board of Supervisors of the Company on the same day, the Motion to Nominate the Candidates for Shareholder Representative Supervisors to the 4th Board of Supervisors of the Company was considered and approved. On 8 April 2022, the 2022 first extraordinary general meeting elected 6 non-independent directors (3 executive directors and 3 non-executive directors) and 3 independent directors for the fourth session of the Board of the Company and elected 2 Shareholder Representative Supervisors for the fourth session of the Board of Supervisors of the Company. On 11 April 2022, the second meeting of the third session of the Employee Representatives Conference elected one employee representative supervisor of the fourth session of the Board of Supervisors of the Company. At the same day, during the first meeting of the fourth session of the Board of the Company and the first meeting of the fourth session of the Board of Supervisors of the Company, the chairman of the Board, the chairman of the Board of Supervisors and members of the special committees under the Board were elected respectively, and senior management of the Company was appointed. Details of changes are as follows:

(1) The list of members of the fourth session of the Board

3 Executive Directors: LI Yihua (chairman of the Board), LIU Jing, LIU Ruiping

3 Non-executive Directors: HU Zhenjie, ZHOU Xinzhe, ZHANG Wenjun

3 Independent Non-executive Directors: GUI Weihua, SIU Chi Hung, TONG Pengfang

The tenure of the fourth session of the Board of the Company is three years from the date of election and approval at the 2022 first extraordinary general meeting. The tenure of the Chairman of the fourth session of the Board of the Company is from the date of election and approval at the first meeting of the fourth session of the Board to the expiry date of the tenure of the fourth session of the Board.

(2) The list of members of the special committees under the fourth session of the Board

Strategy Committee, 3 members: LI Yihua (chairman of the committee), LIU Jing, GUI Weihua

Risk Management Committee, 3 members: LI Yihua (chairman of the committee), HU Zhenjie, TONG Pengfang

Audit Committee, 3 members: SIU Chi Hung (chairman of the committee), ZHANG Wenjun, TONG Pengfang

Remuneration Committee, 3 members: GUI Weihua (chairman of the committee), ZHOU Xinzhe, TONG Pengfang

Nomination Committee, 3 members: TONG Pengfang (chairman of the committee), LIU Ruiping, GUI Weihua

The tenure of members of the special committees under the fourth session of the Board is in line with the tenure of directors of the fourth session of the Board of the Company.

SECTION 4 CORPORATE GOVERNANCE

(3) Composition of the fourth session of the Board of Supervisors

Employee Representative Supervisor: FAN Guangsheng (chairman of the Board of Supervisors)

Shareholder Representative Supervisor: HE Wenjian, LIN Ni

The tenure of the shareholder representative supervisors of the fourth session of the Board of Supervisors of the Company is three years from the date of election and approval at the 2022 first extraordinary general meeting. The tenure of the employee representative supervisor is from the date of election and approval at the second meeting of the third session of the Employee Representatives Conference to the date of election of employee representative supervisors of the forthcoming session of the Board of Supervisors. The tenure of the Chairman of the fourth session of the Board of Supervisors of the Company is from the date of election and approval at the first meeting of the fourth session of the Board of Supervisors to the expiry date of the tenure of the fourth session of the Board of Supervisors.

- (4) Upon completion of the transition of this session of the Board and Board of Supervisors, Mr. LI Yihua has ceased to be a member of the Nomination Committee of the Board of the Company, Mr. ZHANG Jian has ceased to be an Executive Director of the Company, Mr. CHEUNG Hung Kwong and Mr. FU Jun have ceased to be Independent Non-executive Directors of the Company and members of special committees under the Board, and Mr. OU Xiaowu and Mr. LI Wei have ceased to be shareholder representative supervisors of the Company.
- (5) The fourth session of the Board of the Company continued to appoint Mr. LIU Jing as the president of the Company, Mr. WANG Yonghong, Mr. LIU Ruiping, Mr. MA Ning and Mr. BI Xiaoge as vice presidents of the Company, and Mr. ZHANG Jian as the chief financial officer and secretary to the Board of the Company.

4. Changes in the biography of Directors, supervisors and senior management

For details of the above biography of Directors, supervisors and senior management, please refer to the Notice of the First Extraordinary General Meeting in 2022, Minutes of the First Extraordinary General Meeting in 2022, Election of Members of the Special Committees under the Board, Election of Employee Representative Supervisor, Appointment of Chairman of the Board and Chairman of the Board of Supervisors, Appointment of President and Vice Presidents, Appointment of Chief Financial Officer and Board Secretary and Announcement in relation to the completion of the transition of this session of the Board and Board of Supervisors, Election of Chairman of the Board and Chairman of the Board of Supervisors and Appointment of Senior Management Personnel of the Company (Announcement number: Pro 2022-029) published by the Company on the website of Stock Exchange (www.hkexnews.hk) and the website of Shanghai Stock Exchange (www.sse.com.cn) on 7 March, 8 March, 11 April and 12 April 2022 respectively.

In addition, Mr. ZHANG Wenjun was appointed as the chief financial officer of Chinalco Aluminum Foil Co., Ltd. and was dismissed as a full-time director of the enterprise under Aluminum Corporation of China (中國鋁業集團有限公司), a full-time external director of Chinalco Capital Holdings Limited and a full-time external director of Chinalco Finance Co., Ltd. in April 2022. He was dismissed as a manager of budget and management division of the Finance and Ownership Department of Aluminum Corporation of China (中國鋁業集團有限公司) and a full-time director of China Aluminum International Trading Group Co., Ltd. (中鋁國際貿易集團有限公司) in May 2022. Chinalco Electrode Materials Co., Ltd. (中鋁電極材料有限公司) (a tentative name), where Mr. ZHOU Xinzhe is a full-time director, has registered its corporate name as Chalco (Shanghai) Carbon Co., Ltd. (中鋁(上海)碳素有限公司) in June 2022.

SECTION 4 CORPORATE GOVERNANCE

III. PROPOSAL FOR PROFIT DISTRIBUTION OR FOR CONVERTING CAPITAL RESERVE INTO SHARE CAPITAL**The proposed profit distribution plan or converting capital reserve into share capital plan for the half year**

Whether to distribute profit or transfer reserves	No
Number of bonus shares for every 10 shares (share)	0
Amount of dividend for every 10 shares (RMB) (tax inclusive)	0
Number of shares converted for every 10 shares (share)	0
Particulars of proposal for profit distribution or for converting capital reserve into share capital	
No	

IV. SHARE OPTION INCENTIVE PLAN, EMPLOYEE STOCK OPTION PLAN OR OTHER EMPLOYEE INCENTIVE MEASURES AND THEIR IMPACT**(I) Incentives disclosed in provisional announcements and with no subsequent development or change**

☐Applicable ☒Not applicable

(II) Incentives not disclosed in provisional announcements or with subsequent development**Particulars of share option incentives**

☐Applicable ☒Not applicable

Other information

☐Applicable ☒Not applicable

Particulars of employee stock option plan

☐Applicable ☒Not applicable

Other incentive measures

☐Applicable ☒Not applicable

SECTION 4 CORPORATE GOVERNANCE

V. CORPORATE GOVERNANCE**(I) Compliance with Corporate Governance Code**

The Company has always been committed to improving the level of corporate governance and regards corporate governance as an indispensable part of creating value for shareholders. With reference to the code provisions set out in the Corporate Governance Code and Corporate Governance Report in Appendix 14 to the Listing Rules of the Stock Exchange, the Company has established a modern corporate governance structure composed of general meetings, the Board, the Board of Supervisors and the senior management that can effectively balance each other's powers and operate independently. The Company has also adopted the Corporate Governance Code as its corporate governance practices.

As a company listed on the Stock Exchange, the Company has been committed to maintaining a high standard of corporate governance practices. For the six months ended 30 June 2022, the Company complied with all the code provisions and, where appropriate, adopted the recommended best practices set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules of the Stock Exchange.

(II) Compliance with the model code for securities transactions by directors, supervisors and relevant employees

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

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

(III) Independent Non-Executive Directors

The Company has appointed a sufficient number of independent non-executive directors with appropriate professional qualifications or appropriate accounting or related financial management expertise in accordance with the requirements of the Listing Rules of the Stock Exchange. The Company has appointed a total of three independent non-executive directors, being Mr. GUI Weihua, Mr. SIU Chi Hung and Mr. TONG Pengfang.

SECTION 4 CORPORATE GOVERNANCE

(IV) Audit Committee

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

The Audit Committee consists of three directors, namely Mr. SIU Chi Hung (independent non-executive director), Mr. ZHANG Wenjun (non-executive director) and Mr. TONG Pengfang (independent non-executive director). Mr. SIU Chi Hung serves as the chairman of the Audit Committee.

(V) Review of interim results

On 5 August 2022, the Audit Committee reviewed and confirmed the Company's unaudited interim results for the six months ended 30 June 2022, and was of the view that the unaudited interim results for the six months ended 30 June 2022 are in compliance with applicable accounting standards and legal requirements, and that appropriate disclosure was made.

SECTION 5 ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

I. ENVIRONMENTAL INFORMATION

(I) Environmental protection information of companies and their important subsidiaries on the watch list of key pollutant discharging units published by the environmental protection authority

☐Applicable ☒Not applicable

(II) Explanation of environmental protection information of companies not on the watch list of key pollutant discharging units

☒Applicable ☐Not applicable

1. Administrative penalties imposed due to environmental issues

☒Applicable ☐Not applicable

On 9 January 2022, a central environmental inspection team imposed penalties on the lessees of Guizhou Shunan Electro-mechanical Co., Ltd. in respect of the solid wastes put on the ground and the penalty amount was RMB100,000. Guizhou Shunan Electro-mechanical Co., Ltd. has appointed a qualified unit to handle such solid wastes and was recognized by local environmental protection authorities.

2. Disclosure of other environmental information with reference to key pollutant discharging units

☒Applicable ☐Not applicable

The Company pays high attention to environmental protection as well as pollution prevention and control efforts. During the reporting period, no major environmental incidents, environmental pollution or ecological damage incidents was discovered. The principal businesses of the Company mainly focus on surveying, design and construction. The Company promotes the concept of green development and integrates this concept into the design, strengthens essential environmental protection, strictly abides by national laws and regulations on environmental protection and conducts environmental impact assessments for projects in accordance with the law. According to the national and local requirements for environmental protection as well as pollution prevention and control on the construction site, the construction site should identify environmental factors before a project commences, formulate environmental protection and green construction plans and strictly abide by “Six 100%” during the construction process. Aspects such as dust pollution, noise control and emission of industrial wastes are strictly controlled. The Company prioritizes to select new energy-saving and environmentally friendly techniques and technologies, so as to minimize the impact of construction on the environment and pollutant emissions.

SECTION 5 ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

3. Reason for not disclosing other environmental information

☐Applicable ☒Not applicable

(III) Explanation of subsequent development or changes of environmental information disclosed in the reporting period

☐Applicable ☒Not applicable

(IV) Information on efforts conducive to ecological protection, pollution prevention and control and fulfillment of environmental responsibility

☒Applicable ☐Not applicable

The Company adhered to the guidance of XI Jinping's ecological civilization thoughts, thoroughly implemented the new development concept, and strictly abided by the national and local laws and regulations. The Company continued to promote its environmental protection work, discharged various pollutants in compliance with laws and regulations, strengthened the prevention and control of pollution at the front line of production, and earnestly fulfilled the main responsibility for environmental protection among enterprises. During the first half of 2022, the Company continued to require all employees to sign the responsibility list under the principle of "one position with two responsibilities" for safety and environmental protection and signed the safety and environmental protection target responsibility letter with each enterprise and each department, so as to enhance the environmental friendly concepts of all employees and promote the fulfillment of their responsibility for carrying out environmental protection work. The Company actively organized the "5 June" Environment Day activities, so as to deeply integrate XI Jinping's ecological civilization thoughts with the Company's businesses. The Company continued to promote the research and development and application of environmental protection and energy-saving technologies, so as to promote orderly and healthy development of the environment protection and pollutant emissions.

SECTION 5 ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

(V) Measures adopted for reducing carbon emissions during the reporting period and their effects

☐Applicable ☒Not applicable

II. DETAILED INFORMATION ON CONSOLIDATION AND EXPANSION OF THE RESULTS IN POVERTY ALLEVIATION, RURAL REVITALIZATION AND OTHER WORK

☒Applicable ☐Not applicable

During the reporting period, the Company invested RMB0.257 million of funds, introduced RMB6.18 million of capital to villages, assisted in the sales of products in an amount of RMB0.271 million, purchased RMB0.1665 million of products, donated RMB57,000, designated 7 cadres to station in villages, and sent two task forces consisting of five people to station in villages.

SECTION 6 KEY MATTERS

I. PERFORMANCE OF COMMITMENTS

(I) Commitments of the Company and its effective controller, shareholders, related parties, acquirers that were made in or continued into the reporting period

✓Applicable ☐Not applicable

Background of commitment	Type of commitment	Party of commitment	Content of commitment	Date and term of commitment	Whether there is time limit for performance	Whether commitment is performed strictly in a timely manner	Specific reasons for any delay in performance	Subsequent plan in case of any delay in performance
IPO related commitments	Restriction on sales of shares	Chinalco ^(note 1)	Commitment on share lockup and intention of reducing shareholding	Three years from the date of A share listing, and two years from expiration of the lockup period	Yes	Yes	N/A	N/A
	Restriction on sales of shares	Luoyang Institute ^(note 1)	Commitment on share lockup and intention of reducing shareholding	Three years from the date of A share listing, and two years from expiration of the lockup period	Yes	Yes	N/A	N/A
	Others	Chinalco, the Company, and our non-independent directors and senior management	Stock price stabilisation plan	Three years from the date of A share listing	Yes	Yes	N/A	N/A
	Others	Our directors and senior management	Making up for diluted return for the current period	Long term	Yes	Yes	N/A	N/A
	Resolving competition among peers	Chinalco	Peer competition	Long term	Yes	Yes	N/A	N/A
	Resolving related transactions	Chinalco	Related transaction	Long term	Yes	Yes	N/A	N/A
	Resolving related transactions	Chinalco Finance	Credit facility service provided by related party	Long term	Yes	Yes	N/A	N/A
	Others	Our directors, supervisors and senior management	Qualifications	Long term	Yes	Yes	N/A	N/A
	Others	Chinalco	Defect in title of land	Long term	Yes	Yes	N/A	N/A
	Others	The Company ^(note 2)	Real estate related business	Long term	Yes	Yes	N/A	N/A
	Others	Chinalco, the Company, our directors, supervisors and senior management, sponsor, auditor, legal advisor	Undertakings that the prospectus do not carry any false statement, misleading representation or material omission	Long term	Yes	Yes	N/A	N/A

SECTION 6 KEY MATTERS

Note 1: Chinalco and Luoyang Institute made following commitments to the trading of restricted shares held by them in the Prospectus of Chalieco IPO and Listing (《中鋁國際工程股份有限公司首次公開發行股票並上市招股說明書》):

From the date of commitment to the completion of IPO and listing of A shares, Chinalco or Luoyang Institute shall not reduce their shareholding in the Company.

Within 36 months from the date of IPO and listing of A shares, Chinalco and Luoyang Institute shall not transfer or entrust others to manage the shares issued before the IPO of A shares of the Company directly or indirectly held by Chinalco and Luoyang Institute, nor shall the Company repurchase any of such shares held directly or indirectly by Chinalco and Luoyang Institute.

Within six months from the date of IPO and listing of A shares, if the closing price of the Company's shares is lower than the issue price of A shares for 20 consecutive trading days, or if the closing price is lower than the issue price at the end of the six-month period after the listing of A shares (if the ending date is not a trading day, then first trading day after that day), then the lock-up period of the Company's shares held by Chinalco and Luoyang Institute will be automatically extended by 6 months.

If the Company's shares are subject to ex-rights and ex-dividend events such as dividend distribution, bonus shares, and conversion of capital reserves to share capital during the above-mentioned period, the issue price shall be adjusted accordingly.

Chinalco and Luoyang Institute have strictly fulfilled the above commitments, and there is no situation where the relevant commitments are not fulfilled and affect the listing and trading of the restricted shares. For details, please refer to the Announcement of the Listing and Trading of the Restricted Shares in the IPO of Chalieco (《中鋁國際工程股份有限公司首次公開發行限售股上市流通公告》) disclosed on 25 August 2021 (Ann No. Temp 2021-035). The above lock-up period has expired and the restricted A shares have been listed and tradable since 31 August 2021.

Within two years after the expiry of lock-up period, Chinalco and Luoyang Institute shall reduce their holdings of the Company's A-shares by not more than 3% of the total Company shares held by Chinalco and Luoyang Institute, and reduce their holdings of the Company's A-shares within one calendar year, in a total amount not exceeding 2% of the total Company shares held by Chinalco and Luoyang Institute. Chinalco and Luoyang Institute will reduce their holdings of the Company's A shares through legal means such as the centralized bidding trading system of the stock exchanges, the block trading system or agreement transfer, and perform the necessary approval procedures and information disclosure obligations in compliance with laws. The intention of reduction, the number of holdings and other information will be notified to the Company in advance, and the Company will make an announcement in a timely manner, and the shareholding may not be reduced until 3 trading days from the date of the announcement. The reduction price shall not be lower than the issue price in the IPO of the Company's A shares.

If Chinalco or Luoyang Institute violates the above commitments, the profits from illegal operations will belong to the Company. If Chinalco or Luoyang Institute does not hand over the profits from illegal operations to the Company, the Company has the right to withhold the part of the cash dividends payable to the Company, in the amount equal to such profits from illegal operations of Chinalco or Luoyang Institute that should be handed over to the Company.

Note 2: In order to safeguard the interests of the Company and its shareholders, Guiyang Aluminum and Magnesium Design Institute Construction Contracting Co., Ltd., a wholly-owned subsidiary of our wholly-owned subsidiary Guiyang Institute, shall undertake the Shenzhou Science and Technology Park (Zhizao Mansion) Project by way of real estate development and complete the disposal of project assets as soon as possible. The general meeting of the Company agreed to exempt its commitment regarding the Company's real estate development business set out in the A share initial public offering prospectus in respect of the project. For details, please refer to the Company's Announcement No. Pro 2020-033 and Announcement No. Pro 2020-041 disclosed on the designated media on 28 May 2020 and 24 June 2020, respectively.

SECTION 6 KEY MATTERS

II. FUNDS MISAPPROPRIATED BY CONTROLLING SHAREHOLDERS AND OTHER RELATED PARTIES DURING THE REPORTING PERIOD FOR NON-OPERATING CAUSES

☐Applicable ☒Not applicable

III. ILLEGAL GUARANTEE

☐Applicable ☒Not applicable

IV. AUDIT OF INTERIM REPORT

☐Applicable ☒Not applicable

V. CHANGES AND TREATMENT OF MATTERS RELATED TO NON-STANDARD AUDIT OPINIONS IN THE FINANCIAL REPORT OF THE PREVIOUS YEAR

☐Applicable ☒Not applicable

VI. BANKRUPTCY AND REORGANIZATION RELATED ISSUES

☐Applicable ☒Not applicable

SECTION 6 KEY MATTERS

VII. MATERIAL LITIGATION AND ARBITRATION

- ☒ The Company was involved in any material litigation or arbitration during this reporting period
☐ The Company was not involved in any material litigation or arbitration during this reporting period

(I) Litigation and arbitration disclosed in provisional announcements and without subsequent development

- ☒ Applicable ☐ Not applicable

Summary and type of the issue	Reference
Dispute over engineering construction contract between the Twelfth Metallurgical Company, a wholly-owned subsidiary of the Company, and Northern Heavy Industries Group Co., Ltd. (confirmation of bankruptcy claims)	For details, please refer to the Announcement No. Temp 2021-025 and Announcement No. Temp 2022-014 issued by the Company on the designated media for information disclosure on 8 May 2021 and 16 March 2022 respectively
Dispute over engineering construction contract between Henan Taixing Real Estate Co., Ltd. and Sixth Metallurgical Company, a wholly-owned subsidiary of the Company	For details, please refer to the Announcement No. Temp 2020-051, Announcement No. Temp 2020-069 and Announcement No. Temp 2022-016 issued by the Company on the designated media for information disclosure on 14 August 2020, 31 December 2020 and 16 March 2022
Dispute over loan agreements between Tianjin Construction, a wholly-owned subsidiary of the Company and Tianjin Jizhou Xincheng Construction Investment Co., Ltd.	For details, please refer to the Announcement No. Temp 2022-015 issued by the Company on the designated media for information disclosure on 16 March 2022
Dispute over engineering construction contract between Twelfth Metallurgical Company, a wholly-owned subsidiary of the Company, and China National Aviation Fuel Northern Storage and Transportation Co., Ltd.	For details, please refer to the Announcement No. Temp 2020-037, Announcement No. Temp 2020-060 and Announcement No. Temp 2022-030 issued by the Company on the designated media for information disclosure on 6 June 2020, 13 October 2020 and 20 April 2022
Dispute over engineering construction contract between DING Jie and Tianjin Construction, a wholly-owned subsidiary of the Company	For details, please refer to the Announcement No. Temp 2022-037 issued by the Company on the designated media for information disclosure on 16 March 2022 and 19 May 2022 respectively

SECTION 6 KEY MATTERS

Summary and type of the issue	Reference
Dispute over engineering construction contract between Sixth Metallurgical Company, a wholly-owned subsidiary of the Company, and Chaoyang Construction Group Co., Ltd.	For details, please refer to the Announcement No. Temp 2022-038 issued by the Company on the designated media for information disclosure on 21 May 2022
Dispute over engineering construction contract between Sixth Metallurgical Company, a wholly-owned subsidiary of the Company, and Xinjiang Kingho Investment Holdings Co., Ltd.	For details, please refer to the Announcement No. Temp 2019-007 and Announcement No. Temp 2022-040 issued by the Company on the designated media for information disclosure on 21 February 2019 and 2 June 2022 respectively
Dispute arising from engineering construction contract among Henan Jiade Construction Co., Ltd., CNPT, a holding subsidiary of the Company, and the Housing and Urban-Rural Construction Department of Jianxi District, Luoyang City	For details, please refer to the Announcement No. Temp 2022-044 issued by the Company on the designated media for information disclosure on 18 June 2022
Dispute over engineering construction contract between the Twelfth Metallurgical Company, a wholly-owned subsidiary of the Company, and Pilatus Aircraft Maintenance Engineering (Chongqing) Co., Ltd.	For details, please refer to the Announcement No. Temp 2021-031 and Announcement No. Temp 2022-045 issued by the Company on the designated media for information disclosure on 13 July 2021 and 18 June 2022 respectively
Dispute over engineering construction contract between Ninth Metallurgical Company, a holding subsidiary of the Company, and Fujian Zhongnuo Anju Car Rental Co., Ltd.	For details, please refer to the Announcement No. Temp 2022-049 issued by the Company on the designated media for information disclosure on 16 July 2022
Contract dispute between the Company, China Aluminum Equipment, Guiyang Branch and Qinghai West Hydropower Co., Ltd.	For details, please refer to the Announcement No. Temp 2019-001, Announcement No. Temp 2019-056, Announcement No. Temp 2019-071, Announcement No. Temp 2019-096, Announcement No. Temp 2020-001, Announcement No. Temp 2020-013 and Announcement No. Temp 2022-050 issued by the Company on the designated media for information disclosure on 2 January 2019, 14 August 2019, 16 October 2019, 18 December 2019, 4 January 2020, 10 March 2020 and 21 July 2022 respectively

SECTION 6 KEY MATTERS

(II) Particulars of litigations and arbitrations not disclosed in provisional announcements or with subsequent development

☒ Applicable ☐ Not applicable

Unit: '0,000 Currency: RMB

During the reporting period:

Plaintiff (Applicant)	Defendant (Respondent)	Party with several and joint liability	Litigation or Arbitration	Basic information of litigation (arbitration)	Amount concerning litigation (arbitration)	Whether estimated liability arose from the litigation (arbitration) and amount	Current status of the litigation (arbitration)	Judgment/award and impact	Enforcement of judgment (award)
Chalieco (Tianjin) Construction Co., Ltd.	Tianjin Jinghai County Tianzi Yangguang Environmental Protection Co., Ltd., Tianzi Environmental Protection Investment Holdings Co., Ltd., Tianzi Environmental Protection Equipment Manufacturing (Tianjin) Co., Ltd., Gao Weihua	Tianjin Zijinshan Environmental Protection Industry Investment Co., Ltd., Tianjin Wuqing District Tianzi Environmental Protection Co., Ltd., Huazhiyuan International Trade (Tianjin) Co., Ltd., Tianzi Environmental Protection Industry Development Co., Ltd.	Litigation	Dispute over construction engineering contract	17,669.55	No	Judgment handed down (note)	Nil	Under enforcement

Note: In December 2020, the first judgment confirmed that Tianjin Construction has received the repayment of each defendant amounting to RMB169.85845 million; confirmed that the amount of RMB51.40 million received by Tianjin Construction was the project sum paid by Jinghai Company to Tianjin Construction; ordered the investee to pay RMB68.87205 million and its interests to Tianjin Construction, Gao Weihua bore joint and several liability for the debt and Huazhiyuan Company bore joint and several liability for RMB46.29155 million. Both parties appealed. In April 2022, Tianjin Higher People's Court made the final judgment, which ruled that the appeal was dismissed and upheld the original ruling.

(III) Other explanations

☐ Applicable ☒ Not applicable

VIII. PUNISHMENTS UPON THE LISTED COMPANY AND ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDER, EFFECTIVE CONTROLLER, ACQUIRER AND RECTIFICATIONS

☐ Applicable ☒ Not applicable

IX. CREDIBILITY OF THE COMPANY AND ITS CONTROLLING SHAREHOLDER AND EFFECTIVE CONTROLLER DURING THE REPORTING PERIOD

☐ Applicable ☒ Not applicable

SECTION 6 KEY MATTERS

X. MATERIAL RELATED-PARTY TRANSACTIONS**(I) Related-party transactions related to daily operations****1. Events disclosed in provisional announcements and without subsequent development or change in implementation**

☐Applicable ☒Not applicable

2. Events disclosed in provisional announcements but with subsequent development or change in implementation

☒Applicable ☐Not applicable

Events of connected transactions	Connected persons	Actual transaction amount from	
		Annual cap for 2022 (RMB'0,000)	January to June 2022 (RMB'0,000)
1. Provision of engineering services by the Group	Chinalco	600,000.00	78,201.52
2. Provision of commodities by the Group	Chinalco	100,000.00	6,825.39
3. Provision of general services by the Group	Chinalco	10,000.00	1,282.16
4. Provision of general services to the Group	Chinalco	16,000.00	2,480.42
5. Provision of commodities to the Group	Chinalco	100,000.00	1,216.86
6. Provision of financial services to the Group – deposit service	Chinalco Finance	600,000.00	315,188.41
7. Provision of financial services to the Group – credit service	Chinalco Finance	800,000.00	258,080.00
8. Provision of financial services to the Group – factoring service	Chinalco Finance	200,000.00	
9. Provision of financial services to the Group – other financial service	Chinalco Finance	340.00	
10. Provision of factoring facility services to the Group	China Aluminum Business	100,000.00	14,000.00
11. Provision of financial services, such as financial leasing, to the Group	China Aluminum Finance Lease	100,000.00	

3. Events not disclosed in provisional announcements

☐Applicable ☒Not applicable

SECTION 6 KEY MATTERS

(II) Related-party transactions from acquisition and disposal of assets, equity interests**1. Events disclosed in provisional announcements and without subsequent development or change in implementation**

☐Applicable ☒Not applicable

2. Events disclosed in provisional announcements but with subsequent development or change in implementation

☐Applicable ☒Not applicable

3. Events not disclosed in provisional announcements

☐Applicable ☒Not applicable

4. In case of any guaranteed performance, whether the performance is achieved for the reporting period shall be disclosed.

☐Applicable ☒Not applicable

(III) Material connected transactions in joint external investments**1. Events disclosed in provisional announcements and without subsequent development or change in implementation**

☐Applicable ☒Not applicable

2. Events disclosed in provisional announcements but with subsequent development or change in implementation

☐Applicable ☒Not applicable

3. Events not disclosed in provisional announcements

☐Applicable ☒Not applicable

SECTION 6 KEY MATTERS

(IV) Amounts due to or from related parties**1. Events disclosed in provisional announcements and without subsequent development or change in implementation**

☐Applicable ☒Not applicable

2. Events disclosed in provisional announcements but with subsequent development or change in implementation

☐Applicable ☒Not applicable

3. Events not disclosed in provisional announcements

☒Applicable ☐Not applicable

Unit: '0,000 Currency: RMB

Related party	Connected relationship	Provision of funds to related party			Provision of funds to the listed company by related party		
		Opening balance	Accrual	Closing balance	Opening balance	Accrual	Closing balance
Chinalco Finance Company Limited	Wholly-owned subsidiary of the parent				396,100.00	-138,020.00	258,080.00
China Aluminum Commercial Factoring (Tianjin) Co., Ltd.	Wholly-owned subsidiary of the parent				14,000.00	0	14,000.00
Total					410,100.00	-138,020.00	272,080.00

Cause to claims and liabilities between related parties

Impact of such claims and liabilities between related parties on the Company's operating result and financial position

Funds provided by related parties to the Company are finance company's borrowings and factoring borrowings

No impact

SECTION 6 KEY MATTERS

(V) Financial business between the Company and its related financial companies, financial companies under its control and related parties✓Applicable ☐Not applicable**1. Deposit business**✓Applicable ☐Not applicable

Unit: '0,000 Currency: RMB

Related party	Related relationship	Maximum daily deposit	Range of deposit interest rate	Opening balance	Incurred during the period		Closing balance
					Total amount deposited during the period	Total amount drawn during the period	
Chinalco Finance Company Limited	Wholly-owned subsidiary of the parent	600,000.00	0.525%-1.495%	394,093.06		78,904.65	315,188.41
Total	/	/	/	394,093.06		78,904.65	315,188.41

2. Loan business✓Applicable ☐Not applicable

Unit: '0,000 Currency: RMB

Related party	Related relationship	Loan facility	Range of loan interest rate	Opening balance	Incurred during the period		Closing balance
					Total amount lent during the period	Total amount repaid during the period	
Chinalco Finance Company Limited	Wholly-owned subsidiary of the parent	800,000.00	3.48%-4.35%	396,100.00	0	138,020.00	258,080.00
Total	/	/	/	396,100.00	0	138,020.00	258,080.00

SECTION 6 KEY MATTERS

3. Credit business or other financial business

☒ Applicable ☐ Not applicable

Unit: '0,000 Currency: RMB

Related party	Related relationship	Business type	Total amount	Actual amount incurred
Chinalco Finance Company Limited	Wholly-owned subsidiary of the parent	Factoring business	200,000.00	0
Chinalco Financial Leasing Co., Ltd.	Wholly-owned subsidiary of the parent	Comprehensive credit line	100,000.00	0
Chinalco Commercial Factoring (Tianjin) Co., Ltd. (中鋁商業保理(天津)有限公司)	Wholly-owned subsidiary of the parent	Factoring business	100,000.00	14,000.00

4. Other explanations

☐ Applicable ☒ Not applicable

(VI) Other significant related-party transactions

☐ Applicable ☒ Not applicable

(VII) Other

☐ Applicable ☒ Not applicable

SECTION 6 KEY MATTERS

XI. MATERIAL CONTRACTS AND THEIR PERFORMANCE

1. Custody, contracting and lease

☐ Applicable ☒ Not applicable

2. Performed and outstanding material guarantees during the reporting period

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

The guarantor	Relation of the guarantor to the listed company	The guaranteed	Guarantees provided for external parties (except those for subsidiaries)										Counter guaranteed	Related party guarantee or not	Related relationship
			Guaranteed amount	Date of guarantee (agreement signing date)	Commencement date	Ending date	Type of guarantee	Main debt	Collateral (if any)	Guarantee performed or not	Overdue or not	Overdue amount			
Hanzhong Ninth Metallurgical Construction Co., Ltd.	Controlling subsidiary	Man County Urban and Rural Infrastructure Construction Co., Ltd.	49,950,000	2015/10/20	2015/10/20	2027/10/19	General guarantee			No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Ningyong Expressway Company	257,160,000	2019/12/18	2019/12/30	2047/10/30	General guarantee			No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Ningyong Expressway Company	214,300,000	2019/12/18	2020/3/31	2047/10/30	General guarantee			No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Ningyong Expressway Company	214,300,000	2019/12/18	2019/12/18	2047/10/30	General guarantee			No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Ningyong Expressway Company	300,020,000	2019/12/19	2019/12/19	2047/10/30	General guarantee			No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Ningyong Expressway Company	42,860,000	2020/7/2	2020/9/28	2045/9/27	General guarantee			No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Ningyong Expressway Company	85,720,000	2020/7/2	2020/9/28	2045/9/27	General guarantee			No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Ningyong Expressway Company	85,720,000	2020/7/2	2020/9/28	2045/9/27	General guarantee			No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Ningyong Expressway Company	128,580,000	2020/7/2	2021/1/4	2045/11/26	General guarantee			No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Ningyong Expressway Company	42,860,000	2020/7/2	2021/2/2	2045/11/26	General guarantee			No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Ningyong Expressway Company	85,720,000	2020/7/2	2021/2/25	2045/11/26	General guarantee			No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Ningyong Expressway Company	207,013,800	2020/7/2	2021/3/1	2045/11/26	General guarantee			No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Ningyong Expressway Company	128,580,000	2020/7/2	2021/3/31	2045/11/26	General guarantee			No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Ningyong Expressway Company	12,858,000	2020/7/2	2021/6/16	2045/11/26	General guarantee			No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Ningyong Expressway Company	18,001,200	2020/7/2	2021/7/5	2045/11/26	General guarantee			No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Ningyong Expressway Company	330,020,000	2020/7/2	2021/8/23	2045/11/26	General guarantee			No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Ningyong Expressway Company	277,160,000	2020/7/2	2021/8/31	2045/11/26	General guarantee			No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Ningyong Expressway Company	1,710,000	2021/2/25	2021/2/25	2045/11/26	General guarantee			No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Ningyong Expressway Company	39,860,000	2021/2/25	2021/3/1	2045/11/26	General guarantee			No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Ningyong Expressway Company	42,860,000	2021/2/25	2021/4/6	2045/11/26	General guarantee			No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Ningyong Expressway Company	72,860,000	2021/2/25	2021/7/26	2045/11/26	General guarantee			No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Ningyong Expressway Company	57,000,000	2021/2/25	2021/8/23	2045/11/26	General guarantee			No	No	0	Nil	No	

SECTION 6 KEY MATTERS

The guarantor	Relation of the guarantor to the listed company	The guaranteed	Guarantees provided for external parties (except those for subsidiaries)										Counter guaranteed	Related party guarantee or not	Related relationship
			Guaranteed amount	Date of guarantee (agreement signing date)	Commencement date	Ending date	Type of guarantee	Main debt	Collateral (if any)	Guarantee performed or not	Overdue or not	Overdue amount			
China Aluminum International Engineering Corporation Limited	Headquarters	Ningyong Expressway Company	171,430,000	2021/2/25	2021/10/12	2045/11/26	General guarantee			No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Ningyong Expressway Company	85,720,000	2021/2/25	2022/1/14	2045/11/26	General guarantee			No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Ningyong Expressway Company	42,860,000	2021/2/25	2022/5/31	2045/11/26	General guarantee			No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Ningyong Expressway Company	342,889,000	2021/2/25	2022/5/31	2045/11/26	General guarantee			No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Ningyong Expressway Company	34,720,000	2021/3/17	2021/4/21	2048/3/18	General guarantee			No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Ningyong Expressway Company	43,720,000	2021/3/17	2021/5/26	2048/3/18	General guarantee			No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Ningyong Expressway Company	50,150,000	2021/3/17	2021/8/30	2048/3/18	General guarantee			No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Ningyong Expressway Company	85,720,000	2021/3/17	2021/10/28	2048/3/18	General guarantee			No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Ningyong Expressway Company	107,150,000	2021/3/17	2022/1/6	2048/3/18	General guarantee			No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Ningyong Expressway Company	84,430,000	2021/3/17	2022/1/13	2048/3/18	General guarantee			No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Linyun Expressway Company	85,720,000	2019/12/18	2020/6/18	2047/10/30	Joint liability guarantee			No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Linyun Expressway Company	342,860,000	2019/10/31	2019/10/31	2047/10/30	Joint liability guarantee			No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Linyun Expressway Company	171,440,000	2019/12/18	2020/8/27	2048/8/26	Joint liability guarantee			No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Linyun Expressway Company	42,860,000	2020/9/28	2020/9/28	2047/9/27	General guarantee			No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Linyun Expressway Company	85,720,000	2020/9/28	2020/10/20	2048/10/19	General guarantee			No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Linyun Expressway Company	63,860,000	2020/9/25	2020/9/25	2045/9/25	General guarantee			No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Linyun Expressway Company	257,160,000	2020/9/28	2021/1/4	2048/1/3	General guarantee			No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Linyun Expressway Company	171,440,000	2021/1/5	2021/1/5	2043/1/4	General guarantee			No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Linyun Expressway Company	85,720,000	2021/6/24	2021/6/24	2045/1/4	General guarantee			No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Linyun Expressway Company	214,300,000	2021/6/24	2022/1/26	2045/1/4	General guarantee			No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Linyun Expressway Company	68,580,000	2021/6/24	2021/12/21	2045/1/4	General guarantee			No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Linyun Expressway Company	17,140,000	2021/6/24	2021/12/22	2045/1/4	General guarantee			No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Linyun Expressway Company	128,580,000	2021/6/24	2022/01/04	2045/1/4	General guarantee			No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Linyun Expressway Company	171,440,000	2021/6/24	2021/7/22	2045/1/4	General guarantee			No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Linyun Expressway Company	85,720,000	2021/6/24	2021/7/29	2045/1/4	General guarantee			No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Linyun Expressway Company	85,720,000	2021/6/24	2021/8/5	2045/1/4	General guarantee			No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Linyun Expressway Company	428,600,000	2021/6/24	2022/1/26	2045/1/4	General guarantee			No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Linsuang Expressway Company	30,000,000	2020/5/6	2018/1/23	2047/10/30	General guarantee			No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Linsuang Expressway Company	85,720,000	2020/5/6	2018/3/23	2047/10/30	General guarantee			No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Linsuang Expressway Company	85,720,000	2020/5/6	2019/2/14	2047/10/30	General guarantee			No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Linsuang Expressway Company	21,430,000	2020/5/6	2019/5/23	2047/10/30	General guarantee			No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Linsuang Expressway Company	107,150,000	2020/5/6	2019/9/5	2047/10/30	General guarantee			No	No	0	Nil	No	

SECTION 6 KEY MATTERS

Guarantees provided for external parties (except those for subsidiaries)															
The guarantor	Relation of the guarantor to the listed company	The guaranteed	Guaranteed amount	Date of guarantee (agreement signing date)	Commencement date	Ending date	Type of guarantee	Main debt	Collateral (if any)	Guarantee performed or not	Overdue or not	Overdue amount	Counter guaranteed	Related party guarantee or not	Related relationship
China Aluminum International Engineering Corporation Limited	Headquarters	Linshuang Expressway Company	171,440,000	2020/5/6	2019/11/7	2047/10/30	General guarantee			No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Linshuang Expressway Company	210,000,000	2020/5/6	2020/1/7	2047/10/30	General guarantee			No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Linshuang Expressway Company	42,860,000	2020/10/12	2020/11/4	2043/11/3	General guarantee			No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Linshuang Expressway Company	21,430,000	2021/3/16	2021/3/16	2044/3/15	General guarantee			No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Linshuang Expressway Company	42,860,000	2021/4/25	2021/4/25	2046/4/25	General guarantee			No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Linshuang Expressway Company	214,300,000	2020/12/22	2021/7/26	2046/4/25	General guarantee			No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Linshuang Expressway Company	21,430,000	2020/12/22	2021/3/16	2046/4/25	General guarantee			No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Linshuang Expressway Company	4,290,000	2020/12/22	2021/4/25	2046/4/25	General guarantee			No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Linshuang Expressway Company	38,570,000	2020/12/22	2021/6/17	2046/4/25	General guarantee			No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Linshuang Expressway Company	42,860,000	2020/12/22	2021/7/14	2046/4/25	General guarantee			No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Linshuang Expressway Company	125,580,000	2020/12/22	2021/7/29	2046/4/25	General guarantee			No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Linshuang Expressway Company	125,580,000	2020/12/22	2021/8/24	2046/4/25	General guarantee			No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Linshuang Expressway Company	85,720,000	2020/12/22	2021/12/8	2046/4/25	General guarantee			No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Linshuang Expressway Company	42,860,000	2020/12/22	2022/1/4	2046/4/25	General guarantee			No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Linshuang Expressway Company	332,333,400	2020/12/22	2022/3/28	2046/4/25	General guarantee			No	No	0	Nil	No	
Cumulative amount of guarantees provided during the reporting period (excluding those for subsidiaries)															1,809,722,400.00
Total balance of guarantees at the end of the reporting period (A) (excluding those for subsidiaries)															8,102,915,400.00
Guarantees provided by the Company to subsidiaries															
Cumulative amount of guarantees provided for subsidiaries during the reporting period															0.00
Total balance of guarantees provided for subsidiaries at the end of the reporting period (B)															3,345,000,000.00
Total amount of guarantees provided by the Company (including those provided for subsidiaries)															
Total amount of guarantees (A+B)															11,447,915,400.00
Ratio of total amount of guarantees to net assets of the Company (%)															139.55%
Including:															
Amount of guarantees provided for shareholders, effective controller and their related parties (C)															0.00
Amount of guarantees provided directly or indirectly to secure debts of the guaranteed with a assets-liabilities ratio over 70% (D)															240,000,000.00
Total amount of guarantees in excess of 50% of net assets (E)															10,557,965,400.00
Total of the above three types of guarantees (C+D+E)															10,797,965,400.00
Explanation on the potential joint liability arising from the immature guarantees															No
Explanation on the guarantees															No

3. Other material contracts

☐ Applicable ☒ Not applicable

XII. EXPLANATIONS OF OTHER MATERIAL MATTERS

☐ Applicable ☒ Not applicable

SECTION 7 CHANGES IN SHARES AND SHAREHOLDERS

I. EQUITY INTERESTS

As at 30 June 2022, the total share capital of the Company was RMB2,959,066,667, divided into 2,959,066,667 Shares of RMB1.00 each (including 399,476,000 H Shares and 2,559,590,667 A Shares).

II. CHANGES IN SHARE CAPITAL

(I) Table of changes in shares

1. Table of changes in shares

There was no change in the total number of shares and the structure of share capital of the Company during the reporting period.

2. Explanation of changes in shares

☐Applicable ☒Not applicable

3. Effect of changes in shares on financial indicators such as earnings per share and net assets per share within the period from the end of the Reporting Period to the disclosure date of the interim report (if any)

☐Applicable ☒Not applicable

4. Other information disclosure which the Company deems necessary or is required by the securities regulatory authority

☐Applicable ☒Not applicable

(II) Particulars of changes of restricted shares

☐Applicable ☒Not applicable

SECTION 7 CHANGES IN SHARES AND SHAREHOLDERS

III. PARTICULARS OF SHAREHOLDERS**(I) The issuance and listing of the shares**

The Company is a subsidiary of Chinalco and listed on the Main Board of the Stock Exchange (Stock Code: 2068) on 6 July 2012 with an offering price of HK\$3.93 per H Share. The Company listed on the SSE (Stock Code: 601068) on 31 August 2018 with an offering price of RMB3.45 per A Share and 295,906,667 A Shares were issued. As at 30 June 2022, the total number of Shares in issuance of the Company is 2,959,066,667 shares, which is comprised of 399,476,000 H Shares, representing 13.5% of the issued share capital, and 2,559,590,667 A Shares, representing 86.5% of the issued share capital.

(II) Total number of shareholders:

Total number of ordinary shareholders at the end of reporting period	57,717
Total number of shareholders of preferred shares with voting right reinstated at the end of reporting period	Not applicable

SECTION 7 CHANGES IN SHARES AND SHAREHOLDERS

(III) Table of Shareholding by top 10 shareholders and top 10 unrestricted shareholders as at the end of the reporting period

Unit: Share

Name of shareholder (full name)	Increase or decrease in reporting period	Shareholding of top 10 shareholders		Number of restricted shares held	Pledged, marked or frozen shares		Nature of shareholder
		Number of shares held at the end of the period	Percentage (%)		Status of shares	Number	
Aluminum Corporation of China Limited	0	2,176,758,534.00	73.56	0	Nil	0	State-owned legal person
Hong Kong Securities Clearing Company Nominees Limited	0	399,476,000.00	13.50	0	Unknown	/	Others
Luoyang Engineering & Research Institute for Nonferrous Metals Processing	0	86,925,466.00	2.94	0	Nil	0	State-owned legal person
Aladdin Environmental Protection Group Co., Ltd.	5,600,000.00	5,600,000.00	0.19	0	Nil	0	Others
HKSCC	-253,588.00	5,499,434.00	0.19	0	Nil	0	Others
Bank of Communications Co., Ltd. – Guangfa CSI Infrastructure Engineering Trading Open-ended Index Fund (交通銀行股份有限公司－ 廣發中證基建工程交易型開放式 指數證券投資基金)	2,546,300.00	5,475,700.00	0.19	0	Nil	0	Others
GU Jing	–	2,567,000.00	0.09	0	Nil	0	Domestic natural person
ZHAO Changyun	400,000.00	2,000,000.00	0.07	0	Nil	0	Domestic natural person
Vanguard Investment Australia Ltd. – Vanguard Emerging Markets Stock Index Fund (Exchange)	–	1,830,300.00	0.06	0	Nil	0	Others
SUN Huanyong	325,300.00	1,346,800.00	0.05	0	Nil	0	Domestic natural person

SECTION 7 CHANGES IN SHARES AND SHAREHOLDERS

Shareholding of top 10 unrestricted shareholders

Name of shareholder	Number of unrestricted shares held	Class and number of shares	
		Class	Number
Aluminum Corporation of China Limited	2,176,758,534.00	Renminbi ordinary shares	2,176,758,534.00
Hong Kong Securities Clearing Company Nominees Limited	399,476,000.00	Overseas listed foreign shares	399,476,000.00
Luoyang Engineering & Research Institute for Nonferrous Metals Processing	86,925,466.00	Renminbi ordinary shares	86,925,466.00
Aladdin Environmental Protection Group Co., Ltd.	5,600,000.00	Renminbi ordinary shares	5,600,000.00
HKSCC	5,499,434.00	Renminbi ordinary shares	5,499,434.00
Bank of Communications Co., Ltd. – Guangfa CSI Infrastructure Engineering Trading Open-ended Index Fund (交通銀行股份有限公司－廣發中證基建 工程交易型開放式指數證券投資基金)	5,475,700.00	Renminbi ordinary shares	5,475,700.00
GU Jing	2,567,000.00	Renminbi ordinary shares	2,567,000.00
ZHAO Changyun	2,000,000.00	Renminbi ordinary shares	2,000,000.00
Vanguard Investment Australia Ltd. – Vanguard Emerging Markets Stock Index Fund (Exchange)	1,830,300.00	Renminbi ordinary shares	1,830,300.00
SUN Huanyong	1,346,800.00	Renminbi ordinary shares	1,346,800.00
Description of special account for repurchase of the top ten shareholders	Not applicable		
Explanations on the entrusting voting right, entrusted voting right and waive of voting right of the above shareholders	Not applicable		

SECTION 7 CHANGES IN SHARES AND SHAREHOLDERS

Explanation of related relationship or acting in concert in respect of the above shareholders

Note 1: The number of shares held by Chinalco did not include A shares of the Company indirectly held through its subsidiary Luoyang Institute and H shares of the Company indirectly held through its subsidiary Yunnan Aluminum International Company Limited (雲鋁國際有限公司). Chinalco and its subsidiaries held a total of 2,283,179,000 shares of the Company, including 2,263,684,000 A shares and 19,495,000 H shares, accounting for 77.16% of the total share capital of the Company.

Note 2: The 19,495,000 H shares of the Company held by Aluminum Corporation of China Limited through its subsidiary Yunnan Aluminum International Company Limited (雲鋁國際有限公司) were held by Hong Kong Securities Clearing Company Nominees Limited on its behalf.

Note 3: The 399,476,000 H shares of the Company held by Hong Kong Securities Clearing Company Nominees Limited included the 19,495,000 H shares held by Aluminum Corporation of China Limited through its subsidiary Yunnan Aluminum International Company Limited (雲鋁國際有限公司).

Note 4: Except the above, the Company is not aware that the above shareholders have any related relationship or are acting in concert among each other.

Explanation of shareholders of preferred shares with reinstated voting rights and the number of shares held

Not applicable

Number of shares held by top ten restricted shareholders and restriction conditions

☐ Applicable ☒ Not applicable

(IV) Strategic investors or general legal persons who become top 10 shareholders due to rights issue

☐ Applicable ☒ Not applicable

(V) Interests and short positions of substantial shareholders in shares and underlying shares

As at 30 June 2022, so far as known to the directors of the Company, the following persons (other than the directors, supervisors or chief executives of the Company) had interests or short positions in the Shares and underlying Shares of the Company which would fall to be disclosed pursuant to Divisions 2 and 3 of Part XV of the SFO, or recorded in the register required to be kept pursuant to Section 336 of the SFO, or who were directly and/or indirectly deemed to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company:

SECTION 7 CHANGES IN SHARES AND SHAREHOLDERS

Name of Shareholder	Class of Shares	Capacity/ Nature of interest	Number of Shares Held (Share)	Approximate percentage of shareholding in relevant class of Shares (%) (Note 1)	Approximate percentage of shareholding in total share capital (%) (Note 1)
Chinalco (note 2)	A Share	Beneficial owner/Interest of controlled corporation	2,263,684,000 (Long position)	88.44	76.50
The Seventh Metallurgical Construction Group Co., Ltd.	H Share	Beneficial owner	69,096,000 (Long position)	17.30	2.34
CNMC Trade Company Limited	H Share	Beneficial owner	59,225,000 (Long position)	14.83	2.00
Peaktrade Investments Ltd.	H Share	Beneficial owner	59,210,000 (Long position)	14.82	2.00
Leading Gain Investments Limited (Note 3)	H Share	Nominee of another person (other than passive trustee)	29,612,000 (Long position)	7.41	1.00
China XD Group	H Share	Beneficial owner	29,612,000 (Long position)	7.41	1.00
Yunnan Tin (Hong Kong) Yuan Xing Company Limited	H Share	Beneficial owner	29,612,000 (Long position)	7.41	1.00

Note 1: The percentage is calculated by dividing number of relevant class of Shares in issue of the Company as at 30 June 2022 by total number of Shares.

Note 2: Chinalco is beneficially interested in 2,263,684,000 A Shares, representing approximately 76.50% of the total share capital of the Company. Luoyang Institute is a wholly-owned subsidiary of Chinalco and is interested in 86,925,466 A Shares, representing approximately 2.94% of the total share capital of the Company. Chinalco is therefore also deemed to be interested in the A Shares held by Luoyang Institute under the SFO.

Note 3: Leading Gain Investments Limited is the nominee holder of Beijing Jundao Technology Development Co., Ltd.

SECTION 7 CHANGES IN SHARES AND SHAREHOLDERS

IV. PARTICULARS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

(I) Particulars of changes in shareholding of existing and resigned directors, supervisors and senior management during the reporting period

☐Applicable ☒Not applicable

Descriptions of other information

☐Applicable ☒Not applicable

(II) Share incentives granted to directors, supervisors and senior management during the reporting period

☐Applicable ☒Not applicable

SECTION 7 CHANGES IN SHARES AND SHAREHOLDERS

(III) Employees and remuneration policy

As of 30 June 2022, the Company had a total of 13,084 registered employees, including 11,988 employees in service, among which male employees accounted for 10,128 and female employees accounted for 2,956, 77% and 23% respectively. Moreover, the Company has off-post reserved labor force of 1,096.

The following table shows a breakdown of the employees in service by business segment as of 30 June 2022:

	Number of employees in service	Percentage in the total number
Operation and management personnel	4,261	35%
Engineering technicians	5,871	49%
Production and operation personnel	1,428	12%
Service and other personnel	428	4%
Total	11,988	100%

The following table shows a breakdown of the employees in service by level of education as of 30 June 2022:

	Number of employees in service	Percentage in the total number
Postgraduate degree and above	1,219	10%
Undergraduate degree	6,332	53%
Diploma degree	2,158	18%
TAFE (Technical And Further Education) and below	2,279	19%
Total	11,988	100%

In accordance with regulations applicable to enterprises and the relevant requirements of all levels of local governments in areas in which the Company operates, the Company established the pension insurance, medical insurance, unemployment insurance, maternity insurance and workers' injury compensation insurance for employees. In addition, the Company and some of its subsidiaries also set up a corporate annuity system for providing retired employees with further pension protection. In accordance with applicable laws and regulations, the aforesaid social insurance premiums are contributed as strictly required by the state, provincial, autonomous region and municipal requirements. The Company also established an employee housing fund in accordance with applicable regulations.

SECTION 7 CHANGES IN SHARES AND SHAREHOLDERS

For the first half of 2022, the Company's employee expenses amounted to RMB641 million. The Company does not have employee's share option scheme currently.

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

The Company has established a labor union to protect employees' rights and encouraged employees to participate in the management of the Company. The Company has not experienced any strikes or other labor disputes which have interfered with its management and operations during the reporting period.

The Company endeavors to provide training for its staff. The scope of its induction and ongoing training programs covers management skills and techniques training, overseas exchange programs and other courses.

(IV) Other Descriptions

☒ Applicable ☐ Not applicable

Interests held by Directors, supervisors and chief executives

As of 30 June 2022, none of the directors, supervisors and chief executives of the Company had any interest or short position in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to us and the Stock Exchange.

V. CHANGES IN CONTROLLING SHAREHOLDER AND EFFECTIVE CONTROLLER

☐ Applicable ☒ Not applicable

SECTION 8 PARTICULARS OF PREFERRED STOCK

☐ Applicable ☒ Not applicable

SECTION 9 INFORMATION ON BONDS

I. ENTERPRISE BONDS, CORPORATE BONDS AND NON-FINANCIAL ENTERPRISE DEBT FINANCING INSTRUMENTS

☒ Applicable ☐ Not applicable

(I) Enterprise bonds

☐ Applicable ☒ Not applicable

(II) Corporate bonds

☒ Applicable ☐ Not applicable

1. Basic information on corporate bonds

Unit: Yuan Currency: RMB

Bond name	Abbreviation	Code	Date of issuance	Value date	Maturity date	Balance	Rate (%)	Repayment terms	Trading place	Investor suitability arrangements (if any)	Trading mechanism	Whether there is a risk of de-listing?
2019 Yearly Renewable Corporate Bonds	19 ZG Y1	155867	2019/10/30	2019/10/30	3 years + N	1,500,000,000	5.29	If the issuer does not exercise the right to defer interest payment, the interest will be paid annually	SSE		Exchange trading	No

Measures adopted by the Company in response to the risks of delisting of bonds

☐ Applicable ☒ Not applicable

Overdue and outstanding bonds

☐ Applicable ☒ Not applicable

Explanation on the indebtedness that has fallen due

☐ Applicable ☒ Not applicable

SECTION 9 INFORMATION ON BONDS

2. Triggering and execution of issuer's or investor's option clause or investor protection clause

☐Applicable ☒Not applicable

3. Adjustment of credit rating results

☒Applicable ☐Not applicable

Bond name	Credit rater name	Rating	Prospective change	Reason for change of rating results
2019 Yearly Renewable Corporate Bonds	United Credit Ratings Co., Ltd.	Bond issuer 2A+ adjusted downward to 2A	From negative to stable	Loss in 2021

Other explanation

No

4. The implementation of and changes in guarantees, the debt repayment schemes and other repayment guarantee measures during the reporting period and their impact

☒Applicable ☐Not applicable

Status quo	Execution	Any change or not?	After change	Reason for change	Whether such change is approved by competent authorities?	The impact of the change on the rights and interests of bond investors
Chinalco provides guarantees	Normal	No				

Other explanation

No

5. Explanation of other situations of corporate bonds

☐Applicable ☒Not applicable

SECTION 9 INFORMATION ON BONDS

(III) Non-financial enterprise debt financing instruments in the inter-bank bond market

☐Applicable ☒Not applicable

(IV) Loss in consolidated statements of the Company for the Reporting Period exceeds 10% of the net assets at the end of last year

☐Applicable ☒Not applicable

(V) Key accounting information and financial indicators

☒Applicable ☐Not applicable

Unit: Yuan Currency: RMB

Key indicators	As at the end of this reporting period	As at the end of the previous year	Increase or decrease in this reporting period as compared with the end of the previous year (%)	Reason for changes
Current ratio	1.42	1.26	12.7	
Quick ratio	1.32	1.18	12.27	
Asset-liability ratio (%)	67.92	71.93	Down by 4.01 percentage points	

	During this reporting period (From January to June)	The corresponding period of last year	Increase or decrease in the reporting period as compared with the corresponding period of last year (%)	Reason for changes
Net profit net of non-recurring gain or loss	61,683,093.25	-17,004,599.61	N/A	
EBITDA to total debt ratio	0.03	0.03	-	
Interest coverage ratio	1.71	1.30	31.54	EBIT increased and interest expenses decreased
Cash interest coverage ratio	35.64	21.72	64.09	Monetary funds increased and interest expenses decreased
EBITDA interest coverage multiple	2.36	1.80	31.11	EBITDA increased and interest expenses decreased
Loan repayment rate (%)	100.00	100.00	-	
Interest coverage ratio (%)	100.00	100.00	-	

II. PARTICULARS OF CONVERTIBLE CORPORATE BONDS

☐Applicable ☒Not applicable

SECTION 10 FINANCIAL REPORT



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Auditor's Report

DA XIN YUE ZI [2022] No. 1-00004

To the Shareholders of China Aluminum International Engineering Corporation Limited,

We have reviewed the accompanying financial statements of China Aluminum International Engineering Corporation Limited (hereinafter referred to as the "Company"), which comprise the consolidated and parent company's statements of financial position as at 30 June 2022, the consolidated and parent company's statements of comprehensive income, the consolidated and parent company's statements of cash flows from January to June 2022 and the consolidated and parent company's statements of changes in shareholders' equity from January to June 2022, and notes to the financial statements. The preparation of such financial statements is the responsibility of the management of the Company, and our responsibility is to issue a review report regarding such financial statements based on our review.

We conducted our review in accordance with Chinese Institute of Certified Public Accountants Review Standards No.2101-Review of Financial Statement. This standard requires that we plan and perform the review to obtain limited assurance as to whether the financial statements are free of material misstatement. Review primarily consists of making inquiries of relevant employees within the Company and applying analytical procedures. A review is substantially less in scope than an audit conducted. We did not conduct audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the financial statements are not prepared in accordance with the Accounting Standards for Business Enterprises, which cannot present fairly, in all material respects, the consolidated and the Company's financial position as at 30 June 2022, operating results and cash flows from January to June 2022.

WUYIGE Certified Public Accountants LLP.

China Certified Public Accountant: SHI Chenqi

Beijing, China

China Certified Public Accountant: LIU Mingzhe

8 August 2022

SECTION 10 FINANCIAL REPORT

CONSOLIDATED BALANCE SHEET

Unit: RMB

Item	Note	30 June 2022	31 December 2021
Current assets			
Monetary fund	5.1	8,027,634,988.42	7,516,796,359.25
Held-for-trading financial assets			
Derivative financial assets			
Notes receivable	5.2	3,490,345.43	8,232,891.32
Accounts receivable	5.3	15,121,276,753.29	15,284,893,471.78
Factoring of receivables	5.4	558,643,437.68	730,574,231.09
Prepayments	5.5	682,024,011.33	366,118,531.55
Other receivables	5.6	2,378,623,625.26	2,352,943,216.73
including: Interest receivable		1,604,192.87	540,607.12
Dividends receivable			
Inventories	5.7	2,539,843,051.68	2,517,269,364.60
Contract assets	5.8	7,509,162,749.84	7,570,046,275.55
Held-for-sale assets			
Non-current asset due within one year	5.9	514,100,256.82	514,100,256.82
Other current assets	5.10	500,145,178.44	516,228,456.75
Total current assets		37,834,944,398.19	37,377,203,055.44
Non-current assets:			
Debt investments			
Other debt investments			
Long-term receivables	5.11	1,521,912,970.61	1,565,014,108.98
Long-term equity investments	5.12	742,809,839.93	739,610,025.01
Other equity instrument investments	5.13	22,957,327.91	41,449,494.75
Other non-current financial assets	5.14	18,900,000.00	18,900,000.00
Investment properties	5.15	533,939,339.34	543,798,566.08
Fixed assets	5.16	2,354,769,775.14	2,432,941,288.35
Construction in progress	5.17	192,420,510.92	171,343,709.16
Bearer biological assets			
Oil & gas assets			
Rights-of-use assets	5.18	10,477,415.93	7,378,033.93
Intangible assets	5.19	1,251,643,456.80	1,220,602,280.72
Development costs			
Goodwill			
Long-term unamortized expenses	5.20	62,425,263.61	52,252,872.99
Deferred income tax assets	5.21	949,194,028.20	964,632,752.27
Other non-current assets	5.22	15,777,685,351.78	13,692,909,128.57
Total non-current assets		23,439,135,280.17	21,450,832,260.81
Total assets		61,274,079,678.36	58,828,035,316.25

SECTION 10 FINANCIAL REPORT

Item	Note	30 June 2022	31 December 2021
Current liabilities:			
Short-term borrowings	5.23	3,816,478,290.87	5,550,885,676.25
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable	5.24	2,644,731,921.85	2,782,450,852.44
Accounts payable	5.25	12,173,862,030.40	13,074,544,235.13
Advances from customers		—	
Contract liabilities	5.26	3,203,249,975.01	3,254,573,368.09
Employee benefits payable	5.27	188,425,565.49	184,661,619.58
Taxes payable	5.28	167,056,037.18	264,172,247.44
Other payables	5.29	2,386,560,114.38	2,394,199,444.91
including: Interest payable			
Dividends payable			
Held-for-sale liabilities			
Non-current liabilities due within one year	5.30	454,138,160.42	509,820,434.90
Other current liabilities	5.31	1,608,474,014.81	1,626,338,830.07
Total current liabilities		26,642,976,110.41	29,641,646,708.81
Non-current liabilities:			
Long-term borrowings	5.32	14,337,802,465.25	12,022,204,583.61
Debentures payable			
including: Preferred stock			
Perpetual bonds			
Lease liabilities	5.33	5,151,382.58	3,337,548.63
Long-term payables	5.34	1,456,905.41	1,761,720.17
Long-term employee benefits payable	5.35	482,574,983.00	514,291,150.00
Estimated liabilities			
Deferred income	5.36	75,109,160.00	56,000,000.00
Deferred income tax liabilities	5.21	72,735,115.10	73,611,585.93
Other non-current liabilities			
Total non-current liabilities		14,974,830,011.34	12,671,206,588.34
Total liabilities		41,617,806,121.75	42,312,853,297.15

SECTION 10 FINANCIAL REPORT

Item	Note	30 June 2022	31 December 2021
Shareholders' equity:			
Share capital	5.37	2,959,066,667.00	2,959,066,667.00
Other equity instruments	5.38	2,964,684,905.65	2,498,584,905.65
including: Preferred stock			
Perpetual bonds		2,964,684,905.65	2,498,584,905.65
Capital reserve	5.39	866,262,468.58	875,797,358.53
Less: Treasury stock			
Other comprehensive income	5.40	161,718,438.88	124,407,809.47
Special reserve	5.41	180,993,200.26	159,810,487.28
Surplus reserve	5.42	224,473,908.75	224,473,908.75
Undistributed profit	5.43	846,443,263.68	794,976,623.67
Total shareholders' equity attributable to the parent		8,203,642,852.80	7,637,117,760.35
Minority shareholders' interests		11,452,630,703.81	8,878,064,258.75
Total shareholders' equity		19,656,273,556.61	16,515,182,019.10
Total liabilities and shareholders' equity		61,274,079,678.36	58,828,035,316.25

Legal representative:
LI Yihua

Accounting principal:
ZHANG Jian

Accounting function's principal:
ZHANG Xiuyin

SECTION 10 FINANCIAL REPORT

BALANCE SHEET OF THE PARENT

Unit: RMB

Item	Note	30 June 2022	31 December 2021
Current assets:			
Monetary fund		1,499,681,550.83	2,474,632,903.75
Held-for-trading financial assets			
Derivative financial assets			
Notes receivable			
Accounts receivable	15.1	972,723,159.53	1,146,826,637.96
Factoring of receivables		22,166,222.47	10,862,737.73
Prepayments		139,755,054.91	103,986,735.95
Other receivables	15.2	6,274,906,811.50	5,720,729,563.93
including: Interest receivable		341,046,866.65	335,554,019.42
Dividends receivable		573,773,776.54	573,773,776.54
Inventories		24,339,862.44	12,293,186.35
Contract assets		495,337,907.65	544,629,235.37
Held-for-sale assets			
Non-current asset due within one year		487,585,694.21	968,699,529.49
Other current assets		86,516,171.40	64,811,867.32
Total current assets		10,003,012,434.94	11,047,472,397.85
Non-current assets:			
Debt investments			
Other debt investments			
Long-term receivables		905,512,438.45	876,242,248.37
Long-term equity investments	15.3	7,592,601,469.05	7,591,328,036.59
Other equity instrument investments			18,180,000.00
Other non-current financial assets		18,900,000.00	18,900,000.00
Investment properties			
Fixed assets		70,456,368.91	72,582,883.00
Construction in progress			
Bearer biological assets			
Oil & gas assets			
Rights-of-use assets			
Intangible assets		131,636,486.81	134,554,452.12
Development costs			
Long-term unamortized expenses		111,812.50	130,632.50
Deferred income tax assets		141,518,233.75	154,438,876.21
Other non-current assets			
Total non-current assets		8,860,736,809.47	8,866,357,128.79
Total assets		18,863,749,244.41	19,913,829,526.64

SECTION 10 FINANCIAL REPORT

Item	Note	30 June 2022	31 December 2021
Current liabilities:			
Short-term borrowings		1,300,027,777.78	2,964,860,833.36
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable		229,847,966.87	441,508,727.71
Accounts payable		1,476,536,084.97	1,609,747,579.78
Advances from customers		—	
Contract liabilities		1,181,464,687.11	1,089,998,413.87
Employee benefits payable		3,577,559.90	2,914,045.31
Taxes payable		23,432,541.52	12,400,804.84
Other payables		977,116,038.36	1,187,606,523.26
including: Interest payable			
Dividends payable			
Held-for-sale liabilities			
Non-current liabilities due within one year			5,895,694.42
Other current liabilities		38,959,543.41	33,009,077.81
Total current liabilities		5,230,962,199.92	7,347,941,700.36
Non-current liabilities:			
Long-term borrowings		6,361,882,112.49	5,728,619,329.16
Debentures payable			
including: Preferred stock			
Perpetual bonds			
Lease liabilities			
Long-term payables			
Long-term employee benefits payable		3,674,000.00	3,620,000.00
Estimated liabilities			
Deferred income			
Deferred income tax liabilities			
Other non-current liabilities			
Total non-current liabilities		6,365,556,112.49	5,732,239,329.16
Total liabilities		11,596,518,312.41	13,080,181,029.52

SECTION 10 FINANCIAL REPORT

Item	Note	30 June 2022	31 December 2021
Shareholders' equity:			
Share capital		2,959,066,667.00	2,959,066,667.00
Other equity instruments		2,964,684,905.65	2,498,584,905.65
including: Preferred stock			
Perpetual bonds		2,964,684,905.65	2,498,584,905.65
Capital reserve		1,190,696,521.57	1,190,696,521.57
Less: treasury stock			
Other comprehensive income		12,048,770.00	12,049,620.00
Special reserve		3,843.22	-23,298.32
Surplus reserve		224,473,908.75	224,473,908.75
Undistributed profit		-83,743,684.19	-51,199,827.53
Total shareholders' equity		7,267,230,932.00	6,833,648,497.12
Total liabilities and shareholders' equity		18,863,749,244.41	19,913,829,526.64

Legal representative:
LI Yihua

Accounting principal:
ZHANG Jian

Accounting function's principal:
ZHANG Xiuyin

SECTION 10 FINANCIAL REPORT

CONSOLIDATED INCOME STATEMENT

From January to June 2022

Unit: Yuan Currency: RMB

Item	Note	From January to June 2022	From January to June 2021
I. Operating revenue	5.44	10,353,147,273.49	10,333,522,065.37
Less: Operating cost	5.44	9,316,599,319.51	9,206,380,124.16
Taxes and surcharges	5.45	58,195,469.53	59,249,599.79
Sales expense	5.46	41,054,811.29	41,383,526.16
Administrative expense	5.47	435,896,895.88	476,963,845.01
R&D expense	5.48	246,453,660.58	181,913,417.82
Finance expense	5.49	126,242,392.61	265,868,717.25
including: Interest expense		225,247,177.26	269,718,058.48
Interest income		67,085,104.05	53,550,332.63
Add: Other gains	5.50	1,988,382.26	1,268,604.90
Gain on investment (“–” for loss)	5.51	2,876,533.53	–22,167,916.65
including: Share of investment gain on associates and joint ventures		2,762,154.43	3,045,062.91
Gain on de-recognition of financial assets measured at amortized cost (“–” for loss)			–25,870,682.82
Gain on exposure netting (“–” for loss)			
Gain on fair value change (“–” for loss)	5.52	–	–4,085,714.29
Credit impairment loss (“–” for loss)	5.53	51,356,238.19	15,109,366.50
Asset impairment loss (“–” for loss)	5.54	6,423,876.36	–8,451,908.40
Gains on disposal of assets (“–” for loss)	5.55	161,768.39	2,153,151.87
II. Operating profit (“–” for loss)		191,511,522.82	85,588,419.11
Add: non-operating income	5.56	6,062,337.56	9,257,081.53
Less: non-operating expense	5.57	38,738,113.44	15,009,093.09
III. Total profit (“–” for total loss)		158,835,746.94	79,836,407.55
Less: income tax expense	5.58	60,751,045.33	28,593,875.89
IV. Net profit (“–” for net loss)		98,084,701.61	51,242,531.66
(I) Classified on a going concern basis:			
1. Net profit from continuing operations (“–” for net loss)		98,084,701.61	51,242,531.66
2. Net profit from discontinued operations (“–” for net loss)			
(II) Classified according to the ownership:			
1. Net profit attributable to shareholders of the parent company (“–” for net loss)		66,327,751.24	3,365,857.05
2. Profit and loss attributable to minority shareholders (“–” for net loss)		31,756,950.37	47,876,674.61

SECTION 10 FINANCIAL REPORT

Item	Note	From January to June 2022	From January to June 2021
V. Other comprehensive income, net of tax		37,347,648.91	-20,093,622.81
(I) Other comprehensive income attributable to owners of the parent, net of tax		37,310,629.41	-19,984,713.84
1. Items that may not be reclassified to profit or loss		-221,561.31	-10,428,533.86
(1) Change on remeasurement of defined benefit plan		81,515.28	-9,607,491.03
(2) Other comprehensive income under equity method that may not be transferred to profit or loss			
(3) Change in fair value of other equity instrument investment		-303,076.59	-821,042.83
(4) Fair value change arising from credit risk of the Company			
2. Items that will be reclassified subsequently to profit or loss		37,532,190.72	-9,556,179.98
(1) Other comprehensive income under equity method that may be transferred to profit or loss			
(2) Change in fair value of other debt investments			
(3) Amount of financial assets reclassified into other comprehensive income			
(4) Credit impairment provision for other debt investments			
(5) Cash flow hedge reserve			
(6) Exchange difference on translation of financial statements in foreign currency		37,532,190.72	-9,556,179.98
(7) Others			
(II) Other comprehensive income attributable to minority shareholders, net of tax		37,019.50	-108,908.97
VI. Total comprehensive income		135,432,350.52	31,148,908.85
(I) Total comprehensive income attributable to owners of the parent		103,638,380.65	-16,618,856.79
(II) Total comprehensive income attributable to minority shareholders		31,793,969.87	47,767,765.64
VII. Earnings per share			
(I) Basic earnings per share		0.02	-0.01
(II) Diluted earnings per share		-	-

Legal representative:
LI Yihua

Accounting principal:
ZHANG Jian

Accounting function's principal:
ZHANG Xiuyin

SECTION 10 FINANCIAL REPORT

INCOME STATEMENT OF THE PARENT

From January to June 2022

Unit: Yuan Currency: RMB

Item	Note	From January to June 2022	From January to June 2021
I. Operating revenue	15.4	274,175,126.32	255,132,284.97
Less: Operating cost	15.4	256,484,204.88	265,498,920.83
Taxes and surcharges		4,750,571.82	1,922,880.14
Sales expense		13,480,422.16	11,517,648.45
Administrative expense		63,016,015.00	74,025,274.42
R&D expense		3,373,943.57	4,667,001.49
Finance expense		34,716,468.50	41,710,857.53
including: Interest expense		141,413,837.45	147,768,340.00
Interest income		88,286,709.30	128,967,822.73
Add: Other gains		508,711.23	345,910.82
Gain on investment ("–" for loss)	15.5	9,462,839.83	288,295,920.40
including: Share of investment gain on associates and joint ventures		1,273,432.46	4,703,945.32
Gain on de-recognition of financial assets measured at amortized cost ("–" for loss)			
Gain on exposure netting ("–" for loss)			
Gain on fair value change ("–" for loss)			–4,085,714.29
Credit impairment loss ("–" for loss)		82,813,783.08	–20,920,500.20
Asset impairment loss ("–" for loss)		3,442,706.52	–2,580,621.88
Gains on disposal of assets ("–" for loss)			
II. Operating profit ("–" for loss)		–5,418,458.95	116,844,696.96
Add: non-operating income		723,757.79	19,692.16
Less: non-operating expense		444.48	3,911.59
III. Total profit ("–" for total loss)		–4,695,145.64	116,860,477.53
Less: income tax expense		12,987,599.79	–26,689,224.57
IV. Net profit ("–" for net loss)		–17,682,745.43	143,549,702.10
(I) Net profit from continuing operations ("–" for net loss)		–17,682,745.43	143,549,702.10
(II) Net profit from discontinued operations ("–" for net loss)			

SECTION 10 FINANCIAL REPORT

Item	Note	From January to June 2022	From January to June 2021
V. Other comprehensive income, net of tax		-850.00	-83,300.00
(I) Items that may not be reclassified to profit or loss		-850.00	-83,300.00
1. Change on remeasurement of defined benefit plan		-850.00	-83,300.00
2. Other comprehensive income under equity method that may not be transferred to profit or loss			
3. Change in fair value of other equity instrument investment			
4. Fair value change arising from credit risk of the Company			
(II) Items that will be reclassified subsequently to profit or loss		-	-
(1) Other comprehensive income under equity method that may be transferred to profit or loss			
(2) Change in fair value of other debt investments			
(3) Amount of financial assets reclassified into other comprehensive income			
(4) Credit impairment provision for other debt investments			
(5) Cash flow hedge reserve			
(6) Exchange difference on translation of financial statements in foreign currency			
(7) Others			
VI. Total comprehensive income		-17,683,595.43	143,466,402.10
VII. Earnings per share			
(I) Basic earnings per share			
(II) Diluted earnings per share			

Legal representative:
LI Yihua

Accounting principal:
ZHANG Jian

Accounting function's principal:
ZHANG Xiuyin

SECTION 10 FINANCIAL REPORT

CONSOLIDATED STATEMENT OF CASH FLOWS

From January to June 2022

Unit: Yuan Currency: RMB

Item	Note	From January to June 2022	From January to June 2021
I. Cash flows from operating activities:			
Cash received from sales of goods or rendering of services		9,738,035,398.61	9,879,633,711.83
Tax rebate received		39,936,347.57	9,543,687.25
Other cash received relating to operating activities	5.59	116,091,910.94	314,419,816.75
Subtotal of cash inflows from operating activities		9,894,063,657.12	10,203,597,215.83
Cash paid for purchase of goods or receiving of services		9,135,171,501.50	9,047,355,844.08
Cash paid to and for employees		1,044,287,303.97	1,091,791,986.85
Taxes paid		464,327,236.48	442,986,218.81
Other cash paid relating to operating activities	5.59	357,398,504.60	235,082,985.40
Subtotal of cash outflows from operating activities		11,001,184,546.55	10,817,217,035.14
Net cash flows from operating activities		-1,107,120,889.43	-613,619,819.31
II. Cash flows from investing activities:			
Cash received from withdrawal of investments		18,385,144.45	268,778,069.97
Cash received from investment gains		37,324.04	81,392,652.32
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets		86,971.00	25,521,952.46
Net proceeds from disposal of a subsidiary and other business units			
Other cash received relating to investing activities			
Subtotal of cash inflows from investing activities		18,509,439.49	375,692,674.75
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets		1,582,576,332.81	2,137,907,833.86
Payment for investments			3,354,444.46
Net cash paid for acquisition of a subsidiary and other business unit			
Other cash paid relating to investing activities			
Subtotal of cash outflows from investing activities		1,582,576,332.81	2,141,262,278.32
Net cash flows from investing activities		-1,564,066,893.32	-1,765,569,603.57

SECTION 10 FINANCIAL REPORT

Item	Note	From January to June 2022	From January to June 2021
III. Cash flows from financing activities:			
Cash received from absorbing investments		2,588,000,000.00	2,002,180,000.00
including: Capital contributions received by subsidiaries from minority shareholders		2,588,000,000.00	2,002,180,000.00
Cash received from borrowings		6,539,963,991.16	8,550,826,366.22
Other cash received relating to financing activities	5.59	1,466,100,000.00	
Subtotal of cash inflows from financing activities		10,594,063,991.16	10,553,006,366.22
Cash paid on repayment of debts		5,964,617,216.67	8,956,870,700.00
Cash payments for distribution of dividends or profit or repayment of interest		406,699,495.73	403,411,344.01
including: Dividends or profits paid by subsidiaries to minority shareholders		58,245,249.99	56,406,000.00
Other cash paid relating to financing activities	5.59	1,021,061,500.00	5,615,074.95
Subtotal of cash outflows from financing activities		7,392,378,212.40	9,365,897,118.96
Net cash flows from financing activities		3,201,685,778.76	1,187,109,247.26
IV. Impact of exchange rate on cash and cash equivalents			
		26,820,314.24	-9,811,569.69
V. Net increase in cash and cash equivalents			
		557,318,310.25	-1,201,891,745.31
Add: Balance of cash and cash equivalents as at the beginning of the period	5.60	6,618,304,071.35	6,549,994,944.43
VI. Balance of cash and cash equivalents as at the end of the period			
	5.60	7,175,622,381.60	5,348,103,199.12

Legal representative:
LI Yihua

Accounting principal:
ZHANG Jian

Accounting function's principal:
ZHANG Xiuyin

SECTION 10 FINANCIAL REPORT

STATEMENT OF CASH FLOWS OF THE PARENT

From January to June 2022

Unit: Yuan Currency: RMB

Item	Note	First half of 2022	First half of 2021
I. Cash flows from operating activities:			
Cash received from sales of goods or rendering of services		1,008,500,676.22	825,748,297.71
Tax rebate received		1,027,451.20	
Other cash received relating to operating activities		172,556,498.48	349,693,581.50
Subtotal of cash inflows from operating activities		1,182,084,625.90	1,175,441,879.21
Cash paid for purchase of goods or receiving of services		1,159,279,190.76	1,042,603,708.68
Cash paid to and for employees		115,099,908.64	115,997,954.47
Taxes paid		40,994,628.78	6,316,403.60
Other cash paid relating to operating activities		125,977,254.79	283,467,483.85
Subtotal of cash outflows from operating activities		1,441,350,982.97	1,448,385,550.60
Net cash flows from operating activities		-259,266,357.07	-272,943,671.39
II. Cash flows from investing activities:			
Cash received from withdrawal of investments		1,296,413,901.12	2,332,800,000.00
Cash received from investment gains		61,199,804.46	129,325,516.26
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets			
Net proceeds from disposal of a subsidiary and other business unit			
Other cash received relating to investing activities		18,207,638.89	
Subtotal of cash inflows from investing activities		1,375,821,344.47	2,462,125,516.26
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets		829,611.87	345,153.66
Payment for investments		1,292,283,200.00	2,230,808,400.00
Net cash paid for acquisition of a subsidiary and other business unit			50,365,000.00
Other cash paid relating to investing activities			
Subtotal of cash outflows from investing activities		1,293,112,811.87	2,281,518,553.66
Net cash flows from investing activities		82,708,532.60	180,606,962.60

SECTION 10 FINANCIAL REPORT

Item	Note	First half of 2022	First half of 2021
III. Cash flows from financing activities:			
Cash received from absorbing investments			
Cash received from borrowings		3,299,980,000.00	6,112,922,222.22
Other cash received relating to financing activities		1,466,100,000.00	
Subtotal of cash inflows from financing activities		4,766,080,000.00	6,112,922,222.22
Repayment of debts		4,329,717,216.67	6,082,237,700.00
Cash payments for distribution of dividends or profit or repayment of interest		140,293,803.50	172,973,395.60
Other cash paid relating to financing activities		1,023,861,606.67	1,320,070.31
Subtotal of cash outflows from financing activities		5,493,872,626.84	6,256,531,165.91
Net cash flows from financing activities		-727,792,626.84	-143,608,943.69
IV. Impact of exchange rate on cash and cash equivalents		23,481,605.39	-8,807,587.26
V. Net increase in cash and cash equivalents		-880,868,845.92	-244,753,239.74
Add: Balance of cash and cash equivalents as at the beginning of the period		2,379,403,341.85	1,493,571,879.69
VI. Balance of cash and cash equivalents as at the end of the period		1,498,534,495.93	1,248,818,639.95

Legal representative:
LI Yihua

Accounting principal:
ZHANG Jian

Accounting function's principal:
ZHANG Xiuyin

SECTION 10 FINANCIAL REPORT

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Unit: RMB

Item	From January to June 2022									
	Attributable to shareholders of the parent									
	Other equity instrument		Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Subtotal	Minority shareholders' interests	Total shareholders' interests
	Share capital	Preferred stock								
I. Balance at the end of last year	2,959,066,667.00	-	-	124,407,809.47	159,810,487.28	224,473,908.75	794,976,623.67	7,637,117,760.35	8,878,064,258.75	16,515,182,019.10
Add: Change in accounting policies	-	-	-	-	-	-	-	-	-	-
Correction of prior-year errors	-	-	-	-	-	-	-	-	-	-
Business combination under common control	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-
II. Balance at the beginning of the year	2,959,066,667.00	-	-	124,407,809.47	159,810,487.28	224,473,908.75	794,976,623.67	7,637,117,760.35	8,878,064,258.75	16,515,182,019.10
Increases or decreases in the period	-	-	-	-	-	-	-	-	-	-
(I) "—" for decrease	-	-	-	-	-	-	-	-	-	-
(II) Total comprehensive income	-	-	-	37,310,629.41	21,182,712.98	-	51,496,640.01	58,625,092.45	2,574,566,445.06	3,141,091,537.51
(III) Increase and decrease in capital	-	-	-	37,310,629.41	-	-	66,327,751.24	103,638,380.65	31,793,969.87	135,432,350.52
contribution from shareholders	-	-	-	-	-	-	-	-	-	-
1. Ordinary shares contributed by shareholders	-	-	-	-	-	-	-	466,100,000.00	2,588,177,694.89	3,054,277,694.89
2. Capital contribution from other equity instrument holders	-	-	-	-	-	-	-	-	2,588,000,000.00	2,588,000,000.00
3. Amount included in shareholders' equity arising from share-based payment	-	-	-	-	-	-	-	466,100,000.00	-	466,100,000.00
4. Others	-	-	-	-	-	-	-	-	-	-
(III) Profit distribution	-	-	-	-	-	-	-14,861,111.23	-24,396,001.18	-58,245,249.99	-82,641,251.17
1. Appropriation to surplus reserve	-	-	-	-	-	-	-	-	-	-
2. Distribution to shareholders	-	-	-	-	-	-	-	-	-	-
3. Others	-	-	-	-	-	-	-14,861,111.23	-24,396,001.18	-58,245,249.99	-82,641,251.17
(IV) Transfers within shareholders' equity	-	-	-	-	-	-	-	-	-	-
1. Capital reserve transferred to share capital	-	-	-	-	-	-	-	-	-	-
2. Surplus reserve transferred to share capital	-	-	-	-	-	-	-	-	-	-
3. Surplus reserve used to make up loss	-	-	-	-	-	-	-	-	-	-
4. Change in DBP transferred to retained earnings	-	-	-	-	-	-	-	-	-	-
5. Other comprehensive income transferred into retained earnings	-	-	-	-	-	-	-	-	-	-
6. Others	-	-	-	-	-	-	-	-	-	-
(V) Special reserve	-	-	-	-	-	-	-	-	-	-
1. Appropriation to special reserve	-	-	-	-	-	-	-	-	-	-
2. Use of special reserve	-	-	-	-	-	-	-	-	-	-
(VI) Others	-	-	-	-	-	-	-	-	-	-
IV. Balance at the end of the period	2,959,066,667.00	-	-	161,718,438.88	180,993,200.26	224,473,908.75	846,442,263.88	8,203,642,852.80	11,452,630,703.51	19,656,273,556.61

Legal representative:
LI YihuaAccounting principal:
ZHANG JianAccounting function's principal:
ZHANG Xiuyin

SECTION 10 FINANCIAL REPORT

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY OF THE PARENT

Unit: RMB

Item	Other equity instrument					From January to June 2022		Total shareholders' interests
	Share capital	Preferred stock	Perpetual bonds	Others	Capital reserve	Less: treasury stock	Other comprehensive income	
I. Balance at the end of last year	2,959,066,667.00		2,498,584,905.65		1,190,696,521.57		12,049,620.00	6,833,648,497.12
Adit: Change in accounting policies								
Correction of prior-year errors								
Others								
II. Balance at the beginning of the year	2,959,066,667.00		2,498,584,905.65		1,190,696,521.57		12,049,620.00	6,833,648,497.12
III. Increases or decreases in the period ("—" for decrease)								
(i) Total comprehensive income								
(ii) Increase and decrease in capital contribution from shareholders								
1. Ordinary shares contributed by shareholders								
2. Capital contribution from other equity instrument holders								
3. Amount included in shareholders' equity arising from share-based payment								
4. Others								
(iii) Profit distribution								
1. Appropriation to surplus reserve								
2. Distribution to shareholders								
3. Others								
(iv) Transfers within shareholders' equity								
1. Capital reserve transferred to share capital								
2. Surplus reserve transferred to share capital								
3. Surplus reserve used to make up loss								
4. Change in DBP transferred to retained earnings								
5. Other comprehensive income transferred into retained earnings								
6. Others								
(v) Special reserve								
1. Appropriation to special reserve								
2. Use of special reserve								
(vi) Others								
IV. Balance at the end of the period	2,959,066,667.00		2,964,684,905.65		1,190,696,521.57		12,048,770.00	7,267,230,932.00

Legal representative:
LI YihuaAccounting principal:
ZHANG JianAccounting function's principal:
ZHANG Xiuyin

SECTION 10 FINANCIAL REPORT

NOTES TO THE FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise indicated herein)

1. GENERAL INFORMATION**(1) Place of incorporation, organizational form and head office**

China Aluminum International Engineering Corporation Limited (hereinafter referred to as “Chalieco”), formerly known as China Aluminum International Engineering Co., Ltd., was established on 16 December 2003 with a capital contribution of RMB200,000,000.00 from China Aluminum Group Limited (hereinafter referred to as “China Aluminum Group”) and China Aluminum International Trade Co., Ltd. (hereinafter referred to as “China Aluminum International Trade”), with China Aluminum Group and China Aluminum International Trade holding 95% and 5% equity in Chalieco respectively.

In December 2010, China Aluminum International Trade transferred its 5% equity in the Company to China Aluminum Group, whereupon Chalieco became a wholly-owned subsidiary of China Aluminum Group.

Chalieco was reorganized in 2011 and was incorporated as a joint stock company in Beijing in June 2011 with a registered capital of RMB2,300,000,000.00.

In July 2012, Chalieco offered 363,160,000 shares (H shares) to overseas investors on the main board of the Stock Exchange. The stock abbreviation is “Chalieco” and the stock code is “2068”. In H share offering, under relevant approval, China Aluminum Group and Luoyang Institute converted their 36,316,000 state-owned domestic shares, equivalent to 10% of the number of H shares under public offering, into H shares on a 1:1 basis and transferred them to the National Council of Social Security Funds on the day of listing. Upon consummation of the above offering, the total share capital increased to RMB2,663,160,000.00.

As approved by the Approval in Relation to the Initial Public Offering of Shares by China Aluminum International Engineering Corporation Limited (Zheng Jian Xu Ke [2018] No. 934) issued by the China Securities Regulatory Commission, the stock abbreviation is “中鋁國際” and the stock code is “601068”. On 27 August 2018, the Company issued 295,906,667 ordinary shares in Renminbi to the public (at a face value of RMB1 per share), increasing its registered capital by RMB295,906,667.00. The enlarged registered capital is RMB2,959,066,667.00.

Chalieco’s registered address is Building C, No. 99 Xingshikou Road, Haidian District, Beijing, PRC, with a unified social credit code of 911100007109323200.

The ultimate controller of Chalieco is China Aluminum Group Limited.

SECTION 10 FINANCIAL REPORT

1. GENERAL INFORMATION (Continued)**(2) Business nature and principal operations**

The industry in which the Company operates: construction.

Principal business activities: engineering technology, design and consultancy, engineering construction and installation, equipment manufacturing and trading.

(3) Approver of the financial report and the date of approval

The financial statements were approved by the board of Directors of the Company on 8 August 2022.

(4) Scope of consolidation of financial statements for the current period

Consolidated financial statements for the current reporting period covers China Aluminum International Engineering Corporation Limited and its subsidiaries. See Note 7(1) for details.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

- (1) Basis of preparation: The financial statements have been prepared on the going concern basis of actual transactions and events in accordance with “the Accounting Standards for Business Enterprises – Basic Standards” and relevant specific standards (together “the Accounting Standards for Business Enterprises”) issued by the Ministry of Finance, and based on the following significant accounting policies and accounting estimates.
- (2) Going concern: The Company has the ability to continue as a going concern at least over the next 12 months from the end of reporting period and there is no material event that may affect the Company’s ability to operate as a going concern.

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES**(1) Statement of compliance with the Accounting Standards for Business Enterprises**

The financial statements prepared by the Company give a true and complete view of financial position of the Company as at 30 June 2022, and operating results and cash flows of the Company from January to June 2022 in accordance with the Accounting Standards for Business Enterprises.

(2) Accounting Period

The Company’s accounting year is the calendar year, from 1 January to 31 December each year.

SECTION 10 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(3) Operating cycle

The Company takes a 12-months year as a usual operating cycle, and uses an operating cycle to as the standard to determine the liquidity of assets and liabilities.

(4) Functional currency

The Company's functional currency is RMB.

(5) Business combination

1. Business combination under common control

If the acquirer of long-term equity investment arising from business combination under common control pays the consideration of combination by payment of cash, transfer of non-cash assets or assumption of debts, the Company records the initial cost of long-term equity investment based on the share of the acquiree's owners' equity in the consolidated financial statements of the ultimate controller on the combination date. If the acquirer pays the consideration of combination by issuance of equity instruments, the total face value of the issued shares is recorded as share capital. The capital reserve is adjusted for the difference between the initial investment cost of long-term equity investment and the carrying value of the consideration of combination (or the total face value of the issued shares). If the capital reserve is not sufficient, any excess reduces retained earnings.

2. Business combination not under common control

For business combination not under common control, the combination cost is the sum of the fair value of assets, liabilities incurred or assumed and equity securities issued by the acquirer in order to obtain control over the acquiree on the acquisition date. The identifiable assets, liabilities and contingent liabilities of the acquiree that meet the recognition conditions and are acquired in the business combination not under common control are measured at their fair value on the acquisition date. The excess of the acquirer's combination cost over the share of fair value of net identifiable assets of the acquiree obtained in the combination is reflected in the value of goodwill. If the acquirer's combination cost is lower than the share of fair value of net identifiable assets of the acquiree obtained in the combination, and the difference remains after view, then the difference is recorded in non-operating income for the current period.

SECTION 10 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(6) Method for preparing consolidated financial statements

1. Scope of consolidated financial statements

The Company includes all subsidiaries (including separate entities controlled by the Company) in the scope of consolidated financial statements, including companies controlled by the Company, separable parts of the investee and structured entities.

2. Unifying accounting policies, balance sheet date and accounting period of the parent and subsidiaries

If the accounting policy or accounting period adopted by a subsidiary is inconsistent with that adopted by the Company, the subsidiary's financial statements are adjusted for the Company's accounting policy or accounting period as necessary in preparing the consolidated financial statements.

3. Offset matters in the consolidated financial statements

The Company prepares consolidated financial statements based on the financial statements of the Company and its subsidiaries, having eliminated all transactions between the Company and its subsidiaries and among subsidiaries. The share of owners' equity of a subsidiary not attributable to the Company is recorded as non-controlling interests, and presented in "non-controlling interests" under shareholders' equity in the consolidated balance sheet. If a subsidiary holds long-term equity investment in the Company, the same is deemed treasury stock of the Group, reduces shareholders' equity and is presented as "less: treasury stock" under shareholders' equity in the consolidated balance sheet.

4. Accounting treatment of subsidiaries acquired through merger

For a subsidiary acquired through business combination under common control, its assets, liabilities, operating results and cash flows are included in the consolidated financial statements from the beginning of the current period, as if the business combination occurred when the ultimate controller started to control the subsidiary. For a subsidiary acquired through business combination not under common control, for the purpose of preparing the consolidated financial statements, its individual financial statements are adjusted to the fair value of its net identifiable assets on the date of acquisition.

SECTION 10 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)**(6) Method for preparing consolidated financial statements (Continued)****5. Accounting treatment for disposal of subsidiaries**

For long-term equity investment in a subsidiary partially disposed of without loss of control, adjustment shall be made in the consolidated financial statements to the capital reserve (capital premium or equity premium) based on the difference between the disposal price and the share of net assets accrued from the date of acquisition or the date of combination of the subsidiary attributable to the long-term equity investment disposed of, and to the retained earnings if the capital reserve is insufficient for the write-down.

For loss of control over an investee due to reasons such as partial disposal of equity investment, in preparing the consolidated financial statements, the remaining equity shall be re-measured at the fair value on the date of loss of control. The difference between the sum of the consideration obtained for the disposal of equity and the fair value of the remaining equity and the share of net assets accrued from the date of acquisition or the date of combination of the original subsidiary subject to the original shareholding percentage shall be accounted for as investment gains in the period when the control is lost after writing down the goodwill. Other comprehensive income related to the equity investment in the original subsidiary shall be transferred to investment gains in the period when the control is lost.

(7) Classification of joint arrangements and accounting treatment of joint operations**1. Classification of joint arrangements**

Joint venture arrangements are classified as either joint operations or joint ventures. A joint arrangement not reached by a separate entity is classified as a joint operation. Separate entities refer to entities with separately identifiable financial structure, including separate incorporated entities, and unincorporated entities recognized by law. A joint arrangement reached through a separate entity is usually classified as a joint venture. If changes in relevant facts and circumstances lead to changes in the rights and obligations of a joint venture to the joint arrangement, the joint venture should reassess the classification of the joint arrangement.

SECTION 10 FINANCIAL REPORT

**3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES
(Continued)****(7) Classification of joint arrangements and accounting treatment of joint operations
(Continued)****2. Accounting for joint operations**

As a participant in a joint operation, the Company recognizes the following items in relation to its share of interests in the joint operation, and accounts for the same according to requirements of relevant accounting standards for enterprises: separately held assets or liabilities, share of jointly held assets or liabilities, revenue from sales of the share of output of the joint venture, share of revenue generated from the sales of output of the joint venture, separately incurred expenses, and share of expenses incurred by the joint operation.

As a participant that does not have joint control over the joint operation, the Company accounts for its investment by reference to requirements applicable to a joint venture if it enjoys relevant assets and assumes relevant liabilities of the joint operation, or it accounts for the investment in accordance with requirements of relevant accounting standards for business enterprises.

3. Accounting for joint ventures

The Company, as a joint venture, accounts for its investment in the joint venture in accordance with requirements of the “Accounting Standards for Business Enterprises No.2 – Long-term Equity Investment”. If not a joint venture, the Company accounts for its investment based on degree of its influence on the joint venture.

(8) Determination of cash and cash equivalents

For the purpose of preparing the statement of cash flows, cash refers to cash on hand and deposits that can be readily used for payment. For the purpose of preparing the statement of cash flows, cash equivalents refer to short-term highly liquid investments that can be readily converted into known amount of cash with insignificant risk of change in value.

SECTION 10 FINANCIAL REPORT

**3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES
(Continued)****(9) Foreign currency transactions and translation of foreign currency financial statements****1. Translation of foreign currency transactions**

The Company translates foreign currency transactions into functional currency at the spot exchange rate prevailing on the date of transaction. On the balance sheet date, foreign currency monetary items are converted at the spot exchange rate prevailing on the balance sheet date. Exchange gain or loss arising from the difference between the spot exchange rate prevailing on that date and the spot exchange rate prevailing at the time of initial recognition or the previous balance sheet date is recognized in the profit or loss, except that exchange differences on foreign currency special loans qualified for capitalization are capitalized and included in the cost of related assets during the capitalization period. Foreign currency non-monetary items measured at historical cost are still converted at the spot exchange rate prevailing on the transaction date, and the amount in its functional currency is not changed. Foreign currency non-monetary items measured at fair value are converted at the spot exchange rate prevailing on the date when the fair value is determined. The difference between the converted amount in functional currency and the original amount in functional currency is treated as fair value change (including exchange rate change) and in profit or loss or in other comprehensive income.

2. Translation of foreign currency financial statements

If any subsidiary, joint venture and associate of the Company adopts a functional currency different from that of the Company, its foreign currency financial statements are translated before accounting and preparation of consolidated financial statements. Assets and liabilities items in the balance sheet are translated at the spot exchange rate prevailing on the balance sheet date. Except for “undistributed profit”, other owners’ equity items are translated at the spot exchange rate prevailing at the time of occurrence. Income and expense items in the income statement are translated at the spot exchange rate on the transaction date. The translation difference on foreign currency statements resulting from the translation is shown within other comprehensive income in owners’ equity in the balance sheet. Foreign currency cash flows are translated at the spot exchange rate prevailing on the date when the cash flow occurs. The impact of exchange rate changes on cash is shown separately in the statement of cash flows. When an overseas operation is disposed of, the translation difference on foreign currency statements related to the overseas operation is recorded in profit or loss for the period in which the disposal occurs in whole or at the percentage of overseas operation disposed of.

SECTION 10 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(10) Financial instruments

1. Recognition and derecognition of financial instruments

The Company recognizes a financial asset, financial liability or equity instrument when it becomes a party to a financial instrument contract.

For the purchase or sale of a financial asset by conventional means, the Company recognizes the asset to be received or the liability to be assumed for this purpose on the transaction day, or derecognize the sold asset on the transaction day recognizes the gain or loss on disposal as well as the receivables due from the buyer.

A financial asset that meets any one of the following conditions is derecognized:

- (1) The contractual right to receive cash flows from the financial asset is terminated.
- (2) The financial asset has been transferred, and the transfer meets the requirements for derecognition of financial assets.

If the present obligation of a financial liability (or part thereof) has been discharged, the Company derecognizes the financial liability (or part thereof).

If the Company (as the borrower) and the lender enters into an agreement to replace the original financial liability by assuming a new financial liability, and the contract terms of the new financial liability deviated materially from the original financial liability, the Company derecognizes the original financial liability and recognizes a new financial liability.

If the Company makes any substantial revision to the contract terms of the original financial liability (or part thereof), the original financial liability is derecognized and a new financial liability is recognized in accordance with the revised terms.

If a financial liability (or part thereof) is derecognized, the Company records the difference between its book value and the consideration paid (including non-cash assets transferred or liabilities assumed) in the profit or loss.

If the Company repurchases part of a financial liability, the book value of the financial liability is allocated between the derecognized portion and the remaining portion in proportion to their respective fair values on the repurchasing date. The difference between the book value allocated to the derecognized portion and the consideration paid (including non-cash assets transferred or liabilities assumed) is included in the profit or loss.

SECTION 10 FINANCIAL REPORT

**3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES
(Continued)****(10) Financial instruments (Continued)****2. Transfer of financial assets**

Transfer of a financial asset refers to that the Company (as the transferor) transfers or delivers the financial asset (or its cash flows) to another party (transferee) other than the issuer of the financial asset.

Transfer of a financial asset includes the following two circumstance:

- (1) The Company transfers the contractual right to receive cash flows from the financial asset to another party.
- (2) The Company retains the contractual right to receive cash flows from the financial asset, but undertakes the contractual obligation to pay the received cash flows to one or more ultimate beneficiaries, and the following conditions are satisfied:
 - A. The Company is obliged to pay the ultimate beneficiary only when it receives equivalent cash flows from the financial asset. This condition is deemed satisfied if the Company provides advances but has the right to fully recover the advance and charge interest at the market interest rate.
 - B. Although the transfer contract prohibits the Company from selling or mortgaging the financial asset, the Company can use it as a guarantee of the obligation to pay cash flows to the ultimate beneficiary.
 - C. The Company has the obligation to transfer all cash flows collected on behalf of the ultimate beneficiary to the ultimate beneficiary in a timely manner without any undue delay. The Company has no right to reinvest the cash flows, but this condition is deemed satisfied if the Company invests such cash flows in cash or cash equivalents for the short settlement period between the collection date and the transfer date required by the ultimate beneficiary and pays the gain on such investment to the ultimate beneficiary as agreed in the contract.

SECTION 10 FINANCIAL REPORT

**3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES
(Continued)****(10) Financial instruments (Continued)****2. Transfer of financial assets (Continued)**

When a financial asset is transferred, the Company assesses the degree of risks and rewards in retaining the ownership of the financial asset and treats it as follows:

- (1) If the Company has transferred almost all risks and rewards in the ownership of the financial asset, the financial asset is derecognized, and the rights and obligations generated or retained in the transfer are separately recognized as assets or liabilities.
- (2) If the Company has retained almost all risks and rewards in the ownership of the financial asset, it continues to recognize the financial asset.
- (3) If the Company neither transfers nor retains almost all risks and rewards in the ownership of the financial asset, the Company treats it as follows depending on whether it retains control over the financial asset:
 - A. If the Company does not retain control over the financial asset, the financial asset is derecognized, and the rights and obligations arising from or retained in the transfer are separately recognized as assets or liabilities.
 - B. If the Company retains control over the financial asset, it recognizes relevant financial asset to the extent of its continuing involvement in the transferred financial asset and recognizes relevant liabilities accordingly.

3. Classification of financial assets

The Company classifies financial assets into the following three categories depending on its business mode of managing financial assets and the characteristics of contractual cash flows from financial assets:

- (1) Financial assets at amortized cost.
- (2) Financial assets at fair value through other comprehensive income (FVTOCI).
- (3) Financial assets at fair value through profit or loss (FVTPL).

SECTION 10 FINANCIAL REPORT

**3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES
(Continued)****(10) Financial instruments (Continued)****3. Classification of financial assets (Continued)**

Financial assets that meet all of the following conditions are classified as financial assets at amortized cost:

- (1) The Company's business mode of managing the financial asset is to collect the contractual cash flows.
- (2) The contractual terms of the financial asset stipulate that the cash flow generated on a specific date is solely the payment of principal and interest based on the amount of outstanding principal.

Financial assets that meet all of the following conditions are classified as financial assets at FVTOCI:

- (1) The Company's business mode of managing the financial asset aims at both collecting the contractual cash flow and selling the financial asset.
- (2) The contractual terms of the financial asset stipulate that the cash flow generated on a specific date is solely the payment of principal and interest based on the amount of outstanding principal.

The Company classifies all financial assets other than those at amortized cost and those at FVTOCI as financial assets at FVTPL.

On initial recognition, the Company may elect to designate equity instrument investments not for trading purpose as financial assets at FVTOCI, and designation is not cancellable once made.

SECTION 10 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)**(10) Financial instruments (Continued)****3. Classification of financial assets (Continued)**

If a financial asset or financial liability meets any of the following conditions, it indicates that the Company holds the financial asset or assumes the financial liability for trading purpose:

- (1) The purpose of acquiring relevant financial asset or assuming relevant financial liability is mainly for sale or repurchase in the near future.
- (2) Relevant financial asset or financial liability is part of the identifiable portfolio of financial instruments under centralized management at the time of initial recognition, and there is objective evidence that there is a short-term profit pattern in the near future.
- (3) Relevant financial assets or financial liabilities are derivative instruments. However, derivatives that meet the definition of financial guarantee contracts and derivatives designated as effective hedging instruments are excluded.

On initial recognition, if accounting mismatch can be eliminated or significantly reduced, the Company may elect to designate financial assets as financial assets at FVTPL. The designation is not revocable once made.

4. Classification of financial liabilities

Except for the following items, the Company classifies financial liabilities as financial liabilities at amortized cost:

- (1) Financial liabilities at FVTPL include financial liabilities held for trading (including derivatives that are financial liabilities) and financial liabilities designated at fair value through profit or loss.
- (2) Financial liabilities resulting from the transfer of financial assets that do not meet the conditions for derecognition or from continuing involvement in the transferred financial asset.

If a financial liability arises from contingent consideration recognized by the Company as the acquirer in a business combination not under common control, the financial liability is measured at FVTPL.

SECTION 10 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)**(10) Financial instruments (Continued)****4. Classification of financial liabilities (Continued)**

On initial recognition, in order to provide more relevant accounting information on initial recognition, the Company may elect to designate a financial liability at FVTPL provided that any of the following conditions is satisfied:

- (1) The designation can eliminate or significantly reduce accounting mismatch.
- (2) Pursuant to the Company's risk management or investment strategy set out in an official written document, the management and performance evaluation of the financial liability portfolio or the portfolio of financial assets and financial liabilities are conducted at fair value, and reported to key management within the Company on this basis.

The designation is not revocable once made.

5. Reclassification of financial instruments

When the Company changes its business mode of managing financial assets, it reclassifies all relevant financial assets affected thereby.

The Company does not reclassify any financial liability.

In case of reclassification of financial assets, the Company adopts the prospective method for relevant accounting treatment from the reclassification date, and does not retroactively adjust previously recognized gains, losses (including impairment losses or gains) or interests.

If the Company reclassifies a financial asset at amortized cost to a financial asset at FVTPL, it measures the asset at its fair value on the reclassification date. The difference between the original book value and the fair value is recorded in profit or loss.

If the Company reclassifies a financial asset at amortized cost to a financial asset at FVTOCI, it measures the financial asset at its fair value on the reclassification date. The difference between the original book value and the fair value is recorded in other comprehensive income. The reclassification of this financial asset does not affect the measurement of its effective interest rate and expected credit loss.

SECTION 10 FINANCIAL REPORT

**3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES
(Continued)****(10) Financial instruments (Continued)****5. Reclassification of financial instruments (Continued)**

If the Company reclassifies a financial asset at FVTOCI to a financial asset at amortized cost, it reverses the accumulated gains or losses previously recorded in other comprehensive income, adjusts the fair value of the financial asset on the reclassification date and uses the adjusted amount as its new book value, as if the financial asset has been measured at amortized cost from the very beginning. The reclassification of the financial asset does not affect the measurement of its effective interest rate and expected credit loss.

If the Company reclassifies a financial asset at FVTOCI to a financial asset at FVTPL, it continues to measure the financial asset at fair value. Meanwhile, the Company transfers accumulated gains or losses previously recorded in other comprehensive income from other comprehensive income to profit or loss.

If the Company reclassifies a financial asset at FVTPL to a financial asset at amortised cost, it uses the fair value on the reclassification date as the new book balance.

If the Company reclassifies a financial asset at FVTPL to a financial asset at FVTOCI, it continues to measure the financial asset at fair value.

6. Measurement of financial instruments

The Company measures financial assets or financial liabilities at fair value on initial recognition. For financial assets and financial liabilities at FVTPL, relevant transaction costs are directly recorded in profit or loss; for other financial assets or financial liabilities, relevant transaction costs are recorded in the initial recognition amount. However, if accounts receivable initially recognized by the Company do not contain significant financing component or if the financing component of a contract for a term not exceeding one year is not considered, the financial asset or financial liability is initially measured at the transaction price.

SECTION 10 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)**(10) Financial instruments (Continued)****6. Measurement of financial instruments (Continued)**

The amortized cost of a financial asset or financial liability is determined on the basis of its initially recognized amount adjusted as follows:

- (1) Deducting any repaid principal.
- (2) Adding or subtracting the accumulated amortization of the difference between the amount initially recognized and the amount on the maturity date using the effective interest rate method.
- (3) Deducting accumulated allowance for loss (in case of a financial asset).

The Company recognizes interest income using the effective interest rate method. Interest income is calculated and determined by multiplying the book balance of a financial asset by the effective interest rate, except for the following:

- (1) For a purchased or originated financial asset that is credit-impaired, the Company calculates and determines its interest income by multiplying the amortized cost of the financial asset by the credit adjusted effective interest rate from the initial recognition.
- (2) For a purchased or originated financial asset that is not credit-impaired but is credit-impaired subsequently, the Company calculates and determines the interest income by multiplying the amortized cost by the effective interest rate in the subsequent period. Where the Company calculates the interest income by applying the effective interest rate method to the amortised cost of a financial asset as aforesaid, if the financial instrument is no longer credit-impaired subsequently due to improvement of its credit risk, and such improvement can be objectively related to an event occurring after the above provisions are applied (such as an upgrade to the debtor's credit rating), the Company then calculates and determines the interest income by multiplying the book balance of the financial asset by the effective interest rate.

SECTION 10 FINANCIAL REPORT

**3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES
(Continued)****(10) Financial instruments (Continued)****6. Measurement of financial instruments (Continued)**

A financial asset is credit-impaired when one or more events that have an adverse impact on expected future cash flows of the financial asset occur. Evidence that a financial asset is credit-impaired include the following observable information:

- (1) The issuer or debtor has material financial difficulties;
- (2) The debtor violates the contract, such as default or overdue payment of interest or principal, etc.;
- (3) Creditors grant concessions that would not otherwise be granted to the debtor due to economic or contractual considerations related to the debtor's financial difficulties;
- (4) The debtor is likely to go bankrupt or undergo other financial reorganization;
- (5) An active market for the financial asset disappears as a result of financial difficulties of the issuer or debtor;
- (6) A financial asset is purchased or originated at a substantial discount which reflects the fact that credit loss has occurred.

If the Company revises or renegotiates the contract with the counterparty, which does not result in derecognition of the financial asset but results in a change in cash flows of the contract, the Company recalculates the carrying amount of the financial asset and records relevant gain or loss in profit or loss.

If the Company no longer reasonably expects contractual cash flows of a financial asset to be fully or partially recoverable, the book balance of the financial asset is directly written down. Such write-down constitutes derecognition of relevant financial asset.

The Company measures investments in equity instruments and contracts associated with such investments at fair value. However, under limited circumstances, if there is insufficient recent information to determine the fair value or a possible estimate of the fair value covers a wide range, and the cost represents the best estimate of the fair value within the range, then the cost may represent an appropriate estimate of the fair value within the range.

SECTION 10 FINANCIAL REPORT

**3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES
(Continued)****(10) Financial instruments (Continued)****7. Gain and loss**

The Company recognises gain or loss on a financial asset or financial liability measured at fair value in profit or loss, unless the financial asset or financial liability fall under any of the following circumstances:

- (1) It is part of qualifying hedge.
- (2) It is an investment in equity instruments not for trading purpose, and the Company has designated it as a financial asset at FVTOCI.
- (3) It is a financial liability designated at FVTPL and changes in its fair value arising from credit risk of the Company are recorded in other comprehensive income.
- (4) It is classified as a financial asset at FVTOCI, and changes in its fair value other than impairment loss or gain and exchange gain or loss are recorded in other comprehensive income.

The Company recognizes dividend income in profit or loss only if all of the following conditions are met:

- (1) The Company's right to receive the dividends has been established;
- (2) Economic benefits related to the dividends are likely to flow into the company;
- (3) The amount of dividends can be measured reliably.

Gains or losses arising from a financial asset that is measured at amortized cost and is not part of any hedging are recorded in profit or loss on derecognition, reclassification, amortization using the effective interest rate method or recognition of impairment according to the provisions of these standards.

Gains or losses arising from a financial liability that is measured at amortized cost and is not part of any hedging are recorded in profit or loss upon derecognition or upon amortization using the effective interest rate method.

SECTION 10 FINANCIAL REPORT

**3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES
(Continued)****(10) Financial instruments (Continued)****7. Gain and loss (Continued)**

Gains or losses arising from a financial liability designated at FVTPL are treated as follows:

- (1) Changes in fair value of the financial liability caused by changes in credit risk of the Company is recorded in other comprehensive income;
- (2) Other changes in fair value of the financial liability are recorded in profit or loss.

If the above treatment of the impact of changes in credit risk of the financial liability would cause or expand accounting mismatch in profit or loss, the Company records all gains or losses on the financial liability (including the impact of changes in credit risk of the Company) in profit or loss.

Upon derecognition of a financial liability, all accumulated gains or losses previously recorded in other comprehensive income are transferred from other comprehensive income to retained earnings.

Upon derecognition of an equity instrument investment not held for trading purpose that is designated at FVTOCI, all accumulated gains or losses previously recorded in other comprehensive income are transferred from other comprehensive income to retained earnings.

All gains or losses (other than impairment loss or gain and exchange gain or loss) on a financial asset classified at FVTOCI, are recorded in other comprehensive income till its derecognition or reclassification. However, interest income from the financial asset calculated using the effective interest rate method is recorded in profit or loss. The amount recorded in profit or loss of each period is equal to the amount recorded in profit or loss of such period assuming the financial asset has been measured at amortised cost. Upon derecognition of the financial asset, all accumulated gains or losses previously recorded in other comprehensive income are transferred from other comprehensive income to profit or loss.

SECTION 10 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(11) Determination and accounting of expected credit loss

1. Determination of expected credit loss

The Company accounts for impairment and recognizes loss allowance for the following items based on expected credit loss:

- (1) Financial assets at amortized cost and financial assets at FVTOCI.
- (2) Lease receivables.
- (3) Contract assets.

Expected credit loss refers to the average of credit loss on financial instruments weighted by the risk of default.

For financial assets classified at FVTOCI, the Company recognizes loss allowance in other comprehensive income, and records impairment loss or gain in profit or loss without reducing the book value of the financial assets shown in the balance sheet.

The Company's method for measuring expected credit loss on finance instruments reflects the following elements:

- (1) Unbiased probability weighted average determined by evaluating a series of possible results.
- (2) Time value of money.
- (3) Reasonable and reliable information on past events, current situation and future economic forecast that are available on the balance sheet date without unnecessary extra costs or efforts.

2. Purchased or originated financial assets that are credit-impaired

For purchased or originated financial assets that are credit impaired, the Company recognizes accumulated changes in expected credit loss solely for the lifetime since initial recognition as loss allowance on the balance sheet date. On each balance sheet date, the Company takes the change in lifetime expected credit loss as impairment loss or gain and records it in profit or loss. Even if the lifetime expected credit loss determined on the balance sheet date is less than the amount of expected credit loss reflected in estimated cash flow at the time of initial recognition, the Company recognizes favorable changes in expected credit loss as impairment profit.

SECTION 10 FINANCIAL REPORT

**3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES
(Continued)****(11) Determination and accounting of expected credit loss (Continued)****3. Purchased or originated financial assets that are not credit impaired**

- (1) For each of the following items, the Company always measures its loss allowance at an amount equivalent to the lifetime expected credit loss:
 - A. Receivables or contract assets arising from transactions under the Accounting Standards for Business Enterprises No.14 – Revenue, whether or not they contain any significant financing component;
 - B. Lease receivables arising from transactions under the Accounting Standards for Business Enterprises No.21 – Lease, including receivables under finance lease and receivables under operating lease.
- (2) For purchased or originated financial assets (such as other receivables) that are not credit impaired other than those under (1) above, the Company evaluates whether the credit risk of relevant financial instruments has increased significantly since initial confirmation on each balance sheet date, and measures their loss allowance and recognizes their expected credit loss and changes thereof as follows:
 - A. If the credit risk of the financial asset has increased significantly since initial confirmation, the Company measures its loss allowance at an amount equivalent to lifetime expected credit loss of the financial asset.
 - B. If the credit risk of the financial asset has not increased significantly since initial confirmation, the Company measures its loss allowance at an amount equivalent to expected credit loss of the financial asset over the next 12 months.

Any increase in or reversal of loss allowance arising on the basis of expected credit loss is recorded in profit or loss as impairment loss or gain.

SECTION 10 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(11) Determination and accounting of expected credit loss (Continued)

4. Receivables arising from transactions under the Accounting Standards for Business Enterprises No.14 – Revenue

On the balance sheet date, if expected credit loss can be evaluated for receivables individually significant (a receivable is individually significant if it reaches RMB5 million) and some receivables not individually significant without unnecessary extra costs or efforts, the Company tests them for impairment and recognizes loss allowance on an individual basis. For the remaining receivables (excluding those among member companies covered under the consolidated financial statements), expected credit loss is estimated and loss allowance is recognized by aging on a collective basis at the following percentages, taking into consideration past experience, current conditions and future forecast:

(1) Accounts receivable

Aging	Accrual ratio of accounts receivable (%)
Within 1 year (inclusive)	0.50
Between 1-2 years	10.00
Between 2-3 years	20.00
Between 3-4 years	30.00
Between 4-5 years	50.00
Over 5 years	100.00

(2) Long-term receivables

Aging	Accrual ratio (%)
Before due	0.50
Within 1 year past due	10.00
1-2 years past due	20.00
2-3 years past due	30.00
3-4 years past due	50.00
Over 4 years past due	100.00

SECTION 10 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(11) Determination and accounting of expected credit loss (Continued)

5. Contract assets arising from transactions under the Accounting Standards for Business Enterprises No.14 – Revenue

On the balance sheet date, if expected credit loss can be evaluated for contract assets individually significant (a contract asset is individually significant if it reaches RMB5 million) and some contract assets not individually significant without unnecessary extra costs or efforts, the Company tests them for impairment and recognizes loss allowance on an individual basis ("the specific identification method"). The remaining contract assets are divided into two groups taking into consideration past experience, current conditions and future forecast, and expected credit loss is estimated and loss allowance is recognized as follows respectively:

- (1) Group 1: Contract assets not delivered to customers for use

For these contract assets, the Company recognizes loss allowance for contract assets at 0.5% of the balance.

- (2) Group 2: Contract assets delivered to customers for use

The Company recognizes loss allowance for the contract assets on the basis of aging analysis. The aging is calculated from the date of delivery and the loss allowance percentage is as follows:

Aging	Accrual ratio (%)
Within 1 year (inclusive)	0.50
Between 1-2 years	10.00
Between 2-3 years	20.00
Between 3-4 years	30.00
Between 4-5 years	50.00
Over 5 years	100.00

SECTION 10 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(12) Inventories

1. Classification of inventories

Inventory refers to finished products or commodities held for sale, work in progress of production, and materials consumed in the process of production or rendering of service in daily activities of the Company. It mainly includes contract assets, raw materials, work in process, commodity stock, revolving materials, spare parts and property development costs, which are measured at the lower of cost and net realizable value. Revolving materials include low-value consumables and packaging materials.

2. Measurement of outgoing inventories

The weighted average method is used to determine the actual cost of outgoing inventories.

3. Provision for impairment of inventories

On the balance sheet date, inventories are measured at the lower of cost and net realizable value, and provision for impairment of inventories is recognized on an individual basis, but provision for impairment of inventories in large quantity and low unit price is made by the category of inventories.

4. Inventory system

The Company adopts the perpetual inventory system.

5. Amortization method for low-value consumables and packaging materials

Low-value consumables and packaging materials are amortized on a one-off basis.

(13) Contract assets and contract liabilities

1. Contract assets

The Company presents as contract assets the right to receive consideration for goods or services that have been transferred to customers (and this right depends on factors other than the lapse of time). Loss allowance for contract assets are recognized based on expected credit loss. See Note 3.11 for details on determination and accounting treatment of expected credit loss on contract assets.

SECTION 10 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)**(13) Contract assets and contract liabilities (Continued)****2. Contract liabilities**

Contract liabilities refer to the obligation to transfer goods or services to customers for the consideration received or receivable from customers. Contract assets and contract liabilities under the same contract are shown on a net basis.

(14) Long-term equity investment**1. Determination of initial investment cost**

The initial investment cost of a long-term equity investment, if acquired in business combination under common control, is determined based on the share of book value of owners' equity of the acquiree in the consolidated financial statements of the ultimate controller on the acquisition date, and if acquired in business combination not under common control, is determined based on the combination cost on the acquisition date. The initial investment cost of a long-term equity investment acquired by payment of cash is the acquisition price actually paid; the initial investment cost of a long-term equity investment acquired by issuance of equity securities is the fair value of the equity securities issued; the initial investment cost of a long-term equity investment acquired through debt restructuring is determined according to relevant provisions of the Accounting Standards for Business Enterprises No. 12 – Debt Restructuring; the initial investment cost of a long-term equity investment acquired through non-monetary asset exchange is determined according to relevant provisions of the Accounting Standards for Business Enterprises No. 7 – Non-monetary Asset Exchange.

2. Subsequent measurement and recognition of gain or loss

The Company accounts for long-term equity investments using the cost method if it can exercise control over the investee and accounts for long-term equity investments in associates and joint ventures using the equity method. The Company's equity investments in associates, if indirectly held through venture capital firms, mutual funds, trust companies or similar entities including investment-linked insurance funds, are accounted for according to the Accounting Standards for Business Enterprises No.22 – Recognition and Measurement of Financial Instruments whether or not the above entities have a significant influence on such investments, and are accounted for using the equity method if otherwise.

SECTION 10 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)**(14) Long-term equity investment (Continued)****3. Basis for determining joint control over and significant influence on the investee**

Joint control over the investee means that any decision on activities having significant influence on the return of an arrangement is subject to prior unanimous consent of participants sharing the control, including the sales and purchase of goods or services, the management of financial assets, the acquisition and disposal of assets, research and development activities and financing activities. Significant influence on the investee means holding 20% to 50% voting capital of the investee, or (if holding less than 20% voting capital of the investee) falling into any of the following circumstances: being represented in the board of directors or similar authority of the investee; participating in policy-making of the investee; sending management personnel to the investee; being relied on by the investee for technology or technical data; occurrence of material transactions with the investee.

(15) Investment properties

The Company's investment properties are classified into land use rights for lease, buildings for lease, and land use rights held for transfer after appreciation. Investment property is initially measured at cost, and subsequent measured using the cost model.

Among investment property of the Company, buildings for lease are depreciated on a straight line basis, details of which are the same as those for fixed assets. Among investment property of the Company, buildings for lease, and land use rights held for transfer after appreciation are depreciated on a straight line basis, details of which are the same as those for intangible assets.

(16) Fixed assets**1. Determination of fixed assets**

Fixed assets refer to tangible assets held for the sake of production of goods, rendering of services, lease or business management, with a service life of more than one financial year. A fixed asset is recognized when economic benefits related to the fixed asset are likely to flow into the Company and the cost of this fixed asset can be measured reliably.

SECTION 10 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(16) Fixed assets (Continued)

2. Classification and depreciation of fixed assets

The Company's fixed assets are mainly classified into houses and buildings, machinery and equipment, electronic equipment, and transportation equipment. Fixed assets are depreciated on a straight-line basis. Service life and estimated net residual value of fixed assets are determined based on the nature and usage of fixed assets. The service life, estimated net residual value and depreciation method of the fixed assets are reviewed at the end of each year, and adjusted accordingly if there is any difference from original estimates. The Company depreciates all fixed assets, except fixed assets that have been fully depreciated but are still in use and the land that is separately measured and recorded.

Category of assets	Estimated useful life (year)	Estimated net residual value (%)	Annual depreciation rate (%)
Housing and buildings			
General housing and buildings	8-45	3.00, 5.00	2.11-12.13
Temporary facilities	2-3		33.33-50.00
Machinery and equipment	8-20	3.00, 5.00	4.75-12.13
Transportation equipment	5-14	3.00, 5.00	6.79-19.40
Office equipment and others	4-10	3.00, 5.00	9.50-24.25

SECTION 10 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)**(17) Construction in progress**

The Company's construction in progress is divided into projects under construction by the proprietor and projects under construction by the contractor. Construction in progress is transferred to fixed assets when the construction is completed and the conditions for intended use are reached. Reaching the conditions for intended use shall be any of the following circumstances: the substantial construction (including installation) has been finished completely or substantially; the result of trial production or operation shows that the asset can run normally or produce quality products stably or that the asset can function or operate normally; the fixed asset under construction incurs very little or essentially no further capital expenditure; the fixed asset purchased or built has reached or basically reached the designed or contractual requirements.

(18) Borrowing costs**1. Principles for capitalised of borrowing costs**

Borrowing costs incurred by the Company, which are directly attributable to the purchase, construction or production of qualifying assets, are capitalized into the cost of relevant assets; other borrowing costs are expensed when incurred. Qualifying refer to fixed assets, investment properties, inventories and other assets that require purchase, construction or production activities over a very long period to reach the conditions for intended use.

2. Calculation of capitalised amount

Capitalization period refers to the period from the time point when borrowing costs start capitalization to the time point when capitalization stops, excluding the period during which capitalization of borrowing costs is suspended. The capitalization of borrowing costs are suspended if purchase, construction or production activities are interrupted abnormally for more than 3 consecutive months.

Interest on specific-purpose borrowings is determined based on actual interest expenses incurred for the specific-purpose loan for the current period, minus interest income from depositing the unused portion with the bank or gain on temporary investment. If any general-purpose borrowing is used, interest is determined by multiplying the weighted average excess of accumulated asset expenditures over the amount of specific-purpose borrowings by the capitalization rate of utilized general-purpose borrowings. The capitalization rate is the weighted average interest rate of general-purpose borrowings. In case of discount or premium on the borrowing, the discount or premium is amortised during each financial period using the effective interest rate method and the interest amount for each amount is adjusted accordingly.

The effective interest rate method is a method to calculate the amortized discount or premium or interest expense at the effective interest rate of the loan. The effective interest rate is the rate that is used to discount expected future cash flows of the loan over its life to current book value of the loan.

SECTION 10 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(19) Intangible assets

1. Measurement of intangible assets

Intangible assets are initially measured at cost. For purchased intangible assets, the actual cost is the actually paid price and related expenses. For intangible assets injected by investors, the actual cost is determined at the value agreed in the investment contract or agreement, or if the value agreed in the contract or agreement is unfair, at the fair value. The cost of intangible assets developed by the Company is the total expenditure incurred before reaching the conditions for intended use.

Subsequent measurement of intangible assets: The Company amortises intangible assets with a limited service life using the straight-line method, reviews the service life and amortization method of intangible assets at the end of each year, and makes adjustments if there is any difference from the original estimate. The Company does not amortise intangible assets with an indefinite service life, but reviews the service life at the end of each year, and estimates its service life and amortizes it on a straight-line basis if there is conclusive evidence that the service life is limited.

2. Basis for determining an indefinite service life

If the period over which an intangible asset will bring economic benefits to the Company is not foreseeable, or the service life is indefinite for an intangible asset, the Company determines that the intangible asset has an indefinite service life. Basis for determining an indefinite service life: the intangible asset comes from contractual rights or other legitimate rights, but there is no definite service life stipulated in the contract or the law; It is still impossible to determine the time period over which the intangible assets can bring economic benefits to the Company based on peer conditions or relevant expert opinions.

At the end of each year, the service life of intangible assets with an indefinite service life is reviewed mainly on a bottom-up basis, with the department using the intangible asset to perform basic review for any change in the basis for determining its indefinite service life.

SECTION 10 FINANCIAL REPORT

**3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES
(Continued)****(19) Intangible assets (Continued)****3. Specific criteria for defining research stage and development stage of in-house research and development projects, and specific criteria for development stage costs eligible for capitalization**

Specific criteria for defining research stage and development stage of in-house research and development projects:

Research stage costs of in-house research and development projects are charged to the current profit or loss when incurred.

Development stage costs satisfying all of the following conditions are recognized as intangible assets:

- (1) It is feasible technically to prepare the intangible asset for use or sale;
- (2) Management has the intention to finish the intangible asset for use or sale;
- (3) It can be proved how the intangible asset will generate economic benefits;
- (4) The Company has sufficient technical, financial and other resources to complete development of the intangible asset and has the ability to use or sell the intangible asset;
- (5) Development stage costs attributable to the intangible asset can be reliably measured.

SECTION 10 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(19) Intangible assets (Continued)

3. Specific criteria for defining research stage and development stage of in-house research and development projects, and specific criteria for development stage costs eligible for capitalization (Continued)

Development stage costs not satisfying the above conditions are charged to the current profit or loss when incurred. Development costs expensed in prior period will not be recognized as an asset in subsequent period. Capitalised development stage costs are shown as development costs in the balance sheet and transferred to intangible asset from the date on which it reaches the conditions for intended use.

Specific criteria for dividing research stage and development stage of in-house research and development projects: the development stage is defined as the planned study phase for acquiring new technologies and knowledge, which is characterized by planning and exploration. The development stage is defined as the stage before commercial production or use during which research results or other knowledge are applied to a certain plan or design to produce new or substantially improved materials, devices and products, and is characterized by and other stages, which are identified as the development stage. This stage has the characteristics of pertinence and greater possibility of generating results.

(20) Impairment of long-term assets

Long-term equity investments, investment properties measured using the most model, fixed assets, construction in progress, productive biological assets measured using the cost model, oil and gas assets, intangible assets and other long-term assets are tested for impairment if they show signs of impairment on the balance sheet date. If the result of impairment test shows that the recoverable amount of the asset is lower than its book value, the Company recognizes impairment provisions and impairment loss based on the difference.

The recoverable amount is the higher of the fair value of the asset net of disposal expenses and the present value of estimated future cash flows of the asset. Asset impairment provision is calculated and recognized on an asset-by-asset basis. If it is difficult to estimate the recoverable amount of a single asset, the Company estimate the recoverable amount of the asset group to which the asset belongs. An asset group is the smallest group of assets that can generate cash inflow independently.

SECTION 10 FINANCIAL REPORT

**3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES
(Continued)****(20) Impairment of long-term assets (Continued)**

Goodwill separately shown in the financial statements is tested for impairment at least annually, regardless of whether there is sign of impairment. In the impairment test, the book value of goodwill is allocated to the asset group or asset group combination expected to benefit from the synergy effect of business combination. If the test results show that the recoverable amount of the asset group or the asset group combination containing the allocated goodwill is lower than its book value, impairment loss is recognized accordingly. The amount of impairment loss is firstly offset against the book value of goodwill allocated to the asset group or asset group combination, and then offset against the book value of other assets other than goodwill in the asset group or asset group combination in proportion to their book value.

Once recognized, impairment loss on the above-mentioned assets cannot be reversed to the extent that their value are recovered in future period.

(21) Long-term unamortized expenses

Long-term unamortized expenses refer to expenses that have been paid but have a benefiting period longer than one year (one year exclusive). Long-term unamortized expenses are amortized over the period benefiting from the expenses. If the long-term unamortized expense cannot benefit subsequent financial period, the amortized value of the item is fully charged to current profit or loss.

(22) Employee benefits

Employee benefits refer to all kinds of remuneration or compensation paid by the Company for services provided by employees or for separation of employment. Employee benefits mainly include short-term compensation, post-service benefits, separation benefits and other long-term employee benefits.

SECTION 10 FINANCIAL REPORT

**3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES
(Continued)****(22) Employee benefits (Continued)****1. Short-term compensation**

Over the financial period when employees provide services, the Company recognizes actually incurred short-term compensation as a liability and charge it to current profit or loss, except where the same is included in the cost of an asset as required or permitted by the Accounting Standards for Business Enterprises. Actual employee benefits are charged to current profit or loss or included in the cost of relevant asset when incurred. Non-monetary benefits are measured at fair value. Contribution to social security schemes including medical insurance, work injury insurance, and maternity insurance and housing provident fund for employees, as well as appropriation to trade union funds and employee education funds are calculated on required basis and at required percentage, recognized as relevant liability and charged to current profit or loss or included in the cost of relevant asset over the period when employees provide services.

2. Post-service benefits

Over the financial period when employees provide services, the Company recognizes a liability based on the amount payable under the defined contribution plan and record it in current profit or loss or in the cost of related asset. Benefit obligations arising under the defined benefit plan are attributed to the period over which employees provide services using the project unit credit method, and recorded in current profit or loss or in the cost of related asset.

3. Termination benefits

When providing termination benefits to employees, the Company recognizes employee benefits payable arising from termination benefits and charges it to current profit or loss on the earlier of the following: When the Company cannot unilaterally withdraw termination benefits provided on the separation plan or the reduction proposal; When the Company recognizes the costs or expenses of reorganization involving the payment of termination benefits.

4. Other long-term employee benefits

Other long-term employee benefits provided by the Company for employees that meet the conditions for defined contribution plan are treated in accordance with relevant regulations on defined contribution plan. In addition, net liabilities or net assets of other long-term employee benefits are recognized and measured according to relevant regulations on defined benefit plans.

SECTION 10 FINANCIAL REPORT

**3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES
(Continued)****(23) Estimated liabilities**

When the Company assumes a present obligation related to a contingency, the performance of the obligation is likely to result in outflow of economic benefits, and the amount of the obligation can be measured reliably, the obligation is recognized as an estimated liability. The Company makes initial measurement based on best estimate of the amount required to perform relevant present obligation. If there is a continuous range of the amount and all results within the range carry the same probability, the median of the range is determined as the best estimate. If multiple items are involved, the best estimate is calculated and determined based on all possible results and relevant probabilities.

The book value of estimated liabilities is reviewed on the balance sheet date. If there is conclusive evidence that the book value cannot truly reflect the currently best estimate, the book value is adjusted to the currently best estimate.

(24) Share-based payment

Share-based payment includes equity-settled share-based payment and cash-settled share-based payment. Equity-settled share-based payments in exchange for services provided by employees, are measured at the fair value of equity instruments granted to employees. If there is an active market, the fair value is determined on the basis quotations in the active market; If there is no active market, the fair value is determined using valuation techniques shall be used to determine, including reference to the prices in recent market transactions between knowledgeable and willing parties, reference to the current fair values of other substantially identical financial instruments, discounted cash flow method, and option pricing model.

On each balance sheet date, based on latest information on changes in the number of vesting employees and the achievement of performance indicators, the Company revises the estimated number of exercisable stock options and then determine the amount of expenses allocable to each period. Option expenses that span over multiple financial periods are generally be allocated at the proportion of the length of the waiting period in a certain financial period to the length of the entire waiting period of the option.

SECTION 10 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(25) Preferred shares, perpetual bonds and other financial instruments

1. Division of financial liabilities and equity instruments

Preferred shares, perpetual bonds (such as long-term option-embedded MTNs), stock options and convertible corporate bonds issued by the Company are classified as financial liabilities or equity instruments on the following principles:

- (1) Settlement through delivery of cash or other financial assets or exchange of financial assets or financial liabilities. If the Company cannot unconditionally avoid performing a contractual obligation by delivering cash or other financial assets, the contractual obligation satisfies the definition of a financial liability.
- (2) Settlement through its own equity instruments. If the financial instrument issued must be settled with or may be settled with equity instrument of the Company as a substitute for cash or other financial assets, the instrument constitutes a financial liability of the Company. The instrument is the Company's equity instrument if it is intended to enable the holder of the instrument to enjoy residual interests in the Company's assets net of all liabilities.
- (3) Classification of derivative instruments and non-derivative instruments for financial instruments that need to be settled with or may be settled with equity instruments of the Company in the future. For a non-derivative instrument, if the issuer is not obligated to deliver a variable number of its own equity instruments for settlement in the future, the non-derivative instrument is an equity instrument; otherwise, the non-derivative instrument is a financial liability. For a derivative instrument, if the Company can only settle it delivering a fixed number of its own equity instruments in exchange for a fixed amount of cash or other financial assets, the derivative instrument is an equity instrument; If the Company exchanges a fixed amount of its own equity instruments for a variable amount of cash or other financial assets, or exchanges a variable amount of its own equity instruments for a fixed amount of cash or other financial assets, or exchanges a variable amount of its own equity instruments for a variable amount of cash or other financial assets with the conversion price fixed, the derivative instrument is recognized as a financial liability or financial asset.

SECTION 10 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)**(25) Preferred shares, perpetual bonds and other financial instruments (Continued)****2. Accounting treatment of preferred shares and permanent bonds**

The Company accounts for financial instruments classified as financial liabilities in “debentures payable”, accruing interest and adjusting interest adjustment on the book over the life of the instrument in accordance with requirements on subsequent measurement of financial liabilities at amortized cost set forth in the recognition and measurement standards for financial instruments. The Company accounts for financial instruments classified as equity instruments in “other equity instruments” and dividends (including interest on instruments classified as equity instruments) distributed over its life are treated as profit distribution.

(26) Revenue**1. Recognition of revenue**

The Company recognizes revenue when it has performed its contractual obligation, i.e. when the customer obtains control over relevant goods or services (hereinafter referred to as “goods”). Obtaining control over relevant goods means being able to dominate the use of the goods and obtain almost all the economic benefits therefrom. Contractual obligation refers to the Company’s commitment to transfer clearly distinguishable goods to the customer in the contract.

If the contract between the Company and the customer meets all of the following conditions at the same time, the Company recognizes revenue when the customer obtains the control over relevant goods:

- (1) Parties to the contract have approved the contract and promised to perform their respective obligations;
- (2) The contract specifies the rights and obligations of the parties related to the goods transferred or services rendered (hereinafter referred to as “goods transferred”);
- (3) The contract has clear payment terms related to the goods transferred;
- (4) The contract has commercial substance, that is, the performance of the contract will change the risk, time distribution or amount of the future cash flow of the Company;
- (5) The consideration that the Company is entitled to due to the transfer of goods to customers is likely to be recovered.

SECTION 10 FINANCIAL REPORT

**3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES
(Continued)****(26) Revenue (Continued)****1. Recognition of revenue (Continued)**

For contracts that do not conform to the aforesaid conditions on the contract commencement date, the Company will continuously evaluate them and make accounting treatment when they satisfy the conditions.

For contracts that do not conform to the above conditions, the Company recognizes the consideration received as revenue only when it no longer has the residual obligation to transfer goods to the customer and the consideration received from the customers does not need to be returned. Otherwise, the consideration received is accounted for as a liability. No revenue is recognized on non-monetary asset exchange without commercial substance.

Two or more contracts entered into by the Company and the same customer (or related parties to the customer) at the same time or successively at similar times are consolidated into one contract for accounting treatment in any of the following circumstances:

- (1) The two or more contracts are concluded for the same commercial purpose and constitute a package deal.
- (2) The amount of consideration under either of the two or more contracts depends on the pricing or performance of the other contracts.
- (3) The goods under the two or more contracts (or some goods under each contract) constitute a separate contractual obligation.

SECTION 10 FINANCIAL REPORT

**3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES
(Continued)****(26) Revenue (Continued)****1. Recognition of revenue (Continued)**

The Company accounts for contract changes by the following three circumstances:

- (1) If clearly distinguishable goods and contract price are added, and the additional contract price reflects separate selling price of the additional goods, the contract change is treated as a separate contract.
- (2) If the contract change does not fall under circumstances (1), and the goods or services already transferred (hereinafter referred to as “transferred goods”) and the goods or services not transferred (hereinafter referred to as “untransferred goods”) can be clearly distinguished on the date of contract change, the original contract is deemed to be terminated, and the unperformed part of the original contract and the contract change are merged into a new contract for the purpose of accounting treatment.
- (3) If the contract change does not fall under circumstances (1), and the transferred goods and the untransferred goods cannot be clearly distinguished on the date of contract change, and there is no clear distinction between the transferred goods and the non-transferred goods on the contract change date, the contract change is treated as an integral part of the original contract, and the revenue is adjusted for the impact of the contract change on the contract change date.

In any of the following circumstances, the contractual obligation is one performed within a certain period of time; or, it is a contractual obligation performed at a certain point in time:

- (1) While the Company performs the contractual obligation, the customer obtains and consumes economic benefits therefrom at the same time.
- (2) The customer can control the goods in progress while the Company performs the contractual obligation.
- (3) The goods produced by the Company in the performance of the contract have irreplaceable purposes, and the Company is entitled to payment for the portion performed to date over the entire term of the contract.

SECTION 10 FINANCIAL REPORT

**3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES
(Continued)****(26) Revenue (Continued)****1. Recognition of revenue (Continued)**

For a contractual obligation performed within a certain period of time, the Company recognizes revenue by the progress in performance over that period of time, except where the progress cannot be reasonably determined. Given the nature of goods, the Company adopts the output method or the input method to determine the progress in performance.

If the progress in performance cannot be reasonably determined, but the incurred costs are expected to be compensated, revenue is recognized on the basis of the incurred costs till the progress in performance can be reasonably determined.

For a contractual obligation performed at a certain point in time, the Company recognizes revenue when the customer obtains control over relevant goods. In determining whether the customer has obtained control over the goods, the Company considers the following signs:

- (1) The Company has the present right to receive payment for the goods, that is, the customer has the present obligation to pay for the goods.
- (2) The Company has transferred the legal ownership of the goods to the customer, that is, the customer has obtained the legal ownership of the goods.
- (3) The Company has physically transferred the goods to the customer, that is, the customer has physically taken possession of the goods.
- (4) The Company has transferred major risks and rewards in ownership of the goods to the customer, that is, the customer has obtained major risks and rewards in ownership of the goods.
- (5) The customer has accepted the goods.
- (6) Other signs indicating that the customer has obtained control over the goods.

SECTION 10 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(26) Revenue (Continued)

2. Measurement of revenue

The Company measures revenue based on the transaction price allocated to each individual contractual obligation.

Transaction price refers to the amount of consideration that the Company is expected to be entitled to for the transfer of goods to customers. Sums collected by the Company on behalf of third parties and sums expected to be returned to customers by the Company are treated as liabilities and are not included in the transaction price.

The Company determines the transaction price according to contract terms and taking into consideration past practices. In determining the transaction price, the Company takes into account the influence of variable consideration, significant financing component in the contract, non-cash consideration, consideration payable to customers and other factors.

If there is variable consideration under the contract, the Company determines the best estimate of variable consideration on the basis of the expected value or the most likely amount, but the transaction price including variable consideration should not exceed the accumulated recognized revenue that is highly probable not to be significantly reversed when relevant uncertainties are eliminated. The Company considers the possibility of revenue reversal and its proportion when evaluating whether it is highly probable that the accumulated recognized income will not be significantly reversed. On each balance sheet date, the Company should re-estimate the variable consideration amount to be included in the transaction price.

If there is a significant financing component in the contract, the Company determines the transaction price on the basis of the amount payable by the customer assuming that it makes payment in cash upon obtaining control over the goods. The difference between the transaction price and the contractual consideration is amortized using the effective interest rate method over the contract term.

The major financing components in the contract is not considered if on the commencement date of the contract, the Company expects the customer to payment within one year after it obtains control over the goods.

SECTION 10 FINANCIAL REPORT

**3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES
(Continued)****(26) Revenue (Continued)****2. Measurement of revenue (Continued)**

If the customer pays non-cash consideration, the Company determines the transaction price at the fair value of non-cash consideration. If the fair value of non-cash consideration cannot be reasonably estimated, the Company indirectly determines the transaction price by reference to the separate selling price at which it promises to transfer the goods to the customer. Any change in the fair value of non-cash consideration due to reasons other than the form of the consideration is treated as variable consideration.

If the Company needs to pay consideration to the customer (or a third party that purchases the goods of the Company from the customer), the transaction price is reduced by the consideration payables, and the revenue for the current period is also reduced by the consideration payable when relevant revenue is recognized or when the Company pays (or undertakes to pay) the consideration, whichever is later, except where the consideration is payable to the customer for obtaining other clearly distinguishable goods from the customer.

If the contract contains two or more contractual obligations, the Company on the commencement date of the Contract, allocates the transaction price to each single contractual obligation in proportion to its separate selling price promised by the Company.

Contractual discount is allocated to each single contractual obligation in proportion. If there is conclusive evidence that the contractual discount is related solely to one or more (but not all) contractual obligations, the Company allocates the contractual discount solely to such one or more contractual obligations.

For variable consideration and its subsequent changes, the Company allocate it to one or more relevant contractual obligations, or to one or more items among a series of clearly distinguishable goods that constitutes a single contractual obligation. For a contractual obligation that has been performed, revenue for the current period is adjusted by the amount of subsequent change in the variable consideration allocated to the contractual obligation.

SECTION 10 FINANCIAL REPORT

**3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES
(Continued)****(26) Revenue (Continued)****3. Application of gross basis and net basis**

The Company judges whether it is acting as the principal or the agent when engaged in the transaction by whether it has control over the goods before transferring it to the customer. If the Company is able to control the goods before transferring it to the customer, the Company is the principal and recognizes the total amount of consideration received or receivable as the revenue; Otherwise, the Company acts as an agent and recognizes as revenue the amount of commissions or service fees that the Company is entitled to, which is determined by the amount of total consideration received or receivable net of the price payable to other relevant parties, or by the prescribed amount of percentage of commission.

The Company has control over the goods before transferring them to the customer in the following circumstances:

- (1) The Company obtains the control over the goods or other assets from a third party before transferring it to the customer.
- (2) The Company can dominate a third party to provide services to the customer on behalf of the Company.
- (3) After the control over the goods from a third party, the Company combines the goods with other goods into a combination output by providing significant service and transfers it to the customer.

In determining whether the Company has control over the goods before transferring it to the customer, the Company take into overall account of all relevant facts and circumstances, including:

- (1) The Company bears the main responsibility for transferring goods to the customer.
- (2) The Company assumes inventory risk of the goods before or after the transfer of the goods.
- (3) The Company has the discretion to set the price of the goods.
- (4) Other relevant facts and circumstances.

SECTION 10 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(26) Revenue (Continued)

4. Specific revenue recognition policies for different types of engineering business

The Company's engineering and construction contracting business covers metallurgical industry, housing construction, highways, municipal works and other fields, and adopts multiple business modes including EPC, EP, PC, BT (Build Transfer) and PPP. For different business modes, the Company formulates rationalised revenue recognition policies for different business modes in accordance with requirements of the Accounting Standards for Business Enterprises No.14 – Revenue.

Under EPC, EP and PC business modes, if the customer invites bids for E (Engineering), P (Procurement) and C (Construction) separately, and the tendering result of one project is completely independent of other projects, the Company identifies each of E, P and C as a separate contractual obligation respectively. In other cases, the Company regards all of E, P and C as one contractual obligation.

Under BT mode, the Company deems that the contractual obligation contains a significant financing component.

Under PPP mode, the Company undertakes two contractual obligations, i.e. construction and operation, and allocates the contractual consideration in proportion to their fair value.

Under different business modes, for the contractual obligation of construction or an integrated contractual obligation containing construction, since the customer can control the goods in progress during the Company's performance, the Company regards it as a contractual obligations performed within a certain period of time, and uses the input method to determine the progress in performance at the percentage of accumulated actual contract cost in the total estimated contract cost.

In the engineering and construction contracting industry, it is a preferred choice to determine the progress in performance at the percentage of accumulated actual contract cost in the total estimated contract cost. The Company's method of determining the progress in performance is consistent with industry practice.

SECTION 10 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)**(26) Revenue (Continued)****4. Specific revenue recognition policies for different types of engineering business (Continued)**

Determining the progress in performance requires a lot of estimates and judgments from the Company, including estimating total revenue, total cost, quantities of work, material or equipment consumption and unit price. In order to collect basic data for these estimates and judgments, the Company has been committed to establishing and maintaining a series of effective internal control systems, such as accounting methods, accounting practice standards, and financial management methods for projects, so as to strike a balance between ensuring quality of accounting information and reducing uncertainties in estimates and judgments and maintaining reasonable maintenance costs.

The contracts or agreements signed between the Company and the proprietor/customer, the confirmation by the proprietor/customer's representative and supervisor of the quantities of work and settlement amount, and the project settlement data between the Company and subcontractors are all important external evidences for the Company to determine the percentage of completion.

Determination of estimated total revenue: after the contract or agreement is signed, the financial department works operation departments to determine the initial estimated total revenue based on the amount agreed in the contract or agreement. Total contract revenue is adjusted for contract changes, claims and awards in execution of the project based on documents or supplementary agreements issued by the proprietor.

Determination of the estimated total cost: The Company's contract costs include direct labor, equipment or materials, subcontractor costs and machinery usage costs. At the beginning of bidding for the project, the Company estimates the estimated total cost of the project and evaluate its profit prospects by reference to tendering documents and past experience. After the contract or agreement is signed, the financial department works with the procurement department to review and confirm the estimated total cost based on information including the subcontracting contract or agreement, engineering or equipment design drawings, equipment or material suppliers' quotations and labor cost budget and submit it for approval step by step. In the construction process, the engineering control department, in conjunction with the financial department, the procurement department, the construction department and the manufacturing department, revises the detailed cost items as appropriate based on the confirmation of engineering or equipment changes, makes adjustments to the estimated total cost by reference to the recent price changes, and then submit it for approval step by step according to corresponding procedures.

SECTION 10 FINANCIAL REPORT

**3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES
(Continued)****(26) Revenue (Continued)****4. Specific revenue recognition policies for different types of engineering business
(Continued)**

Collection of actual contract costs: the procurement department, together with the financial department, determines qualified suppliers and subcontractors through tendering for major outsourced cost items for construction of the project or equipment. Procurement staff signs contracts or orders with qualified suppliers according to the approved procurement plan. The warehousing department organizes the acceptance of physical items and the user department confirms the actual use of outsourced labor services. The construction department and manufacturing department applies for materials or equipment according to the approved production plan. The engineering control department and other departments settle accounts with subcontractors regularly or at important nodes to determine subcontractor cost for the current period. The project administration department prepares the labor cost budget according to the Company's remuneration policy, which subject to approval, is used as the standard for daily salary and bonus payment. The financial department, together with the warehousing department, the construction department and the manufacturing department, takes inventory of all kinds of materials onsite on a regular basis. After reviewing relevant original vouchers, the financial department records actual contract costs incurred in the current period.

Calculation of progress in progress and revenue and cost: At the end of each month, the financial department calculates progress in performance based on the reviewed estimated total revenue, estimated total cost and actual contract cost, prepares the revenue and cost calculation table, and after it is duly approved, recognize revenue and cost for the month. Under special circumstances where the progress in performance cannot be reasonably determined, the financial department, in conjunction with relevant departments, prudently assess whether the incurred costs are expected to be compensated. After the assessment result is duly approved according to the corresponding procedures, the financial department recognizes revenue and cost for the current month accordingly.

The Company believes that its current internal control system and accounting system are reasonably designed and operate effectively, and combined with important external evidence that are available, can ensure that the Company determines the progress in performance in a prudent and reasonable manner.

SECTION 10 FINANCIAL REPORT

**3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES
(Continued)****(27) Contract cost**

The cost incurred by the Company in performing the contract, which does not fall under other accounting standards for business enterprises other than “the Accounting Standards for Business Enterprises No.14 – Revenue” and meets all of the following conditions, is treated as contract performance cost and recognized as an asset:

- (1) The cost is directly related to a current or expected contract, including direct labor, direct materials, manufacturing expenses (or similar expenses), costs definitely borne by the customer and other costs incurred solely as a result of the contract;
- (2) The cost increases the Company’s resources for performing its contractual obligations in the future;
- (3) The cost is expected to be recovered.

Incremental cost incurred by the Company in obtaining the contract, if expected to be recovered, are is treated as contract acquisition cost and recognized as an asset. However, if the amortization period of the asset does not exceed one year, it is charged to the current profit or loss when incurred.

Assets related to the contract cost are amortized on the same basis on which revenue from goods related to the asset is recognized, and charged to current profit or loss.

The excess of the book value of the asset related to the contract cost over the difference between the following two items, is recognized as asset impairment loss and impairment provision is also recognized accordingly:

- (1) The remaining consideration that the Company is expected to obtain due to the transfer of goods related to the asset;
- (2) Estimated costs to be incurred for the transfer of the relevant goods.

SECTION 10 FINANCIAL REPORT

**3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES
(Continued)****(27) Contract cost (Continued)**

If due to subsequent changes in factors leading to impairment in prior period, the difference between (1) and (2) above is higher than the book value of the asset, the accrued asset impairment provision is reserved and recorded in current profit or loss, provided that the book value after reversal does not exceed the book value of the asset on the reversal date assuming that no impairment provision is accrued.

In determining impairment loss of the asset related to the contract cost, the Company first determines the impairment loss of other assets related to the contract recognized in accordance with other relevant accounting standards for business enterprises other than the Accounting Standards for Business Enterprises No.14 – Revenue, and then determines the impairment loss of the asset related to the contract cost following the aforesaid method.

(28) Government subsidy

Government subsidies represent monetary assets or non-monetary assets obtained by the Company free of charge from the government, including tax rebates, financial subsidies, but excluding capital injected by the government as an owner.

Government subsidies are recognized when the Company can satisfy the conditions attached and can receive them. If the government subsidies are related to monetary assets, it shall be measured at the amount received or receivable. If the government subsidies are related to non-monetary assets, it shall be measured at its fair value; if the fair value cannot be obtained reliably, it shall be measured at its nominal amount.

Government subsidies related to assets represent government subsidies obtained by the Company for purchasing, constructing or otherwise forming long-term assets.

Government subsidies related to income represent Government subsidies other than Government subsidies related to assets.

Government subsidies related to income are used to compensate for related costs or losses in subsequent periods, and are recognized as deferred income, and are used to write down related costs during the period in which the related costs or losses are recognized; if they are used to compensate for related costs or losses that have occurred, directly write down the relevant costs.

Government subsidies related to assets are used to write down the book value of related assets.

The Company adopts the same presentation method for similar Government subsidies.

Government subsidies related to daily activities are included in operating profit, and government subsidies not related to daily activities are included in non-operating income and expense.

SECTION 10 FINANCIAL REPORT

**3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES
(Continued)****(29) Leases****1. The accounting treatment of the Company as lessee**

On the lease commencement date, the Company recognizes the right-of-use asset and lease liabilities for the lease, except for short-term leases and low-value asset leases subject to simplified treatment.

- (1) The right-of-use use assets is initially measured at cost. The cost includes:
- A. Initial measured amount of the lease liabilities;
 - B. In case of any lease incentive for lease payment made on or before the lease commencement date, the amount of lease incentive is deducted;
 - C. Initial direct expenses incurred by the lessee;
 - D. Costs expected to be incurred by the lessee for dismantling and removing the leased asset, restoring the premise where the leased asset is located to its original conditions or restoring the leased asset to the conditions agreed upon in the lease terms.

After the lease commencement date, the Company depreciates the right-of-use assets in accordance with regulations on depreciation specified in Note 3.15.

In accordance with provisions of the “Accounting Standards for Business Enterprises No.8 – Asset Impairment”, the Company determines whether the right-of-use asset is impaired, and accounts for any impairment loss identified.

SECTION 10 FINANCIAL REPORT

**3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES
(Continued)****(29) Lease (Continued)****1. The accounting treatment of the Company as lessee (Continued)**

- (2) Lease liabilities is initially measured at the present value of lease payments unpaid on the lease commencement date.

In calculating the present value of the lease payment, the Company adopts the interest rate on incremental loan as the discount rate.

The Company calculates interest expense of the lease liabilities for each period in the lease term at the above discount rate, and charges it to current profit or loss.

- (3) The Company elects not to recognize right-of-use assets and lease liabilities for short-term lease and low-value asset lease.

2. The accounting treatment of the Company as lessor

- (1) Lessor's accounting for finance lease

On the lease commencement date, the Company recognizes a receivable under finance and derecognizes the asset under finance lease.

The Company initially measures the receivable under finance lease at the net lease investment.

The net rental investment is the sum of the unsecured residual value and the present value of the lease receipts that have not yet been received on the lease commencement date discounted at the interest rate implicit in lease.

The Company calculates and recognizes interest income for each period in the lease term at the above discount rate.

SECTION 10 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(29) Lease (Continued)

2. The accounting treatment of the Company as lessor (Continued)

(2) Lessor's accounting for operating lease

Over each period in the lease term, the Company recognizes lease receipts from operating leases as rental income using the straight-line method or other systematic and reasonable methods.

Initial direct expenses incurred by the Company in connection with operating leases are capitalized and allocated and expensed over the lease term on the same basis that rental income is recognized.

The Company depreciates fixed assets under operating lease following depreciation policies for similar assets, and depreciates assets under operating lease in a systematic and reasonable manner according to accounting standards applicable to such assets.

The Company determines whether the asset under operating lease is impaired and accounts for the impairment according to provisions of the Accounting Standards for Business Enterprises No.8 – Asset Impairment”.

SECTION 10 FINANCIAL REPORT

**3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES
(Continued)****(30) Segment information**

The Company determines business segments based on its internal organizational structure, management requirements and internal reporting system, and determines reporting segments and discloses segment information on the basis of business segments.

An operating segment refer to a component of the Company that meet all of the following conditions:

- (1) This component can generate income and incur expenses in daily activities;
- (2) Management can regularly evaluate operating results of this component, so as to decide to allocate resources to it and evaluate its performance;
- (3) Financial conditions, operating results, cash flows and other relevant accounting information of the component are available.

If two or more business segments share similar economic characteristics and meet certain conditions, they are combined into one business segment.

(31) Special reserves

According to provisions of the Notice on Printing and Issuing the Measures for Management of Appropriation to and Use of Production Safety Fund of Enterprises issued by the Ministry of Finance and the State Administration of Work Safety, the Company makes appropriation to production safety fee which is ear marked for improving production safety conditions of the Company.

According to relevant national regulations, the Company makes appropriation to production safety fee and other fees of similar nature, which is separately shown within “special reserve” between “less: treasury stock” and “surplus reserve” in owners’ equity. Production safety fee is included in the cost of related products or charged to profit or loss when incurred, and special reserves is increased accordingly. When the Company uses production safety fee, expensed items directly reduces the special reserves, while capitalized items are collected in construction in progress and recognized as fixed asset when the safety project is completed reaches the conditions for intended use. Meanwhile, the special reserve is reduced by the capitalized amount of production safety fee and depreciation is recognized in the same amount. The fixed asset will not be depreciated in future periods.

SECTION 10 FINANCIAL REPORT

**3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES
(Continued)****(32) Non-monetary asset exchange**

Non-monetary asset change are measured on the basis of fair value if the exchange has commercial substance and the fair value of incoming assets or outgoing assets can be measured reliably. The difference between the consideration obtained upon derecognition of the outgoing asset and its book value is recorded in current profit or loss.

Non-monetary asset exchange not satisfying conditions for measurement on the basis of fair value are measured at book value. Incoming assets are initially measured at the book value of outgoing assets and plus relevant taxes payable. No gain or loss is recognized on derecognition of outgoing assets.

(33) Held-for-sale and discontinued operation

The Company classifies non-current assets or disposal groups that meet all of the following conditions as held-for-sale: First, they are ready for sale in current conditions based on the practice of selling such assets or disposal groups in similar transaction; Secondly, the disposal is very likely to happen, that is, the Company has already made resolution on a disposal plan and has obtained a definite purchase promise, and the disposal is expected to be completed within one year. If relevant regulations require prior approval from relevant authority or regulator of the disposal, such disposal should have been obtained.

Upon initial measurement or re-measurement of a held-for-sale non-current asset or disposal group, if its book value is higher than its fair value net of disposal expenses, the book value is written down to the fair value net of disposal expenses, and the write-down amount is charged to current profit or loss, and impairment provision is recognized for the held-for-sale asset.

Non-current assets held for sale or assets in the disposal group held for sale are shown as held-for-sale assets in the balance sheet, and liabilities in the disposal group held for sale are shown as held-for-sale liabilities.

SECTION 10 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)**(33) Held-for-sale and discontinued operation (Continued)**

A discontinued operation is a separately distinguishable component that meets any one of the following conditions and has been disposed of or classified as held for sale by the Company:

1. This component represents an independent major business or a separate major business region;
2. This component is part of an associated plan to dispose of an independent major business or a separate major business region;
3. This component is a subsidiary acquired specifically for resale.

(34) Key assumptions and uncertainties used in important judgements and accounting estimates made in applying accounting policies

In applying the accounting policies described in “Note 3”, the Company needs to make judgements, estimates and assumptions in relation to the book value of financial statement items that cannot be accurately measured. These judgments, estimates and assumptions are based on management’s past experience and other relevant factors. The actual results may deviate from the Company’s estimates. Key assumptions and uncertainties in the Company’s accounting estimates that are likely to lead to significant adjustments to the book value of assets and liabilities in future periods are set out below:

1. Revenue recognition on engineering construction contract work

The Company recognized revenue from engineering construction in proportion to the progress in performance, while the progress in performance is determined by the accumulative actual contract cost to the total estimated contract cost. Determining the estimated total revenue and estimated total cost of these contracts requires a lot of estimates and judgments from management, including estimating the transaction price adjustment caused by contract changes, estimating the work of quantities to occur, and estimating consumption and unit price of materials or equipment. In executing the contract, management revises their estimates of estimated total revenue and the estimated total cost from time to time based on the latest available information. Adjustments to these estimates may result in an increase or decrease in revenue or costs for the current and future periods and be reflected in the income statement for the corresponding periods.

SECTION 10 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)**(34) Key assumptions and uncertainties used in important judgements and accounting estimates made in applying accounting policies (Continued)****2. Receivable and contract asset impairment provision**

The Company accounts for impairment of and makes loss allowance for receivables and contract assets based on expected credit risks. When they are assessed for impairment loss on a collective basis, the amount of provision is determined based on historical loss pattern of assets with similar credit risk characteristics, observable data reflecting current conditions and reasonable prediction of the future. The Company regularly reviews the methods and assumptions used to estimate the amount and timing of future cash flows of related assets and continuously revises the estimation of expected credit risks. If there are unexpected material changes in credit status of important debtors or customers, it may have a significant impact on operating performance for the relevant period in the future.

3. Income tax

The Company's determination of income tax involves judgment on future tax treatment of certain transactions. In view of the fact that the Company pays corporate income tax in many regions, the Company will prudently assess the tax impact of various transactions and make provision for income tax. The Company regularly reevaluates the tax impact of these transactions in accordance with updated tax regulations. The recognition of deferred income tax assets requires the Company to judge the possibility of obtaining future taxable income. The Company continuously reviews its judgment on deferred income tax, and recognizes deferred income tax assets on deductible temporary differences and deductible tax losses only if it expects that it is likely to obtain utilisable taxable income in future. Nevertheless, there remains the risk of significant differences between the ultimate tax impact and management's judgment.

4. Retirement and early retirement benefits liabilities

Retirement and early retirement benefit plans recognized by the Company as liabilities are measured based on various assumptions, including expected life, discount rate, wage growth rate post early retirement, medical expense growth rate and other factors. Management continuously maintains the rationality of these assumptions by engaging professional actuarial institutions and other methods, but it is still possible to make significant adjustments to these assumptions as external economic situation changes, thus affecting the balance of liabilities, profits and other comprehensive income for the relevant period.

(35) Description of changes in major accounting policies and accounting estimates

No.

SECTION 10 FINANCIAL REPORT

4. TAXES

(1) Major taxes and tax rates

Tax	Tax basis	Tax rate
Value added tax (VAT)	Taxable value added (equals to the product of taxable sales and applicable tax rate minus VAT input deductible for the current period)	3%, 5%, 6%, 9%, 13%
Consumption tax	The sum of VAT actually paid	1%, 5% and 7%
Urban maintenance and construction tax	The sum of VAT actually paid	3%, 2%
Corporate income tax	Taxable income	16.50% (HK), 25% (except preferential treatments as set out in Note 4.2)

Taxpayers of the Company subject to different corporate income taxes and their applicable income tax rates are set out below:

Taxpayer	Income tax rate
China Aluminum International Engineering Corporation Ltd.	15.00%
China Nonferrous Metals Processing Technology Co., Ltd.	15.00%
Luoyang Jincheng Construction Supervision Co., Ltd.	10.00%
Luoyang Foyang Decoration Engineering Co., Ltd.	25.00%
Suzhou Nonferrous Metal Materials Deyuan Environmental Protection Co., Ltd.	25.00%
Luoyang Kaiying Technology Co., Ltd.	25.00%
Sixth Metallurgical Construction Company of China Nonferrous Metals Industry	15.00%
Sixth Metallurgical Luoyang Construction Co., Ltd.	25.00%
Sixth Metallurgical Luoyang Mechanical and Electrical Installation Co., Ltd.	25.00%
Sixth Metallurgical (Zhengzhou) Technology Heavy Industry Co., Ltd.	25.00%
Henan Sixth Metallurgical Trading Co., Ltd.	25.00%
Panzhou Haohong Project Management Co., Ltd.	25.00%
Tongchuan Hao Tong Construction Co., Ltd.	25.00%
China Aluminum Great Wall Construction Co., Ltd.	25.00%
Huaian Tong Yun Construction Co., Ltd.	25.00%
Changsha Engineering & Research Institute Limited for Nonferrous Metallurgy	15.00%
Changsha Clinqsoft Info Tech Co., Ltd.	15.00%
Hunan Huachu Project Management Co., Ltd.	20.00%
Hunan Changye Construction Drawing Examination Co., Ltd.	25.00%

SECTION 10 FINANCIAL REPORT

4. TAXES (Continued)**(1) Major taxes and tax rates (Continued)**

Taxpayer	Income tax rate
Huachu High-Tech (Hunan) Co., Ltd.	25.00%
China Aluminum International South Engineering Co., Ltd.	25.00%
Wenzhou Tongrun Construction Co., Ltd.	25.00%
Wenzhou Tonghui Construction Co., Ltd.	25.00%
Ninth Metallurgical Construction Co., Ltd.	15.00%
Henan Ninth Metallurgical Construction Co., Ltd.	25.00%
Zhengzhou Ninth Metallurgical Sanwei Chemical Machinery Co., Ltd.	15.00%
Hanzhong Ninth Metallurgical Construction Co., Ltd.	25.00%
Ankang Ninth Metallurgical Changjiali Concrete Co., Ltd.	25.00%
Xinjiang Ninth Metallurgical Construction Co., Ltd.	25.00%
Xianyang Ninth Metallurgical Steel Structure Co., Ltd.	25.00%
Mian County Ninth Metallurgical Kindergarten	25.00%
Ninth Metallurgical Hanzhong Construction Design Institute Co., Ltd.	25.00%
Shaanxi Zhong Mian Investment Company Limited	25.00%
Shenyang Aluminum & Magnesium Design Institute Co., Ltd.	15.00%
Shenyang Boyu Technology Co., Ltd.	15.00%
Shenyang Aluminum & Magnesium Technology Co., Ltd.	15.00%
Shenyang Aluminum & Magnesium Engineering & Research Institute Construction Supervision Co., Ltd.	25.00%
Beijing Huayu Aerospace Control High-Tech Co., Ltd.	15.00%
China Nonferrous Metals Industry's Twelfth Metallurgical Construction Co., Ltd.	15.00%
China Nonferrous Metals Industry's Twelfth Metallurgical Chongqing Energy Savings Technology Co., Ltd.	20.00%
Shanxi Nonferrous Metal Twelfth Metallurgical Supplies Co., Ltd.	20.00%
Shanxi Longye Construction Labor Service Co., Ltd.	20.00%
China Aluminum International 12MCC Construction Co., Ltd.	25.00%
China Nonferrous Metals Changsha Investigation and Design Research Institute Co., Ltd.	15.00%
Shenzhen Changkan Survey and Design Co., Ltd.	15.00%
Changsha Tongxiang Construction Co., Ltd.	25.00%
Hunan Tongdu Investment and Development Co., Ltd.	25.00%
China Aluminum International Engineering & Equipment Co., Ltd.	25.00%
China Aluminum International Shandong Chemical Industry Co., Ltd.	25.00%
China Aluminum International Logistic (Tianjin) Co., Ltd.	25.00%

SECTION 10 FINANCIAL REPORT

4. TAXES (Continued)**(1) Major taxes and tax rates (Continued)**

Taxpayer	Income tax rate
Shanghai China Aluminum International Supply Chain Management Co., Ltd.	25.00%
Chalieco Hong Kong Corporation Limited	16.50%
Chalieco Malaysia Sdn. Bhd.	25.00%
Shanghai Chalieco Fengyuan Equity Investment Fund Partnership (Limited Partner)	25.00%
China Aluminum International Investment Management (Shanghai) Co., Ltd.	25.00%
Chalieco (Tianjin) Construction Co., Ltd.	25.00%
China Aluminum International Technology Development Co., Ltd.	15.00%
China Aluminum International Engineering (India) Private Limited	30.00%
China Aluminum International Yunnan Aluminum Application Engineering Co., Ltd.	15.00%
Duyun Development Zone Tongda Construction Co., Ltd.	25.00%
Guiyang Aluminum and Magnesium Design Institute Co., Ltd.	15.00%
Guiyang Aluminum and Magnesium Design Institute Construction Contracting Co., Ltd	25.00%
Guiyang Zhenxing Aluminum & Magnesium Technological Development Co., Ltd.	15.00%
Guizhou Light Metal Innovation Research and Equipment Process Co., Ltd.	15.00%
Guiyang Xinyu Construction Supervision Co., Ltd.	10.00%
Guizhou Yundu Properties Company Limited	25.00%
Guizhou Shunan Mechanical and Electric Equipment Co., Ltd.	15.00%
Guangxi Tongrui Investment Construction Co., Ltd.	25.00%
China Aluminum International Aluminum Application Engineering Co., Ltd.	25.00%
Shanxi Nonferrous Metal Twelfth Metallurgical Advanced Materials Co., Ltd.	10.00%
Qingdao Xinfu Gongchuang Asset Management Company Limited	25.00%
Chalco Shandong Engineering Technology Co., Ltd.	15.00%
Chalco Wancheng Shandong Construction Co., Ltd.	25.00%
Kunming Survey and Design institute Co., Ltd. of China Nonferrous Metals industry	15.00%
Kunming Technology Development Co., Ltd.	10.00%
Africa Congo-Kinshasa Company of Kunming Survey and Design Institute of China Nonferrous Metals Industry	15.00%
Chinalco Southwest Construction Investment Co., Ltd.	25.00%
Yunnan Miyu Expressway Investment and Development Co., Ltd.	25.00%

SECTION 10 FINANCIAL REPORT

4. TAXES (Continued)**(2) Important tax preferences and approval documents****1. Tax preferences applicable to high-tech companies**

- (1) China Aluminum International Engineering Corporation Limited was a high-tech enterprise vigorously supported by the State and is entitled to a preferential corporate income tax at 15% for 2021 and 2022.
- (2) Changsha Engineering & Research Institute Limited for Nonferrous Metallurgy received the High-tech Enterprise Certificate on 18 September 2019 (Certificate number: GR202143000730, valid for three years), which complies with Article 93 of the Regulations on Application of the Income Tax Law of the People's Republic of China. As a high-tech enterprise vigorously supported by the State, it is entitled to a preferential corporate income tax at 15% for 2021 and 2022.
- (3) Changsha Clinqsoft Info Tech Co., Ltd. (formerly known as "Changsha Hua Heng Yuan Info Tech Co., Ltd.", formalities for renaming completed on 21 November 2019) received the High-tech Enterprise Certificate on 15 December 2021 (Certificate number: GR202143004434, valid for three years), which complies with Article 93 of the Regulations on Application of the Income Tax Law of the People's Republic of China. As a high-tech enterprise vigorously supported by the State, it is entitled to a preferential corporate income tax at 15% for 2021 and 2022.
- (4) China Nonferrous Metals Processing Technology Co., Ltd. received the High-tech Enterprise Certificate on 4 December 2020 (Certificate number: GR202041002031, valid for three years), which complies with Article 93 of the Regulations on Application of the Income Tax Law of the People's Republic of China. As a high-tech enterprise vigorously supported by the State, it is entitled to a preferential corporate income tax at 15% for 2021 and 2022.
- (5) Guiyang Aluminum and Magnesium Design Institute Co., Ltd. was a high-tech enterprise vigorously supported by the State and is entitled to a preferential corporate income tax at 15% for 2021 and 2022.
- (6) Guizhou Shunan Mechanical and Electric Equipment Co., Ltd. received the High-tech Enterprise Certificate on 15 November 2021 (Certificate number: GR202152000344, valid for three years), which complies with Article 93 of the Regulations on Application of the Income Tax Law of the People's Republic of China. As a high-tech enterprise vigorously supported by the State, it is entitled to a preferential corporate income tax at 15% for 2021 and 2022.

SECTION 10 FINANCIAL REPORT

4. TAXES (Continued)**(2) Important tax preferences and approval documents (Continued)****1. Tax preferences applicable to high-tech companies (Continued)**

- (7) Guiyang Zhenxing Aluminum & Magnesium Technological Development Co., Ltd. received the High-tech Enterprise Certificate on 15 November 2021 (Certificate number: GR202152000132, valid for three years), which complies with Article 93 of the Regulations on Application of the Income Tax Law of the People's Republic of China. As a high-tech enterprise vigorously supported by the State, it is entitled to a preferential corporate income tax at 15% for 2021 and 2022.
- (8) Guizhou Light Metal Innovation Research and Equipment Process Co., Ltd. received the High-tech Enterprise Certificate on 15 November 2021 (Certificate number: GR202152000554, valid for three years), which complies with Article 93 of the Regulations on Application of the Income Tax Law of the People's Republic of China. As a high-tech enterprise vigorously supported by the State, it is entitled to a preferential corporate income tax at 15% for 2021 and 2022.
- (9) Shenyang Aluminum & Magnesium Design Institute Co., Ltd. received the High-tech Enterprise Certificate on 15 September 2020 (Certificate number: GR202021000737, valid for three years), which complies with Article 93 of the Regulations on Application of the Income Tax Law of the People's Republic of China. As a high-tech enterprise vigorously supported by the State, it is entitled to a preferential corporate income tax at 15% for 2021 and 2022.
- (10) Shenyang Boyu Technology Co., Ltd. received the High-tech Enterprise Certificate on 24 September 2021 (Certificate number: GR202121000538, valid for three years), which complies with Article 93 of the Regulations on Application of the Income Tax Law of the People's Republic of China. As a high-tech enterprise vigorously supported by the State, it is entitled to a preferential corporate income tax at 15% for 2021 and 2022.
- (11) Shenyang Aluminum & Magnesium Technology Co., Ltd. received the High-tech Enterprise Certificate on 10 November 2020 (Certificate number: GR202021001202, valid for three years), which complies with Article 93 of the Regulations on Application of the Income Tax Law of the People's Republic of China. As a high-tech enterprise vigorously supported by the State, it is entitled to a preferential corporate income tax at 15% for 2021 and 2022.
- (12) Beijing Huayu Aerospace Control High-Tech Co., Ltd. was a high-tech enterprise vigorously supported by the State, it is entitled to a preferential corporate income tax at 15% for 2021 and 2022.

SECTION 10 FINANCIAL REPORT

4. TAXES (Continued)**(2) Important tax preferences and approval documents (Continued)****1. Tax preferences applicable to high-tech companies (Continued)**

- (13) China Nonferrous Metals Changsha Investigation and Design Research Institute Co., Ltd. received the High-tech Enterprise Certificate on 15 December 2021 (Certificate number: GR202143004458, valid for three years), which complies with Article 93 of the Regulations on Application of the Income Tax Law of the People's Republic of China. As a high-tech enterprise vigorously supported by the State, it is entitled to a preferential corporate income tax at 15% for 2021 and 2022.
- (14) Shenzhen Changkan Survey and Design Co., Ltd. received the High-tech Enterprise Certificate on 11 December 2020 (Certificate number: GR202044204582, valid for three years), which complies with Article 93 of the Regulations on Application of the Income Tax Law of the People's Republic of China. As a high-tech enterprise vigorously supported by the State, it is entitled to a preferential corporate income tax at 15% for 2020 and 2021.
- (15) Sixth Metallurgical Construction Company of China Nonferrous Metals Industry was a high-tech enterprise vigorously supported by the State and is entitled to a preferential corporate income tax at 15% for 2021 and 2022.
- (16) Sixth Metallurgical (Zhengzhou) Technology Heavy Industry Co., Ltd. received the High-tech Enterprise Certificate on 28 October 2021 (Certificate number: GR202141002396, valid for three years), which complies with Article 93 of the Regulations on Application of the Income Tax Law of the People's Republic of China. As a high-tech enterprise vigorously supported by the State, it is entitled to a preferential corporate income tax at 15% for 2021 and 2022.
- (17) According to the "Notice on Publicizing the List of the First Batch of High-tech Enterprises to be Recognised in Shaanxi Province in 2022 (Shaanxi Gaoqi banfa [2022] No. 12) published by the Technological Working Committee of Shaanxi Provincial Committee of the Chinese Communist Party and the Science and Technology Department of Shaanxi Province on 6 July 2022, Ninth Metallurgical Construction Co., Ltd. was recognised as a high and new technology enterprise which would be valid for a term of 3 years from 2022 to 2024.
- (18) Zhengzhou Ninth Metallurgical Sanwei Chemical Machinery Co., Ltd. received the High-tech Enterprise Certificate on 9 September 2020 (Certificate number: GR202041000407, valid for three years), which complies with Article 93 of the Regulations on Application of the Income Tax Law of the People's Republic of China. As a high-tech enterprise vigorously supported by the State, it is entitled to a preferential corporate income tax at 15% for 2021 and 2022.
- (19) China Nonferrous Metals Industry's Twelfth Metallurgical Construction Co., Ltd. was a high-tech enterprise vigorously supported by the State and is entitled to a preferential corporate income tax at 15% for 2021 and 2022.

SECTION 10 FINANCIAL REPORT

4. TAXES (Continued)**(2) Important tax preferences and approval documents (Continued)****1. Tax preferences applicable to high-tech companies (Continued)**

- (20) Kunming Survey and Design institute Co., Ltd. of China Nonferrous Metals Industry received the High-tech Enterprise Certificate on 3 December 2021 (Certificate number: GR202153000314, valid for three years), which complies with Article 93 of the Regulations on Application of the Income Tax Law of the People's Republic of China. As a high-tech enterprise vigorously supported by the State, it is entitled to a preferential corporate income tax at 15% for 2021 and 2022.
- (21) Chalco Shandong Engineering Technology Co., Ltd. received the High-tech Enterprise Certificate on 7 December 2021 (Certificate number: GR202137002601, valid for three years), which complies with Article 93 of the Regulations on Application of the Income Tax Law of the People's Republic of China. As a high-tech enterprise vigorously supported by the State, it is entitled to a preferential corporate income tax at 15% for 2021 and 2022.
- (22) China Aluminium International Technology Development Co., Ltd. received the High-tech Enterprise Certificate on 2 December 2020 (Certificate number: GR202011009148, valid for three years), which complies with Article 93 of the Regulations on Application of the Income Tax Law of the People's Republic of China. As a high-tech enterprise vigorously supported by the State, it is entitled to a preferential corporate income tax at 15% for 2021 and 2022.

2. Value added tax

- (1) Pursuant to Notice of the Ministry of Finance and the State Administration of Taxation on Bringing Railway Transportation and Postal Service into the Pilot Program of Changing Business Tax to VAT (Cai Shui [2013] No.106), China Aluminum International Engineering Corporation Ltd. is exempted from VAT on revenue from technology transfer.
- (2) Pursuant to Notice of the Ministry of Finance and the State Administration of Taxation on Bringing Railway Transportation and Postal Service into the Pilot Program of Changing Business Tax to VAT (Cai Shui [2013] No.106), China Nonferrous Metals Processing Technology Co., Ltd. is exempted from VAT on revenue from technology transfer.
- (3) Pursuant to Notice on VAT Policies for Software Products issued by the Ministry of Finance and the State Administration of Taxation (Cai Shui [2011] No. 100), Guiyang Zhenxing Aluminum & Magnesium Technological Development Co., Ltd. is entitled to the preferential VAT policy of refund upon levy in respect of the portion of VAT levied after actual tax burden on sales of software produced by itself reaches 3%.

SECTION 10 FINANCIAL REPORT

4. TAXES (Continued)**(2) Important tax preferences and approval documents (Continued)****2. Value added tax (Continued)**

- (4) Pursuant to Notice on VAT Policies for Software Products issued by the Ministry of Finance and the State Administration of Taxation (Cai Shui [2011] No. 100), Guizhou Light Metal Innovation Research and Equipment Process Co., Ltd. is entitled to the preferential VAT policy of refund upon levy in respect of the portion of VAT levied after actual tax burden on sales of software produced by itself reaches 3%.
- (5) China Nonferrous Metals Industry's Twelfth Metallurgical Construction Co., Ltd. completed the formalities for registration of simplified taxation for general VAT payers on 1 May 2016. Pursuant to the Notice of the Ministry of Finance and the State Administration of Taxation on Fully Pushing Forward the Pilot Program of Changing Business Tax to VAT (Cai Shui [2016] No. 36), as of 1 May 2016, it may elect to apply the preferential policy of simplified taxation for construction services for projects with materials supplied by Party A, engineering construction service provided for old projects and sales of real estate obtained prior to 30 April 2016.
- (6) China Nonferrous Metals Industry's Twelfth Metallurgical Construction Co., Ltd. completed the formalities for registration for tax exemption for cross border taxable activities of general VAT payers in May 2017. Pursuant to the Notice of the Ministry of Finance and the State Administration of Taxation on Fully Pushing Forward the Pilot Program of Changing Business Tax to VAT (Cai Shui [2016] No. 36), domestic entities and individuals are exempted from VAT in rendering construction services overseas.

3. Tax preferences for small and micro enterprises

- (1) Shanxi Nonferrous Metal Twelfth Metallurgical Supplies Co., Ltd. complies with the provisions of the Notice on Applying Inclusive Tax Relief Policies to Small and Micro Enterprises (Cai Shui [2019] No.13), pursuant to which for the period from 1 January 2019 to 31 December 2021, for small and micro enterprises, the portion of annual taxable income not exceeding RMB1 million is subject to a corporate tax rate of 20% on the basis of 25% of this portion of its taxable income, and the portion of annual taxable income exceeding RMB1 million but not exceeding RMB3 million is subject to corporate tax rate of 20% on the basis of 50% of this portion of its taxable income.

Shanxi Nonferrous Metal Twelfth Metallurgical Supplies Co., Ltd. complies with the provisions of Cai Shui [2021] No.12, pursuant to which for the period from 1 January 2021 to 31 December 2022, for small and micro enterprises, the portion of the annual taxable income of small and low-profit enterprises not exceeding RMB1 million, in addition to the preferential policies stipulated in Article 2 of the Notice on Applying Inclusive Tax Relief Policies to Small and Micro Enterprises (Cai Shui [2019] No.13), the enterprise income tax shall be levied by half.

SECTION 10 FINANCIAL REPORT

4. TAXES (Continued)**(2) Important tax preferences and approval documents (Continued)****3. Tax preferences for small and micro enterprises (Continued)**

- (2) China Nonferrous Metals Industry's Twelfth Metallurgical Chongqing Energy Savings Technology Co., Ltd. complies with the provisions of the Notice on Applying Inclusive Tax Relief Policies to Small and Micro Enterprises (Cai Shui [2019] No.13), pursuant to which for the period from 1 January 2019 to 31 December 2021, for small and micro enterprises, the portion of annual taxable income not exceeding RMB1 million is subject to a corporate tax rate of 20% on the basis of 25% of this portion of its taxable income, and the portion of annual taxable income exceeding RMB1 million but not exceeding RMB3 million is subject to corporate tax rate of 20% on the basis of 50% of this portion of its taxable income.

China Nonferrous Metals Industry's Twelfth Metallurgical Chongqing Energy Savings Technology Co., Ltd. complies with the provisions of Cai Shui [2021] No.12, pursuant to which for the period from 1 January 2021 to 31 December 2022, for small and micro enterprises, the portion of the annual taxable income of small and low-profit enterprises not exceeding RMB1 million, in addition to the preferential policies stipulated in Article 2 of the Notice on Applying Inclusive Tax Relief Policies to Small and Micro Enterprises (Cai Shui [2019] No.13), the enterprise income tax shall be levied by half.

- (3) Shanxi Nonferrous Metal Twelfth Metallurgical Advanced Materials Co., Ltd. complies with the provisions of the Notice on Applying Inclusive Tax Relief Policies to Small and Micro Enterprises (Cai Shui [2019] No.13), pursuant to which for the period from 1 January 2019 to 31 December 2021, for small and micro enterprises, the portion of annual taxable income not exceeding RMB1 million is subject to a corporate tax rate of 20% on the basis of 25% of this portion of its taxable income, and the portion of annual taxable income exceeding RMB1 million but not exceeding RMB3 million is subject to corporate tax rate of 20% on the basis of 50% of this portion of its taxable income.

Shanxi Nonferrous Metal Twelfth Metallurgical Advanced Materials Co., Ltd. complies with the provisions of Cai Shui [2021] No.12, pursuant to which for the period from 1 January 2021 to 31 December 2022, for small and micro enterprises, the portion of the annual taxable income of small and low-profit enterprises not exceeding RMB1 million, in addition to the preferential policies stipulated in Article 2 of the Notice on Applying Inclusive Tax Relief Policies to Small and Micro Enterprises (Cai Shui [2019] No.13), the enterprise income tax shall be levied by half.

SECTION 10 FINANCIAL REPORT

4. TAXES (Continued)**(2) Important tax preferences and approval documents (Continued)****4. Tax preferences for small and micro enterprises (Continued)**

- (4) Guiyang Xinyu Construction Supervision Co., Ltd. complies with the provisions of the Notice on Applying Inclusive Tax Relief Policies to Small and Micro Enterprises (Cai Shui [2019] No.13), pursuant to which for the period from 1 January 2019 to 31 December 2021, for small and micro enterprises, the portion of annual taxable income not exceeding RMB1 million is subject to a corporate tax rate of 20% on the basis of 25% of this portion of its taxable income, and the portion of annual taxable income exceeding RMB1 million but not exceeding RMB3 million is subject to corporate tax rate of 20% on the basis of 50% of this portion of its taxable income.

Guiyang Xinyu Construction Supervision Co., Ltd. complies with the provisions of Cai Shui [2021] No.12, pursuant to which for the period from 1 January 2021 to 31 December 2022, for small and micro enterprises, the portion of the annual taxable income of small and low-profit enterprises not exceeding RMB1 million, in addition to the preferential policies stipulated in Article 2 of the Notice on Applying Inclusive Tax Relief Policies to Small and Micro Enterprises (Cai Shui [2019] No.13), the enterprise income tax shall be levied by half.

- (5) Kunming Technology Development Co., Ltd. complies with the provisions of the Notice on Applying Inclusive Tax Relief Policies to Small and Micro Enterprises (Cai Shui [2019] No.13), pursuant to which for the period from 1 January 2019 to 31 December 2021, for small and micro enterprises, the portion of annual taxable income not exceeding RMB1 million is subject to a corporate tax rate of 20% on the basis of 25% of this portion of its taxable income, and the portion of annual taxable income exceeding RMB1 million but not exceeding RMB3 million is subject to corporate tax rate of 20% on the basis of 50% of this portion of its taxable income.

Kunming Technology Development Co., Ltd. complies with the provisions of Cai Shui [2021] No.12, pursuant to which for the period from 1 January 2021 to 31 December 2022, for small and micro enterprises, the portion of the annual taxable income of small and low-profit enterprises not exceeding RMB1 million, in addition to the preferential policies stipulated in Article 2 of the Notice on Applying Inclusive Tax Relief Policies to Small and Micro Enterprises (Cai Shui [2019] No.13), the enterprise income tax shall be levied by half.

SECTION 10 FINANCIAL REPORT

4. TAXES (Continued)**(2) Important tax preferences and approval documents (Continued)****4. Tax preferences for small and micro enterprises (Continued)**

- (6) Luoyang Jincheng Construction Supervision Co., Ltd. complies with the provisions of the Notice on Applying Inclusive Tax Relief Policies to Small and Micro Enterprises (Cai Shui [2019] No.13), pursuant to which for the period from 1 January 2019 to 31 December 2021, for small and micro enterprises, the portion of annual taxable income not exceeding RMB1 million is subject to a corporate tax rate of 20% on the basis of 25% of this portion of its taxable income, and the portion of annual taxable income exceeding RMB1 million but not exceeding RMB3 million is subject to corporate tax rate of 20% on the basis of 50% of this portion of its taxable income.

Luoyang Jincheng Construction Supervision Co., Ltd. complies with the provisions of Cai Shui [2021] No.12, pursuant to which for the period from 1 January 2021 to 31 December 2022, for small and micro enterprises, the portion of the annual taxable income of small and low-profit enterprises not exceeding RMB1 million, in addition to the preferential policies stipulated in Article 2 of the Notice on Applying Inclusive Tax Relief Policies to Small and Micro Enterprises (Cai Shui [2019] No.13), the enterprise income tax shall be levied by half.

- (7) Hunan Huachu Project Management Co., Ltd. complies with the provisions of the Notice on Applying Inclusive Tax Relief Policies to Small and Micro Enterprises (Cai Shui [2019] No.13), pursuant to which for the period from 1 January 2019 to 31 December 2021, for small and micro enterprises, the portion of annual taxable income not exceeding RMB1 million is subject to a corporate tax rate of 20% on the basis of 25% of this portion of its taxable income, and the portion of annual taxable income exceeding RMB1 million but not exceeding RMB3 million is subject to corporate tax rate of 20% on the basis of 50% of this portion of its taxable income.

Hunan Huachu Project Management Co., Ltd. complies with the provisions of Cai Shui [2021] No.12, pursuant to which for the period from 1 January 2021 to 31 December 2022, for small and micro enterprises, the portion of the annual taxable income of small and low-profit enterprises not exceeding RMB1 million, in addition to the preferential policies stipulated in Article 2 of the Notice on Applying Inclusive Tax Relief Policies to Small and Micro Enterprises (Cai Shui [2019] No.13), the enterprise income tax shall be levied by half.

SECTION 10 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**(1) Monetary fund**

Item	30 June 2022	31 December 2021
Cash on hand	709,732.67	738,796.17
Bank deposits	7,202,633,868.67	6,644,536,818.05
Other monetary funds	824,291,387.08	871,520,745.03
Total	8,027,634,988.42	7,516,796,359.25
Including: Total amount deposited overseas	68,048,701.54	69,651,916.65

Notes:

1. As at 30 June 2022, monetary funds included restricted cash of RMB852,012,606.82, including bank deposits secured for bank guarantees and acceptance bills and frozen deposits;
2. As at 30 June 2022, the Company had a total amount of RMB3,151,884,128.54 deposited with Chinalco Finance Company Limited ("Chinalco Finance"), a related non-banking financial institution under common control of China Aluminum Group.

SECTION 10 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**(2) Notes receivable**

Item	30 June 2022	31 December 2021
Bank's acceptance bills	3,490,345.43	8,232,891.32
Commercial acceptance bills		
Less: provision for bad debt		
Total	3,490,345.43	8,232,891.32

Notes:

1. On 30 June 2022, the Company's business model for managing notes receivable includes both collection of contractual cash flow as the target and sales as the target. Therefore, the Company's notes receivable measured at fair value and financial assets where changes are included in other comprehensive income shall be included in the factoring of receivables.
2. As of 30 June 2022, there was no accounts receivable transferred from notes receivable due to drawer's failure to perform the obligation;
3. As of 30 June 2022, there was no bank's acceptance bills pledged but not yet due;
4. As of 30 June 2022, there was no bank's acceptance bills discounted but not yet due;
5. As of 30 June 2022, there was no bank's acceptance bills endorsed but not yet due.

SECTION 10 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**(3) Accounts receivable****1. Disclosure by aging**

Aging	30 June 2022	31 December 2021
Within 1 year	8,569,987,705.02	8,331,283,945.67
Between 1-2 years	4,936,158,730.81	5,238,781,807.27
Between 2-3 years	1,676,948,373.25	1,638,767,387.37
Between 3-4 years	995,641,979.75	1,228,867,347.56
Between 4-5 years	713,652,792.83	424,352,804.63
Over 5 years	1,139,581,845.14	1,390,759,059.85
Less: Provision for bad debt	2,910,694,673.51	2,967,918,880.57
Total	15,121,276,753.29	15,284,893,471.78

SECTION 10 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**(3) Accounts receivable (Continued)****2. Accounts receivable disclosed by category**

Category	30 June 2022			
	Carrying balance		Provision for bad debt	
	Amount	Percentage (%)	Amount	Accrual ratio (%)
Accounts receivable tested for provision for bad debt on an individual basis	1,480,591,972.45	8.21	955,941,584.81	64.56
Accounts receivable tested for provision for bad debt on a collective basis	16,551,379,454.35	91.79	1,954,753,088.70	11.81
Including: Group 1: Expected credit loss group	16,551,379,454.35	91.79	1,954,753,088.70	11.81
Subtotal	16,551,379,454.35	91.79	1,954,753,088.70	11.81
Total	18,031,971,426.80	100.00	2,910,694,673.51	16.14

Category	31 December 2021			
	Carrying balance		Provision for bad debt	
	Amount	Percentage (%)	Amount	Accrual ratio (%)
Accounts receivable tested for provision for bad debt on an individual basis	1,605,952,699.12	8.80	932,252,652.89	58.05
Accounts receivable tested for provision for bad debt on a collective basis	16,646,859,653.23	91.20	2,035,666,227.68	12.23
Including: Group 1: Expected credit loss group	16,646,859,653.23	91.20	2,035,666,227.68	12.23
Subtotal	16,646,859,653.23	91.20	2,035,666,227.68	12.23
Total	18,252,812,352.35	100.00	2,967,918,880.57	16.26

SECTION 10 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**(3) Accounts receivable (Continued)****2. Accounts receivable disclosed by category (Continued)**

- (1) Accounts receivable tested for provision for bad debt on an individual basis as of 30 June 2022

Debtor	Carrying balance	Provision for bad debt	Aging	Percentage of expected credit loss (%)	Reason for the provision
Debtor 1	228,218,235.09	136,930,941.06	Between 4-5 years	60.00	The Company made provisions for credit losses based on the recoverability of the amount.
Debtor 2	212,855,167.01	78,641,751.75	Between 3-4 years, between 4-5 years, over 5 years	36.95	The Company made provisions for credit losses based on the recoverability of the amount.
Debtor 3	163,478,297.69	159,947,719.05	Within 1 year, between 1-2 years, over 5 years	97.84	The Company made provisions for credit losses based on the recoverability of the amount.
Debtor 4	162,443,184.19	73,099,432.89	Within 1 year, between 1-2 years, between 3-4 years	45.00	The Company made provisions for credit losses based on the recoverability of the amount.
Debtor 5	105,525,551.26	105,525,551.26	Within 1 year, between 1-2 years	100.00	The Company made provisions for credit losses based on the recoverability of the amount.
Others	608,071,537.21	401,796,188.80	-	66.08	The Company made provisions for credit losses based on the recoverability of the amount.
Total	1,480,591,972.45	955,941,584.81	-	64.56	-

- (2) Accounts receivable tested for provision for bad debt on a collective basis

Group 1: Expected credit loss group

Aging	Carrying balance	30 June 2022		Carrying balance	31 December 2021	
		Expected credit loss rate (%)	Provision for bad debt		Expected credit loss rate (%)	Provision for bad debt
Within 1 year	8,517,806,212.52	0.50	42,590,144.11	8,185,186,306.37	0.50	40,925,932.25
Between 1-2 years	4,584,560,647.65	10.00	458,456,065.06	4,866,678,655.77	10.00	486,667,865.91
Between 2-3 years	1,506,622,849.38	20.00	301,334,143.86	1,468,349,627.77	20.00	293,677,960.44
Between 3-4 years	871,643,236.32	30.00	261,512,302.11	1,052,251,985.52	30.00	315,691,819.24
Between 4-5 years	359,772,150.24	50.00	179,886,075.32	351,380,856.45	50.00	175,690,428.49
Over 5 years	710,974,358.24	100.00	710,974,358.24	723,012,221.35	100.00	723,012,221.35
Total	16,551,379,454.35	-	1,954,753,088.70	16,646,859,653.23	-	2,035,666,227.68

SECTION 10 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**(3) Accounts receivable (Continued)****3. Provision for bad debt from January to June 2022**

Item	Opening balance	Provision	Movement during the period			Closing balance
			Recovery or reversal	Written off	Other changes	
Portfolio which items are tested for provision on an individual basis	932,252,652.89	26,975,771.30	3,835,521.04		-548,681.66	955,941,584.81
Expected credit loss group	2,035,666,227.68	-78,683,523.16		2,229,615.82		1,954,753,088.70
Total	2,967,918,880.57	-51,707,751.86	3,835,521.04	2,229,615.82	-548,681.66	2,910,694,673.51

Significant recovered or reversed provision for bad debt for the period:

Entity	Amount reversed or recovered		Recovery method
Debtor 1	1,216,575.00		Relevant amount has been recovered
Debtor 2	756,000.00		Relevant amount has been recovered
Debtor 3	480,000.00		Relevant amount has been recovered
Debtor 4	438,288.88		Relevant amount has been recovered
Debtor 5	400,000.00		Relevant amount has been recovered
Total	3,290,863.88		

SECTION 10 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**(3) Accounts receivable (Continued)****4. Significant accounts receivable written off from January to June 2022**

Accounts receivable written off during the current period amounted to RMB2,229,615.82.

Including: Significant accounts receivable written off in the current period

Entity	Nature	Amount written off	Reason for write-off	Write-off procedures	Arising from connected transaction or not
Debtor 1	Design fee	1,314,000.00	The amount was unrecoverable as there was no property available for execution	GM regular meeting	No
Debtor 2	Payments	645,600.00	The amount was unrecoverable as there was no property available for execution	GM regular meeting	No
Debtor 3	Payments	270,015.82	The amount was unrecoverable as there was no property available for execution	GM regular meeting	No
Total	–	2,229,615.82	–	–	–

5. Top five debtors of accounts receivable as at the end of the period

Entity	Balance as at 30 June 2022	Percentage in total accounts receivable (%)	Balance of provision for bad debt as at 30 June 2022
No. 1	659,818,873.21	3.66	40,400,866.09
No. 2	464,962,742.83	2.58	208,137,522.55
No. 3	373,757,217.00	2.07	1,868,786.09
No. 4	357,854,927.23	1.98	36,416,210.59
No. 5	281,134,577.63	1.56	25,327,899.66
Total	2,137,528,337.90	11.85	312,151,284.98

SECTION 10 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**(3) Accounts receivable (Continued)****6. Receivables derecognized due to transfer of financial assets**

As the Company does not have substantial control over the ABS plan, it does not need to consolidate the ABS plan into its financial statements. Meanwhile, since the Company neither transferred nor retained almost all risks and rewards in the ownership of the underlying assets, the Company continues to recognize relevant financial asset to the extent of its continuing involvement in the underlying asset, and recognizes relevant liability accordingly. As of 30 June 2022, the Company had recognized asset of RMB18,900,000.00 in relation to the continuing involvement.

(4) Factoring of receivables

Item	30 June 2022	31 December 2021
Notes receivable	558,643,437.68	730,574,231.09
Accounts receivable		
Total	558,643,437.68	730,574,231.09

Notes:

1. From January to June 2022, the Company's business model for managing notes receivable includes both collection of contractual cash flow as the target and sales as the target. Therefore, the Company's notes receivable measured at fair value and financial assets where changes are included in other comprehensive income shall be included in the factoring of receivables;
2. As of 30 June 2022, the Company had no accounts receivable transferred from notes receivable due to drawer's failure to perform the obligation;
3. As of 30 June 2022, bank's acceptance bills pledged but not yet due amounted to RMB120,029,103.64;
4. As of 30 June 2022, bank's acceptance bills discounted but not yet due amounted to RMB180,884,858.37;
5. As of 30 June 2022, bank's acceptance bills endorsed but not yet due amounted to RMB1,959,069,814.62.

SECTION 10 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**(5) Prepayments****1. Prepayments presented by aging**

Aging	30 June 2022		31 December 2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	608,462,461.16	89.21	331,815,184.95	90.63
Between 1-2 years	56,117,637.89	8.23	18,513,465.94	5.06
Between 2-3 years	4,295,025.18	0.63	5,747,004.66	1.57
Over 3 years	13,148,887.10	1.93	10,042,876.00	2.74
Total	682,024,011.33	100.00	366,118,531.55	100.00

Significant prepayments aged over 1 year

Creditor	Debtor	30 June 2022	Aging	Reason for unsettlement
Shenyang Aluminum & Magnesium Engineering & Research Institute Co., Ltd.	Supplier 1	26,358,980.98	Within 1 year, between 1-2 years	Settlement conditions were not met
Shenyang Aluminum & Magnesium Engineering & Research Institute Co., Ltd.	Supplier 2	24,630,303.28	Within 1 year, between 1-2 years	Settlement conditions were not met
Shenyang Aluminum & Magnesium Engineering & Research Institute Co., Ltd.	Supplier 3	8,700,000.00	Between 1-2 years	Settlement conditions were not met
Shenyang Aluminum & Magnesium Engineering & Research Institute Co., Ltd.	Supplier 4	3,649,581.70	Between 1-2 years	Settlement conditions were not met
Total		63,338,865.96		

SECTION 10 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**(5) Prepayments (Continued)****2. Top five entities in terms of prepayments**

Entity	30 June 2022	Percentage of closing balance of total prepayments (%)
No. 1	30,084,120.00	4.41%
No. 2	26,358,980.98	3.86%
No. 3	24,630,303.28	3.61%
No. 4	21,208,500.00	3.11%
No. 5	21,128,597.80	3.10%
Total	123,410,502.06	18.09%

(6) Other receivables

Item	30 June 2022	31 December 2021
Interests receivable	1,604,192.87	540,607.12
Dividends receivable		
Other receivables	3,697,631,893.18	3,657,243,460.07
Less: provision for bad debt	1,320,612,460.79	1,304,840,850.46
Total	2,378,623,625.26	2,352,943,216.73

SECTION 10 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**(6) Other receivables (Continued)****1. Interests receivable**

Classification of interests receivable

Item	30 June 2022	31 December 2021
Others	1,604,192.87	540,607.12
Less: Provision for bad debt		
Total	1,604,192.87	540,607.12

2. Other receivables

(1) Disclosure by nature of amount

Nature of amount	30 June 2022	31 December 2021
Financing provided to Party A and its related parties	603,022,605.22	607,106,080.19
Retention funds and deposits	1,280,414,210.54	1,205,677,432.80
Advance	1,605,243,659.23	1,614,970,612.05
Imprest	62,971,075.77	69,704,517.22
Others	145,980,342.42	159,784,817.81
Subtotal	3,697,631,893.18	3,657,243,460.07
Less: Provision for bad debt	1,320,612,460.79	1,304,840,850.46
Total	2,377,019,432.39	2,352,402,609.61

Note: In order to actively expand the market and share a win-win result with proprietors, the Company signs a capital arrangement agreement with some proprietors of the engineering contracting projects. In addition to general engineering construction services, the Company also provide the proprietors with a certain amount of financing in support of their completion of designated construction projects. Meanwhile, the Company charges a financing fee at agreed interest rate. As of 30 June 2022, the Company had failed to collect the financing fee or principal due on several capital arrangement agreements, and is actively negotiating with the proprietors and relevant parties. The Company has made judgment based on current progress of relevant construction contracting projects, guarantees provided by the proprietors and relevant parties, as well as negotiations between the Company and the proprietors and relevant parties, and has accrued loss allowance for relevant receivables. The Company believes that, based on the information currently available, the provision for bad debts against such claims is sufficient to cover the risk of recovery.

SECTION 10 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**(6) Other receivables (Continued)****2. Other receivables (Continued)**

(2) Aging analysis of other receivables

Aging	30 June 2022	31 December 2021
Within 1 year	1,794,886,582.13	1,714,606,748.62
Between 1-2 years	468,195,825.62	532,656,905.34
Between 2-3 years	337,656,849.76	357,097,789.23
Between 3-4 years	341,699,556.39	307,491,507.58
Between 4-5 years	406,023,503.99	396,365,888.49
Over 5 years	349,169,575.29	349,024,620.81
Less: Provision for bad debt	1,320,612,460.79	1,304,840,850.46
Total	2,377,019,432.39	2,352,402,609.61

SECTION 10 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**(6) Other receivables (Continued)****2. Other receivables (Continued)****(3) Provision for bad debt**

	Stage 1	Stage 2	Stage 3	
	Expected credit loss	Expected credit loss	Expected credit loss	
	in the next 12 months	for the entire	for the entire	
Provision for bad debt		duration of the life	duration of the life	Total
		(no credit impairment)	(credit-impaired)	
Balance as at 1 January 2022	6,938,446.42	79,874,906.85	1,218,027,497.19	1,304,840,850.46
Balance as at 1 January 2022 in the period	6,938,446.42	79,874,906.85	1,218,027,497.19	1,304,840,850.46
– transferred to stage 2	-1,166,168.22	1,166,168.22		
– transferred to stage 3		-50,492,096.10	50,492,096.10	
– transferred back to stage 2				
– transferred back to stage 1				
Provision for the period	1,636,593.10	34,104,547.85	-19,001,186.62	16,739,954.33
Reversal for the period			968,344.00	968,344.00
Write-off for the period				
Other changes				
Closing balance as at 30 June 2022	7,408,871.30	64,653,526.82	1,248,550,062.67	1,320,612,460.79

Provision for bad debt in stage 3:

Entity	Carrying balance	Balance of provision for bad debt	Percentage of expected credit loss (%)	Reasons for categorization
Debtor 1	418,096,722.65	302,818,590.00	72.43	Based on the recoverability and the actual aging
Debtor 2	187,254,309.00	173,458,180.96	92.63	Based on the recoverability and the actual aging
Debtor 3	180,127,014.46	92,436,625.91	51.32	Based on the recoverability and the actual aging
Debtor 4	28,823,505.40	11,529,402.16	40.00	Based on the recoverability and the actual aging
Debtor 5	18,646,871.20	18,646,871.20	100.00	Based on the recoverability and the actual aging
Others	943,178,279.44	649,660,392.44	68.88	Based on the recoverability and the actual aging
Total	1,776,126,702.15	1,248,550,062.67	70.30	–

SECTION 10 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**(6) Other receivables (Continued)****2. Other receivables (Continued)**

- (4) Provision for bad debts during January to June 2022

Item	Opening balance	Provision	Movement during the period		Provision	Closing balance
			Recovery or reversal	Opening balance		
Portfolio which items are tested for provision on an individual basis	957,534,873.41	15,630,651.75	968,344.00			972,197,181.16
Expected credit loss group	347,305,977.05	1,109,302.58				348,415,279.63
Total	1,304,840,850.46	16,739,954.33	968,344.00			1,320,612,460.79

Including significant amounts of provision for bad debts recovered or reversed in the period:

Entity	Reversed or recovered amount	Recovery method
Debtor 1	848,344.00	Recovery of the relevant amount
Debtor 2	120,000.00	Recovery of the relevant amount
Total	968,344.00	

- (5) Other receivables written-off from January to June 2022

There were no other receivables written off in the current period.

SECTION 10 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**(6) Other receivables (Continued)****2. Other receivables (Continued)**

(6) Top five debtors of other receivables as at the end of the period

Debtor	Nature	Balance as at 30 June 2022	Aging	Percentage in total other receivables (%)	Balance of provision for bad debt
No. 1	Financing provided to Party A and its related parties	418,096,722.65	Between 2-3 years, between 3-4 years, between 4-5 years	11.31	302,818,590.00
No. 2	Retention funds and deposits	224,825,160.96	Within 1 year	6.08	1,124,125.80
No. 3	Advance	199,730,082.26	Within 1 year	5.40	149,828,595.25
No. 4	Advance	187,254,309.00	Between 1-2 years	5.06	173,458,180.96
No. 5	Financing provided to Party A and its related parties	180,127,014.46	Over 5 years	4.87	92,436,625.91
Total	–	1,210,033,289.33	–	32.72	719,666,117.92

SECTION 10 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(7) Inventories

1. Classification of inventories

Item	30 June 2022			31 December 2021		
	Carrying balance	Provision for impairment/ provision for impairment of contract performance costs	Book value	Carrying balance	Provision for impairment/ provision for impairment of contract performance costs	Book value
Raw materials	309,353,782.41	4,544,449.42	304,809,332.99	244,299,808.26	4,544,449.42	239,755,358.84
Work-in-process	1,326,460,772.98	81,526,449.92	1,244,934,323.06	1,291,725,450.82	81,526,449.92	1,210,199,000.90
Inventories	1,101,786,490.95	418,848,347.26	682,938,143.69	1,191,238,468.19	432,183,824.39	759,054,643.80
Revolving materials and spare parts	18,551,281.71	–	18,551,281.71	19,462,055.72		19,462,055.72
Real estate development costs	288,609,970.23	–	288,609,970.23	288,798,305.34		288,798,305.34
Total	3,044,762,298.28	504,919,246.60	2,539,843,051.68	3,035,524,088.33	518,254,723.73	2,517,269,364.60

2. Additions and reductions to provision for impairment of inventories and contract performance cost

Item	31 December 2021	Additions for the current period		Reductions for the current period		30 June 2022
		Provision	Other	Reversal or write-off	Other	
Raw materials	4,544,449.42					4,544,449.42
Work-in-process	81,526,449.92					81,526,449.92
Inventories	432,183,824.39	–3,076,621.33		10,258,855.80		418,848,347.26
Total	518,254,723.73	–3,076,621.33		10,258,855.80		504,919,246.60

SECTION 10 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**(8) Contract assets****1. Category of contract assets**

Item	Carrying balance	30 June 2022 Provisions for impairment	Book value	Carrying balance	31 December 2021 Provision for impairment	Book value
Contract assets tested for provision for impairment on an individual basis	1,365,016,199.81	565,907,292.42	799,108,907.39	1,523,233,227.46	556,832,061.44	966,401,166.02
Contract assets tested for provision for impairment on a collective basis	6,821,527,688.93	111,473,846.48	6,710,053,842.45	6,727,504,286.87	123,859,177.34	6,603,645,109.53
Group 1: Contract assets not delivered to customers for use	6,308,356,114.21	31,714,361.33	6,276,641,752.88	6,004,047,407.77	30,067,156.59	5,973,980,251.18
Group 2: Contract assets delivered to customers for use	513,171,574.72	79,759,485.15	433,412,089.57	723,456,879.10	93,792,020.75	629,664,858.35
Total	8,186,543,888.74	677,381,138.90	7,509,162,749.84	8,250,737,514.33	680,691,238.78	7,570,046,275.55

2. Provision for impairment of contract assets

- (1) As of 30 June 2022, contract assets tested for provision for impairment on an individual basis as at the end of the period

Item	Carrying balance	Provision for impairment	Percentage of expected credit loss (%)	Reasons for provision
Item 1	297,212,206.75	20,253,340.24	6.81	Impairment of assets was made based on project implementation and expected settlement
Item 2	168,772,241.81	151,894,078.82	90.00	Impairment of assets was made based on project implementation and expected settlement
Item 3	164,653,047.76	164,653,047.76	100.00	Impairment of assets was made based on project implementation and expected settlement
Item 4	51,965,655.95	5,104,868.61	9.82	Impairment of assets was made based on project implementation and expected settlement
Other items	682,413,047.54	224,001,956.99	32.82	Impairment of assets was made based on project implementation and expected settlement
Total	1,365,016,199.81	565,907,292.42	41.46	–

SECTION 10 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**(8) Contract assets (Continued)****2. Provision for impairment of contract assets (Continued)**

(2) Contract assets tested for provision for impairment on a collective basis

Item	Carrying balance	30 June 2022	Provision for impairment	Carrying balance	31 December 2021	Book value
		Percentage of expected credit loss (%)			Percentage of expected credit loss (%)	
Group 1: Contract assets not delivered to customers for use	6,308,356,114.21	0.50	31,714,361.33	6,004,047,407.77	0.50	30,067,156.59
Group 2: Contract assets delivered to customers for use	513,171,574.72	15.54	79,759,485.15	723,456,879.10	12.96	93,792,020.75
Total	6,821,527,688.93	1.63	111,473,846.48	6,727,504,286.87	1.84	123,859,177.34

(3) Provision for impairment of contract assets

Item	31 December 2021	Provision	Movement during the period			30 June 2022
			Reversal	Written off	Other changes	
Contract assets tested for provision for impairment on an individual basis	556,832,061.44	9,075,230.98				565,907,292.42
Contract assets tested for provision for impairment on a collective basis	123,859,177.34	-12,385,330.86				111,473,846.48
Group 1: Contract assets not delivered to customers for use	30,067,156.59	1,647,204.74				31,714,361.33
Group 2: Contract assets delivered to customers for use	93,792,020.75	-14,032,535.60				79,759,485.15
Total	680,691,238.78	-3,310,099.88				677,381,138.90

SECTION 10 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**(8) Contract assets (Continued)****3. Reclassification of contract assets**

Item	30 June 2022	31 December 2021
Provision for impairment of contract assets	682,278,886.56	685,511,056.37
Less: Reclassification to other current assets	4,897,747.66	4,819,817.59
Closing balance	677,381,138.90	680,691,238.78

(9) Non-current assets due within a year

Item	30 June 2022	31 December 2021
Long-term receivables due within a year	565,294,819.37	571,394,600.59
Less: Provision for bad debt	51,194,562.55	57,294,343.77
Total	514,100,256.82	514,100,256.82

SECTION 10 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(10) Other current-assets

Item	30 June 2022	31 December 2021
Deductible VAT input	457,859,948.94	460,899,473.47
Prepaid income tax	38,585,526.74	54,843,731.69
Others	3,699,702.76	485,251.59
Total	500,145,178.44	516,228,456.75

(11) Long-term receivables

1. Particulars of long-term receivables

Item	30 June 2022			31 December 2021			Range of discount rate
	Carrying balance	Provision for impairment	Book value	Carrying balance	Provision for impairment	Book value	
Repurchase payment under BT contract	226,930,235.95	57,299,096.34	169,631,139.61	226,930,235.95	57,299,096.34	169,631,139.61	87.00-100.00
Long-term receivables from customers	2,170,989,101.83	304,607,014.01	1,866,382,087.82	2,225,674,815.82	316,191,589.63	1,909,483,226.19	87.00-100.00
Total	2,397,919,337.78	361,906,110.35	2,036,013,227.43	2,452,605,051.77	373,490,685.97	2,079,114,365.80	-
Including: Long-term receivables due							
within one year	565,294,819.37	51,194,562.55	514,100,256.82	571,394,600.59	57,294,343.77	514,100,256.82	87.00-100.00
Presented in long-term receivables	1,832,624,518.41	310,711,547.80	1,521,912,970.61	1,881,210,451.18	316,196,342.20	1,565,014,108.98	-

Note: Pursuant to the engineering project contracting agreement or financing agreement signed between the Group and the proprietor or its related parties, the Group, in addition to general engineering construction service, provides a certain amount of financing to the proprietor and its related parties in support of their preliminary expenditures of designated construction projects. The above-mentioned financing will be repaid within a certain period of time.

SECTION 10 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**(11) Long-term receivables (Continued)****2. Accrual of provision for bad debt of long-term receivables**

Item	Closing balance	Opening balance
Balance at the beginning of the year	373,490,685.97	291,336,421.05
Provision for the year	-5,484,794.40	82,354,264.92
Reversal for the year	-6,099,781.22	-200,000.00
Write off for the year		
Other changes		
Balance at the end of the year	361,906,110.35	373,490,685.97

(12) Long-term equity investment

[illegible]

SECTION 10 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**(12) Long-term equity investment (Continued)**

Notes:

1. Shanghai Fengtong Equity Investment Fund Partnership (Limited Partner) (hereafter "Shanghai Fengtong Fund") was established by Shanghai Ample Harvest Equity Investments Management Company Limited (hereafter "Harvest Equity") as a general partner in late 2013. Harvest Equity made capital contribution of RMB10,000,000.00; The parent company of Harvest Equity, Harvest Capital Management Company Limited ("Harvest Capital") as a limited partner, made capital contribution of RMB2,000,000,000.00; the Company as a limited partner, made capital contribution of RMB40,000,000.00; Another limited partner made capital contribution of RMB50,000,000.00. During the year of 2014, the Company signed a series of supplemental contracts with other relevant parties and obtained jointly control over Shanghai Fengtong Fund because that the decision about the main activities of the partnership required the unanimous consent of the Company and the other parties. As agreed, Harvest Capital will withdraw its capital contribution within three years. During the three-year investment period of Harvest Capital, return on investment will be distributed in the following order: Shanghai Fengtong Fund will give priority to the payment of interest at 8.30% annualized rate of return to Harvest Capital, and then distribute expected return at 8.30% annualized rate to limited partners. Any residual return upon Harvest Capital's withdrawal will be distributed to Harvest Equity and the Company on a 1:1 basis as to debt investments and on a 3:7 basis as to equity investments. If Shanghai Fengtong Fund fails to pay the principal and expected return to Harvest Capital as agreed above, the Company must immediately make up for the unpaid portion, upon which the Company has the right to receive liquidity support from Harvest Equity. As of the reporting date of this report, Shanghai Fengtong Fund has returned the capital contribution of Harvest Capital, and the Company has been discharged from the obligation to make up for any deficiency. Meanwhile, The Group is considering the withdrawal from Shanghai Fengtong Fund whereas the relevant work is in progress. The Company measures the long-term equity investment at the end of the period at the best estimate of the share of assets expected to be received upon its withdrawal from the partnership.
2. In February 2015, Zhongji Sunward Technology Co., Ltd. ("Zhongji Sunward") was jointly established by the Company and Sunward Intelligent Equipment Co., Ltd. The Company holds 49% equity and voting right in Zhongji Sunward. According to the articles of association of Zhongji Sunward, decisions on its major issues and activities require two-third majority approval at the board of directors and the general meeting, so the Company has joint control over Zhongji Sunward.
3. In October 2016, the Company and Fujian South Aluminum Engineering Corporation Limited ("Fujian South Aluminum") established China Aluminum South Aluminum (Fujian) Aluminum Structure Technology Co., Ltd. ("China Aluminum South Aluminum (Fujian)"). The Company paid in capital contribution of RMB50,000,000.00 in January 2018 and held 50% equity and voting right in it. In June 2020, Fujian South Aluminum contributed capital to China Aluminum South Aluminum by way of intangible assets investment. Upon capital contribution, its shareholding ratio reached 66.50%, and the Company's shareholding ratio and voting rights ratio declined to 33.50%, as a result, it was regarded as an associate.
4. Though holding less than 20% equity in Luoyang Hua Zhong Aluminum Co., Ltd., the Company has assigned one or more directors and has significant influence over it. So, Luoyang Hua Zhong Aluminum Co., Ltd. is regarded as an associate of the Company.
5. Mr. WANG Yonghong, Vice President of the Company, has been a director of Zhuzhou Tianqiao Crane Co., Ltd. since November 2019. As the Company can exert a significant influence on it, the Company shifts to the equity method to account for its equity investment.

SECTION 10 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**(12) Long-term equity investment (Continued)**

Notes: (Continued)

6. In 2019, the Company appointed Beijing Zhongtonghua Asset Evaluation Co., Ltd. to assess the market value of 19 patented technologies of its subsidiary Changsha Engineering & Research Institute Limited for Nonferrous Metallurgy. The appraised value was RMB24 million (Appraisal Report No.: Zhong Tong Hua Ping Bao Zi (2019) No.020874). The Company made capital contribution with the above patented technologies to establish Chinalco Environmental Protection and Energy Saving Technology (Hunan) Co., Ltd. jointly with Chinalco Environmental Protection and Energy Saving Group. The Company holds 49% equity and voting rights and has significant influence, so it is an associate of the Company.
7. In 2019, the Company appointed Woxen (Beijing) International Asset Evaluation Co., Ltd. to assess market value of the intelligent information asset group of its subsidiary, China Nonferrous Metals Changsha Investigation and Design Research Institute Co., Ltd.. The appraised value was RMB11.0132 million (Appraisal Report No.: Woxen Ping Bao Zi [2019] No.1052). The Company made capital contribution with the above asset group to establish Chinalco Intelligent (Hangzhou) Safety Science Research Institute Co., Ltd. jointly with Chinalco Intelligent Technology Development Co., Ltd. The Company holds 49% equity and voting rights and has significant influence, so it is an associate of the Company.
8. In 2019, the Company appointed Beijing Zhongtonghua Asset Evaluation Co., Ltd. to assess the market value of some electronic equipment and intangible assets of its subsidiary Changsha Engineering & Research Institute Limited for Nonferrous Metallurgy. The appraised value was RMB7.3507 million (Appraisal Report No.: Zhong Tong Hua Ping Bao Zi (2019) No.020967). The Company made capital contribution with the ownership over the above assets to establish Chinalco Environmental Protection and Ecological Technology (Hunan) Co., Ltd. jointly with Chinalco Environmental Protection and Energy Saving Group. The Company holds 49% equity and voting rights and has significant influence, so it is an associate of the Company.

The impact of non-monetary capital contribution in the above (6), (7) and (8) and inter-company unrealized profit involving associates was eliminated in proportion to our shareholding when adjusting profit or loss using the equity method.

SECTION 10 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**(13) Other equity instrument investments**

Item	Investment cost	Balance as at 1 January 2022	Balance as at 30 June 2022	Dividend income recognized in the current period	Accumulated gains and losses of the current period transferred from other comprehensive income to retained earnings	Reason for transfer
Guizhou Aerospace Wujiang Electromechanical Equipment Co., Ltd.	9,972,660.00	15,185,887.93	14,479,694.89			
Others	24,000,000.00	26,263,606.82	8,477,633.02	37,324.04		
Total	33,972,660.00	41,449,494.75	22,957,327.91	37,324.04		

(14) Other non-current financial assets

Category	30 June 2022	31 December 2021
Subordinated shares in China Securities – CHALIECO 2019 Accounts Receivable ABS Plan	18,900,000.00	18,900,000.00
Total	18,900,000.00	18,900,000.00

SECTION 10 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**(15) Investment properties****1. Investment properties measured at cost**

Item	Housings and buildings	Land use right	Total
I. Original book value			
1. 1 January 2022	490,071,102.65	181,822,148.79	671,893,251.44
2. Additions for the period	139,501.17	–	139,501.17
(1) Outsourcing			
(2) Transferred from inventories/fixed assets/ CIP			
(3) Addition from business combinations			
(4) Other additions	139,501.17	–	139,501.17
3. Reductions for the period			
(1) Disposal			
(2) Transferred out			
4. 30 June 2022	490,210,603.82	181,822,148.79	672,032,752.61
II. Accumulated depreciation and accumulated amortization			
1. 1 January 2022	92,849,826.22	35,244,859.14	128,094,685.36
2. Additions for the period	8,452,299.14	2,230,052.19	10,682,351.33
(1) Provision or amortization	8,452,299.14	2,230,052.19	10,682,351.33
3. Reductions for the period	683,623.42	–	683,623.42
(1) Disposal			
(2) Transferred out	683,623.42	–	683,623.42
4. 30 June 2022	100,618,501.94	37,474,911.33	138,093,413.27
III. Provision for impairment			
1. 1 January 2022			
2. Additions for the period			
(1) Provision			
3. Reductions for the period			
(1) Disposal			
(2) Transferred out			
4. 30 June 2022			
IV. Book value			
1. Book value as at the end of the period	389,592,101.88	144,347,237.46	533,939,339.34
2. Book value as at the beginning of the period	397,221,276.43	146,577,289.65	543,798,566.08

SECTION 10 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(16) Fixed assets

Category	30 June 2022	31 December 2021
Fixed assets	2,358,256,957.95	2,436,428,471.16
Fixed assets pending disposal		
Less: Provision for impairment	3,487,182.81	3,487,182.81
Total	2,354,769,775.14	2,432,941,288.35

1. Fixed assets

(1) Particulars of fixed assets

Item	Housings and buildings	Machinery equipment	Transportation vehicles	Office equipment and others	Total
I. Original book value					
1. 1 January 2022	2,791,239,993.56	841,694,051.79	259,664,372.26	406,229,961.88	4,298,828,379.49
2. Additions for the period		1,871,149.80	659,386.22	4,761,958.06	7,292,494.08
(1) Purchased		1,871,149.80	659,386.22	4,554,099.50	7,084,635.52
(2) Transferred from CIP					
(3) Addition from business combinations				-	-
(4) Other additions				207,858.56	207,858.56
3. Reductions for the period	9,445,086.82	551,586.50	323,165.43	943,218.29	11,263,057.04
(1) Disposal or scraping	8,487,907.67	486,269.02	-	943,218.29	9,917,394.98
(2) Other reductions	957,179.15	65,317.48	323,165.43	-	1,345,662.06
4. 30 June 2022	2,781,794,906.74	843,013,615.09	260,000,593.05	410,048,701.65	4,294,857,816.53
II. Accumulated depreciation					
1. 1 January 2022	742,781,072.07	625,720,805.86	197,792,476.86	296,105,553.54	1,862,399,908.33
2. Additions for the period	44,238,909.56	17,954,994.50	6,997,381.77	15,169,189.72	84,360,475.55
(1) Provision	44,238,909.56	17,954,994.50	6,997,381.77	15,169,189.72	84,360,475.55
(2) Other additions	-	-	-	-	-
3. Reductions for the period	6,053,201.59	586,143.17	2,217,495.15	1,302,685.39	10,159,525.30
(1) Disposal or scraping	5,267,578.23	465,722.35	2,217,495.15	901,313.17	8,852,108.90
(2) Other reductions	785,623.36	120,420.82	-	401,372.22	1,307,416.40
4. 30 June 2022	780,966,780.04	643,089,657.19	202,572,363.48	309,972,057.87	1,936,600,858.58

SECTION 10 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**(16) Fixed assets (Continued)****1. Fixed assets (Continued)**

(1) Particulars of fixed assets (Continued)

Item	Housings and buildings	Machinery equipment	Transportation vehicles	Office equipment and others	Total
III. Provision for impairment					
1. 1 January 2022	3,345,832.81	-	141,350.00	-	3,487,182.81
2. Additions for the period	-	-	-	-	-
(1) Provision	-	-	-	-	-
(2) Addition from business combinations	-	-	-	-	-
(3) Other additions	-	-	-	-	-
3. Reductions for the period	-	-	-	-	-
(1) Disposal or scraping	-	-	-	-	-
(2) Other reductions	-	-	-	-	-
4. 30 June 2022	3,345,832.81	-	141,350.00	-	3,487,182.81
IV. Book value					
1. Book value as at the end of the period	1,997,482,293.89	199,923,957.90	57,286,879.57	100,076,643.78	2,354,769,775.14
2. Book value as at the beginning of the period	2,045,113,088.68	215,973,245.93	61,730,545.40	110,124,408.34	2,432,941,288.35

SECTION 10 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**(16) Fixed assets (Continued)****1. Fixed assets (Continued)**

- (2) Fixed asset for which the title certificate has not been obtained

Item	Book value	Reasons for not obtaining the title certificate
Housings and buildings	246,506,773.13	In progress
Total	246,506,773.13	–

- (3) Temporarily-idle fixed assets as of 30 June 2022

Category	Original book value	Accumulated depreciation	Provision for impairment	Book value	Remark
Machinery and equipment	3,738,042.42	2,883,595.65		854,446.77	
Total	3,738,042.42	2,883,595.65		854,446.77	

- (4) Fixed assets fully depreciated but still in use

Category	Original book value	Accumulated depreciation	Provision for impairment	Book value
Housings and buildings	102,938,443.14	92,585,995.12	231,752.96	10,120,695.06
Machinery equipment	354,554,866.57	338,969,870.67	–	15,584,995.90
Transportation vehicles	92,058,080.22	86,975,722.60	–	5,082,357.62
Office equipment and others	142,298,898.87	132,558,165.64	–	9,740,733.23
Total	691,850,288.80	651,089,754.03	231,752.96	40,528,781.81

SECTION 10 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(17) Construction in progress

Category	30 June 2022	31 December 2021
CIP projects	192,420,510.92	171,343,709.16
Construction materials		
Less: Provision for impairment		
Total	192,420,510.92	171,343,709.16

1. CIP projects

(1) Basic information of CIP

Item	Carrying balance	30 June 2022 Provision for impairment	Book value	Carrying balance	31 December 2021 Provision for impairment	Book value
Yue Liang Wan Health Project	146,286,376.45		146,286,376.45	131,207,116.60		131,207,116.60
Others	46,134,134.47		46,134,134.47	40,136,592.56		40,136,592.56
Total	192,420,510.92		192,420,510.92	171,343,709.16		171,343,709.16

2. Significant changes in CIP

Project name	Budget amount	Opening balance	Additions during the current period	Transferred to fixed assets	Transferred to intangible assets	Other reductions	Closing balance
Yue Liang Wan Health Project	498,000,000.00	131,207,116.60	15,079,259.85				146,286,376.45
Total	498,000,000.00	131,207,116.60	15,079,259.85				146,286,376.45

Project name	Percentage of project investment to budget (%)	Project progress (%)	Accumulated capitalized interest	Including: interest capitalized for the period	Capitalization rate of interest for the period (%)	Source of funds
Yue Liang Wan Health Project	87%	87%	21,194,883.32	1,769,875.95	5.64	Self-raised
Total	-	-	21,194,883.32	1,769,875.95	-	-

SECTION 10 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**(18) Right-of-use assets**

Item	Housings and buildings	Machinery and equipment	Total
I. Original book value			
1. 1 January 2022	23,320,766.89	516,320.50	23,837,087.39
2. Additions for the period	4,269,706.60	879,269.11	5,148,975.71
(1) New lease	4,269,706.60	879,269.11	5,148,975.71
3. Reductions for the period	174,790.32		174,790.32
(1) Disposal	174,790.32		174,790.32
4. Balance as at 30 June 2022	27,415,683.17	1,395,589.61	28,811,272.78
II. Accumulated depreciation			
1. 1 January 2022	16,020,986.41	438,067.05	16,459,053.46
2. Additions for the period	1,874,803.39		1,874,803.39
(1) Provision	1,874,803.39		1,874,803.39
3. Reductions for the period			
(1) Disposal			
4. Balance as at 30 June 2022	17,895,789.80	438,067.05	18,333,856.85
III. Provision for impairment			
1. 1 January 2022			
2. Additions for the period			
3. Reductions for the period			
4. Balance as at 30 June 2022			
IV. Book value			
1. Book value as at the end of the period	9,519,893.37	957,522.56	10,477,415.93
2. Book value as at the beginning of the period	7,299,780.48	78,253.45	7,378,033.93

Note: The Company charged short-term lease expense and low-value asset lease expense totaling RMB12,543,815.42 to profit or loss for the period.

SECTION 10 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**(19) Intangible assets**

Item	Land use right	Patent right	Software	Others	Total
I. Original book value					
1. 1 January 2022	833,706,875.81	257,593,094.41	150,529,488.91	558,945,312.00	1,800,774,771.13
2. Additions for the period	578,834.99	3,930.00	1,752,940.01	43,070,482.43	45,406,187.43
(1) Purchased	578,834.99	3,930.00	1,752,940.01		2,335,705.00
(2) In-house R&D					
(3) Addition from business combination					
(4) Other additions				43,070,482.43	43,070,482.43
3. Reductions for the period			112.51		112.51
(1) Disposal					
(2) Invalid and derecognized					
(3) Other reductions			112.51		112.51
4. 30 June 2022	834,285,710.80	257,597,024.41	152,282,316.41	602,015,794.43	1,846,180,846.05
II. Accumulated amortization					
1. 1 January 2022	212,642,411.59	252,846,122.15	114,355,338.95	328,617.72	580,172,490.41
2. Additions for the period	9,809,130.98	757,907.72	3,847,473.92	16,929.18	14,431,441.80
(1) Provision	9,690,142.77	757,907.72	3,847,473.92	16,929.18	14,312,453.59
(2) Addition from business combination					
(3) Other additions	118,988.21				118,988.21
3. Reductions for the period			66,542.96		66,542.96
(1) Disposal					
(2) Invalid and derecognized					
(3) Other reductions			66,542.96		66,542.96
4. 30 June 2022	222,451,542.57	253,604,029.87	118,136,269.91	345,546.90	594,537,389.25

SECTION 10 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**(19) Intangible assets (Continued)**

Item	Land use right	Patent right	Software	Others	Total
III. Provision for impairment					
1. 1 January 2022					
2. Additions for the period					
(1) Provision					
3. Reductions for the period					
(1) Disposal					
(2) Invalid and derecognized					
4. 30 June 2022					
IV. Book value					
1. Book value as at the end of the period	611,834,168.23	3,992,994.54	34,146,046.50	601,670,247.53	1,251,643,456.80
2. Book value as at the beginning of the period	621,064,464.22	4,746,972.26	36,174,149.96	558,616,694.28	1,220,602,280.72

(20) Long-term unamortized expenses

Category	1 January 2022	Additions for the period	Amortization for the period	Other reductions	30 June 2022
Underground garage of Twelfth Metallurgical Company	9,249,177.91	–	124,988.88		9,124,189.03
Others	43,003,695.08	35,761,454.73	25,464,075.23		53,301,074.58
Total	52,252,872.99	35,761,454.73	25,589,064.11		62,425,263.61

SECTION 10 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(21) Deferred tax assets and deferred tax liabilities

1. Deferred tax assets and deferred tax liabilities, not on a netting basis

Item	30 June 2022		31 December 2021	
	Deferred tax assets/liabilities	Deductible/ taxable temporary differences	Deferred tax assets/liabilities	Deductible/ taxable temporary differences
Deferred tax assets:				
Retirement and termination benefits	107,174,102.80	544,084,180.18	103,877,850.00	544,760,150.00
Asset impairment provisions	771,983,400.30	4,021,291,351.99	783,596,137.97	4,126,725,073.67
Deductible loss	60,660,323.62	308,175,788.96	97,023,181.63	562,876,460.30
Changes in fair value of other equity instrument investments	2,328,355.04	15,522,366.91	2,387,458.97	15,916,393.19
Changes in the fair value of trading financial instruments and derivative financial instruments	2,868,857.14	19,125,714.27	2,868,857.14	19,125,714.27
Others	45,249,314.97	298,985,013.09	15,621,950.19	87,732,521.85
Subtotal	990,264,353.87	5,207,184,415.40	1,005,375,435.90	5,357,136,313.28
Deferred tax liabilities:				
Appreciation on asset evaluation	63,454,005.30	293,412,156.35	63,896,905.13	318,303,670.84
Changes in fair value of other equity instrument investments	676,055.24	4,507,034.93	781,984.20	5,213,228.00
Others	49,675,380.23	496,753,802.30	49,675,380.23	496,753,802.30
Subtotal	113,805,440.77	794,672,993.58	114,354,269.56	820,270,701.14

2. Deferred tax assets and deferred tax liabilities, on a netting basis

Item	30 June 2022		31 December 2021	
	Netting of deferred tax assets or liabilities as at the end of the period	Balance of deferred tax assets or liabilities as at 30 June 2022, on a netting basis	Netting of deferred tax assets or liabilities as at the beginning of the period	Balance of deferred tax assets or liabilities as at 31 December 2021, on a netting basis
Deferred tax assets	41,070,325.67	949,194,028.20	40,742,683.63	964,632,752.27
Deferred tax liabilities	41,070,325.67	72,735,115.10	40,742,683.63	73,611,585.93

SECTION 10 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**(21) Deferred tax assets and deferred tax liabilities (Continued)****3. Particulars of unrecognized deferred tax assets**

Item	30 June 2022	31 December 2021
Deductible temporary difference	794,838,889.95	765,281,437.96
Deductible loss	4,576,136,745.31	4,444,114,999.29
Total	5,370,975,635.26	5,209,396,437.25

4. Deductible loss on unrecognized deferred tax assets will be due in the following years

Year	30 June 2022	31 December 2021	Remarks
2022	8,266,622.60	10,011,202.67	
2023	130,556,837.22	144,325,537.62	
2024	632,535,457.62	632,535,457.62	
2025	1,809,469,624.63	1,809,469,624.63	
2026	1,995,308,203.24	1,847,773,176.75	
Total	4,576,136,745.31	4,444,114,999.29	

SECTION 10 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**(22) Other non-current assets**

Item	30 June 2022	31 December 2021
Investment in construction of Highway PPP project	13,653,350,013.52	11,734,754,908.18
Prepayment for property purchase	54,581,060.00	54,581,060.00
Revolving materials	350,331,529.86	355,312,165.35
Assets pending disposal	39,574,046.72	37,801,673.20
VAT input deductible after one year	926,255,684.34	773,422,815.30
Others	82,299.85	82,299.85
Long-term contract asset	758,408,465.15	741,774,024.28
Less: Provision for bad debt	4,897,747.66	4,819,817.59
Subtotal	15,777,685,351.78	13,692,909,128.57
Including: Amount due within one year		
Total	15,777,685,351.78	13,692,909,128.57

Notes:

1. As of 30 June 2022, the Company consolidated the financial statements of a consolidated subsidiary, Yunnan Miyu Expressway Investment and Development Co., Ltd., and the highway project operated by such subsidiary in PPP form remained in a construction and investment stage.
2. As of 30 June 2022, the Company had made prepayment for property purchase of RMB54,581,060.00 to Shandong Qianhong Industrial Park Development Co., Ltd.

SECTION 10 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**(23) Short-term loans****1. Classification of short-term loans**

Terms of loans	30 June 2022	31 December 2021
Bank loans		
Pledged loans	140,000,000.00	140,000,000.00
Mortgage loans		
Guaranteed loans	128,000,000.00	188,000,000.00
Credit loans	1,559,000,000.00	1,838,000,000.00
Subtotal	1,827,000,000.00	2,166,000,000.00
Loans from non-bank financial institutions	1,986,907,513.16	3,379,689,365.10
Inter-enterprise entrusted loans		
Subtotal	3,813,907,513.16	5,545,689,365.10
Interest expenses that are not yet due and accrued before the contractual interest payment date	2,570,777.71	5,196,311.15
Total	3,816,478,290.87	5,550,885,676.25

Notes:

1. As of 30 June 2022, pledge loans from banks amounted to RMB140,000,000.00 with pledge over accounts receivable of the Company of RMB140,000,000.00;
2. As of 30 June 2022, guarantee loans from banks amounted to RMB128,000,000.00, for which the Company and its subsidiaries have provided joint liability guarantee;
3. The Company received pledged loan of RMB481,448.61 from Shenzhen Bailinhui Commercial Factoring Co., Ltd. (a non-bank financial institution), with pledge over accounts receivable of RMB481,448.61; pledged loan of RMB1,918,291.90 from Shenzhen Qianhai Yifang Commercial Factoring Co., Ltd. (a non-bank financial institution), with pledge over accounts receivable of RMB1,918,291.90.

SECTION 10 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**(24) Notes payable**

Item	30 June 2022	31 December 2021
Bank's acceptance bill	2,388,770,155.71	2,584,647,732.11
Commercial acceptance bill	255,961,766.14	197,803,120.33
Total	2,644,731,921.85	2,782,450,852.44

(25) Accounts payable**(1) By aging**

Item	30 June 2022	31 December 2021
Within 1 year (inclusive)	8,188,127,471.77	9,304,660,738.28
Over 1 year	3,985,734,558.63	3,769,883,496.85
Total	12,173,862,030.40	13,074,544,235.13

(2) Significant accounts payable aged over 1 year

Creditor	30 June 2022	Reason for outstanding balance
Creditor 1	118,738,180.50	Payment conditions not satisfied yet
Creditor 2	41,239,142.86	Payment conditions not satisfied yet
Creditor 3	31,224,254.75	Payment conditions not satisfied yet
Creditor 4	25,708,136.98	Payment conditions not satisfied yet
Creditor 5	22,417,547.85	Payment conditions not satisfied yet
Total	239,327,262.94	–

SECTION 10 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**(26) Contract liabilities**

Item	30 June 2022	31 December 2021
Within 1 year (inclusive)	2,829,296,775.45	2,916,553,337.67
Over 1 year	373,953,199.56	338,020,030.42
Total	3,203,249,975.01	3,254,573,368.09

Note: The income of RMB1,374,467,428.77 recognized for the period was included in the book value of contract liabilities at the beginning of the period.

(27) Employee compensation payable**1. Employee compensation payable by category**

Item	1 January 2022	Additions for the current period	Reductions for the current period	30 June 2022
Short-term remuneration	110,635,479.12	881,469,993.29	880,497,964.83	111,607,507.58
Post-service benefits-defined contribution plans	9,645,140.46	126,374,504.32	123,527,175.80	12,492,468.98
Termination benefits	64,381,000.00	38,466,708.60	38,522,119.67	64,325,588.93
Other benefits due within one year	—	81,667.42	81,667.42	—
Total	184,661,619.58	1,046,392,873.63	1,042,628,927.72	188,425,565.49

SECTION 10 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**(27) Employee compensation payable (Continued)****2. Short-term employee compensation**

Item	1 January 2022	Additions for the current period	Reductions for the current period	30 June 2022
Salary, bonus, allowance and subsidy	77,206,754.18	638,564,807.80	637,670,699.17	78,100,862.81
Employee welfare	–	29,697,943.79	29,697,943.79	–
Contribution to social security funds	5,405,402.86	67,029,761.67	67,438,896.13	4,996,268.40
Including: Medical insurance premium	4,662,664.72	60,487,554.14	60,798,895.17	4,351,323.69
Work injury insurance premium	351,415.84	5,730,553.21	5,716,717.02	365,252.03
Maternity insurance premium	391,322.30	811,654.32	923,283.94	279,692.68
Housing provident fund	5,276,002.39	74,459,144.52	74,959,909.37	4,775,237.54
Trade union fee and employee education fee	18,631,015.85	16,782,760.92	15,637,699.83	19,776,076.94
Non-monetary benefits	–	18,233,896.66	18,233,896.66	–
Other short-term compensation	4,116,303.84	36,701,677.93	36,858,919.88	3,959,061.89
Total	110,635,479.12	881,469,993.29	880,497,964.83	111,607,507.58

3. Defined contribution plan

Item	1 January 2022	Additions for the current period	Reductions for the current period	30 June 2022
1. Basic pension insurance	8,331,373.94	103,590,867.58	101,193,651.17	10,728,590.35
2. Unemployment insurance premium	913,077.62	4,275,020.47	4,183,666.86	1,004,431.23
3. Corporate annuity payment	400,688.90	18,508,616.27	18,149,857.77	759,447.40
Total	9,645,140.46	126,374,504.32	123,527,175.80	12,492,468.98

SECTION 10 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**(28) Taxes payable**

Tax	30 June 2022	31 December 2021
VAT	99,138,203.74	103,318,646.83
Corporate income tax	46,037,773.82	125,650,311.32
Urban maintenance and construction tax	7,988,287.77	7,846,004.23
House property tax	1,506,571.08	1,666,780.02
Land use tax	1,515,013.90	1,877,189.55
Land appreciation tax		1,790,214.91
Individual income tax	5,112,170.74	9,446,281.20
Educational surcharges	4,418,090.43	5,070,888.86
Other taxes	1,339,925.70	7,505,930.52
Total	167,056,037.18	264,172,247.44

SECTION 10 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**(29) Other payables**

Item	30 June 2022	31 December 2021
Interest payables		
Dividends payable		
Other payables	2,386,560,114.38	2,394,199,444.91
Total	2,386,560,114.38	2,394,199,444.91

1. Other payables

(1) Categorized by nature of amount

Item	30 June 2022	31 December 2021
Retention funds and deposits payable	1,423,766,338.05	1,333,525,386.08
Current payment	513,319,169.61	653,040,858.15
Temporary payment	288,389,066.12	289,106,394.99
Others	161,085,540.60	118,526,805.69
Total	2,386,560,114.38	2,394,199,444.91

SECTION 10 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**(29) Other payables (Continued)****2. Other payables (Continued)**

(2) Description of significant other payables aged over 1 year

Entity	30 June 2022	Reason for outstanding balance
Creditor 1	33,987,500.00	Payment conditions not satisfied yet
Creditor 2	23,425,466.52	Payment conditions not satisfied yet
Creditor 3	16,734,000.00	Payment conditions not satisfied yet
Creditor 4	12,783,177.96	Payment conditions not satisfied yet
Creditor 5	11,144,692.76	Payment conditions not satisfied yet
Total	98,074,837.24	—

(30) Non-current liabilities due within one year

Item	30 June 2022	31 December 2021
Long-term loans due within one year	450,000,000.00	499,443,085.46
Interest expense unpaid but accrued on long-term loans due within one year	1,143,600.24	7,092,438.07
Debentures payable due within one year	2,994,560.18	3,284,911.37
Lease liabilities due within one year		
Total	454,138,160.42	509,820,434.90

SECTION 10 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**(31) Other current liabilities**

Item	30 June 2022	31 December 2021
Pending VAT output	1,589,574,014.81	1,607,438,830.07
Short-term debentures payable		
Liabilities on continuing involvement in ABS	18,900,000.00	18,900,000.00
Total	1,608,474,014.81	1,626,338,830.07

(32) Long-term borrowings**1. Long-term borrowings by category**

Item	30 June 2022	31 December 2021	Range of interest rates
Pledged borrowings			
Mortgage borrowings			
Guaranteed borrowings	420,300,000.00	421,800,000.00	
Credit borrowings	13,629,502,465.25	11,935,304,583.61	
Subtotal	14,049,802,465.25	12,357,104,583.61	
Borrowings from non-bank financial institutions	738,000,000.00	164,543,085.46	
Inter-enterprise borrowings			
Less: Long-term borrowings due within one year	450,000,000.00	499,443,085.46	
Total	14,337,802,465.25	12,022,204,583.61	

Note:

- As of 30 June 2022, guaranteed borrowings from banks amounted to RMB420,300,000.00, for which the Company and its subsidiaries have provided joint liability guarantee;

SECTION 10 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**(32) Long-term borrowings (Continued)****2. Payment term of long-term borrowings due over 1 year**

Payment term	30 June 2022	31 December 2021
Between 1-2 years	3,312,282,112.49	3,914,019,329.16
Between 2-5 years	3,525,200,000.00	2,196,200,000.00
Over 5 years	7,500,320,352.76	5,911,985,254.45
Total	14,337,802,465.25	12,022,204,583.61

(33) Lease liabilities

Item	30 June 2022	31 December 2021
Lease payment	10,759,134.66	9,165,913.24
Less: unrecognized financing expense	2,613,191.90	2,543,453.24
Less: lease liabilities due within one year	2,994,560.18	3,284,911.37
Total	5,151,382.58	3,337,548.63

(34) Long-term payables

Item	30 June 2022	31 December 2021
Long-term payables		
Special payables	1,456,905.41	1,761,720.17
Total	1,456,905.41	1,761,720.17

SECTION 10 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**(34) Long-term payables (Continued)****Including: Special payables**

Item	Opening balance	Additions for the period	Reductions for the period	Closing balance	Reasons for the amount incurred
Research funding for research and development of prototype of furnace-building robot for aluminum electrolysis cell lining	1,046,302.95			1,046,302.95	
Others	715,417.22	260,000.00	564,814.76	410,602.46	
Total	1,761,720.17	260,000.00	564,814.76	1,456,905.41	

(35) Long-term employee compensation payable**1. List of long-term employee compensation payable**

Item	30 June 2022	31 December 2021
Post-employment benefits – net liabilities under defined benefit plan	504,992,600.00	530,909,200.00
Termination benefits	41,908,383.00	47,762,950.00
Other long-term employee compensation payable		
Subtotal	546,900,983.00	578,672,150.00
Less: portion due within one year	64,326,000.00	64,381,000.00
Total	482,574,983.00	514,291,150.00

SECTION 10 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**(35) Long-term employee compensation payable (Continued)****2. Changes in defined benefit plan**

① Present value of obligations of defined benefit plan

Item	From January to June 2022	From January to June 2021
I. 1 January 2022	578,672,150.00	623,424,000.00
II. Defined benefit cost included in current profit and loss	8,249,955.62	10,140,896.73
1. Current service cost	749,000.00	585,498.01
2. Previous service cost		-601.28
3. Actuarial gain (Losses are represented by “-”)		
4. Net interest	7,500,955.62	9,556,000.00
5. Gains excluded from other comprehensive income (Losses are represented by “-”)		
III. Defined benefit costs included in other comprehensive income	-79,800.00	12,080,000.00
1. Actuarial gain (Losses are represented by “-”)	-79,800.00	12,080,000.00
IV. Other changes	-39,941,322.62	-35,922,896.73
1. Consideration paid at settlement		
2. Benefits paid	-39,941,322.62	-35,922,896.73
V. Closing balance	546,900,983.00	609,722,000.00

SECTION 10 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**(35) Long-term employee compensation payable (Continued)****2. Changes in defined benefit plan (Continued)**

② Net liabilities (net assets) of defined benefit plan

Item	From January to June 2022	From January to June 2021
1. Opening balance	578,672,150.00	623,424,000.00
2. Net interest	7,500,955.62	9,556,000.00
3. Benefits paid	-39,941,322.62	-35,922,896.73
4. Actuarial loss (gain)	-79,800.00	12,080,000.00
5. Previous service cost		-601.28
6. Current service cost	749,000.00	585,498.01
7. Closing balance	546,900,983.00	609,722,000.00

Note: The above obligations were determined based on actuarial valuations performed by an independent qualified actuarial firm, Towers Watson Consulting Company Limited, using the projected unit credit actuarial cost method.

The material actuarial assumptions used in valuing these obligations are as follows:

(i) Discount rate adopted (per annum)

Item	From January to June 2022	From January to June 2021
Discount rate	2.75%	3.25%

(ii) Mortality: China Life Insurance Mortality Table (2010-2013) – Elderly care business statement for men/women up 2

(iii) Average medical expense increase rate: 8%

(iv) Annual growth rate of pension benefits for beneficiaries: 4.5%

(v) Medical costs paid to early retirees are assumed to continue until the death of the retirees

SECTION 10 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**(36) Deferred income****1. Deferred income presented by category**

Item	1 January 2022	Additions for the period	Reductions for the period	30 June 2022	Reasons for the amount incurred
Government subsidy	56,000,000.00	19,109,160.00		75,109,160.00	
Total	56,000,000.00	19,109,160.00		75,109,160.00	

2. Details of government subsidies

Item	Opening balance	Additional subsidies for the period	Amount included in profit and loss for the period	Other changes	Closing balance	Related to assets/income
Government subsidy for overall relocation of Shandong project	16,000,000.00				16,000,000.00	Related to assets
Urban roads in Tongchuan New District + Comprehensive packaged PPP project of underground comprehensive pipelines	40,000,000.00				40,000,000.00	Related to assets
Miyu project		19,109,160.00			19,109,160.00	Related to assets
Total	56,000,000.00	19,109,160.00			75,109,160.00	–

SECTION 10 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(37) Share capital

Items	1 January 2022	Issuance of new shares	Bonus shares	Increase/Decrease (+, -) Shares converted from provident fund	Others	Subtotal	30 June 2022
Total number of shares	2,959,066,667.00						2,959,066,667.00
China Aluminum Group Limited	2,176,758,534.00						2,176,758,534.00
Luoyang Engineering & Research Institute for Nonferrous Metals Processing	86,925,466.00						86,925,466.00
National Council of Social Security Funds	36,316,000.00						36,316,000.00
Holders of overseas listed H shares	363,160,000.00						363,160,000.00
Public ordinary shareholders	295,906,667.00						295,906,667.00

(38) Other equity instruments

Outstanding financial instruments	1 January 2022		Additions for the period		Reductions for the period		30 June 2022	
	Number	Carrying amount	Number	Carrying amount	Number	Carrying amount	Number	Carrying amount
19 Zhong Gong Y1 Renewable Corporate Bond	15,000,000.00	1,498,584,905.65					15,000,000.00	1,498,584,905.65
Industrial Bank Renewable Trust Loan	1,000,000,000.00	1,000,000,000.00	1,500,000,000.00	1,466,100,000.00	1,000,000,000.00	1,000,000,000.00	1,500,000,000.00	1,466,100,000.00
Total	1,015,000,000.00	2,498,584,905.65	1,500,000,000.00	1,466,100,000.00	1,000,000,000.00	1,000,000,000.00	1,515,000,000.00	2,964,684,905.65

(39) Capital reserve

Category	1 January 2022	Additions for the period	Reductions for the period	30 June 2022
Capital premium	856,680,337.89			856,680,337.89
Other capital reserve	19,117,020.64		9,534,889.95	9,582,130.69
Total	875,797,358.53		9,534,889.95	866,262,468.58

Note: Capital reserve – other capital reserve recorded a decrease of RMB9,534,889.95 for the period. Of which, the decrease of RMB10,238,164.22 was the impact of the capital increase by the parent company to its subsidiary China Nonferrous Metals Processing Technology Co., Ltd., resulting in an increase in the shareholding percentage. Of which, the increase of RMB60,469.33 was the impact of the capital increase by the parent company to its subsidiary Ninth Metallurgical Construction Co., Ltd., resulting in an increase in the shareholding percentage and the increase of RMB559,917.55 was the impact of the recognition by China Aluminum International Aluminum Application Engineering Co., Ltd., a subsidiary of the Company, of a change in the other equity interests of its associate China Aluminum International Energy Saving Technology (Beijing) Co., Ltd. by using the equity method. Of which, the increase of RMB82,887.39 was arising from China Nonferrous Metals Changsha Investigation and Design Research Institute Co., Ltd., a subsidiary of the Company, recognized a change in the other equity interests of its associate Chinalco Environmental Protection and Ecological Technology (Hunan) Co., Ltd. by using the equity method.

SECTION 10 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(40) Other comprehensive income

Item	1 January 2022	Amount before tax incurred for the period	Less: recorded in OCI in earlier period but transferred to P&L for the period	Amount incurred for the period Less: recorded in OCI in earlier period but transferred to retained earnings for the period	Less: income tax expense	Amount after tax attributable to the parent company	Amount after tax attributable to minority shareholders	30 June 2022
1. OCI not to be reclassified to P&L Including: Change on DBP remeasurement	84,598,436.48	-217,108.02			-32,566.21	-221,561.31	37,019.50	84,376,875.17
OCI not to be transferred to P&L under equity method	93,170,796.87	95,058.82			14,258.82	81,515.28	-715.28	93,252,312.15
Changes in fair value of other equity instrument investment	-8,572,360.39	-312,166.84			-46,825.03	-303,076.59	37,734.78	-8,875,436.98
Changes in fair value arising from credit risk of the Company itself								-
2. OCI to be reclassified into P&L Including: OCI to be transferred to P&L under equity method	39,809,372.99	37,532,190.72			0	37,532,190.72		77,341,563.71
Changes in fair value of other debt investment								-
Amount of financial assets reclassified into OCI								-
Credit impairment provision for other debt investments								-
Cashflow hedging reserve								-
Foreign currency translation difference	39,809,372.99	37,532,190.72				37,532,190.72		77,341,563.71
Total OCI	124,407,809.47	37,315,082.70	-	-	-32,566.21	37,310,629.41	37,019.50	161,718,436.88

SECTION 10 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**(41) Special reserve**

Item	1 January 2022	Additions for the period	Reductions for the period	30 June 2022	Reason for changes
Production safety fee	159,810,487.28	130,130,808.49	108,948,095.51	180,993,200.26	
Total	159,810,487.28	130,130,808.49	108,948,095.51	180,993,200.26	

(42) Surplus reserve

Item	1 January 2022	Additions for the period	Reductions for the period	30 June 2022
Statutory surplus reserve	224,473,908.75			224,473,908.75
Total	224,473,908.75			224,473,908.75

(43) Undistributed profit

Item	30 June 2022 Amount	Withdrawal or distribution percentage
Unadjusted undistributed profit as at the end of the previous period	794,976,623.67	
Adjustments to undistributed profit as at the beginning of the period (“+” for increase, and “-” for decrease)		
Adjusted undistributed profit as at the beginning of the period	794,976,623.67	
Add: net profit attributable to owners of the parent company for the period	66,327,751.24	
Less: withdrawal of statutory surplus reserve		
Dividends payable to perpetual bond holders	14,861,111.23	
Dividends payable to ordinary shareholders		
Undistributed profit at the end of the period	846,443,263.68	

SECTION 10 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**(44) Operating revenue and operating cost****1. Operating revenue and operating cost by major segments**

Item	From January to June 2022		From January to June 2021	
	Revenue	Cost	Revenue	Cost
1. Subtotal of principal business	10,221,018,372.95	9,214,406,711.42	10,231,936,536.98	9,139,657,720.56
Engineering contracting	8,352,248,709.38	7,683,743,472.80	8,418,425,007.70	7,587,973,668.51
Engineering design and consultancy	1,012,073,499.72	781,142,086.41	1,081,065,195.93	852,217,328.40
Equipment manufacturing	998,901,311.30	888,138,501.56	559,081,874.05	534,430,337.31
Trading and sales			290,186,798.78	283,725,819.58
Less: Inter-segment elimination	142,205,147.45	138,617,349.35	116,822,339.48	118,689,433.24
2. Subtotal of other business	132,128,900.54	102,192,608.09	101,585,528.39	66,722,403.60
Sales of materials	60,230,545.60	52,444,881.82	28,297,044.70	24,136,545.79
Lease	33,310,499.36	13,962,349.42	36,127,396.37	10,475,892.17
Others	38,690,526.64	35,785,376.85	42,622,437.72	32,109,965.64
Less: Inter-segment elimination	102,671.06	–	5,461,350.40	
Total	10,353,147,273.49	9,316,599,319.51	10,333,522,065.37	9,206,380,124.16

2. Operating revenue for the period by revenue recognition time**From January to June 2022**

Revenue recognition time	Engineering contracting	Engineering survey and design	Equipment manufacturing	Engineering consultation
At a point in time			282,240,404.23	62,456,615.85
Over a period of time	8,424,799,695.16	956,766,602.66	735,881,274.74	
Total	8,424,799,695.16	956,766,602.66	1,018,121,678.97	62,456,615.85

SECTION 10 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**(44) Operating revenue and operating cost (Continued)****3. Operating revenue for the period by reporting segment****From January to June 2022**

Category of revenue	Revenue from contracts with customers	Lease income	Total
Engineering design and consultancy	1,019,223,218.51	23,086,353.71	1,042,309,572.22
Engineering contracting	8,424,799,695.16	5,912,219.07	8,430,711,914.23
Equipment manufacturing	1,018,121,678.97	4,311,926.58	1,022,433,605.55
Inter-segment elimination	142,307,818.51		142,307,818.51
Total	10,319,836,774.13	33,310,499.36	10,353,147,273.49

4. Details of operating revenue

Item	From January to June 2022	From January to June 2021
Operating revenue	10,353,147,273.49	10,333,522,065.37
Less: Business revenue not related to principal business		
Less: Income lacking commercial substance		
Operating revenue net of business revenue not related to principal business and income lacking commercial substance	10,353,147,273.49	10,333,522,065.37

SECTION 10 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**(45) Taxes and surcharges**

Item	From January to June 2022	From January to June 2021
Urban maintenance and construction tax	16,076,717.74	15,383,045.35
Educational surcharge	12,747,019.58	11,442,437.57
Others	29,371,732.21	32,424,116.87
Total	58,195,469.53	59,249,599.79

(46) Sales expenses

Item	From January to June 2022	From January to June 2021
Employee compensation	32,370,853.55	28,645,124.77
Travel expenses	3,063,733.05	3,689,642.77
Warehousing and logistics	813,672.19	387,105.26
Business expenses	2,129,965.10	3,069,767.87
Others	11,648,934.16	5,591,885.49
Total	435,896,895.88	41,383,526.16

SECTION 10 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**(47) Administrative expenses**

Item	From January to June 2022	From January to June 2021
Employee compensation	311,119,401.26	325,403,366.17
Depreciation and amortization	46,034,866.08	49,660,039.46
Office expenses	47,053,976.97	57,686,033.13
Travel expenses	7,430,109.29	11,919,072.57
Intermediary fees	7,343,637.20	11,270,850.06
Hospitality expenses	5,098,664.60	5,833,124.14
Party development expenses	167,306.32	208,773.21
Others	11,648,934.16	14,982,586.27
Total	435,896,895.88	476,963,845.01

SECTION 10 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**(48) R&D expenses**

Item	From January to June 2022	From January to June 2021
Employee compensation	100,721,785.29	119,259,889.44
Raw materials and main materials	131,101,274.51	35,688,445.97
Fuel and power	526,117.15	824,652.43
Depreciation and amortization	3,137,235.93	4,610,286.48
Outsourced R&D expenses	2,981,663.88	3,799,573.17
Auxiliary expenses	1,365,973.49	2,744,758.09
Other expenses	6,619,610.33	14,985,812.24
Total	246,453,660.58	181,913,417.82

(49) Finance expenses

Item	From January to June 2022	From January to June 2021
Interest expenses	225,247,177.26	269,718,058.48
Actuarial expenses and interest expenses	7,448,000.00	10,094,000.00
Less: interest income	67,085,104.05	53,550,332.63
Exchange loss	468,504,481.99	350,319,210.65
Less: exchange gain	525,588,282.99	342,496,420.33
Handling charges	13,027,521.37	26,344,771.25
Other expenses	4,688,599.03	5,439,429.83
Total	126,242,392.61	265,868,717.25

SECTION 10 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**(50) Other gains**

Item	From January to June 2022	From January to June 2021	Related to assets/income
Income-related	1,988,382.26	1,268,604.90	
Total	1,988,382.26	1,268,604.90	

(51) Gain on investment

Category	From January to June 2022	From January to June 2021
Gain on long-term equity investment accounted for using equity method	2,762,154.43	3,045,062.91
Gain on investment from disposal of long-term equity investments		
Gain on holding other equity instrument investment	37,324.04	580,528.74
Gain or loss on derecognition of financial assets at amortized cost		-25,870,682.82
Gain on investment in wealth management products		
Gain or losses on debt restructuring	77,055.06	77,174.52
Total	2,876,533.53	-22,167,916.65

Gains on debt restructuring of the Company, as a debtor, are as follows:

Debt restructuring method	Carrying amount of debt	Gains on debt restructuring
Settlement of debt with assets	77,055.06	77,055.06
Total	77,055.06	77,055.06

SECTION 10 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**(52) Gain on changes in fair value**

Source of gain on changes in fair value	From January to June 2022	From January to June 2021
Derivative instruments		-4,085,714.29
Total		-4,085,714.29

(53) Credit impairment losses

Item	From January to June 2022	From January to June 2021
Credit impairment loss on accounts receivable	55,543,272.90	-1,589,178.54
Credit impairment loss on other receivables	-15,771,610.33	15,978,362.89
Credit impairment loss on long-term receivables	11,584,575.62	720,182.15
Total	51,356,238.19	15,109,366.50

SECTION 10 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**(54) Asset impairment loss**

Item	From January to June 2022	From January to June 2021
Inventory impairment loss	3,191,706.55	–650,000.00
Contract asset impairment loss	3,232,169.81	–7,801,908.40
Total	6,423,876.36	–8,451,908.40

(55) Gain on disposal of assets

Item	From January to June 2022	From January to June 2021
Gain on disposal of fixed assets	161,768.39	2,153,151.87
Gain on disposal of intangible assets		
Gain on disposal of right-of-use assets		
Total	161,768.39	2,153,151.87

SECTION 10 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**(56) Non-operating income****1. Items of non-operating income**

Item	From January to June 2022	From January to June 2021
Liquidated damages income	392,953.95	3,494,888.56
Payables that cannot be paid upon approval	3,488,032.40	1,052,239.67
Others	2,181,351.21	4,709,953.30
Total	6,062,337.56	9,257,081.53

(57) Non-operating expense

Item	From January to June 2022	From January to June 2021
Penalty expenses	36,878,974.93	
Compensation expenses	353,798.16	1,611,156.00
Others	1,505,340.35	13,397,937.09
Total	38,738,113.44	15,009,093.09

SECTION 10 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**(58) Income tax expenses****1. Particulars of income tax expenses**

Item	From January to June 2022	From January to June 2021
Income tax expenses for the period calculated according to the tax law and relevant regulations	46,154,015.99	45,654,256.93
Deferred income tax expenses	14,597,029.34	-17,060,381.04
Others		
Total	60,751,045.33	28,593,875.89

2. Reconciliation of accounting profit and income tax expenses for the period**From January to June 2022**

Item	Amount
Total profit	158,835,746.94
Income tax expense calculated at statutory/applicable tax rate	23,825,362.04
Impact of subsidiaries applying different tax rates	-4,621,035.32
Impact of adjustments to income tax for prior period	-12,304,257.41
Impact of non-taxable income	-1,730,071.28
Impact of non-deductible cost, expense and loss	27,941,105.61
Impact of utilizing deductible loss on which no deferred tax asset was recognized in prior period	-2,326,992.07
Impact of deductible temporary difference or deductible loss on which no deferred tax asset is recognized in current period	28,546,704.75
Income tax impact of interest on perpetual bonds recorded in equity	-8,736,787.50
Others	10,157,016.51
Income tax expenses	60,751,045.33

SECTION 10 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**(59) Statement of cash flows****1. Other cash received or paid related to operating activities**

Item	From January to June 2022	From January to June 2021
Other cash received related to operating activities	116,091,910.94	314,419,816.75
Including: Cash received for payment on behalf	19,088,399.44	29,161,437.54
Interests on demand deposits received	29,283,015.37	29,409,156.42
Government subsidy related to income received	14,720,808.83	30,944,413.53
Government subsidy related to assets received		
Decrease in restricted cash	47,104,540.03	221,825,490.67
Other cash paid related to operating activities	357,398,504.60	235,082,985.40
Including: R&D expense and intermediary fee paid	143,476,902.45	39,068,759.55
Office expenses paid	91,527,145.19	79,181,782.54
Travel expenses paid	28,757,220.02	29,393,426.16
Bank handling fees paid	16,599,692.97	26,344,771.25
Hospitality expenses paid	5,278,999.48	8,902,892.01
Litigation loss paid	3,415,851.98	5,075,994.75
Deposits and security deposits paid	45,507,914.69	44,173,772.04

SECTION 10 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**(59) Statement of cash flows (Continued)****2. Other cash received or paid related to financing activities**

Item	From January to June 2022	From January to June 2021
Other cash received related to financing activities	1,466,100,000.00	
Including: Cash received from bill financing		
Other cash paid related to financing activities	1,466,100,000.00	
Issuance of perpetual bonds recorded in other equity instruments	1,021,061,500.00	5,615,074.95
Including: Repayment of principal and interests of lease obligation	991,560.00	4,295,004.64
Repayment of perpetual bonds recorded in other equity instruments	1,000,000.00	
Bond and perpetual bond issuance cost	20,069,940.00	1,320,070.31

SECTION 10 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**(60) Supplementary information for cash flow statement****1. Supplementary information for cash flow statement**

Item	From January to June 2022	From January to June 2021
1. Reconciliation of net profit to cash flows from operating activities		
Net profit	98,084,701.61	51,242,531.66
Add: Provision for assets impairment	-6,423,876.36	8,451,908.40
Credit impairment loss	-51,356,238.19	-15,109,366.50
Depreciation of investment properties, depreciation of fixed assets, depreciation of right-of-use assets, depletion of oil & gas assets and depreciation of bearer biological assets	91,963,828.35	98,449,085.46
Amortization of intangible assets	14,312,453.59	14,901,309.62
Amortization of long-term unamortized expense	25,589,064.11	22,299,403.66
Loss on disposal of fixed assets, intangible assets and other long-term assets ("—" for gain)	-161,768.39	-2,153,151.87
Loss on scraping of fixed assets ("—" for gain)	96,252.81	-1,755,212.78
Loss on net exposure netting ("—" for gain)		4,085,714.29
Loss on fair value changes ("—" for gain)		250,199,509.79
Finance expense ("—" for gain)	213,763,253.99	3,702,766.17
Investment loss ("—" for gain)	2,876,533.53	
Decrease in deferred tax assets ("—" for increase)	15,438,724.07	-17,773,353.67
Increase in deferred tax liabilities ("—" for decrease)	-876,470.83	-745,522.18
Decrease in inventories ("—" for increase)	-22,573,687.08	59,247,625.47
Decrease in contract assets ("—" for increase)	60,883,525.71	-1,344,312,933.86
Decrease in operating receivables ("—" for increase)	-400,667,823.98	1,085,113,944.60
Increase in operating payables ("—" for decrease)	-1,148,069,362.37	-829,464,077.57
Others		
Net cashflow from operating activities	-1,107,120,889.43	-613,619,819.31

SECTION 10 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**(60) Supplementary information for cash flow statement (Continued)****1. Supplementary information for cash flow statement (Continued)**

Item	From January to June 2022	From January to June 2021
2. Significant investing and financing activities not involving cash payment or receipt		
Conversion from debt to capital		
Convertible corporate bonds due within one year		
Fixed assets under lease		
3. Net changes in cash and cash equivalents		
Cash as at 30 June 2022	7,175,622,381.60	5,348,103,199.12
Less: Cash as at 31 December 2021	6,618,304,071.35	6,549,994,944.43
Add: Cash equivalents as at 30 June 2022		
Less: Cash equivalents as at 31 December 2021		
Net increase in cash and cash equivalents	557,318,310.25	-1,201,891,745.31

SECTION 10 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**(60) Supplementary information for cash flow statement (Continued)****2. Cash and cash equivalents**

Item	30 June 2022	31 December 2021
1. Cash	7,175,622,381.60	6,618,304,071.35
Including: Cash on hand	709,732.67	738,796.17
Bank deposits readily used for payment	7,202,633,868.67	6,644,536,818.05
Other monetary fund readily used for payment	824,291,387.08	871,520,745.03
Deposit with central bank available for use as payment		
Deposits with banks		
Amounts due from banks		
Restricted monetary fund	852,012,606.82	898,492,287.90
2. Cash and cash equivalents		
Including: Bond investment due within three months		
3. Balance of cash and cash equivalents at the end of the period	7,175,622,381.60	6,618,304,071.35
Including: Use of restricted cash and cash equivalents by the parent company or subsidiary within the Group		

SECTION 10 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**(61) “Others” in the statement of changes in owners’ equity****1. “Others” in the statement of changes in owners’ equity for the period**

- (1) Change of RMB-9,534,889.95 in “others” under “capital reserve” was caused by three matters. Of which, RMB-10,238,164.22 was the impact of the capital increase by the parent company to its subsidiary China Nonferrous Metals Processing Technology Co., Ltd., resulting in an increase in the shareholding percentage. Of which, the addition of RMB60,469.33 was the impact of capital increase by the parent company to its subsidiary Ninth Metallurgical Construction Co., Ltd., resulting in an increase in the shareholding percentage. Of which, RMB559,917.55 was the impact of other changes in equity interests of its associate China Aluminum International Energy Saving Technology (Beijing) Co., Ltd. recognized by China Aluminum International Aluminum Application Engineering Co., Ltd., a subsidiary of the Company under the equity method. Of which, RMB82,887.39 was the effect caused by the recognition by China Nonferrous Metals Changsha Investigation and Design Research Institute Co., Ltd., a subsidiary of the Company, of a change in the other equity interests of its associate Chinalco Environmental Protection and Ecological Technology (Hunan) Co., Ltd. by using the equity method.
- (2) The change in “others” under “undistributed profits” of RMB-14,861,111.23 was caused by the impact of the interest paid by the perpetual bonds of Industrial Bank in the current period.

(62) Assets with restricted ownership or use rights

Item	Book value as at 30 June 2022	Reason for restriction
Monetary fund	852,012,606.82	Frozen, pledged
Notes receivable	120,029,103.64	Pledged
Accounts receivable	142,399,740.50	Pledged
Total	1,114,441,450.96	–

SECTION 10 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**(63) FCY monetary items****1. FCY monetary items**

Item	30 June 2022	Exchange rate	Closing balance in RMB
Monetary fund			
Including: USD	82,978,014.27	6.7114	556,898,644.95
VND	7,847,841,416.00	0.0003	2,279,013.15
INR	60,677,140.39	0.0850	5,158,873.54
IDR	64,417,119,881.28	0.0006	35,473,133.73
MYR	1,701,913.39	1.5226	2,591,285.28
SAR	1,733,505.67	1.6983	2,944,012.79
Accounts receivable			
Including: USD	138,543,215.11	6.7114	929,818,933.89
VND	141,830,430,103.00	0.0003	41,187,556.95
INR	28,307,647.79	0.0850	2,406,764.30
IDR	7,039,778,840.06	0.0006	3,876,656.03
Accounts payable			
Including: USD	11,209,454.55	6.7114	75,231,133.27
VND	59,240,167,487.00	0.0003	17,203,344.66

2. Functional currency of significant overseas entities

Significant overseas entity	Principal place of business	Functional currency	Basis
Chalieco Hong Kong Corporation Limited	Hong Kong, the PRC	USD	Revenue from daily activities

SECTION 10 FINANCIAL REPORT

6. CHANGE IN SCOPE OF CONSOLIDATION

- (1) Business combination not under common control during the current period: Nil.
- (2) Business combination under common control during the current period: Nil.
- (3) Reverse purchase during the current period: Nil.
- (4) Disposal of equity in subsidiaries during current period: Nil.
- (5) Other reasons for changes in the scope of consolidation of financial statements

Third-tier subsidiaries added during the Reporting Period: China Nonferrous Metals Industry's 12th Metallurgical (Indonesia) Co., Ltd. During the reporting period, the Company completed the cancellation of China Aluminum International Logistic (Tianjin) Co., Ltd., so it is no longer included in the scope of consolidation.

SECTION 10 FINANCIAL REPORT

7. EQUITY IN OTHER ENTITIES

(1) Equity in subsidiaries

1. Composition of Group

Subsidiary	Business type	Place of incorporation	Registered capital (RMB'0,000)	Principal place of business	Business nature	Shareholding percentage (%)		Means of acquisition
						Direct	Indirect	
China Nonferrous Metals Processing Technology Co., Ltd.	1	High-tech Zone, Luoyang City	16,415.00	Luoyang, Henan	Technical development and equipment sales	92.35		2
Luoyang Jincheng Construction Supervision Co., Ltd.	1	Jianxi District, Luoyang City	500.00	Luoyang, Henan	Construction supervision		100.00	2
Luoyang Foyang Decoration Engineering Co., Ltd.	1	High-tech Zone, Luoyang City	2,050.00	Luoyang, Henan	Other construction and installation industry		51.22	2
Luoyang Kaijing Technology Co., Ltd.	1	Luolong District, Luoyang City	20,000.00	Luoyang City, Henan	IT consultancy service		100.00	2
Suzhou Nonferrous Metal Materials Deyuan Environmental Protection Co., Ltd.	1	Suzhou High-tech Zone	2,500.00	Suzhou, Jiangsu	Environmental protection technology development and sales		62.50	1
Sixth Metallurgical Construction Company of China Nonferrous Metals Industry	1	Huaihe Road, Zhengzhou City	250,000.00	Zhengzhou, Henan	Construction projects	100.00		2
Sixth Metallurgical Luoyang Construction Co., Ltd.	1	Jianxi district, Luoyang City	1,659.80	Luoyang, Henan	Construction projects		100.00	1
Sixth Metallurgical Luoyang Mechanical and Electrical Installation Co., Ltd.	1	Jianxi district, Luoyang City	1,117.33	Luoyang, Henan	Construction projects		100.00	1
Sixth Metallurgical (Zhengzhou) Technology Heavy Industry Co., Ltd.	1	Industrial Agglomeration Area, Xinmi City	10,043.00	Zhengzhou, Henan	Engineering machinery manufacturing		100.00	1
Henan Sixth Metallurgical Trading Co., Ltd.	1	Zhengzhou Economic and Technological Development Zone	3,000.00	Zhengzhou, Henan	Trading business		100.00	1

SECTION 10 FINANCIAL REPORT

7. EQUITY IN OTHER ENTITIES (Continued)

(1) Equity in subsidiaries (Continued)

1. Composition of Group (Continued)

Subsidiary	Business type	Place of incorporation	Registered capital (RMB'0,000)	Principal place of business	Business nature	Shareholding percentage (%)		Means of acquisition
						Direct	Indirect	
Panzhou Haohong Project Management Co., Ltd.	1	Liupanshui City, Guizhou Province		Guiyang, Guizhou	Construction projects	30.00		1
Tongchuan Hao Tong Construction Co., Ltd.	1	Tongchuan City, Shaanxi Province	12,000.00	Tongchuan, Shaanxi	Construction projects	80.00		1
China Aluminum Great Wall Construction Co., Ltd.	1	Shangjie District, Zhengzhou City	26,853.63	Henan	Engineering and construction contracting	100.00		2
Huaian Tong Yun Construction Co., Ltd.	1	Huaiyin District, Huai'an City	10,077.73	Jiangsu	Construction projects	100.00		1
Changsha Engineering & Research Institute Limited for Nonferrous Metallurgy	1	Furong District, Changsha City	72,468.87	Changsha, Hunan	Survey and design	100.00		2
Changsha Cinqsoft Info Tech Co., Ltd.	1	Changsha High-tech Industrial Development Zone	200.00	Changsha	Software development and technical service	100.00		2
Hunan Huachu Project Management Co., Ltd.	1	Furong District, Changsha City	600.02	Hunan	Consultancy and supervision service	51.00		2
Hunan Changye Construction Drawing Examination Co., Ltd.	1	Furong District, Changsha City	329.99	Hunan	Construction drawing examination	100.00		2
Huachu High-Tech (Hunan) Co., Ltd.	1	Jiuhua Demonstration Zone, Xiangtan	3,500.00	Xiangtan	Equipment sales	100.00		1
China Aluminum International South Engineering Co., Ltd.	1	Nanding Town, Zhangdian, Zibo	15,290.00	Shandong	Construction and installation	100.00		2
Wenzhou Tongrun Construction Co., Ltd.	1	Lucheng District, Wenzhou City	3,000.00	Wenzhou	Construction projects	60.00	40.00	1

SECTION 10 FINANCIAL REPORT

7. EQUITY IN OTHER ENTITIES (Continued)

(1) Equity in subsidiaries (Continued)

1. Composition of Group (Continued)

Subsidiary	Business type	Place of incorporation	Registered capital (RMB'0,000)	Principal place of business	Business nature	Shareholding percentage (%)		Means of acquisition
						Direct	Indirect	
Wenzhou Tonghui Construction Co., Ltd.	1	Longwan District, Wenzhou City	3,000.00	Wenzhou	Construction projects	90.00	10.00	1
Ninth Metallurgical Construction Co., Ltd.	1	Weicheng District, Xianyang city, Shaanxi province	33,295.00	Xianyang	Engineering construction	73.17		3
Henan Ninth Metallurgical Construction Co., Ltd.	1	Zhengzhou City, Henan Province	5,000.00	Zhengzhou	Engineering construction		100.00	3
Zhengzhou Ninth Metallurgical Sanwei Chemical Machinery Co., Ltd.	1	Zhengzhou City, Henan Province	10,000.00	Zhengzhou	Equipment manufacturing		100.00	3
Hanzhong Ninth Metallurgical Construction Co., Ltd.	1	Mian County, Shaanxi Province	12,000.00	Hanzhong City, Shaanxi Province	Engineering construction		100.00	3
Ankang Ninth Metallurgical Changjiali Concrete Co., Ltd.	1	Ankang City, Shaanxi Province	1,000.00	Ankang City, Shaanxi Province	Concrete production		100.00	3
Xinjiang Ninth Metallurgical Construction Co., Ltd.	1	Changji Prefecture, Xinjiang	6,000.00	Xinjiang	Engineering construction		100.00	3
Xianyang Ninth Metallurgical Steel Structure Co., Ltd.	1	Xianyang City, Shaanxi province	630.00	Xianyang City	Equipment manufacturing		100.00	3
Mian County Ninth Metallurgical Kindergarten	1	Mian County, Shaanxi Province	50.00	Mian County, Hanzhong City	Pre-school education		100.00	3
Ninth Metallurgical Hanzhong Construction Design Institute Co., Ltd.	1	Mian County, Shaanxi Province	50.00	Hanzhong City, Shaanxi Province	Survey and design		100.00	3

SECTION 10 FINANCIAL REPORT

7. EQUITY IN OTHER ENTITIES (Continued)

(1) Equity in subsidiaries (Continued)

1. Composition of Group (Continued)

Subsidiary	Business type	Place of incorporation	Registered capital (RMB'0,000)	Principal place of business	Business nature	Shareholding percentage (%)		Means of acquisition
						Direct	Indirect	
Shaanxi Zhong Mian Investment Company Limited	1	Mian County, Shaanxi Province	10,000.00	Shaanxi	Hot spring project development and operations management		51.00	1
Shenyang Aluminum & Magnesium Design Institute Co., Ltd.	1	Heping District, Shenyang City	49,074.32	Shenyang	Engineering survey and design	100.00		1
Shenyang Boyu Technology Co., Ltd.	1	Suijiatun District, Shenyang City	2,025.00	Liaoning	Industrial manufacturing		100.00	1
Shenyang Aluminum & Magnesium Technology Co., Ltd.	1	Heping District, Shenyang City	1,050.00	Liaoning	Technical service		100.00	1
Shenyang Aluminum and Magnesium Design Research Institute	1	Heping District, Shenyang City	411.80	Liaoning	Construction supervision		100.00	1
Beijing Huayu Aerospace Control High-Tech Co., Ltd.	1	Haiding district, Beijing	1,750.00	Beijing	Technology research and development		60.00	1
China Nonferrous Metals Industry's Twelfth Metallurgical Construction Co., Ltd.	1	Xinghualing District, Taiyuan City	53,341.94	Shanxi	Construction projects	100.00		2
China Nonferrous Metals Industry's Twelfth Metallurgical Chongqing Energy Savings Technology Co., Ltd.	1	Nan'an District, Chongqing City	1,200.00	Chongqing	Contract energy management		100.00	1
Shanxi Nonferrous Metal Twelfth Metallurgical Supplies Co., Ltd.	1	Xinghualing District, Taiyuan City	1,500.00	Taiyuan	Commodity trading		100.00	1

SECTION 10 FINANCIAL REPORT

7. EQUITY IN OTHER ENTITIES (Continued)

(1) Equity in subsidiaries (Continued)

1. Composition of Group (Continued)

Subsidiary	Business type	Place of incorporation	Registered capital (RMB'0,000)	Principal place of business	Business nature	Shareholding percentage (%)		Means of acquisition
						Direct	Indirect	
China Nonferrous Metals Industry's 12th Metallurgical (Indonesia) Co., Ltd.	3	Jakarta, Indonesia	2,280.87	Jakarta, Indonesia	Construction and installation		80.00	1
China Aluminum International 12MCC Construction Co., Ltd.	3	Incheon, South Korea	2,280.87	Incheon, South Korea	Construction and installation industry	67.00		1
China Nonferrous Metals Changsha Investigation and Design Research Institute Co., Ltd.	1	Furong District, Changsha City	18,373.00	Hunan	Survey and design	100.00		2
Sherzhen Changkan Survey and Design Co., Ltd.	1	Shenman East Road, Shenzhen City	1,502.00	Guangdong	Technical service		100.00	2
Changsha Tongxiang Construction Co., Ltd.	1	Yuelu District, Changsha City	2,500.00	Changsha	Construction projects	40.00	60.00	1
Hunan Tongdu Investment and Development Co., Ltd.	1	Furong District, Changsha City	1,000.00	Changsha	Investment	60.00	40.00	1
China Aluminum International Engineering & Equipment Co., Ltd.	1	Haiding district, Beijing	20,000.00	Beijing	Equipment sales	100.00		1
China Aluminum International Shandong Chemical Industry Co., Ltd.	1	Zibo High-tech Zone	5,000.00	Shandong	Equipment sales		100.00	1
Shanghai China Aluminum International Supply Chain Management Co., Ltd.	1	Pudong New Area, Shanghai	2,100.00	Pudong New Area, Shanghai	Trading		100.00	1

SECTION 10 FINANCIAL REPORT

7. EQUITY IN OTHER ENTITIES (Continued)

(1) Equity in subsidiaries (Continued)

1. Composition of Group (Continued)

Subsidiary	Business type	Place of incorporation	Registered capital (RMB'0,000)	Principal place of business	Business nature	Shareholding percentage (%)		Means of acquisition
						Direct	Indirect	
Chaleco Hong Kong Corporation Limited	3	Queen's Road East, Wan Chai, Hong Kong	6,557.20	Hong Kong	Investment	100.00		1
Chaleco Malaysia Sdn.Bhd.	3	Other overseas regions	157.92	Malaysia	Engineering survey and design		100.00	1
Shanghai Chaleco Fengyuan Equity Investment Fund Partnership (Limited Partner)	1	China (Shanghai) Pilot Free Trade Zone	45,930.58	Shanghai	Trading		99.95	1
China Aluminum International Investment Management (Shanghai) Co., Ltd.	1	China (Shanghai) Pilot Free Trade Zone	49,400.00	Shanghai	Trading	5.00	95.00	1
Chaleco (Tianjin) Construction Co., Ltd.	1	Tianjin Airport Economic Area	27,115.00	Tianjin	Engineering construction	100.00		2
China Aluminum International Technology Development Co., Ltd.	1	Haiding district, Beijing	6,000.00	Beijing	Technology research and development	100.00		1
China Aluminum International Engineering (India) Private Limited	3	West Bengal, India	594.24	India	Construction projects	99.99	0.01	1
China Aluminum International Yunnan Aluminum Application Engineering Co., Ltd.	1	Haidian District, Beijing	7,800.00	Beijing	Investment consultancy	100.00		1
Duyun Development Zone Tongda Construction Co., Ltd.	1	Duyun Economic Development Zone	1,000.00	Guizhou	Engineering construction	50.00	50.00	1
Guiyang Aluminum and Magnesium Design Institute Co., Ltd.	1	Guanshanhu District, Guiyang City	70,000.00	Guizhou	Design consultancy	100.00		1

SECTION 10 FINANCIAL REPORT

7. EQUITY IN OTHER ENTITIES (Continued)

(1) Equity in subsidiaries (Continued)

1. Composition of Group (Continued)

Subsidiary	Business type	Place of incorporation	Registered capital (RMB'0,000)	Principal place of business	Business nature	Shareholding percentage (%)		Means of acquisition
						Direct	Indirect	
Guiyang Aluminum and Magnesium Design Institute Construction Contracting Co., Ltd.	1	Guanshanhu District, Guiyang City	4,500.00	Guizhou	Engineering construction	100.00	1	1
Guiyang Zhenxing Aluminum & Magnesium Technological Development Co., Ltd.	1	Guiyang Startup Service Center of High and New Technologies	3,000.00	Guizhou	Technology development and software design	100.00	1	1
Guizhou Light Metal Innovation Research and Equipment Process Co., Ltd.	1	Gaoxin District, Guiyang City	2,000.00	Guizhou	Technology development and software design	100.00	1	1
Guiyang Xinyu Construction Supervision Co., Ltd.	1	Jingyang New District, Guiyang City, Guizhou Province	1,341.95	Guizhou	Engineering supervision and consultancy	100.00	1	1
Guizhou Yundu Properties Company Limited	1	Duyun Economic Development Zone	12,800.00	Guizhou	Real estate development and engineering construction	100.00	1	1
Guizhou Shunan Mechanical and Electric Equipment Co., Ltd.	1	Pingba County, Anshui City	6,198.00	Guizhou	Equipment manufacturing	100.00	3	3
Guangxi Tongrui Investment Construction Co., Ltd.	1	Liangqing District, Nanning City	25,000.00	Guangxi	Building construction	100.00	1	1
China Aluminum International Aluminum Application Engineering Co., Ltd.	1	Haidian District, Beijing	14,450.00	Beijing	Trading and technical service	100.00	1	1
Shanxi Nonferrous Metal Twelfth Metallurgical Advanced Materials Co., Ltd.	1	Jiancaoping, Taiyuan City	3,000.00	Shanxi	Scientific research and technical service industry	66.00	1	1

SECTION 10 FINANCIAL REPORT

7. EQUITY IN OTHER ENTITIES (Continued)

(1) Equity in subsidiaries (Continued)

1. Composition of Group (Continued)

Subsidiary	Business type	Place of incorporation	Registered capital (RMB'0,000)	Principal place of business	Business nature	Shareholding percentage (%)		Means of acquisition
						Direct	Indirect	
Qingdao Xinfu Gongchuang Asset Management Company Limited	1	Shinan District, Qingdao City	1,000.00	Shandong	Commercial development and operations	90.00		3
Chalco Shandong Engineering Technology Co., Ltd.	1	Zhangdian District, Zibo City	27,460.71	Shandong	Other construction and installation industry	60.00		2
Chalco Wancheng Shandong Construction Co., Ltd.	1	Zhangdian District, Zibo City	6,381.00	Shandong	Other construction and installation industry		96.57	2
Kunming Survey and Design institute Co., Ltd. of China Nonferrous Metals industry	1	Panlong District, Kunming City	10,850.00	Kunming	Engineering survey and design	100.00		2
Kunming Technology Development Co., Ltd.	1	Panlong District, Kunming City	200.00	Kunming	Other construction and installation industry		100.00	2
China Nonferrous Metals Kunming Survey and Design Institute DR Congo Company	3	The Democratic Republic of the Congo	6.84	The Democratic Republic of the Congo	Technological services for geological survey		100.00	1
Chinalco Southwest Construction Investment Co., Ltd.	1	Xishan District, Kunming City	21,302.00	Kunming	Project investments	100.00		1
Yunnan Miyu Expressway Investment and Development Co., Ltd.	1	Huaning County, Yuxi City	70,000.00	Yuxi City, Yunnan Province	Engineering construction	43.60	10.20	3

SECTION 10 FINANCIAL REPORT

7. EQUITY IN OTHER ENTITIES (Continued)**(1) Equity in subsidiaries (Continued)****1. Composition of Group (Continued)**

Notes:

- (1) Business type: 1. Domestic non-financial subsidiaries, 2. Domestic financial subsidiaries, 3. Overseas subsidiaries, 4. public institutions, and 5. infrastructure units.
- (2) Means of acquisition: 1. Incorporation; 2. Business combination under common control, 3. Business combination not under common control, 4. Others.
- (3) China Aluminum International Engineering (India) Private Limited, a subsidiary incorporated in India, needs to follow local foreign exchange management policies, pursuant to which such subsidiary must obtain prior approval from the local foreign exchange administration to pay cash dividends to the Company and other investors.
- (4) China Aluminum International Aluminum Technological Development Co., Ltd., a wholly-owned subsidiary of the Company, was renamed as China Aluminum International Aluminum Application Engineering Co., Ltd.
- (5) Beijing Zichen Investment Development Corporation Limited, a wholly-owned subsidiary of the Company, was renamed as China Aluminum International Yunnan Aluminum Application Engineering Co., Ltd.
- (6) Panzhou Haohong Project Management Co., Ltd. (hereinafter referred to as "Panxian Haohong") was jointly established by Sixth Metallurgical Construction Co., Ltd. (hereinafter referred to as "Sixth Metallurgical Company"), a wholly-owned subsidiary of the Company, and another shareholder, Panxian Panzhou Ancient City Development and Management Co., Ltd. (hereinafter referred to as "Panzhou Ancient City Development"), which was held as to 30% and 70% by Sixth Metallurgical Company and Panzhou Ancient City Development, respectively. The articles of association of Panxian Haohong stipulates that the resolutions of the shareholders meeting to amend the articles of association, the increase or decrease in the registered capital, and merging, splitting, dissolving or changing of the form of the company must be approved by shareholders representing more than two-thirds of the voting rights. For resolutions regarding other matters, they must be approved by shareholders representing more than half of the voting rights. Sixth Metallurgical Company has 70% of the voting rights in the shareholders' meeting, and Panzhou Ancient City Development has 30% of the voting rights. Resolutions of the board of directors must be passed by more than two-thirds of all directors. Panxian Haohong has 3 board members, including 2 directors appointed by Sixth Metallurgical Company and 1 director appointed by Panzhou Ancient City Development. Therefore, the Company can control Panxian Haohong, and it was consolidated into the Company's financial statements.

2. Particulars of significant partially-owned subsidiaries

No.	Company name	Shareholding of minority shareholders (%)	P&L attributable to minority shareholders for the period	Declared dividends to minority shareholders for the period	Minority interest at the end of the period
1	China Nonferrous Metals Processing Technology Co., Ltd.	7.65	355,474.39		1,532,127.96
2	Ninth Metallurgical Construction Co., Ltd.	26.83	9,530,034.52		305,530,369.97
3	Chalco Shandong Engineering Technology Co., Ltd.	40.00	-14,515,698.33		94,148,193.66

SECTION 10 FINANCIAL REPORT

7. EQUITY IN OTHER ENTITIES (Continued)

(1) Equity in subsidiaries (Continued)

3. Major financial information of significant partially-owned subsidiaries (except for those classified as held for sale)

No.	Subsidiary name	30 June 2022					
		Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
1	China Nonferrous Metals Processing Technology Co., Ltd.	900,962,833.83	1,094,934,930.76	1,995,897,764.59	1,539,572,940.72	419,517,788.32	1,959,090,729.04
2	Ninth Metallurgical Construction Co., Ltd.	8,247,461,241.73	1,119,912,463.30	9,367,373,705.03	6,828,211,918.36	324,615,344.98	7,152,827,263.34
3	Chalco Shandong Engineering Technology Co., Ltd.	917,369,185.91	148,910,400.27	1,066,279,586.18	814,649,384.57	16,000,000.00	830,649,384.57

No.	Subsidiary name	1 January 2022					
		Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
1	China Nonferrous Metals Processing Technology Co., Ltd.	821,860,608.02	1,104,026,278.20	1,925,886,886.22	1,473,566,063.38	420,089,160.02	1,893,655,223.40
2	Ninth Metallurgical Construction Co., Ltd.	8,363,267,135.22	1,128,409,658.90	9,491,676,794.12	6,963,923,960.16	336,718,669.38	7,300,642,629.54
3	Chalco Shandong Engineering Technology Co., Ltd.	992,105,696.74	151,634,313.05	1,143,740,009.79	856,431,630.11	16,000,000.00	872,431,630.11

SECTION 10 FINANCIAL REPORT

7. EQUITY IN OTHER ENTITIES (Continued)**(1) Equity in subsidiaries (Continued)****3. Major financial information of significant partially-owned subsidiaries (except for those classified as held for sale) (Continued)**

No.	Subsidiary name	From January to June 2022			Cash flow from operating activities
		Operating revenue	Net profit	Total comprehensive income	
1	China Nonferrous Metals Processing Technology Co., Ltd.	476,034,175.45	3,808,189.12	3,798,839.12	49,751,409.12
2	Ninth Metallurgical Construction Co., Ltd.	2,239,613,353.18	31,345,929.16	31,486,573.15	-213,722,060.86
3	Chalco Shandong Engineering Technology Co., Ltd.	255,522,886.39	-37,035,640.01	-37,035,640.01	32,166,112.75

No.	Subsidiary name	From January to June 2021			Cash flow from operating activities
		Operating revenue	Net profit	Total comprehensive income	
1	China Nonferrous Metals Processing Technology Co., Ltd.	355,698,606.89	-24,691,991.68	-24,927,441.68	-14,475,938.86
2	Ninth Metallurgical Construction Co., Ltd.	2,238,936,989.54	21,087,287.26	20,920,687.26	-161,198,858.35
3	Chalco Shandong Engineering Technology Co., Ltd.	270,734,109.36	-22,527,125.70	-22,527,125.70	-28,312,868.83

SECTION 10 FINANCIAL REPORT

7. EQUITY IN OTHER ENTITIES (Continued)

(2) Transactions with changes in percentage of equity interest ownership in subsidiaries but without losing control

1. Explanation on changes in percentage of equity interest ownership in subsidiaries

No.	Name of subsidiary	Registered capital before the capital increase	Registered capital after the capital increase	Shareholding percentage before the capital increase (%)		Shareholding percentage after the capital increase (%)	
		(RMB'0,000)	(RMB'0,000)	Direct	Indirect	Direct	Indirect
1	China Nonferrous Metals Processing Technology Co., Ltd.	11,515.00	16,415.00	73.50		92.35	
2	Ninth Metallurgical Construction Co., Ltd.	32,000.00	33,295.00	72.08		73.17	

2. Effect of transfer on non-controlling shareholder's equity interests and equity interest attributable to the owners of the parent

Item	China Nonferrous Metals Processing Technology Co., Ltd.	Ninth Metallurgical Construction Co., Ltd.
Purchase cost/consideration of disposal	49,000,000.00	42,520,000.00
Including: Cash	49,000,000.00	42,520,000.00
Fair value of non-cash assets		
Total of purchase cost/consideration of disposal	49,000,000.00	42,520,000.00
Less: Share of net assets in subsidiaries based on shares acquired/disposed	38,761,835.78	42,580,469.33
Differences	10,238,164.22	-60,469.33
Including: Adjustment of capital reserve	10,238,164.22	-60,469.33
Adjustment of surplus reserve		
Adjustment of undistributed profits		

SECTION 10 FINANCIAL REPORT

7. EQUITY IN OTHER ENTITIES (Continued)**(3) Interests in joint ventures or associates****1. Particulars of significant joint ventures and associates****(1) Particulars of significant joint ventures**

Joint venture name	Principal place of business	Place of incorporation	Business nature	Shareholding percentage (%)		Accounting treatment method
				Direct	Indirect	
Shanghai Fengtong Equity Investment Fund Partnership (Limited Partnership)	Shanghai	Shanghai	Investment company	40.00		Equity method
Zhongji Sunward Technology Co., Ltd.	Hunan	Hunan	Metallurgical equipment manufacturing		49.00	Equity method

(2) Particulars of significant associates

Associate name	Business type	Place of incorporation	Registered capital (RMB'0,000)	Principal place of business	Business scope	Shareholding percentage (%)		Accounting treatment method
						Direct	Indirect	
China Aluminum South Aluminum (Fujian) Aluminum Structure Technology Co., Ltd.	Limited liability company (state-owned)	Yancheng city	14,926.00	Jiangsu	Research and experimental development		33.50	Equity method
Sichuan Chuannan Rail Transit Operation Co., Ltd.	Other limited liability company	Yibin	28,000.00	Sichuan	Road transport industry		10.00	Equity method
Guizhou Tongye Construction Development Co., Ltd.	Other limited liability company	Guiyang	3,000.00	Guizhou	Construction and installation industry		45.00	Equity method

SECTION 10 FINANCIAL REPORT

7. EQUITY IN OTHER ENTITIES (Continued)

(3) Interests in joint ventures or associates (Continued)

2. Major financial information of significant joint ventures (except for those classified as held-for-sale)

Item	30 June 2022/from January to June 2022		1 January 2021/from January to June 2021	
	Shanghai Fengtong Equity Investment Fund Partnership (Limited Partner)	Zhongji Sunward Technology Co., Ltd.	Shanghai Fengtong Equity Investment Fund Partnership (Limited Partner)	Zhongji Sunward Technology Co., Ltd.
Current assets	70,017,047.07	358,421,691.71	70,127,636.85	257,539,780.74
Including: cash and cash equivalents	2,850,910.11	143,262,657.65	2,461,499.89	66,085,512.66
Non-current assets	465.97	11,236,860.14	465.97	13,719,159.62
Total assets	70,017,513.04	369,658,551.85	70,128,102.82	271,258,940.36
Current liabilities	10,573,000.26	257,191,860.20	10,238,401.97	162,742,471.40
Non-current liabilities				
Total liabilities	10,573,000.26	257,191,860.20	10,238,401.97	162,742,471.40
Minority interests	1,000,000.00		1,000,000.00	
Equity attributable to shareholders of the parent	58,444,512.78	112,466,691.65	58,889,700.85	108,516,468.96
Share in net assets in proportion to shareholding percentage	8,766,676.92	55,108,678.91	8,889,700.85	53,173,069.79
Adjustments				
Including: Goodwill				
Unrealized profit on internal transactions				
Others		89,932.78		
Book value of equity interests in joint ventures	8,766,676.92	55,198,611.69	8,889,700.85	53,173,069.79
Fair value of equity interests in joint ventures with public quotations				
Operating revenue		137,953,967.37		21,379,977.99
Finance expenses	-3,698.33	89,179.87	-2,592.94	-128,370.58
Income tax				
Net profit	-187,277.15	4,133,758.98	-17,407.06	-7,480,973.80
Net profit on discontinued operations				
Other comprehensive income				
Total comprehensive income	-187,277.15	4,133,758.98	-17,407.06	-7,480,973.80
Dividends paid by joint ventures during the year				

SECTION 10 FINANCIAL REPORT

7. EQUITY IN OTHER ENTITIES (Continued)

(3) Interests in joint ventures or associates (Continued)

3. Major financial information of significant associates

Item	30 June 2022/from January to June 2022			1 January 2022/from January to June 2021		
	China Aluminum South Aluminum (Fujian) Aluminum Structure Technology Co., Ltd.	Sichuan Chuannan Rail Transit Operation Co., Ltd.	Guizhou Tongye Construction Development Co., Ltd.	China Aluminum South Aluminum (Fujian) Aluminum Structure Technology Co., Ltd.	Sichuan Chuannan Rail Transit Operation Co., Ltd.	Guizhou Tongye Construction Development Co., Ltd.
Current assets	301,900,570.74	278,165,427.45	1,214,905,432.18	184,407,256.67	240,642,640.05	1,224,686,269.57
Including: cash and cash equivalents	10,763,097.29	32,357,709.32	7,231.80	13,093,261.40	12,121,675.22	2,661,192.07
Non-current assets	11,573,538.53	702,387,343.05	144,714.43	124,334,737.92	670,813,509.02	211,941.01
Total assets	313,474,109.27	980,552,770.50	1,215,050,146.61	308,741,994.59	911,456,149.07	1,224,898,210.58
Current liabilities	142,727,126.79	116,900,505.47	108,867,113.02	146,164,528.47	110,497,171.18	117,580,080.68
Non-current liabilities	10,300,000.00	562,357,745.10	1,064,499,458.59		485,313,285.10	1,064,499,458.59
Total liabilities	153,027,126.79	679,258,250.57	1,173,366,571.61	146,164,528.47	595,810,456.28	1,182,079,539.27
Minority interests						
Equity attributable to shareholders of the parent	160,446,982.48	301,294,519.93	41,683,575.00	162,577,466.12	315,645,692.79	42,818,671.31
Share in net assets at shareholding percentage	53,749,739.13	30,129,451.99	18,757,608.75	54,463,451.15	31,564,569.28	19,268,402.09
Adjustments						
Including: Goodwill						
Unrealized profit on internal transactions						
Others		619,074.96			-816,042.33	
Book value of equity interests in joint ventures	53,749,739.13	30,748,526.95	18,757,608.75	54,463,451.15	30,748,526.95	19,268,402.09
Fair value of equity interests in joint ventures with public quotations						
Operating revenue	53,998,190.21	46,291,512.23		61,988,823.22	44,653,809.69	13,152,500.00
Finance expenses	1,411,667.57	11,843,889.43	-2,222.34	1,053,910.97	13,421,001.32	-4,338.81
Income tax	42,286.33					
Net profit	-2,130,483.64	83,504.09	-1,135,096.31	546,833.97	82,118.16	-241,646.12
Net profit on discontinued operations						
Other comprehensive income						
Total comprehensive income	-2,130,483.64	83,504.09	-1,135,096.31	546,833.97	82,118.16	-241,646.12
Dividends paid by associates during the year						

SECTION 10 FINANCIAL REPORT

7. EQUITY IN OTHER ENTITIES (Continued)**(3) Interests in joint ventures or associates (Continued)****4. Summarized financial information of insignificant joint ventures and associates**

Item	30 June 2022/ from January to June 2022	1 January 2022/ from January to June 2021
1. Joint ventures		
Aggregate of book value of investments		236,291.77
Aggregate of proportional shares in:		
Net profit		
Other comprehensive income		
Total comprehensive income		
2. Associates		
Aggregate of book value of investments	575,588,676.49	572,830,582.41
Aggregate of proportional shares in:		
Net profit	5,358,216.27	817,765.16
Other comprehensive income		
Total comprehensive income	5,358,216.27	817,765.16

SECTION 10 FINANCIAL REPORT

8. RISKS RELATED TO FINANCIAL INSTRUMENTS

The Company's major financial instruments include various equity investments, debt investments, derivative financial instruments, long-term and short-term borrowings, receivables and payables. See relevant sections of this report for details on financial instruments. Risks associated with the above financial instruments and risk management policies adopted by the Company to reduce these risks are set out below. Management manages and monitors these risk exposures to ensure that the above risks are controlled within the prescribed range.

1. Credit Risk

Main risks associated with the Company's financial instruments include credit risk, liquidity risk and market risk. Management has reviewed and approved policies intended to manage these risks, which are summarized as follows:

Credit risk refers to the risk that one party to a financial instrument fails to perform its obligation, causing financial losses to the other party. The Company's credit risk mainly involves receivables. Specific measures to control this risk are as follows:

The Company's accounts receivable are mainly generated from the engineering construction business. The Company's internal control system requires that the Company perform credit assessment on each client before submitting a bid and if the construction lasts over one year, reperform the credit assessment on a regular basis. Based on its contract review system, the project management department, the financial department, the legal department and other departments jointly review the contract to determine reasonable payment terms so as to minimize our advance risk. Operating cashflows linked performance indicators are in place to urge subsidiaries to speed up collection of receivables. The Company reviews the collection of receivables on an individual basis on the balance sheet date and requires additional guarantee in respect of key accounts associated with potential structural risks to ensure adequate loss allowance for unrecoverable receivables. See section "3.(11)" above for our expected credit loss policies.

SECTION 10 FINANCIAL REPORT

8. RISKS RELATED TO FINANCIAL INSTRUMENTS (Continued)**2. Liquidity risk**

Liquidity risk refers to the risk that the Company is short of funds when performing its settlement obligations by delivery of cash or other financial assets.

The financial department continuously monitors the Company's short-term and long-term fund requirements to maintain adequate cash reserve. The Company utilizes multiple financing means including notes, bank borrowings and entrusted loans to maintain the balance between sustainability and flexibility of financing. The Company has obtained credit lines from several commercial banks with higher credit ratings to meet its demand for working capital and capital expenditure. Management monitors the use of bank borrowings and ensures compliance with loan agreements.

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

Unit: RMB'000

Item	Within 1 year	1-2 years	30 June 2022		Total
			2-5 years	Over 5 years	
Borrowings	4,267,621.89	3,312,282.11	3,525,200.00	7,500,320.35	18,605,424.36
Trade and other payables (excluding non-financial liabilities)	22,183,934.09	1,456.91			22,185,391.00
Dividends payable					
Maximum amount guaranteed by the financial guarantee			4,995.00	805,296.54	810,291.54

SECTION 10 FINANCIAL REPORT

8. RISKS RELATED TO FINANCIAL INSTRUMENTS (Continued)**2. Liquidity risk (Continued)**

Item	1 January 2021				Total
	Within 1 year	1-2 years	2-5 years	Over 5 years	
Borrowings	6,057,421.20	3,914,019.33	2,196,200.00	5,905,106.00	18,072,746.52
Trade and other payables (excluding non-financial liabilities)	23,396,278.98	1,761.72			23,398,040.70
Dividends payable					
Maximum amount guaranteed by the issued financial guarantee	7,500.00	2,000.00		662,862.84	672,362.84

3. Market risk

Market risk refers to the risk that the fair value or future cash flow of financial instruments fluctuate as market prices changes, including exchange rate risk, interest rate risk and other price risks.

- (1) Exchange rate risk refers to the risk that the fair value or future cash flow of financial instruments fluctuate due to changes in foreign exchange rates. The Company's exchange rate risk mainly comes from financial instruments denominated in foreign currencies other than the functional currency.
- (2) Interest rate risk refers to the risk that the fair value or future cash flow of financial instruments fluctuate due to changes in market interest rates. The Company's interest rate risk mainly comes from recognized interest-bearing financial instruments.
- (3) Other price risks refer to the risk of fluctuations caused by changes in market prices other than exchange rate risks and interest rate risks, whether arising from factors related to a single financial instrument or its issuer, or from factors related to all similar financial instruments traded on the market.

SECTION 10 FINANCIAL REPORT

9. CAPITAL MANAGEMENT

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

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

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

The Company monitors capital management by using the gearing ratio which is shown as follows:

Unit: RMB'000

Item	Closing balance	Opening balance
Total borrowings and other liabilities	40,923,060.86	41,604,569.56
Less: Restricted cash, time deposits and cash and cash equivalents	852,012.61	898,492.29
Net debt	40,071,048.26	40,706,077.27
Total equity attributed to equity owners of the Company	8,203,642.85	7,637,117.76
Total capital	48,274,691.11	48,343,195.03
Gearing ratio	83.01%	84.20%

SECTION 10 FINANCIAL REPORT

10. FAIR VALUE**(1) Analysis of assets and liabilities measured at fair value by the level of fair value**

Item	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Closing balance
1. Continuous fair value measurement		558,643,437.68	41,857,327.91	600,500,765.59
(I) Financial assets classified at FVTPL			18,900,000.00	18,900,000.00
(1) Debt instrument investment				
(2) Equity instrument investment			18,900,000.00	18,900,000.00
(II) Financial assets classified at FVTOCI		558,643,437.68	22,957,327.91	581,600,765.59
(1) Debt instrument investment		558,643,437.68		558,643,437.68
(2) Equity instrument investment			22,957,327.91	22,957,327.91
(III) Financial liabilities classified at FVTPL				
(1) Derivative financial liabilities				
2. Non-continuous fair value measurement				
(I) Held-for-sale assets				

- (2)** At the end of the reporting period, the Company's financial instruments measured at fair value were its subordinated shares in ABS and equity investments in small-scale entities, which do not have observable market quotations. The Company valuate such investments based on their future cash inflows. Under limited circumstances, if insufficient recent information is available to determine the fair value, or possible estimated amount of the fair value is widely distributed, and the cost represents the best estimate of the fair value within the range of distribution, the cost may represent an appropriate estimate of the fair value within the distribution range.

SECTION 10 FINANCIAL REPORT

11. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS**(1) Parent of the Company**

Parent	Place of incorporation	Business nature	Registered capital	Percentage of shareholding in the Company (%)	Percentage of voting right in the Company (%)
China Aluminum Group Limited	PRC	Mineral resources (excluding oil and natural gas) development, nonferrous metal smelting and processing, related trading and engineering and technical services	25,200,000,000.00	76.50	76.50

Note: The ultimate controlling party of the Company is Chinalco (which is owned and controlled by SASAC). On 31 December 2020, Chinalco directly held 73.56% equity interest in the Company and indirectly held 2.94% equity interest in the Company through its subsidiary, Luoyang Institute. Chinalco held in aggregate a 76.50% equity interest in the Company.

(2) Particulars of subsidiaries of the Company

For details, see Note “7. Equity in Other Entities”.

(3) Particulars of joint ventures and associates of the Company

For details of important joint ventures or associates of the Company, see Note “7. Equity in Other Entities”.

SECTION 10 FINANCIAL REPORT

11. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)**(4) Particulars of other parties related to the Company**

Other related parties	Relationship between other related parties and the Company
Aluminum Corporation of China	Ultimate controlling parent
Luoyang Engineering & Research Institute for Nonferrous Metals Processing	Our shareholder, ultimately controlled by the same parent
Guangxi Hualei Advanced Materials Co., Ltd.	A joint venture of our parent
Chinalco Zibo International Trade Co., Ltd.	A joint venture of our parent
Zhejiang Chinalco Automobile Lightweight Technology Co., Ltd.	Ultimately controlled by the same parent
Chinalco Material Application Research Institute Co., Ltd.	Ultimately controlled by the same parent
Chinalco Innovation Development Investment Co., Ltd.	Ultimately controlled by the same parent
Chinalco Overseas Development Co., Ltd.	Ultimately controlled by the same parent
Beijing Lvneng Clean Environment Technology Co., Ltd.	Ultimately controlled by the same parent
Chinalco Environmental Protection and Energy Saving Group Co., Ltd.	Ultimately controlled by the same parent
Chalco Tendering Company Limited	An associate of our parent
Henan Jiuli Technology Co., Ltd.	Ultimately controlled by the same parent
Chinalco Intelligent Technology Development Co., Ltd.	Ultimately controlled by the same parent
Aluminum Corporation of China Limited	Ultimately controlled by the same parent
Baotou Aluminum Co., Ltd.	Ultimately controlled by the same parent
Chibi Great Wall Carbon Products Co., Ltd.	Ultimately controlled by the same parent
Fushun Aluminum Co., Ltd.	Ultimately controlled by the same parent
Gansu Hualu Aluminum Co., Ltd.	Ultimately controlled by the same parent
Guangxi Huasheng Advanced Materials Co., Ltd.	Ultimately controlled by the same parent
Guizhou Huajin Aluminum Co., Ltd.	Ultimately controlled by the same parent
Guizhou Huaren Advanced Materials Co., Ltd.	Ultimately controlled by the same parent

SECTION 10 FINANCIAL REPORT

11. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)**(4) Particulars of other parties related to the Company (Continued)**

Other related parties	Relationship between other related parties and the Company
Henan Huahui Nonferrous Engineering Design Co., Ltd.	Ultimately controlled by the same parent
Henan Zhongzhou Aluminum Construction Co., Ltd.	Ultimately controlled by the same parent
Lanzhou Aluminum Co., Ltd.	Ultimately controlled by the same parent
Inner Mongolia Huayun New Materials Co., Ltd.	Ultimately controlled by the same parent
Shandong Huayu Alloy Material Co., Ltd.	Ultimately controlled by the same parent
Shandong Yixing Carbon New Material Co., Ltd.	Ultimately controlled by the same parent
Shanxi Huaxing Aluminum Co., Ltd.	Ultimately controlled by the same parent
Shanxi Chinalco Resources Co., Ltd.	Ultimately controlled by the same parent
Suzhou Nonferrous Metals Materials Co., Ltd.	Ultimately controlled by the same parent
Aluminum Corporation of China Limited	Ultimately controlled by the same parent
China Aluminum (Shanghai) Co., Ltd.	Ultimately controlled by the same parent
China Aluminum International Trading Corporation Limited	Ultimately controlled by the same parent
Chinalco International Trade Hong Kong Limited	Ultimately controlled by the same parent
Chinalco Group Shanxi Jiaokou Xinghua Science and Technology Co., Ltd.	Ultimately controlled by the same parent
Chinalco Mining Corporation Limited	Ultimately controlled by the same parent
Chinalco Ningxia Energy Group Co., Ltd.	Ultimately controlled by the same parent
Chinalco Qingdao Light Metal Co., Ltd.	Ultimately controlled by the same parent
Chinalco Shandong Environmental Protection Technology Co., Ltd.	Ultimately controlled by the same parent
Chinalco Shandong Advanced Materials Co., Ltd.	Ultimately controlled by the same parent
Chalco Shandong Co., Ltd.	Ultimately controlled by the same parent
Chinalco Shanxi Advanced Materials Co., Ltd.	Ultimately controlled by the same parent
Chinalco Logistics Group Southeast Asia Land Port Co., Ltd.	Ultimately controlled by the same parent

SECTION 10 FINANCIAL REPORT

11. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)**(4) Particulars of other parties related to the Company (Continued)**

Other related parties	Relationship between other related parties and the Company
Chinalco Logistics Group Northwest Land Port Co., Ltd.	Ultimately controlled by the same parent
Chinalco Logistics Group Co., Ltd.	Ultimately controlled by the same parent
Chinalco Logistics Group Central Land Port Co., Ltd.	Ultimately controlled by the same parent
Chinalco Material Supply and Marketing Co., Ltd.	Ultimately controlled by the same parent
Chinalco Materials Co., Ltd.	Ultimately controlled by the same parent
Chinalco Zhengzhou Nonferrous Metals Research Institute Co., Ltd.	Ultimately controlled by the same parent
Chinalco Zhongzhou Mining Co., Ltd.	Ultimately controlled by the same parent
Chinalco Zhongzhou Aluminum Co., Ltd.	Ultimately controlled by the same parent
Chinalco Zhongzhou Advanced Materials Technology Co., Ltd.	Ultimately controlled by the same parent
Zunyi Aluminum Co., Ltd.	Ultimately controlled by the same parent
Chinalco Finance Company Limited	Ultimately controlled by the same parent
Northeast Light Alloy Co., Ltd.	Ultimately controlled by the same parent
Harbin Dongqing Special Materials Co., Ltd.	Ultimately controlled by the same parent
Northwest Aluminum Co., Ltd.	Ultimately controlled by the same parent
Southwest Aluminum (Group) Co., Ltd.	Ultimately controlled by the same parent
Chongqing Southwest Aluminum Mechanical and Electrical Equipment Engineering Co., Ltd.	Ultimately controlled by the same parent
Chongqing Southwest Aluminum Transportation Co., Ltd.	Ultimately controlled by the same parent
Chinalco Henan Luoyang Aluminum Foil Co., Ltd.	Ultimately controlled by the same parent
Chinalco Henan Luoyang Aluminum Processing Co., Ltd.	Ultimately controlled by the same parent
Longxi Northwest Aluminum Foil Co., Ltd.	Ultimately controlled by the same parent
Chinalco Ruimin Co., Ltd.	Ultimately controlled by the same parent
Chinalco Sapa Special Aluminum (Chongqing) Co., Ltd.	Ultimately controlled by the same parent
Chinalco Shenyang Nonferrous Metal Processing Co., Ltd.	Ultimately controlled by the same parent
Chinalco Southwest Aluminum Strip Co., Ltd.	Ultimately controlled by the same parent
Chifeng Yuntong Nonferrous Metals Co., Ltd.	Ultimately controlled by the same parent
Chuxiong Dianzhong Nonferrous Metals Co., Ltd.	Ultimately controlled by the same parent
Fumin Xinye Industrial and Trade Co., Ltd.	Ultimately controlled by the same parent
Heqing Yixin Aluminum Co., Ltd.	Ultimately controlled by the same parent

SECTION 10 FINANCIAL REPORT

11. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)**(4) Particulars of other parties related to the Company (Continued)**

Other related parties	Relationship between other related parties and the Company
Honghe Yuntong Real Estate Development Co., Ltd.	Ultimately controlled by the same parent
Hulun Buir Chihong Mining Co., Ltd.	Ultimately controlled by the same parent
Huili County Wulong Fumin Mining Co., Ltd.	Ultimately controlled by the same parent
Kunming Kehui Electric Co., Ltd.	Ultimately controlled by the same parent
Kunming Non-ferrous Metallurgical Design and Research Institute Corporation	Ultimately controlled by the same parent
Lhasa Tianli Mining Co., Ltd.	Ultimately controlled by the same parent
Liangshan Mining Co., Ltd.	Ultimately controlled by the same parent
Qinghai Hongxin Mining Co., Ltd.	Ultimately controlled by the same parent
Qinghai Zerong Mining Development Co., Ltd.	Ultimately controlled by the same parent
Qujing Yunal Ganxin Aluminum Co., Ltd.	Ultimately controlled by the same parent
Shanghai Huxin Aluminum Foil Co., Ltd.	Ultimately controlled by the same parent
Shangri-la Dingli Mining Co., Ltd.	Ultimately controlled by the same parent
Yimen Copper Co., Ltd.	Ultimately controlled by the same parent
Yuxi Mining Co., Ltd.	Ultimately controlled by the same parent
Yunnan Chihong Zinc Germanium Co., Ltd.	Ultimately controlled by the same parent
Yunnan Chihong Resources Comprehensive Utilization Co., Ltd.	Ultimately controlled by the same parent
Yunnan Chuxiong Mining and Metallurgy Co., Ltd.	Ultimately controlled by the same parent
Yunnan Diqing Mining Development Co., Ltd.	Ultimately controlled by the same parent
Yunnan Diqing Nonferrous Metals Co., Ltd.	Ultimately controlled by the same parent
Yunnan Haoxin Aluminum Foil Co., Ltd.	Ultimately controlled by the same parent
Yunnan Jinding Zinc Industry Co., Ltd.	Ultimately controlled by the same parent
Yunnan Jinsha Mining Co., Ltd.	Ultimately controlled by the same parent
Yunnan Aluminum Co., Ltd.	Ultimately controlled by the same parent

SECTION 10 FINANCIAL REPORT

11. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)**(4) Particulars of other parties related to the Company (Continued)**

Other related parties	Relationship between other related parties and the Company
Yunnan Copper (Group) Titanium Co., Ltd.	Ultimately controlled by the same parent
Yunnan Copper (Group) Co., Ltd.	Ultimately controlled by the same parent
Yunnan Copper Real Estate Development Co., Ltd.	Ultimately controlled by the same parent
Yunnan Copper Co., Ltd.	Ultimately controlled by the same parent
Yunnan Copper Technology Development Co., Ltd.	Ultimately controlled by the same parent
Yunnan Copper Mineral Resources Exploration and Development Co., Ltd.	Ultimately controlled by the same parent
Yunnan Copper Die Casting Technology Co., Ltd.	Ultimately controlled by the same parent
Yunnan Wenshan Aluminum Co., Ltd.	Ultimately controlled by the same parent
Yunnan Xiping Jinhui Mining Development Co., Ltd.	Ultimately controlled by the same parent
Yunnan Metallurgical Kunming Heavy Industry Co., Ltd.	Ultimately controlled by the same parent
Yunnan Yongshun Aluminum Co., Ltd.	Ultimately controlled by the same parent
Yunnan Yunlv Haixin Aluminum Co., Ltd.	Ultimately controlled by the same parent
Yunnan Yunlv Huixin Trade Co., Ltd.	Ultimately controlled by the same parent
Yunnan Yunlv Yongxin Aluminum Co., Ltd.	Ultimately controlled by the same parent
Yunnan Yunlv Zexin Aluminum Co., Ltd.	Ultimately controlled by the same parent
Yunnan Yuntong Zinc Co., Ltd.	Ultimately controlled by the same parent
Chinalco Huazhong Copper Co., Ltd.	Ultimately controlled by the same parent
Chinalco Luoyang Copper Processing Co., Ltd.	Ultimately controlled by the same parent
Chinalco Luoyang Copper Co., Ltd.	Ultimately controlled by the same parent
Minera Chinalco Peru	Ultimately controlled by the same parent
China Copper Southeast Copper Co., Ltd.	Ultimately controlled by the same parent
China Copper Tibet Mining Co., Ltd.	Ultimately controlled by the same parent

SECTION 10 FINANCIAL REPORT

11. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)**(4) Particulars of other parties related to the Company (Continued)**

Other related parties	Relationship between other related parties and the Company
Guangxi Guosheng Rare Earth Advanced Materials Co., Ltd.	Ultimately controlled by the same parent
Guangxi Rare Earth Trading Co., Ltd.	Ultimately controlled by the same parent
Chinalco Guangxi Nonferrous Rare Earth Development Co., Ltd.	Ultimately controlled by the same parent
CRE (Changshu) Rare Earth Advanced Materials Co., Ltd.	Ultimately controlled by the same parent
China Rare Earth International Trade Co., Ltd.	Ultimately controlled by the same parent
Baotou Aluminum (Group) Co., Ltd.	Ultimately controlled by the same parent
Chinalco Science and Technology Research Institute Co., Ltd.	Ultimately controlled by the same parent
Guangxi Chinalco Industrial Service Co., Ltd.	Ultimately controlled by the same parent
Guizhou Guilv Huayi Real Estate Development Co., Ltd.	Ultimately controlled by the same parent
Guizhou Aluminum Factory Co., Ltd.	Ultimately controlled by the same parent
Guizhou Chinalco Colored Aluminum Technology Co., Ltd.	Ultimately controlled by the same parent
Henan Great Wall Information Technology Co., Ltd.	Ultimately controlled by the same parent
Henan Changalv Industrial Service Co., Ltd.	Ultimately controlled by the same parent
Henan Changxing Industry Co., Ltd.	Ultimately controlled by the same parent
Henan Chinalco Engineering Construction Co., Ltd.	Ultimately controlled by the same parent
Henan Chinalco Equipment Co., Ltd.	Ultimately controlled by the same parent
Henan Zhongzhou Aluminum Factory Co., Ltd.	Ultimately controlled by the same parent
Jinlv Real Estate Development Co., Ltd.	Ultimately controlled by the same parent
Lanzhou Aluminum Factory Co., Ltd.	Ultimately controlled by the same parent
Lanzhou Chinalco Industrial Service Co., Ltd.	Ultimately controlled by the same parent
Pingguo Aluminum Co., Ltd.	Ultimately controlled by the same parent
Qinghai Chinalco Aluminum Strip Co., Ltd.	Ultimately controlled by the same parent

SECTION 10 FINANCIAL REPORT

11. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)**(4) Particulars of other parties related to the Company (Continued)**

Other related parties	Relationship between other related parties and the Company
Shandong Aluminum Industry Limited	Ultimately controlled by the same parent
Shandong Shanlv Environmental Advanced Materials Co., Ltd.	Ultimately controlled by the same parent
Shandong Shanlv Electromechanical Technology Co., Ltd.	Ultimately controlled by the same parent
Shanxi Chalco Industrial Service Co., Ltd.	Ultimately controlled by the same parent
Suzhou Xinchang Light and Heat Energy Technology Co., Ltd.	Ultimately controlled by the same parent
Suzhou Nonferrous Metal Design and Research Institute Co., Ltd.	Ultimately controlled by the same parent
Zhengzhou Chinalco Construction and Development Co., Ltd.	Ultimately controlled by the same parent
China Great Wall Aluminum Corporation Limited	Ultimately controlled by the same parent
Chinalco Industrial Service Co., Ltd.	Ultimately controlled by the same parent
Chinalco Investment Management Co., Ltd.	Ultimately controlled by the same parent
Zibo Dadi Real Estate Development Co., Ltd.	Ultimately controlled by the same parent
Zibo Dongshan Industry Co., Ltd.	Ultimately controlled by the same parent
Taiyuan China Nonferrous Metal Industry and Twelfth Metallurgical Real Estate Development Co., Ltd.	Ultimately controlled by the same parent
Chongqing Shangjiangchen Real Estate Co., Ltd.	Ultimately controlled by the same parent
Chinalco Commercial Factoring (Tianjin) Co., Ltd.	Ultimately controlled by the same parent

SECTION 10 FINANCIAL REPORT

11. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)**(5) Connected transactions****1. Connected transactions on procurement and acceptance of goods and rendering and acceptance of service**

Related party	Type of connected transaction	Particular of connected transaction	Pricing policies and decision procedures	From January to June 2021
A subsidiary of China Aluminum Group	Sales of goods and rendering of service	Engineering construction service	Negotiated between the parties by reference to market price	735,241,757.92
A subsidiary of China Aluminum Group	Sales of goods and rendering of service	Engineering design service	Negotiated between the parties by reference to market price	46,773,455.47
A subsidiary of China Aluminum Group	Sales of goods and rendering of service	Equipment manufacturing and sales	Negotiated between the parties by reference to market price	68,253,892.68
A subsidiary of China Aluminum Group	Sales of goods and rendering of service	Back-up service and other business	Negotiated between the parties by reference to market price	12,821,605.81
An associate of the Company	Sales of goods and rendering of service	Provision of engineering design services	Negotiated between the parties by reference to market price	697,944.18
A subsidiary of China Aluminum Group	Procurement of goods and acceptance of service	Engineering, construction and supervision service	Negotiated between the parties by reference to market price	20,139,881.42
A subsidiary of China Aluminum Group	Procurement of goods and acceptance of service	Procurement of main materials and auxiliary materials	Negotiated between the parties by reference to market price	12,168,557.61
A subsidiary of China Aluminum Group	Procurement of goods and acceptance of service	Back-up service and other business	Negotiated between the parties by reference to market price	4,664,339.38

SECTION 10 FINANCIAL REPORT

11. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)**(5) Connected transactions (Continued)****1. Connected transactions on procurement and acceptance of goods and rendering and acceptance of service (Continued)**

Related party	Type of connected transaction	Particular of connected transaction	Pricing policies and decision procedures	From January to June 2020
A subsidiary of China Aluminum Group	Sales of goods and rendering of service	Engineering construction service	Negotiated between the parties by reference to market price	878,425,024.77
A subsidiary of China Aluminum Group	Sales of goods and rendering of service	Engineering design service	Negotiated between the parties by reference to market price	33,182,430.64
A subsidiary of China Aluminum Group	Sales of goods and rendering of service	Equipment manufacturing and sales	Negotiated between the parties by reference to market price	58,919,520.71
A subsidiary of China Aluminum Group	Sales of goods and rendering of service	Back-up service and other business	Negotiated between the parties by reference to market price	3,706,998.84
A subsidiary of China Aluminum Group	Procurement of goods and acceptance of service	Engineering, construction and supervision service	Negotiated between the parties by reference to market price	858,034.53
A subsidiary of China Aluminum Group	Procurement of goods and acceptance of service	Procurement of main materials and auxiliary materials	Negotiated between the parties by reference to market price	21,239,639.33
A subsidiary of China Aluminum Group	Procurement of goods and acceptance of service	Back-up service and other business	Negotiated between the parties by reference to market price	5,703,288.87

SECTION 10 FINANCIAL REPORT

11. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

(5) Connected transactions (Continued)

2. Related party leases

Lessor	Lessee	Leasehold	Leasing expenses recognized for this period	Leasing expenses recognized for the previous period
China Aluminum (Shanghai) Co., Ltd.	China Aluminum International Engineering & Equipment Co., Ltd.	House leasing	39,622.64	452,796.23
Chalco Shandong Co., Ltd.	Chalco Shandong Engineering Technology Co., Ltd.	House leasing	17,331.48	
Luoyang Engineering & Research Institute for Nonferrous Metals Processing	China Nonferrous Metals Processing Technology Co., Ltd.	House leasing	434,294.52	
Suzhou Nonferrous Metal Design and Research Institute Co., Ltd.	China Nonferrous Metals Processing Technology Co., Ltd.	House leasing	174,790.31	508,803.02
Total	–	–	666,038.95	961,599.25

Lessor	Lessee	Leasehold	Rental income recognized for the period	Rental income recognized for the previous period
China Aluminum Great Wall Construction Co., Ltd.	Chinalco Mining Corporation Limited	Land leasing	423,209.15	423,209.15
Total	–	–	423,209.15	423,209.15

3. Related party guarantees

Guarantor	Guaranteed party	Guarantee amount	Guarantee starting on	Guarantee ending on	Guarantee performed or not
China Aluminum Group Limited	China Aluminum International Engineering Corporation Limited	1,500,000,000.00	2019-10-30	Bond redemption date	No

SECTION 10 FINANCIAL REPORT

11. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)**(5) Connected transactions (Continued)****4. Borrowing from and lending to related parties**

Related party	Amount	Starting date	Expiry date	Description
Borrowing:				
Chinalco Finance Company Limited	250,000,000.00	2021-04-07	2022-04-06	Direct borrowing
Chinalco Finance Company Limited	100,000,000.00	2022-01-12	2023-01-11	Direct borrowing
Chinalco Finance Company Limited	100,000,000.00	2022-01-14	2023-01-13	Direct borrowing
Chinalco Finance Company Limited	70,800,000.00	2022-04-14	2023-04-13	Direct borrowing
Chinalco Finance Company Limited	150,000,000.00	2022-01-20	2023-01-20	Direct borrowing
Chinalco Finance Company Limited	150,000,000.00	2022-01-27	2023-01-26	Direct borrowing
Chinalco Finance Company Limited	150,000,000.00	2022-01-27	2023-01-26	Direct borrowing
Chinalco Finance Company Limited	170,000,000.00	2022-05-25	2023-05-24	Direct borrowing
Chinalco Finance Company Limited	30,000,000.00	2022-03-02	2023-03-01	Direct borrowing
Chinalco Finance Company Limited	30,000,000.00	2022-06-08	2023-06-07	Direct borrowing
Provision of deposit service:				
Chinalco Finance Company Limited	3,151,884,128.54			Deposits

5. Remuneration of key management

Item	From January to June 2022	From January to June 2021
Remuneration of key management	1,877,951.86	2,219,725.68

SECTION 10 FINANCIAL REPORT

11. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

(6) Receivables from and payable to related parties

1. Receivables

Item	Related party	Closing balance		Opening balance	
		Carrying balance	Provision for bad debt	Carrying balance	Provision for bad debt
Accounts receivable	A subsidiary of China Aluminum Group	1,565,986,743.20	159,111,131.37	1,920,726,222.41	226,053,879.99
Accounts receivable	A joint venture of China Aluminum Group	71,975,275.31	810,975.39	80,653,597.93	956,521.48
Accounts receivable	An associate of China Aluminum Group	1,071,316.39	557,131.64	1,924,667.01	507,123.34
Accounts receivable	An associate of the Company	509,356,547.87	3,528,890.70	505,860,407.02	3,451,125.58
Subtotal	–	2,148,389,882.77	164,008,129.10	2,509,164,894.37	230,968,650.39
Other receivables	A subsidiary of China Aluminum Group	136,516,806.21	20,534,339.38	125,905,447.65	17,342,922.13
Other receivables	A joint venture of China Aluminum Group	700,000.00	124,606.00	400,000.00	115,138.00
Other receivables	An associate of China Aluminum Group	40,000.00	20,000.00	40,000.00	20,000.00
Other receivables	A joint venture of the Company	321,759.07	30,269.30	59,138.00	29,321.40
Other receivables	An associate of the Company	23,858,285.40	23,260,637.61	23,571,556.85	23,259,203.97
Subtotal	–	161,436,850.68	43,969,852.29	149,976,142.50	40,766,585.50
Prepayments	A subsidiary of China Aluminum Group	5,352,843.82		8,750,937.59	
Prepayments	An associate of the Company			3,011,902.00	
Prepayments	A joint venture of the Company	2,479,116.00		8,560,801.00	
Prepayments	An associate of China Aluminum Group	17,649,581.69		3,649,581.70	
Subtotal	–	25,481,541.51		23,973,222.29	–
Total	–	2,335,308,274.96	207,977,981.39	2,683,114,259.16	271,735,235.89

SECTION 10 FINANCIAL REPORT

11. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)**(6) Receivables from and payable to related parties (Continued)****2. Payables**

Item	Related party	Closing balance	Opening balance
Accounts payable	A subsidiary of China Aluminum Group	69,317,826.54	78,462,269.35
Accounts payable	An associate of China Aluminum Group	2,954,073.93	4,661,286.77
Accounts payable	A joint venture of the Company	13,423,135.00	13,246,547.89
Accounts payable	An associate of the Company	13,175,252.02	8,248,853.27
Subtotal	–	98,870,287.49	104,618,957.28
Other payables	A subsidiary of China Aluminum Group	50,050,161.13	49,141,437.41
Other payables	An associate of China Aluminum Group	265,730.00	12,000.00
Other payables	A joint venture of the Company		244,600.00
Other payables	An associate of the Company	1,101,382.52	1,000,000.00
Subtotal	–	51,417,273.65	50,398,037.41
Short-term borrowing	A subsidiary of China Aluminum Group	2,077,188.82	2,024,736.08
Non-current liabilities due within one year	A subsidiary of China Aluminum Group		832,039.30
Subtotal	–	2,077,188.82	2,856,775.38
Total	–	152,364,749.96	157,873,770.07

SECTION 10 FINANCIAL REPORT

11. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)**(7) Contract assets and contract liabilities of related parties****1. Contract assets**

Related Party	Closing balance		Opening balance	
	Carrying balance	Provision for bad debt	Carrying balance	Provision for bad debt
A subsidiary of China				
Aluminum Group	775,846,809.06	20,555,279.78	818,864,202.61	20,624,810.80
A joint venture of China				
Aluminum Group	3,026,146.32	15,130.72	378,217.99	1,891.10
An associate of China				
Aluminum Group	40,162.27	200.81	200,000.01	1,000.00
A joint venture of the Company	484,225,491.49	2,421,127.47	563,246,814.71	2,816,234.08
Total	1,263,138,609.14	22,991,738.78	1,382,689,235.32	23,443,935.98

2. Contract liabilities

Related Party	Closing balance	Opening balance
A subsidiary of China Aluminum Group	362,700,258.09	331,078,663.68
A joint venture of China Aluminum Group	13,878,861.56	15,195,926.27
An associate of the Company	7,698,684.51	7,323,133.97
Total	384,277,804.16	353,597,723.92

SECTION 10 FINANCIAL REPORT

12. COMMITMENTS AND CONTINGENCIES**(1) Commitments**

The Company and Yunnan Transportation Investment Construction Group Co., Ltd. ("Yunnan Transportation Investment") jointly formed a non-government equity investor to work together with the local governments to invest in and establish three project companies, namely Yunnan Ningyong Expressway Co., Ltd. ("Ningyong Expressway"), Yunnan Linyun Expressway Co., Ltd. ("Linyun Expressway") and Yunnan Linshuang Expressway Co., Ltd. ("Linshuang Expressway"), for the construction and operation of the said expressways under PPP mode. The shareholding of the Company, Yunnan Transportation Investment and the investment vehicle designated by the local governments in the three PPP project companies was 30%, 40% and 30% respectively.

The capital structure of each project company is as follow:

The investment vehicle designated by local government contributed 30% of total project investment (of which RMB30 million is the registered capital and the rest is capital reserve). The Company and Yunnan Transportation Investment respectively contributed RMB30 million and RMB40 million as paid-in registered capital.

Meanwhile, the Company and Yunnan Transportation Investment provide credit enhancement for the difference between the total investment and the capital contribution in proportion to their relative shareholding (3:4), and are liable for the financing for the operation period on a 42.86%:57.14% basis. Each shareholder is liable for the financing for the operation period of the project company according to their shareholding proportion.

According to the relevant agreements, the Company is required to provide credit enhancement up to RMB4.559 billion, RMB3.19 billion and RMB2.086 billion (up to RMB9.835 billion in total) for investment loans granted to Ningyong Expressway, Linyun Expressway and Linshuang Expressway respectively, and issue a letter of undertaking for deficiency. The letter of undertaking for deficiency should be signed up to the above amounts respectively after negotiation with relevant creditors.

As of the date of approval of this report, the Company has actually issued the letter of undertaking and provided credit enhancement as follows:

Ningyong Expressway was granted a credit line of RMB11.3 billion by the bank, and the Company has issued a letter of undertaking for deficiency as to RMB9.347 billion or 42.86% of the credit line. The bank has actually granted a loan of RMB8.502 billion, and the Company has provided credit enhancement for RMB3.644 billion of the loan.

Linyun Expressway was granted a credit line of RMB10.1 billion by the bank, and the Company has issued a letter of undertaking for deficiency as to RMB5.85 billion or 42.86% of the credit line. The bank has actually granted a loan of RMB5.5 billion, and the Company has provided credit enhancement for RMB2.357 billion of the loan.

Linshuang Expressway was granted a credit line of RMB9.9 billion by the bank, and the Company has issued a letter of undertaking for deficiency as to RMB4.32 billion or 42.86% of the credit line. The bank has actually granted a loan of RMB3.77 billion, and the Company has provided credit enhancement for RMB1.616 billion of the loan.

SECTION 10 FINANCIAL REPORT

12. COMMITMENTS AND CONTINGENCIES (Continued)**(2) Contingencies**

No.	Plaintiff/Applicant/ Appellant	Defendant/Respondent/ Appellee	Cause	Amount claimed (RMB ten thousand)
1	China Aluminum International Engineering Corporation Ltd.	Qingdao Xinfu Co-creation Asset Management Co., Ltd., Shandong Real Estate Development Group Qingdao Company, Liang Yongjian, Wang Xiaoning, Qingdao Liangyou Catering Co., Ltd.	Other civil disputes	90,921.54
2	China Nonferrous Metals Industry's Twelfth Metallurgical Construction Co., Ltd.	Huainan Zhongsheng, Zhirongcheng, Beijing Chenglong, Ganzhou Hualong, Chen Quanhong (陳權宏)	Disputes over equity, equity transfer, joint venture cooperation, joint venture, etc.	75,199.00
3	Guiyang Aluminum and Magnesium Design Institute Construction Contracting Co., Ltd.	Guizhou Huada Real Estate Development Co., Ltd.	Construction project contract disputes	51,729.85
4	China Aluminum International Engineering & Equipment Co., Ltd.	Shandong Homerun Tires Co., Ltd., Shandong Kemai Rubber Group Co., Ltd., Qingdao Fmax Tire Co., Ltd., Qingdao Zhonghaoxuan International Trade Co., Ltd.	Sales contract disputes	34,868.06
5	Sixth Metallurgical Construction Company of China Nonferrous Metals Industry	Shougang Jingtang United Co., Ltd.	Construction project contract disputes	29,228.11
6	China Aluminum International Engineering Corporation Ltd.	Vietnam National Coal and Mineral Industries Group (TKV)	Construction project contract disputes	26,264.83
7	Guiyang Aluminum and Magnesium Design Institute Construction Contracting Co., Ltd.	Anshun Xixiu District Urban Investment Development Co., Ltd., Guizhou Huada Real Estate Development Co., Ltd.	Warranty contract disputes	25,775.00
8	China Aluminum International Engineering & Equipment Co., Ltd.	Xinjiang Jiarun Resources Holdings Co., Ltd.	Sales contract disputes	20,300.00

SECTION 10 FINANCIAL REPORT

12. COMMITMENTS AND CONTINGENCIES (Continued)**(2) Contingencies (Continued)**

No.	Plaintiff/Applicant/ Appellant	Defendant/Respondent/ Appellee	Cause	Amount claimed (RMB ten thousand)
9	Chalieco (Tianjin) Construction Co., Ltd.	Tianjin Zijinshan Environmental Protection Industry Investment Co., Ltd., Tianjin Wuqing District Tianzi Environmental Protection Co., Ltd., Tianjin Jinghai Tianzi Sunshine Environmental Protection Co., Ltd., Tianzi Environmental Protection Investment Holdings Co., Ltd., Tianzi Environmental Protection Equipment Manufacturing (Tianjin) Co., Ltd., Huazhiyuan International Trade (Tianjin) Co., Ltd., GAO Weihua, Tianzi Environmental Protection Industry Development Co., Ltd.	Construction project contract disputes	17,669.55
10	Guizhou Huaren New Material Co., Ltd.	Guiyang Branch of Chalieco	Construction project contract disputes	14,523.36
11	Mianchi Branch of China Mining Construction Group Ltd.	Chinalco Zhongzhou Mining Co., Ltd., Sanmenxia Branch of Chinalco Zhongzhou Mining Co., Ltd.	Construction project contract disputes	12,906.00
12	Sixth Metallurgical Construction Company of China Nonferrous Metals Industry	Yingkou Zhongwang Aluminum Co., Ltd.	Construction project contract disputes	12,786.60
13	China Fourth Metallurgical Construction Co., Ltd.	Changsha Engineering & Research Institute Limited for Nonferrous Metallurgy	Construction project contract disputes	8,434.06
14	Sixth Metallurgical Construction Company of China Nonferrous Metals Industry, The First Branch of Sixth Metallurgical Construction Company of China Nonferrous Metals Industry	Henan Hongxuan Real Estate Co., Ltd.	Construction project contract disputes	7,953.70
15	Henan Jade Construction Co., Ltd.	China Nonferrous Metals Processing Technology Co., Ltd., the Housing and Construction Department of Jianxi District, Luoyang City	Dispute over engineering construction contract	7,736.22

SECTION 10 FINANCIAL REPORT

12. COMMITMENTS AND CONTINGENCIES (Continued)**(2) Contingencies (Continued)**

No.	Plaintiff/Applicant/ Appellant	Defendant/Respondent/ Appellee	Cause	Amount claimed (RMB ten thousand)
16	Xi'an Geotechnical Engineering Co., Ltd. of China Nonferrous Metals Industry	Shenyang Branch of China Aluminum International Engineering Corporation Ltd.	Construction project contract disputes	7,539.50
17	China Aluminum International Shandong Chemical Industry Co., Ltd.	Huang Zhongqing (黃中慶), Huang Shunqing (黃順慶), Zhao Youjie (趙友傑), Shandong Jiate Plastic Packaging Co., Ltd., Huang Chunqing (黃春慶), Huang Feng (黃峰), Lin Yulei (林玉雷)	Sales contract disputes	7,461.06
18	Sixth Metallurgical Construction Company of China Nonferrous Metals Industry	Kaili City Traffic Bureau, Kaili City Government	Construction project contract disputes	7,460.07
19	Seventh Metallurgical Civil Engineering Co., Ltd.	Guiyang Aluminum and Magnesium Design and Research Institute Engineering Contracting Co., Ltd., Guiyang Aluminum-Magnesium Design and Research Institute Co., Ltd.	Construction project contract disputes	6,734.50
20	China Nonferrous Metals Industry's Twelfth Metallurgical Construction Co., Ltd.	Pilatus Aircraft Maintenance Engineering (Chongqing) Co., Ltd.	Construction project contract disputes	6,601.02
21	Sixth Metallurgical Construction Company of China Nonferrous Metals Industry	Tianjin Zhongwang Aluminum Co., Ltd.	Construction project contract disputes	6,585.31
22	CHALIECO (Tianjin) Construction Co., Ltd.	Tianjin Jizhou Xincheng Construction Investment Co., Ltd.	Dispute over loan contract	6,364.31
23	China Nonferrous Metals Industry's Twelfth Metallurgical Construction Co., Ltd.	Xi'an Coordinated Urban and Rural Construction Investment Development Co., Ltd., Xixian Investment Co., Ltd.	Loan contract disputes	6,320.00
24	Sixth Metallurgical Construction Company of China Nonferrous Metals Industry	Chaoyang Construction Group Co., Ltd.	Dispute over engineering construction contract	6,142.00

SECTION 10 FINANCIAL REPORT

12. COMMITMENTS AND CONTINGENCIES (Continued)**(2) Contingencies (Continued)**

No.	Plaintiff/Applicant/ Appellant	Defendant/Respondent/ Appellee	Cause	Amount claimed (RMB ten thousand)
25	Sixth Metallurgical Construction Company of China Nonferrous Metals Industry	Xinjiang Kingho Investment Holdings Co., Ltd., Xinjiang Kingho Energy Group Co., Ltd.	Construction project contract disputes	6,136.02
26	Shanghai China Aluminum International Supply Chain Management Co., Ltd.	Shanghai Golden Elephant Aluminum Co., Ltd., Shanghai Zhongquan Investment Co., Ltd.	Sales contract disputes	5,836.77
27	China Aluminum Great Wall Construction Co., Ltd.	Changge Hongji Weiye Real Estate Development Co., Ltd.	Construction project contract disputes	5,621.55
28	Lv Yikui (吕宜奎)	Panjin Hetai Real Estate Development Co., Ltd., Shenyang Aluminum and Magnesium Design and Research Institute Co., Ltd., Liaoning Jindi Second Construction Engineering Co., Ltd.	Construction project contract disputes	5,600.00
29	Sixth Metallurgical Construction Company of China Nonferrous Metals Industry	Zhonghe Anshan Shengshide Real Estate Co., Ltd.	Construction project contract disputes	5,500.00
30	DING Jie	CHALIECO (Tianjin) Construction Co., Ltd.	Dispute over engineering construction contract	5,430.89
31	China Nonferrous Metals Industry's Twelfth Metallurgical Construction Co., Ltd.	Taiyuan Jiaxin Zongli Real Estate Co., Ltd.	Construction project contract disputes	5,331.00
32	Sixth Metallurgical Construction Company of China Nonferrous Metals Industry	Inner Mongolia Hengda Real Estate Co., Ltd.	Construction project contract disputes	5,208.36

(3) External guarantees

Hanzhong Ninth Metallurgical Construction Co., Ltd., a wholly-owned subsidiary of Ninth Metallurgical Company, which is in turn our subsidiary provides several and joint liability guarantee for Mian County Urban and Rural Infrastructure Construction Co., Ltd. in respect of a RMB100 million loan granted by Agricultural Development Bank of China which matures on 19 October 2027. As of 30 June 2022, the balance of guarantee was RMB49.95 million.

SECTION 10 FINANCIAL REPORT

13. EVENTS AFTER THE BALANCE SHEET DATE

- (1) Significant non-adjustment items: Nil.
- (2) Profit distribution: Nil.
- (3) Sales return: Nil.
- (4) Description of other events after the balance sheet date: Nil.

14. OTHER KEY MATTERS**(1) Lease****1. Lessor**

- (1) Operating lease

Item	Amount
① Income	
Lease income	33,310,499.36
Variable lease payment related income not included in lease receipts	
② Undiscounted lease receipts to be received in each of the five financial years post the balance sheet date	297,169,718.10
Year 1	60,966,505.32
Year 2	60,465,472.08
Year 3	60,868,629.60
Year 4	57,233,028.08
Year 5	57,636,083.01
③ Total of undiscounted lease receipts to be received in remaining years	

SECTION 10 FINANCIAL REPORT

14. OTHER KEY MATTERS (Continued)**(1) Lease (Continued)****2. Lessee**

Item	Amount
Short-term lease expense charged to profit or loss	12,543,815.42
Low-value asset lease expense	
Variable lease payment not included in the measurement of lease liabilities	
Income from sublease of right-of-use assets	
Total cash outflow related to leases	13,483,179.36
Relevant profit or loss arising from leaseback transactions	
Others	

See Note 5.(18) for details on right-of-use assets.

SECTION 10 FINANCIAL REPORT

14. OTHER KEY MATTERS (Continued)

(2) Segment report

1. Financial information reported by segment

Item	Design and survey	Project construction	Equipment manufacturing	Inter-segment elimination	Total
I. Operating revenue	1,042,309,572.22	8,430,711,914.23	1,022,433,605.55	-142,307,818.51	10,353,147,273.49
II. Operating cost	793,145,868.80	7,757,886,724.41	904,184,075.65	-138,617,349.35	9,316,599,319.51
III. Income from investments in associates and joint ventures	4,573,494.51	-506,563.19	-1,304,776.89		2,762,154.43
IV. Credit impairment loss	17,794,508.80	38,073,979.34	-4,512,249.95		51,356,238.19
V. Asset impairment loss	408,175.20	7,050,706.62	-1,035,005.46		6,423,876.36
VI. Depreciation and amortization fee	39,780,271.22	86,406,292.07	8,876,769.50		135,063,332.79
VII. Total profit	91,657,605.61	45,182,695.82	21,995,445.51		158,835,746.94
VIII. Income tax expense	14,964,598.88	42,797,865.91	2,988,580.54		60,751,045.33
IX. Net profit	76,693,006.73	2,384,829.91	19,006,864.97		98,084,701.61
X. Total assets	22,303,381,654.98	38,697,376,212.81	3,564,233,053.75	-3,290,911,243.18	61,274,079,678.36
XI. Total liabilities	12,394,867,390.93	32,252,014,958.51	2,605,772,470.31	-5,634,848,698.00	41,617,806,121.75

2. From January to June 2022

Item	Engineering design and consultancy	Engineering contracting	Equipment manufacturing	Trading	Inter-segment elimination	Total
1. Operating revenue	1,042,309,572.22	8,430,711,914.23	1,022,433,605.55		142,307,818.51	10,353,147,273.49
Including: Revenue generated from contracts with customers	1,019,223,218.51	8,424,799,695.16	1,018,121,678.97		142,307,818.51	10,319,836,774.13
Rental income	23,086,353.71	5,912,219.07	4,311,926.58			33,310,499.36
2. Segment income	91,657,605.61	45,182,695.82	21,995,445.51			158,835,746.93
Income tax	-	-	-	-	-	60,751,045.33
Net profit	-	-	-	-	-	98,084,701.60
3. Total assets	22,303,381,654.98	38,697,376,212.81	3,564,233,053.75		3,290,911,243.18	61,274,079,678.36
4. Total liabilities	12,394,867,390.93	32,252,014,958.51	2,605,772,470.31		5,634,848,698.00	41,617,806,121.75

SECTION 10 FINANCIAL REPORT

14. OTHER KEY MATTERS (Continued)**(2) Segment report (Continued)****3. From January to June 2021**

Item	Engineering design and consultancy	Engineering contracting	Equipment manufacturing	Trading	Inter-segment elimination	Total
1. Operating revenue	1,117,506,294.79	8,453,260,528.60	594,406,083.78	290,632,848.08	122,283,689.88	10,333,522,065.37
Including: Revenue generated from contracts with customers	1,094,316,494.51	8,445,080,908.39	590,094,157.20	290,186,798.78	117,872,040.87	10,301,806,318.01
Rental income	23,189,800.28	8,179,620.21	4,311,926.58	446,049.30	4,411,649.01	31,715,747.36
2. Segment income	68,815,315.23	68,441,787.14	-19,115,079.11	-38,032,318.09	273,297.62	79,836,407.55
Income tax	-	-	-	-	-	28,593,875.89
Net profit	-	-	-	-	-	51,242,531.66
3. Total assets	22,147,172,311.30	29,607,181,000.86	3,168,254,347.10	4,176,498,900.23	3,770,454,232.64	55,328,652,326.85
4. Total liabilities	12,724,215,487.72	26,628,736,008.53	2,086,809,485.51	2,390,961,601.28	6,113,349,428.65	37,717,373,154.39

(3) Auditor's remuneration

Auditor's remuneration	Amount incurred during the period	Amount incurred during the previous period
Total	1,170,000.00	1,170,000.00

(4) Directors', Supervisors' and Employees' Emoluments**1. Directors' and supervisors' emoluments**

Director and supervisor	From January to June 2022	From January to June 2021
- Salary, subsidy, allowance and bonus	1,044,235.68	1,378,365.68
- Contribution to social security and housing provident funds	245,369.72	247,144.31
- Contribution to pension fund		
Total	1,289,605.4	1,625,509.99

SECTION 10 FINANCIAL REPORT

14. OTHER KEY MATTERS (Continued)**(4) Directors', Supervisors' and Employees' Emoluments (Continued)****1. Directors' and supervisors' emoluments (Continued)**

For the six months ended 30 June 2022:

Director/supervisor	Fee	Salary, subsidy, allowance and bonus	Contribution to social security and housing provident funds	Contribution to pension fund	Others	Total
		Basic salary	Subsidy and allowance	Bonus		
Directors						
Wu Jianqiang (i)		26,000.00			10,893.79	36,893.79
LI Yihua (ii)		145,600.00	-100.00		54,468.95	199,968.95
LIU Jing		179,400.00	110,000.00		65,362.74	354,762.74
LIU Ruiping (ii)		78,000.00	3,900.00		21,787.58	103,687.58
ZHANG Jian (i)		76,050.00	3,900.00		27,493.92	107,443.92
HU Zhenjie (iii)						
ZHOU Xinzhe (iii)						
ZHANG Wenjun (iii)						
GUI Weihua		71,428.56				71,428.56
CHEUNG Hung						
Kwong (i)		35,714.28				35,714.28
FU Jun (i)		35,714.28				35,714.28
SIU Chi Hung (ii)		35,714.28				35,714.28
TONG Pengfang (ii)		35,714.28				35,714.28
Subtotal of directors		719,335.68	117,700.00		180,006.98	1,017,042.66
Supervisors						
FAN Guangsheng		179,400.00	27,800.00		65,362.74	272,562.74
HE Wenjian (iii)						
LIN Ni (iii)						
OU Xiaowu (iii)						
LI Wei (iii)						
Subtotal of supervisors		179,400.00	27,800.00		65,362.74	272,562.74
Total		898,735.68	145,500.00		245,369.72	1,289,605.40

SECTION 10 FINANCIAL REPORT

14. OTHER KEY MATTERS (Continued)**(4) Directors', Supervisors' and Employees' Emoluments (Continued)****1. Directors' and supervisors' emoluments (Continued)**

For the six months ended 30 June 2021:

Director/supervisor	Fee	Salary, subsidy, allowance and bonus Basic salary Subsidy and allowance	Bonus	Contribution to social security and housing provident funds	Contribution to pension fund	Others	Total
Directors							
Wu Jianqiang		202,800.00	133,060.00		64,478.66		400,338.66
Zhang Jian		152,100.00	112,220.00		64,478.66		328,798.66
Liu Jing		176,800.00	10,000.00		53,708.33		240,508.33
Gui Weihua		71,428.56					71,428.56
Fu Jun		71,428.56					71,428.56
CHEUNG Hung Kwong		71,428.56					71,428.56
LI Yihua (iii)							
Subtotal of directors		745,985.68	255,280.00		182,665.65		1,183,931.33
Supervisors							
FAN Guangsheng		202,800.00	174,300.00		64,478.66		441,578.66
OU Xiaowu (iii)							
LI Wei (iii)							
Subtotal of supervisors		202,800.00	174,300.00		64,478.66		441,578.66
Total		948,785.68	429,580.00		247,144.31		1,625,509.99

Notes:

- (i) On 11 February 2022, Mr. WU Jianqiang resigned as the chairman and executive director of the Company due to work transfer. Mr. ZHANG Jian ceased to be an executive director of the Company in April. Mr. CHEUNG Hung Kwong and Mr. Fu Jun ceased to be an independent non-executive director and member of special committees under the Board of the Company.
- (ii) Mr. LI Yihua was elected as the chairman of the third session of the Board of the Company on 11 February 2022, with his term of office starting from 8 April 2022 to the expiry of tenure of the fourth session of the Board. Mr. LIU Ruiping was appointed as an executive director of the Company on 8 April 2022. Each of Mr. SIU Chi Hung and Mr. TONG Pengfang was appointed as an independent non-executive director of the Company on 8 April 2022.
- (iii) These Directors and supervisors did not receive remuneration for their services provided to the Company. However, they received remuneration for serving as directors and/or supervisors of Chinalco and its certain subsidiaries. Such Directors consider that for each of the six months ended 30 June 2022 and 2021, the total amount of remuneration for services provided to the Company was insignificant.
- (iv) The Company does not have a director fee system.

SECTION 10 FINANCIAL REPORT

14. OTHER KEY MATTERS (Continued)**(4) Directors', Supervisors' and Employees' Emoluments (Continued)****2. Five highest paid individuals**

- (1) The five highest paid individuals of the Company for the six months ended 30 June 2022 included 1 director and 1 supervisor. Their emoluments have been reported in Directors' and Supervisors' Emoluments. The emoluments of the remaining 3 highest paid individuals are as follows:

Item	Amount incurred for the current period
Salaries, subsidies, allowances and bonuses	516,750.00
Contribution to social security fund and housing provident fund	196,088.22
Retirement benefits	
Total	712,838.22

The emoluments paid to each of the above 5 highest paid individuals for the six months ended 30 June 2022 do not exceed RMB1 million.

- (2) The five highest paid individuals of the Company for the six months ended 30 June 2021 included 3 directors and 2 supervisors. Their emoluments have been reported in Directors' and Supervisors' Emoluments. The emoluments of the remaining 2 highest paid individuals are as follows:

Item	Amount incurred for the previous period
Salaries, subsidies, allowances and bonuses	658,060.00
Contribution to social security fund and housing provident fund	128,957.32
Retirement benefits	
Total	787,017.32

The emoluments paid to each of the above 5 highest paid individuals for the six months ended 30 June 2021 do not exceed RMB1 million.

SECTION 10 FINANCIAL REPORT

15. NOTES TO FINANCIAL STATEMENTS OF THE PARENT

(1) Accounts receivable

1. Accounts receivable disclosed by category

Category	30 June 2022			
	Carrying balance		Provision for bad debt	
	Amount	Percentage (%)	Amount	Percentage (%)
Accounts receivable tested for provision for bad debt on an individual basis	362,088,018.79	23.22	248,870,146.12	68.73
Accounts receivable tested for provision for bad debt on a collective basis	1,197,234,714.90	76.78	337,729,428.04	28.21
Including: Group 1: expected credit loss group	1,146,592,138.20	73.53	337,729,428.04	29.46
Group 2: receivables from subsidiaries	50,642,576.70	3.25		
Total	1,559,322,733.69	100.00	586,599,574.16	37.62

Category	31 December 2021			
	Carrying balance		Provision for bad debt	
	Amount	Percentage (%)	Amount	Percentage (%)
Accounts receivable tested for provision for bad debt on an individual basis	401,770,102.61	22.14	256,607,979.36	63.87
Accounts receivable tested for provision for bad debt on a collective basis	1,412,528,316.03	74.67	410,863,801.32	29.09
Including: Group 1: expected credit loss group	1,354,687,515.12	3.19	410,863,801.32	30.33
Group 2: receivables from subsidiaries	57,840,800.91	77.86		
Total	1,814,298,418.64	100.00	667,471,780.68	36.79

SECTION 10 FINANCIAL REPORT

15. NOTES TO FINANCIAL STATEMENTS OF THE PARENT (Continued)**(1) Accounts receivable (Continued)****1. Accounts receivable disclosed by category (Continued)**

- (1) Accounts receivable tested for provision for bad debt on an individual basis as of 30 June 2022

Debtor	Carrying balance	Bad debt	Aging	Expected credit loss rate (%)	Reason for the provision
Debtor 1	228,218,235.09	136,930,941.06	Over 5 years	60.00	The Company made provisions for credit losses based on the recoverability of the amount
Debtor 2	95,903,836.52	92,873,257.88	Within 2 years	90.00	The Company made provisions for credit losses based on the recoverability of the amount
Debtor 3	18,900,000.00		2-3 years		The Company made provisions for credit losses based on the recoverability of the amount
Debtor 4	14,093,940.00	14,093,940.00	Over 5 years	100.00	The Company made provisions for credit losses based on the recoverability of the amount
Debtor 5	4,972,007.18	4,972,007.18	Over 5 years	100.00	The Company made provisions for credit losses based on the recoverability of the amount
Total	362,088,018.79	248,870,146.12			

SECTION 10 FINANCIAL REPORT

15. NOTES TO FINANCIAL STATEMENTS OF THE PARENT (Continued)**(1) Accounts receivable (Continued)****1. Accounts receivable disclosed by category (Continued)**

(2) Accounts receivable tested for provision for bad debt on a collective basis

Group 1: Expected credit loss group

Aging	Carrying balance	30 June 2022	Provision for bad debt	Carrying balance	31 December 2021	Provision for bad debt
		Percentage of expected credit loss (%)			Percentage of expected credit loss (%)	
Within 1 year	268,615,448.98	0.50	1,344,189.75	213,806,917.36	0.50	1,069,034.58
Between 1-2 years	310,431,530.52	10.00	31,043,153.05	321,679,146.36	10.00	32,167,914.64
Between 2-3 years	99,446,542.30	20.00	19,889,308.46	147,584,725.27	20.00	29,516,945.04
Between 3-4 years	239,717,670.65	30.00	71,915,301.20	439,597,642.03	30.00	131,879,292.63
Between 4-5 years	29,686,940.34	50.00	14,843,470.17	31,576,939.34	50.00	15,788,469.67
Over 5 years	198,694,005.41	100.00	198,694,005.41	200,442,144.76	100.00	200,442,144.76
Total	1,146,592,138.20	-	337,729,428.04	1,354,687,515.12	-	410,863,801.32

2. Provision for bad debt of the current period

In the current period, the provision for bad debt was RMB-80,872,206.52. There was no recovery or reversal of provision for bad debt during the current period.

3. Significant actual accounts receivables written off during the reporting period

There was no actual accounts receivable written off during the current period.

SECTION 10 FINANCIAL REPORT

15. NOTES TO FINANCIAL STATEMENTS OF THE PARENT (Continued)**(1) Accounts receivable (Continued)****4. Top five debtors of accounts receivable as the end of the period**

Entity	30 June 2022	Percentage in total accounts receivable (%)	Balance of provision for bad debt
No. 1	464,962,742.83	29.82	208,137,522.55
No. 2	228,218,235.09	14.64	136,930,941.06
No. 3	212,739,861.48	13.64	18,515,372.94
No. 4	126,516,634.02	8.11	1,039,645.31
No. 5	95,903,836.52	6.15	92,873,257.88
Total	1,128,341,309.94	72.36	458,517,014.29

SECTION 10 FINANCIAL REPORT

15. NOTES TO FINANCIAL STATEMENTS OF THE PARENT (Continued)**(2) Other receivables**

Category	30 June 2022	31 December 2021
Interests receivable	341,046,866.65	335,554,019.42
Dividends receivable	573,773,776.54	573,773,776.54
Other receivables	5,370,169,255.21	4,822,177,035.71
Less: provision for bad debt	10,083,086.90	10,775,267.74
Total	6,274,906,811.50	5,720,729,563.93

1. Interests receivable**(1) Classification of interests receivable**

Item	30 June 2022	31 December 2021
Entrusted loans	341,046,866.65	335,554,019.42
Less: provision for bad debt		
Total	341,046,866.65	335,554,019.42

SECTION 10 FINANCIAL REPORT

15. NOTES TO FINANCIAL STATEMENTS OF THE PARENT (Continued)**(2) Other receivables (Continued)****2. Dividends receivable****(1) Classification of dividends receivable**

Item	30 June 2022	31 December 2021
Sixth Metallurgical Construction Company of China Nonferrous Metals Industry	169,870,462.40	169,870,462.40
Ninth Metallurgical Construction Co., Ltd.	144,168,000.00	144,168,000.00
China Nonferrous Metals Changsha Investigation and Design Research Institute Co., Ltd.	90,374,899.93	90,374,899.93
China Aluminum International Technology Development Co., Ltd.	45,000,000.00	45,000,000.00
Shenyang Aluminum & Magnesium Design Institute Co., Ltd.	41,866,100.00	41,866,100.00
Kunming Survey and Design institute Co., Ltd. of China Nonferrous Metals industry	37,593,600.00	37,593,600.00
China Aluminum Great Wall Construction Co., Ltd.	21,252,414.21	21,252,414.21
Changsha Engineering & Research Institute Limited for Nonferrous Metallurgy	16,006,800.00	16,006,800.00
China Aluminum International Aluminum Application Construction Co., Ltd.	6,811,600.00	6,811,600.00
Chinalco Southwest Construction Investment Co., Ltd.	709,900.00	709,900.00
China Aluminum International Investment Management (Shanghai) Co., Ltd.	120,000.00	120,000.00
Total	573,773,776.54	573,773,776.54

SECTION 10 FINANCIAL REPORT

15. NOTES TO FINANCIAL STATEMENTS OF THE PARENT (Continued)**(2) Other receivables (Continued)****3. Other receivables****(1) By nature**

Nature	30 June 2022	31 December 2021
Advance	170,501,093.55	67,278,032.81
Margins and deposits	45,075,622.26	12,963,731.40
Imprest	1,446,536.17	880,592.33
Others	5,153,146,003.23	4,741,054,679.17
Subtotal	5,370,169,255.21	4,822,177,035.71
Less: Provision for bad debt	10,083,086.90	10,775,267.74
Total	5,360,086,168.31	4,811,401,767.97

(2) By aging

Aging	Closing balance	Opening balance
Within 1 year	4,957,469,856.16	4,400,111,234.61
Between 1-2 years	211,685,339.79	220,491,272.62
Between 2-3 years	55,468,981.35	55,400,250.57
Between 3-4 years	2,967,610.64	2,967,610.64
Between 4-5 years	266,066.50	1,045,266.50
Over 5 years	142,311,400.77	142,161,400.77
Less: Provision for bad debt	10,083,086.90	10,775,267.74
Total	5,360,086,168.31	4,811,401,767.97

SECTION 10 FINANCIAL REPORT

15. NOTES TO FINANCIAL STATEMENTS OF THE PARENT (Continued)**(2) Other receivables (Continued)****3. Other receivables (Continued)****(3) Provision for bad debt**

	Stage 1 Expected credit loss in the next 12 months	Stage 2 Expected credit loss for the entire duration of the life (no credit impairment)	Stage 3 Expected credit loss for the entire duration of the life (credit-impaired)	Total
Provision for bad debt				
Balance as at 1 January 2022	86,016.17	5,664,934.36	5,024,317.21	10,775,267.74
Balance as at 1 January 2022 in the period				
– transfers to stage 2	-229,727.97	229,727.97		
– transfers to stage 3		-593,522.13	593,522.13	
– transfers back to stage 2				
– transfers back to stage 1				
Provision for the period	750,398.38	-614,403.80	-828,175.42	-692,180.84
Reversal for the period				
Write off for the period				
Other changes				
Balance as at 30 June 2022	606,686.58	4,686,736.40	4,789,663.92	10,083,086.90

(4) Recovery or reversal of significant provision for bad debt during the current period

In the current period, provision for bad debt was RMB-692,180.84. There was no recovery or reversal of provision for bad debt during the current period.

(5) Significant actual accounts receivables written off during the reporting period

There was no actual accounts receivable written off during the current period.

SECTION 10 FINANCIAL REPORT

15. NOTES TO FINANCIAL STATEMENTS OF THE PARENT (Continued)**(2) Other receivables (Continued)****3. Other receivables (Continued)**

(6) Top five debtors of other receivables at the end of the period

Debtor	Nature	Balance as at 30 June 2022	Aging	Percentage in total other receivable at the end of the period (%)	Balance of provision for bad debt
No. 1	Principal of and interest on entrusted loan	1,617,120,009.73	Within 1 year	30.11	
No. 2	Principal of and interest on entrusted loan	1,050,990,833.33	Within 1 year	19.57	
No. 3	Principal of and interest on entrusted loan	911,150,833.39	Within 1 year	16.97	
No. 4	Principal of and interest on entrusted loan	388,312,603.37	Within 1 year	7.23	
No. 5	Principal of and interest on entrusted loan	350,890,257.94	Within 1 year	6.53	
Total		4,318,464,537.76		80.42	

SECTION 10 FINANCIAL REPORT

15. NOTES TO FINANCIAL STATEMENTS OF THE PARENT (Continued)

(3) Long-term equity investment

Item	Carrying balance	Closing balance Provision for impairment	Book value	Carrying balance	Opening balance Provision for impairment	Book value
Investments in subsidiaries	7,538,322,157.94	200,000,000.00	7,338,322,157.94	7,538,322,157.94	200,000,000.00	7,338,322,157.94
Investments in associates and joint ventures	254,279,311.11		254,279,311.11	253,005,878.65		253,005,878.65
Total	7,792,601,469.05	200,000,000.00	7,592,601,469.05	7,791,328,036.59	200,000,000.00	7,591,328,036.59

1. Investments in subsidiaries

Investee	Opening balance	Increase for the period	Decrease for the period	Closing balance	Provision for impairment for the period	Balance of provision for impairment at the end of the period
Guiyang Aluminum and Magnesium Design Institute Co., Ltd.	598,559,465.50			598,559,465.50		
Shenyang Aluminum & Magnesium Design Institute Co., Ltd.	332,257,365.81			332,257,365.81		
Changsha Engineering & Research Institute Limited for Nonferrous Metallurgy	415,612,236.37			415,612,236.37		
China Nonferrous Metals Industry's Twelfth Metallurgical Construction Co., Ltd.	1,255,780,969.93			1,255,780,969.93		
China Aluminum International Engineering & Equipment Co., Ltd.	200,000,000.00			200,000,000.00		200,000,000.00
China Aluminum International Logistic (Tianjin) Co., Ltd.	226,887,383.73			226,887,383.73		
Sixth Metallurgical Construction Company of China Nonferrous Metals Industry	1,203,000,000.00			1,203,000,000.00		
China Nonferrous Metals Processing Technology Co., Ltd.	170,479,260.67			170,479,260.67		
Duyun Development Zone Tongda Construction Co., Ltd.	5,000,000.00			5,000,000.00		
China Aluminum International Technology Development Co., Ltd.	60,000,000.00			60,000,000.00		
Wenzhou Tongrun Construction Co., Ltd.	18,000,000.00			18,000,000.00		

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Investee	Opening balance	Increase for the period	Decrease for the period	Closing balance	Provision for impairment for the period	Balance of provision for impairment at the end of the period
China Aluminum International Yunnan Aluminum Application Engineering Co., Ltd.	78,000,000.00			78,000,000.00		
Wenzhou Tonghui Construction Co., Ltd.	27,000,000.00			27,000,000.00		
China Aluminum International Investment Management (Shanghai) Co., Ltd.	25,000,000.00			25,000,000.00		
China Nonferrous Metals Changsha Investigation and Design Research Institute Co., Ltd.	69,273,189.34			69,273,189.34		
Changsha Tongxiang Construction Co., Ltd.	10,000,000.00			10,000,000.00		
Hunan Tongdu Investment and Development Co., Ltd.	6,000,000.00			6,000,000.00		
Chalieco Hong Kong Corporation Limited	65,572,000.00			65,572,000.00		
China Aluminum International Engineering (India) Private Limited	5,941,804.59			5,941,804.59		
Guangxi Tongrui Investment Construction Co., Ltd.	250,000,000.00			250,000,000.00		
Ninth Metallurgical Construction Co., Ltd.	623,170,000.00			623,170,000.00		
China Aluminum International Aluminum Application Construction Co., Ltd.	144,500,000.00			144,500,000.00		
Qingdao Xinfu Gongchuang Asset Management Company Limited	9,000,000.00			9,000,000.00		
Chalco Shandong Engineering Technology Co., Ltd.	187,946,928.49			187,946,928.49		
Kunming Survey and Design institute Co., Ltd. of China Nonferrous Metals industry	263,457,753.51			263,457,753.51		
Chinalco Southwest Construction Investment Co., Ltd.	213,020,000.00			213,020,000.00		
Yunnan Miyu Expressway Investment and Development Co., Ltd.	1,074,863,800.00			1,074,863,800.00		
Total	7,538,322,157.94			7,538,322,157.94		200,000,000.00

SECTION 10 FINANCIAL REPORT

15. NOTES TO FINANCIAL STATEMENTS OF THE PARENT (Continued)

(3) Long-term equity investment (Continued)

2. Investments in associates and joint ventures

Investee	Opening balance	Increase in investment	Decrease in investments	Investment gain or loss recognized under equity method	Adjustment to other comprehensive income	Other changes in equity	Cash dividends or profits declared	Provision for impairment	Others	Closing balance	Closing balance of provision for impairment
1. Joint ventures											
Shanghai Fengtong Equity Investment Fund Partnership (Limited Partner)	8,889,700.85			-123,023.93						8,766,676.92	
Subtotal	8,889,700.85			-123,023.93						8,766,676.92	
2. Associates											
Chalco-Steering Intelligent Technology Co., Ltd.	3,655,201.34			-2,241,388.95						1,413,812.39	
Chalco Tendering Company Limited	22,258,521.45			3,422,500.00						25,681,021.45	
Yunnan Ningyong Highway Co. Ltd.	15,000,000.00									15,000,000.00	
Yunnan Linyun Highway Co. Ltd.	15,000,000.00									15,000,000.00	
Yunnan Linshuang Highway Co. Ltd.	15,000,000.00									15,000,000.00	
Zhuzhou Tianqiao Crane Co., Ltd.	173,202,455.01			215,345.34						173,417,800.35	
Subtotal	244,116,177.80			1,396,456.39						245,512,634.19	
Total	253,005,878.65			1,273,432.46						254,279,311.11	

SECTION 10 FINANCIAL REPORT

15. NOTES TO FINANCIAL STATEMENTS OF THE PARENT (Continued)**(4) Operating income and operating cost**

Item	From January to June 2022		From January to June 2021	
	Income	Cost	Income	Cost
1. Subtotal of principal business	264,667,125.65	256,484,204.88	252,852,477.77	265,485,540.30
Engineering contracting	188,558,890.12	163,936,747.13	204,364,663.54	199,426,630.67
Engineering design and consultancy	76,108,235.53	92,547,457.75	47,083,999.29	65,149,259.14
Trading and sales			1,403,814.94	909,650.49
Less: inter-segment elimination				
2. Subtotal of other business	9,508,000.67		2,279,807.20	13,380.53
Material sales				
Leasing	21,627.47		2,279,807.20	13,380.53
Others	9,486,373.20			
Less: inter-segment elimination				
Total	274,175,126.32	256,484,204.88	255,132,284.97	265,498,920.83

SECTION 10 FINANCIAL REPORT

15. NOTES TO FINANCIAL STATEMENTS OF THE PARENT (Continued)**(4) Operating income and operating cost (Continued)****Operating revenue for the current period by time of revenue recognition**

From January to June 2022

Timing of revenue recognition	Engineering contracting	Engineering survey and design	Engineering consultancy
At a point in time			18,632,222.42
Over a period of time	188,558,890.12	66,962,386.31	
Total	188,558,890.12	66,962,386.31	18,632,222.42

(5) Gain on investment

Category	From January to June 2022	From January to June 2021
Gain on long-term equity investment accounted for using cost method		307,595,300.00
Gain on long-term equity investment accounted for using equity method	1,273,432.46	4,703,945.32
Gain from holding other equity instrument investment	37,324.04	580,528.74
Gain on derecognition of financial asset at amortised cost		-24,583,853.66
Gain on investment in discretionary wealth management products	8,152,083.33	
Total	9,462,839.83	288,295,920.40

SECTION 10 FINANCIAL REPORT

16. SUPPLEMENTARY INFORMATION**(1) Details of non-recurring profit and loss**

Item	From January to June 2022	From January to June 2021
1. Gain or loss on disposal of non-current assets, including written-off asset impairment provisions	161,768.39	2,901,307.99
2. Tax return, reduction or exemption arising from ultra vires approval, without official approval document, or on an occasional basis		
3. Government subsidies recorded in current P&L (except government subsidies closely related to business operations granted continuously in a fixed amount or quota according to the unified national standards)	11,153,634.86	18,533,944.38
4. Financing fee from non-financial enterprises recorded in profit or loss for the period	6,028,071.35	5,689,232.95
5. Gains arising from the investment costs being smaller than the shared amount of fair value of the identifiable net assets of investees including subsidiaries, associates and joint ventures at the acquisition date		
6. Gain or loss on non-monetary asset exchange		
7. Gain or loss on assets under discretionary investment or management		
8. Asset impairment provisions arising from force majeure factors such as natural disasters		
9. Gain or loss on debt restructuring	141,516.44	
10. Restructuring costs, such as employee settlement cost and integration cost		
11. Gain or loss in excess of fair value arising from obviously unfair transactions		
12. Net profit or loss of subsidiaries arising from business combination under common control for the period from the beginning of the reporting period to the combination date		
13. Gain or loss on contingencies not related to usual operations of the Company		
14. Gain or loss on changes in fair value arising from holding held-for-trading financial assets, other non-current financial assets and trading financial liabilities, and gain on investment from disposal of held-for-trading financial assets, other non-current financial assets, and trading financial liabilities, except for the effective portion of hedging related to usual operations of the Company		
15. Reversal of loss allowance for receivables tested for impairment on an individual basis	10,903,646.26	6,168,810.47
16. Gain or loss on entrusted loans		

SECTION 10 FINANCIAL REPORT

16. SUPPLEMENTARY INFORMATION (Continued)**(1) Details of non-recurring profit and loss (Continued)**

Item	From January to June 2022	From January to June 2021
17. Gain or loss on changes in the fair value of investment property subsequently measured at fair value		
18. Impact of non-off adjustments to current P&L as required by taxation and accounting laws and regulations		
19. Trustee fee income from entrusted operations		
20. Other non-operating income and expenses other than above items	-32,661,847.52	-3,623,944.42
21. Other items falling within the definition of nonrecurring gain or loss	-604,285.63	-4,015,213.41
22. Impact of income tax	4,621,080.92	3,853,609.39
23. Impact of minority interests	-14,143,234.76	1,430,071.91
Total	4,644,657.99	20,370,456.66

(2) Net asset yield and earnings per share

Profit for the reporting period	Earnings per share					
	Weighted average net assets yield (%)		Basic earnings per share		Diluted earnings per share	
	From January to June 2022	From January to June 2021	From January to June 2022	From January to June 2021	From January to June 2022	From January to June 2021
Net profit attributable to ordinary shareholders	0.99	-0.39	0.02	-0.01	-	-
Net profit attributable to ordinary shareholders, net of non-recurring gain or loss	0.90	-0.72	0.02	-0.02	-	-

Note: There are no dilutive potential ordinary shares.

SECTION 10 FINANCIAL REPORT

16. SUPPLEMENTARY INFORMATION (Continued)**(2) Net asset yield and earnings per share (Continued)****Breakdown of earnings per share**

Item	From January to June 2022	From January to June 2021
Net profit attributable to the parent company for the period	66,327,751.24	3,365,857.05
Less: interest on other equity instruments declared	14,861,111.23	27,805,555.96
Subtotal	51,466,640.01	-24,439,698.91
Weighted average number of ordinary shares in issue	2,959,066,667.00	2,959,066,667.00
Basic earnings per share	0.02	-0.01

China Aluminum Engineering Corporation Limited
8 August 2022