



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

2023 ANNUAL REPORT



IMPORTANT NOTE

- I. The Board of Directors, Board of Supervisors, Directors, Supervisors and senior management of the Company guarantee that the contents of the Annual Report are truthful, accurate and complete, free from any false statement, misleading representation or major omission, and are legally liable therefore on a several and joint basis.
- II. All Directors of the Company are present at the meeting of Board of Directors.
- III. Grant Thornton Certified Public Accountants LLP issued a standard Auditor's Report without qualified opinion for the Company.
- IV. LI Yihua, the Company's principal, ZHAO Hongmei, the accounting principal, and CAO Duolin, the accounting function's principal (the person in charge of the accounting function) undertake that: the financial report in this Annual 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 of Directors

According to the audit performed by Grant Thornton Certified Public Accountants (Special General Partnership), as of 31 December 2023, the parent company's undistributed profits were RMB231,950,000. At the same time, the Company's board of directors took into account the need for future investment in the Company's projects and in order to ensure the Company's continued stable operations and in the long-term interests of all shareholders, and after comprehensive consideration of the Company's 2024 business plan and capital needs, it is proposed that no profit distribution will be made for 2023, nor to convert capital reserve funds into share capital. The proposal will take effect after being considered and approved at the general meeting.

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.



IMPORTANT NOTE

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. Is it possible that more than half of the Directors could not guarantee the authenticity, accuracy and completeness of the annual report disclosed by the Company

No

X. Material Risk Disclosure

In 2024, the Company may mainly face safety and environmental risks, reform and business transformation risks, market change and market competition risks, cash flow risk, operational benefit risk. For details, please refer to “VI. Discussion and Analysis of Future Development of the Company – (IV) Potential Risks” under Section 4 “Management Discussion and Analysis (Directors’ Report)” 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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SECTION 1 DEFINITIONS

I. DEFINITIONS

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

Definition of Common Terms

“the Company”, “Company”, “Chalieco”	:	China Aluminum International Engineering Corporation Limited (China Aluminum International Engineering Corporation Limited)
“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
“State Council”	:	the State Council of the People’s Republic of China
“Ministry of Finance”	:	the Ministry of Finance of the PRC
“SASAC”	:	the State-owned Assets Supervision and Administration Commission of the State Council
“CSRC”	:	the China Securities Regulatory Commission
“SSE”	:	the Shanghai Stock Exchange
“HKEX”, “Stock Exchange”	:	the Stock Exchange of Hong Kong Limited
“SSE Listing Rules”	:	the Rules Governing the Listing of Stocks on Shanghai Stock Exchange
“HKEX Listing Rules”	:	the Rules Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
“Board of Directors”	:	the board of directors of the Company
“Board of Supervisors”	:	the board of supervisors of the Company
“Audit Committee”	:	the audit committee under the Board of Directors
“Remuneration Committee”	:	the remuneration committee under the Board of Directors
“Risk Management Committee”	:	the risk management committee under the Board of Directors
“Strategy Committee”	:	the strategy committee under the Board of Directors
“Nomination Committee”	:	the nomination committee under the Board of Directors
“Articles of Association”	:	the Articles of Association of China Aluminum International Engineering Corporation Limited
“Company Law”	:	the Company Law of the People’s Republic of China
“Securities Law”	:	the Securities Law of the People’s Republic of China
“Chalco”	:	Aluminum Corporation of China Limited (中國鋁業股份有限公司), listed on the SSE (stock code: 601600) and the HKEX (stock code: 2600), a subsidiary of Chinalco
“Chinalco Finance”	:	Chinalco Finance Company Limited (中鋁財務有限責任公司), a subsidiary of Chinalco
“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

SECTION 1 DEFINITIONS

“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
“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 the Company
“Kunming Survey and Design Institute”	:	Kunming Survey and Design Institute Co., Ltd. of China Nonferrous Metals Industry (中國有色金屬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
“Kunming Institute”	:	Kunming Non-ferrous Metallurgical Design and Research Institute Corporation (昆明有色冶金設計研究院股份公司), a 67%-owned subsidiary of the Company
“Yunnan Metallurgical Group”	:	Yunnan Metallurgical Group Co., Ltd. (雲南冶金集團股份有限公司), its controlling shareholder China Copper Co., Ltd. (中國銅業有限公司) is a subsidiary of our controlling shareholder Chinalco
“Yunnan Aluminum International”	:	Yunnan Aluminum International Company Limited, whose controlling shareholder, Yunnan Aluminium Co., Ltd., is a subsidiary of Chalco
“Miyu Company”	:	Yunnan Miyu Expressway Investment and Development Co., Ltd. (雲南彌玉高速公路投資開發有限公司), the target company of the Major Asset Disposal transaction of the Company, as of the date of disclosure of this report, Miyu Company was held by Chinalco Southwest Construction Investment Co., Ltd., Sixth Metallurgical Company and Kunming Survey and Design Institute (all being wholly owned subsidiaries of the Company) as to 1%, 0.1% and 0.1% respectively



SECTION 1 DEFINITIONS

“Miyu Major Asset Restructuring”	:	China Aluminum International Engineering Corporation Limited (China Aluminum International Engineering Corporation Limited) and its wholly-owned subsidiary Chinalco Southwest Construction Investment Co., Ltd. (中鋁西南建設投資有限公司), 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) and 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) sell its combined 52.6% equity interest in Yunnan Miyu Expressway Investment and Development Co., Ltd. (雲南彌玉高速公路投資開發有限公司) to Yunnan Infrastructure Investment Co., Ltd. (雲南建設基礎設施投資股份有限公司)
“Ningyong Expressway Company” or “Ningyong Expressway”	:	Yunnan Ningyong Expressway Co., Ltd., the Company and Sixth Metallurgical Company, a wholly-owned subsidiary of the Company, held 15% equity of Ningyong Expressway respectively
“Linyun Expressway Company” or “Linyun Expressway”	:	Yunnan Linyun Expressway Co., Ltd., the Company and Sixth Metallurgical Company, a wholly-owned subsidiary of the Company, held 15% equity of Linyun Expressway respectively
“Linshuang Expressway Company” or “Linshuang Expressway”	:	Yunnan Linshuang Expressway Co., Ltd., the Company and Sixth Metallurgical Company, a wholly-owned subsidiary of the Company, held 15% equity of Linshuang Expressway respectively
“SFO”	:	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Hong Kong Companies Ordinance”	:	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Reporting Period”, “Current Reporting Period”	:	the year from 1 January 2023 to 31 December 2023

SECTION 2 CHAIRMAN STATEMENT

Dear shareholders,

2023 is the first year to fully implement the spirit of the 20th National Congress of the Communist Party of China, it is a critical year for the implementation of the national “14th Five-Year Plan” and the 20th anniversary of the founding of Chalieco. Stand on the tide and marching forward, gazing at the mountains in the distance and forge ahead. In 2023, confronting severe and complex internal and external situations, Chalieco adhered to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, fully implemented the new development concept, firmly implemented the “Science and Technology + International” development strategy, and took the high-quality Party building as the guidance, continued to strengthen scientific and technological innovation, accelerated in-depth and thorough reforms, a number of operating indicators were optimised and improved, and achieved high-quality development with stability and progress.

This year, we have forged ahead to create a powerful engine for science and technological innovation. We actively fulfilled the responsibilities and missions of central state-owned enterprises and undertook 10 national scientific research tasks and 4 Chinalco Group scientific research tasks in 2023. We strengthened the construction of scientific research platforms, 6 new national-level platforms such as “new, distinctive, specialised and sophisticated” “Little Giant” enterprises and the National Industrial Design Centres were added, and we now have a total of 20 national-level innovation platforms. A number of key technologies have achieved breakthroughs, 62 scientific and technological achievements have undergone evaluation, 18 of which have reached the international advanced level or above, which has effectively promoted the technological progress of the industry and the Company’s transformation and development; we completed the first demonstration project in the aluminium industry of ultra-fine droplet horizontal desulfurization system, reduced approximately 35% energy consumption as compared with traditional desulfurization; the first domestic aluminum plate and strip processing “dark factory” undertaken by the Company was officially put into operation, realizing unmanned production in the heat treatment workshop; formed the first domestically produced 2,300mm aluminum strip high-speed trimming unit equipment with completely independent intellectual property rights, which is capable to meet the needs of high-end aluminum alloy strip production equipment in key fields such as aerospace and automobile lightweighting. We promoted information and digital construction to achieve new results, the Hongnipo digital delivery project opened the first ore mine digital delivery order for the Company.

This year, we took the initiative to expand the vast space of overseas markets. In line with the development trend of economic globalization and the general trend of the state’s opening up to the world, we have accelerated the pace of “going global” and made continuous efforts to utilise Chinese technology, Chinese plans and Chinese wisdom in the non-ferrous industry to promote high-quality development of countries along the “Belt and Road”. In 2023, we resolutely expanded overseas markets and entered into new overseas contracts with the value of RMB3.379 billion (excluding related party transactions), including 16 large-scale survey and design contracts with a single contract value exceeding RMB10 million, totaling approximately RMB2.79 billion, covering countries including India, Bolivia, Guinea, Indonesia, Congo, Turkey, among others. Our first 500KA-grade electrolytic aluminum project successfully exported overseas was put into production in Indonesia. As an industry technology leader, we have emerged in the development of international lithium resource projects, with the prospecting resource platform company established in Congo (DRC) operating steadily, and the second phase of SICOMINES copper-cobalt mine project we built in Congo (DRC) won both the Luban Award (overseas projects) and the National Quality Engineering Award (overseas projects).

SECTION 2 CHAIRMAN STATEMENT

This year, we worked hard to activate the surging momentum of in-depth and thorough reform.

We firmly implemented the “Science and Technology + International” development plan, deeply promoted the mid-term evaluation of the “14th Five-Year Plan” of the enterprise, adhered to the orientation of serving the national strategy, comprehensively implement the new development concept, focus on improving the core competitiveness and enhancing core functions of the enterprise, and accelerate the establishment of core capabilities in the three fields of technological innovation, industrial control and safety support, strive to build a world-class modern new industrial service enterprise that provides comprehensive solutions for advanced nonferrous metal technologies, complete sets of equipment and integrated services. We further promoted the deepening and improvement action of state-owned enterprise and reform and demonstration action for scientific reform, identified the direction of corporate reform and development, base ourselves on engineering technology covering all metal categories, the entire industry chain and the entire life cycle of projects, in accordance with the business model with “technology +” as the center, make the design and survey business stronger, better, and bigger; follow the development model of “professional, refined, strong and specialised” to make the construction business refined, better, stronger and special.

This year, we marched forward relentlessly to deepen the optimisation and adjustment of our business structure.

We focused on the non-ferrous industry and advantageous industrial fields, with a significant trend of “returning to the main business”. Newly signed equipment manufacturing contracts increased by 62.08% year-on-year, newly signed industrial project construction contracts increased by 16.81% year-on-year, newly signed engineering survey, design and consulting contracts increased by 0.56% year-on-year, and newly signed civil construction engineering construction contracts decreased by 27.11% year-on-year, and trading business and capital-driven business were halted. We paid close attention to improving the management of key projects, and a number of projects were successfully completed and put into operation. Throughout the year, we won thirteen National Quality Projects (including overseas projects), one Luban Award, two “China Steel Structure Gold Award”, and won the “Listed Company with Most Influential Brand” award from China Securities Golden Bauhinia. Listed Company “award.

Thousands of rivers merge into the vast sea, and the wind is just strong for sailing. In 2024, standing at a new starting point ready for development, Chalieco will adhere to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for the New Era, stick to the primary task of high-quality development, be confident in implementation, move forward with courage and focus on practical results, focusing on “high-quality Party building + strengthening operation, promoting transformation, mitigating risks and deepening reform” and continue to tackle difficulties, with the “14th Five-Year Plan” as the guidance, with “Science and Technology + International” as the direction, and with “implementation + effectiveness” as the traction force, focus on new quality productivity, promote the industrial upgrading of the nonferrous industry, exert all efforts to build a world-class modern new industrial service enterprise that provides advanced nonferrous metal technology, complete sets of equipment and integrated service solutions, strive to compose a new chapter of high-quality development, and present the gift for the 75th anniversary of the founding of PRC with our outstanding achievements.

Here, I would like to express my heartfelt gratitude to the shareholders who support the reform and development of Chalieco, to all sectors of society who care about the growth and development of Chalieco, and to all employees who share the same destiny with Chalieco!

Chairman
Li Yihua

SECTION 3 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

I. CORPORATE INFORMATION

Chinese Name of the Company	China Aluminum International Engineering Corporation Limited
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 (李宜華)

II. CONTACTS AND CONTACT INFORMATION

	Secretary to the Board of Directors and Company Secretary^{Note}	Representative for Securities Affairs
Name	Tao Fulun (陶甫倫)	MA Shaozhu (馬韶竹)
Contact address	Building C, No. 99 Xingshikou Road, Haidian District, Beijing (北京市海澱區杏石口路99號C座)	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

Note: Mr. Zhang Jian resigned as the Company Secretary due to change of job on 27 April 2023 and the Board of the Company appointed Ms. Zhao Hongmei and Ms. Ng Ka Man as the Joint Company Secretaries. On 28 March 2024, the Company held the 19th meeting of the Fourth Session of the Board of Directors and appointed Mr. Tao Fulun as the secretary to the Board. Mr. Tao Fulun and Ms. Ng Ka Man were appointed as joint company secretaries of the Company.

SECTION 3 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

III. BRIEF INTRODUCTION TO BASIC INFORMATION

Registered address of the Company	Building C, No. 99 Xingshikou Road, Haidian District, Beijing
Historical changes to the registered address of the Company	At the time of establishment, the registered address of the Company was No. B12, Fuxing Road, Haidian District, Beijing (北京市海淀區復興路乙12號); in June 2009, the registered address was changed into the current one
Domestic office of the Company	Building C, No. 99 Xingshikou Road, Haidian District, Beijing
Postal code for domestic office of the Company	100093
Address of the Company's Hong Kong office	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

IV. INFORMATION DISCLOSURE AND PLACE AT WHICH THE REPORT IS AVAILABLE

The Company's designated press media for information disclosure	《證券日報》 www.zqrb.cn
Website of stock exchange for Annual Report disclosure	www.sse.com.cn , www.hkex.com.hk
Annual Report is available at	Board Office of Chalieco at Building C, No. 99 Xingshikou Road, Haidian District, Beijing

V. STOCK PROFILE

Stock Profile				Previous Stock
Share Class	Listed on	Stock Abbreviation	Stock Code	Abbreviation
A Shares	SSE	中鋁國際	601068	—
H Shares	HKEX	CHALIECO	2068	—

SECTION 3 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

VI. OTHER RELEVANT INFORMATION

CPA firm engaged by the Company	Name	Grant Thornton Certified Public Accountants LLP
	Office address	5/F, Scitech Plaza, No. 22 Jianguomenwai Avenue, Chaoyang District, Beijing, China
	Names of accountants who signed the report	Huang Zhibin (黃志斌), Li Yang (李楊)
Financial advisors who performed continuous supervisory duties during the Reporting Period	Name	CSC Financial Co., Ltd.
	Office address	3/F, Kaiheng Center B, No.2 Chaonei Dajie, Dongcheng District, Beijing
	Signing officers of financial advisors	Wang Yuming (王玉明), Chen Wei (陳煒), Zhang Bohua (張伯華)
	Period of continuous supervision and guidance	CSC Financial Co., Ltd. was appointed as the independent financial advisor of the Major Asset Disposal of the Company, its continuous supervision period is from 23 December 2022 to 31 December 2023
Legal advisor as to PRC laws	Name	Jia Yuan Law Offices (北京市嘉源律師事務所)
	Office address	F408, Ocean Plaza, 158 Fuxing Men Nei Street, Xicheng District, Beijing (北京市西城區復興門內大街158號遠洋大廈F408)
Legal advisor as to Hong Kong laws	Name	Jia Yuan Law Office
	Office address	7/F & 17/F, 238 Des Voeux Road Central Sheung Wan, Hong Kong
A Shares Registrar of the Company	Name	China Securities Depository and Clearing Co., Ltd. Shanghai Branch (中國證券登記結算有限責任公司上海分公司)
	Office address	188 South Yanggao Road, Pudong New Area, Shanghai (上海市浦東新區楊高南路188號)
H Shares Registrar of the Company	Name	Computershare Hong Kong Investor Services Limited (香港中央證券登記有限公司)
	Office address	Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (香港灣仔皇后大道東183號合和中心17樓1712-1716號舖)

SECTION 3 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

VII. KEY ACCOUNTING FIGURES AND FINANCIAL INDICATORS FOR RECENT THREE YEARS

(I) Key Accounting Figures

(Expressed in RMB'000)

Key Accounting Figures	2023	2022		Change for the period as compared with that of the same period of last year (%)	2021	
		After adjustment	Before adjustment		After adjustment	Before adjustment
Operating income	22,337,171	23,697,329	23,697,329	-5.74%	23,898,723	23,348,196
Net profit attributable to shareholders of the listed company	-2,657,963	112,458	112,506	-2,463.52%	-1,070,421	-950,130
Net profit attributable to shareholders of the listed company net of non-recurring profit and loss	-3,010,338	-425,640	-425,592	N/A	-1,157,256	-1,028,394
Net cash flow from operating activities	722,665	524,870	524,870	37.68%	659,830	734,215
	As at the end of 2023	As at the end of 2022		Change for the period as compared with that of the same period of last year (%)	As at the end of 2021	
		After adjustment	Before adjustment		After adjustment	Before adjustment
Net assets attributable to shareholders of the listed company	7,016,541	7,530,428	7,529,816	-6.82%	7,534,716	7,637,118
Total assets	40,943,803	47,392,218	47,391,289	-13.61%	60,022,757	58,828,035

SECTION 3 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

(II) Key Financial Indicators

Key Financial Indicators	2023	2022		Change for the period as compared with that of the same period of last year (%)	2021	
		After adjustment	Before adjustment		After adjustment	Before adjustment
Basic earnings per share (RMB/share)	-0.8982	-0.0036	-0.0036	N/A	-0.4065	-0.3659
Dilute earnings per share (RMB/share)	/	/	/	/	/	/
Basic earnings per share net of nonrecurring gain or loss (RMB/share)	-1.0173	-0.1855	-0.1855	N/A	-0.4337	-0.3930
Weighted average return on net assets (%)	-41.87	-0.21	-0.21	N/A	-21.18	-18.91
Weighted average return on net assets net of non-recurring gain or loss (%)	-47.42	-10.72	-10.72	N/A	-22.71	-20.28

Explanation of key accounting figures and financial indicators of the Company for the previous three years as at the end of the Reporting Period

Applicable Not applicable

- I. The Company recorded a loss in its consolidated financial statements for 2023, which was mainly due to:
 1. In 2023, in order to more accurately and objectively reflect the credit risk faced by the same customer, the Company made changes to the accounting estimate for the provision method of contract asset impairment provisions this year. This change adopts the prospective application method, and all impairment losses accrued on contract assets based on new accounting estimates are included in the current year's financial statements, resulted in a substantial increase impairment loss provision for assets in the current year.
 2. In 2023, in order to expedite the pace of reform and development, focus on our core competitiveness and core functions, and to reduce cost and enhance efficiency by streamlining our business, the Company accelerated the disposal of non-major operating subsidiaries and inefficient and ineffective assets, and recognized corresponding losses.

SECTION 3 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

3. In 2023, as affected by the external economic environment and changes in time needed for collecting receivable from customer, the Company has and further analyzed receivable items with repayment risk, and determined there were impairment and made corresponding provisions. In addition, after conducting impairment test to the inventory and other assets held, the Company has made provision for the asset impairment losses in respect of the difference in net realizable value.

During this Reporting Period, the Company adhered to our development strategy of “technology + internationalism”, continued to “stabilize operations, promote transformation, eliminate risks, and strengthen reform”, and further shifted our focus to non-ferrous metal business and industry we have advantages leveraging on our technological advantages. For survey and design and equipment manufacturing which the Company has core competitiveness, the order on hand, revenue and proportion to gross profit have further increased. At the same time, our construction business has further transformed and reformed, our Company has stopped securing new PPP projects, gradually reduced the scale of municipal and civil construction business, and vigorously developed our general contracting business in the industrial field. The above measures will further drive the high-quality development of the Company.

II. Changes in accounting policies in 2023

On 30 November 2022, the Ministry of Finance issued “Interpretation No. 16 of Accounting Standards for Business Enterprises – the accounting treatment for which the initial recognition exemption is not applicable to deferred income taxes related to assets and liabilities arising from a single transaction”, effective from 1 January 2023. The Company will implement the above accounting policies from 1 January 2023, and make retrospective adjustments to the impact of transactions existing at the beginning of 2023. This change in accounting policies will have no significant impact on the Company’s financial status and operating results.

- III. On December 31, 2022, the Company acquired 67% of the equity interest of Kunming Institute, a company under common control within Chinalco, and Kunming Institute was consolidated into Group on 31 December 2022. According to the requirements of the standards for business mergers under common control, the Company’s 2021 financial statements have been adjusted retrospectively.

SECTION 3 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

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

(I) Differences in net profit and in net assets attributable to shareholders of the listed company in financial reports disclosed under International Accounting Standards and under Chinese Accounting Standards

Applicable Not applicable

(II) Differences in net profit and in net assets attributable to shareholders of the listed company in financial reports disclosed under International Accounting Standards and under Chinese Accounting Standards

Applicable Not applicable

(III) Explanation of differences between Chinese Accounting Standards and International Accounting Standards:

Applicable Not applicable

IX. KEY FINANCIAL FIGURES BY QUARTERS IN 2023

(Expressed in RMB'000)

	First quarter (From January to March)	Second quarter (From April to June)	Third quarter (From July to September)	Fourth quarter (From October to December)
Operating income	4,306,083	5,315,973	5,417,305	7,297,810
Net profit attributable to shareholders of the listed company	3,436	-834,078	64,800	-1,802,121
Net profit attributable to shareholders of the listed company net of non-recurring gain or loss	-5,132	-1,015,387	49,981	-1,939,274
Net cash flow from operating activities	-1,663,212	800,343	8,984	1,576,550

Description of differences between quarterly figures and those disclosed in regular reports

Applicable Not applicable

SECTION 3 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

X. ITEMS AND AMOUNTS OF NON-RECURRING GAIN OR LOSS

Applicable Not applicable

(Expressed in RMB'000)

Non-recurring Gain or Loss	Amounts in 2023	Amounts in 2022	Amounts in 2021
Gains and losses on disposal of non-current assets, including reversal of provision for impairment of assets	-1,967	133,765	2,758
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)	20,819	23,617	37,188
Financing fee income from non-financial enterprises recorded in current P&L	35,452	30,927	29,724
Reversal of impairment provisions on receivables and contract assets tested for impairment individually	354,025	357,665	76,813
Net gains or losses of subsidiaries for the current period from the beginning of the period to the date of combination arising from business combination under common control		115,123	0
Gains or losses on debt restructuring	-821	3,088	-34,208
Other non-operating revenue and expenses other than above items	5,451	-13,011	1,877
Other items falling within the definition of non-recurring gain or loss			4,103
Less: Impact of income tax	40,385	85,531	19,264
Impact of minority interests (after tax)	20,199	27,544	12,155
Total	352,375	538,098	86,836

Description of recognition of items not listed in the “Explanatory Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public – Extraordinary Profit and Loss” as non-recurring profit and loss items and the amount is material and 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

SECTION 3 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

XI. ITEMS MEASURED AT FAIR VALUE

Applicable Not applicable

(Expressed in RMB'000)

Item	Opening Balance	Closing Balance	Change	Impact on Profit for the current period
Receivables financing	690,553	453,487	-237,066	-
Transactional financial assets	-	700,506	700,506	506
Other equity instrument investments	57,167	49,248	7,919	-
Total	747,720	1,203,241	471,359	506

XII. OTHERS

Applicable Not applicable



MANAGEMENT DISCUSSION AND ANALYSIS (REPORT OF THE BOARD)



SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS (REPORT OF THE BOARD)

I. OPERATING RESULTS DISCUSSION AND ANALYSIS

Operating Results of FY2023

In 2023, in the face of the challenging and complex external situation, the Company strengthened the leadership of high-quality Party building, firmly implemented the “Science and Technology + International” development plan, firmly strengthened scientific and technological innovation, accelerated the deep and penetrating reforms, adjusted the Company’s development planning, solved the difficulties in an unyielding and continuous manner, a number of indicators are optimized and improving, and achieved stable yet progressive results.

Firmly implementing the “Science and Technology + International” development plan. We adhered to the strategy of serving the State, comprehensively implemented the new development concept, focused on improving the core competitiveness and enhanced the core functions of enterprises, so as to better play the roles of science and technology innovation, industrial control, security support, etc. of the Company in the construction of the modernized industrial system and the new development pattern.

Firmly promote scientific and technological innovation to achieve results. In 2023, the Company undertook 10 state-level research tasks and 4 research tasks of Chinalco, won 3 first prizes and 4 second prizes for the first scientific and technological progress of Chinalco, and added 6 national platforms such as new, distinctive, specialised and sophisticated “Little Giants” and National Industrial Design Center, so that the total number of national innovation platforms has reached 20. The total number of state-level innovation platforms has reached 20. During the year, 62 scientific and technological achievements were evaluated, of which 15 reached the international leading level; the number of applied invention patents increased by 96% year-on-year, the number of authorized invention patents increased by 33% year-on-year, and there was an addition of 16 overseas patents applications; the Company won the first prize of the Ministerial Science and Technology Prize for 14 items, and 2 second prizes of the Provincial Science and Technology Progress Prize.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS (REPORT OF THE BOARD)

Firmly optimize and adjust the business structure to achieve results. Focus on nonferrous and other advantageous industry areas and the return to the main business is significant, the main business of new equipment manufacturing contracts increased by 62.08% year-on-year, new industrial contracts increased by 16.81% year-on-year, and new civil construction contracts decreased by 27.11% year-on-year; stopped the trade business and businesses driven by funds. Pay close attention to the improvement of key project management, a number of projects were successfully completed and put into operation, in 2023, we won 13 National Quality Projects, 1 Luban Prize, and 2 China Steel Structure Gold Medals. In 2023, the company was included in the four major ENR lists, and was selected as one of the “ESG-Pioneer 100 Index of Central State-owned Enterprises.

Firmly expanding overseas business to achieve results. Increased efforts to develop the international market, with RMB3.379 billion of new overseas contracts signed during the year, including 16 large-scale survey and design contracts with a single contract value of more than RMB10 million, totaling approximately RMB2.79 billion, covering key countries such as India, Bolivia, Guinea, Indonesia, the Democratic Republic of the Congo, and Turkey.

Firmly implement the extreme operation to see benefits. Adopting various practical measures to reduce costs and increase efficiency, improve quality and create efficiencies, the Company carried out special works to solidly promote the scale of financing, financial expenses, issuance of perpetual bonds, policy and tax support, etc., and reduced financial costs by more than RMB100 million. Accurately promoting the governance of “two non-profits and two funds”, the Company completed divestment of 8 enterprises, compression and reduction of 22 branches, as well as withdrawal of 4 equity participation throughout the year.

Accelerate the implementation of reform of design and survey enterprises. The working meeting on the reform of technology-based enterprises of the Company was held, on which the direction of reform with “development path of ‘123 + N’, formation of a business model centred on ‘technology+’ and promotion of strengthening, optimising and expanding the design and survey business” was clarified. Each of the design and survey enterprises and “science and technology reform enterprises” formulated high-quality implementation plans for reform deepening and improvement actions and comprehensive reform plans for “science and technology reform actions”, invested more in scientific and technological innovation, actively exploited scientific and technological achievements and patent assets, stimulated the momentum and vitality of the enterprises, and continuously improved operating performance. SAMI, GAMI and Kunming Institute were newly selected as “science and technology reform enterprises”, and the number of “science and technology reform enterprises” of the Company increased to 6. Among them, CINF’s science and technology reform obtained outstanding results in the “Science and Technology Reform Action” special assessment, and the assessment results of CNPT and Kunming Institute were good.

Accelerate the promotion of reform of construction enterprises. A market-oriented reform meeting for construction enterprises of the Company was held, on which the direction of reform of “refining, optimising, strengthening and specialise our construction business in accordance with the development model of ‘specialisation, refinement, strength and speciality’” was clarified. The construction enterprises formulated implementation plans for actions of deepening reform and upgrading in a high-quality manner, promoted the headquarters of construction enterprises to be completely de-institutionalised, carried out trials in which projects are directly managed by construction enterprises, and improved project operation, control, risk control and platform support service capabilities.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS (REPORT OF THE BOARD)

Major Events

In March 2023, Chalieco was selected as one of the “2022 Top 500 Brands of Chinese Listed Companies”, ranking 419th.

In March 2023, the initial 250,000-ton electrolytic aluminum project of Indonesia Huaqing Aluminum designed by Guiyang Institute was put into full operation, marking the successful export of the Company’s first 500KA-class electrolytic aluminum technology overseas and securing the supply of resources for the sound development of China’s aluminum industry.

In April 2023, 12 projects of Chalieco won the 2021 Excellent Survey and Design Award for Engineering Survey, Architectural Design Industry and Municipal Public Works organised by the China Survey and Design Association. Among them, there were 2 first prizes, 6 second prizes and 4 third prizes.

On 28 April 2023, the list of winners of the 15th “China Steel Structure Gold Award” (Second Batch) was released. The general contracting project of the second tender section of the Xi’ an North Station Hub Project (Phase I) in which Sixth Metallurgical Technology Heavy Industry participated, and the airport terminal project of the Urumqi Airport Reconstruction and Expansion Project constructed by Ninth Metallurgical Company won the “China Steel Structure Gold Award”.

In August 2023, Chalieco was listed in the 2023 ENR “Top 150 Global Engineering Design Enterprises” and “Top 225 International Engineering Design Enterprises”. Chalieco was listed among the 136 “Top 250 Global Contractors” and 203 “Top 250 International Contractors” in ENR in 2023.

In August 2023, the China Nonferrous Metals Construction Association announced the evaluation results of engineering consulting, survey and design achievements in the non-ferrous metal construction industry in 2023, and selected a total of 539 excellent achievements, including 124 excellent engineering survey achievements, 310 excellent engineering consulting achievements and 105 excellent engineering design achievements. Chalieco won a total of 137 awards, including 11 first prizes, 102 second prizes and 24 third prizes. The number of awards hit a record high.

In August 2023, the AEEDA Review Committee of the Asian Education and Environmental Design Award announced the list of winners of the 2022-2023 Asia Education and Environmental Design Award. The reconstruction and expansion project of He Shan Middle School designed by CINF was successfully selected and won the “Excellence Award for Campus Architectural Design”.

In August 2023, Chalieco SAMI Boyu Technology Co., Ltd. successfully passed the enterprise review of the national (fifth batch) new, distinctive, specialised and sophisticated “Little Giant” enterprises, becoming the first “Little Giant” enterprise in the transformation field of core energy-saving innovation technology scientific and technological achievements in China’s electrolytic aluminum industry.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS (REPORT OF THE BOARD)

In August 2023, Chalieceo Shandong Engineering won four awards in the selection of outstanding engineering consulting achievements and excellent engineering design awards in the non-ferrous metal construction industry (department level) in China in 2023.

In September 2023, relying on the three business clusters of “one principal, one special and one expansion”, Chalieceo Changkan Institute explored new business areas of resource exploration, and successfully undertook the supplementary exploration project in the southwest of Yinxing No. 1 Coal Mine of Ningxia Yinxing Coal Industry Co., Ltd.

On 12 October 2023, in the finals of the 2023 Global Infrastructure Digitalization Grand Awards held in Singapore, SAMI won the prize in the competition process and power generation field for its “Chalco China Resources Electrolytic Aluminium Project Digital Twin Application Project”.

In November 2023, in the 2023 Best Practise Creation Activity of the Board of Directors of Listed Companies organised by the China Association for Public Companies, Chalieceo was successfully selected as the “2023 Excellent Practise Case of the Board of Directors of Listed Companies”.

On 9 November 2023, the “Zero Discharge Technology of Copper Smelting Wastewater” independently developed by Chalieceo CINF was selected into the Catalogue of Water-saving Process, Technology and Equipment Encouraged by the State (2023).

In October and November 2023, Chalieceo was awarded the corporate rating of “2A, Stable” and 3A bond rating by China Chengxin International Credit Rating Co., Ltd., and successfully issued RMB 2.8 billion perpetual medium-term notes.

On 24 November 2023, the 2023 Golden Bull Enterprise Sustainable Development Forum and the 1st National New Cup – ESG Golden Bull Award Ceremony, jointly sponsored by China Securities Journal, China Reform Holdings Corporation Ltd. and the Nantong Municipal People’s Government, was held in Nantong, Jiangsu. Chalieceo was selected as one of the “Top 20 Governance Enterprises in the First Guoxin Cup ESG Golden Bull Award”.

On 30 November 2023, CNPT Industrial Design Centre was included in the list of the sixth batch of national industrial design centres recognised by the Ministry of Industry and Information Technology, and Chinalco achieved “zero breakthrough” in national industrial design centres.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS (REPORT OF THE BOARD)

In November and December 2023, the China Construction Industry Association and the China Association of Construction Enterprise Management have successively issued the 2022-2023 Second Batch of China Construction Engineering Luban Award (National Quality Project) and the National Quality Project Award, and 7 projects of general construction contracting, construction, survey and design of subsidiaries of Chalieco won 8 awards, including 1 Luban Award (National Quality Project), 1 National Quality Project Gold Award and 6 National Quality Project Awards. The four projects constructed by Sixth Metallurgical Company have been selected. Among them, the Ruimin project of production line of aluminium alloy plates and strips for lightweight automobile undertaken by Sixth Metallurgical Company won the National Quality Engineering Award, and the second phase of the SICOMINES copper and cobalt project in the Democratic Republic of the Congo won the Luban Award (overseas project) and the National Quality Engineering Award (overseas project). Changkan Institute led the survey and design of the “Oriental Wanyue City • Wanda Plaza G1 # Shopping Centre”, participated in the survey and design of the “Zhuhai Jinqin Express Line Project”, these two projects, along with the four projects surveyed by Kunming Survey and Design Institute, including the “Kunming National Cultural Tourism Town” and the “Kunming Yan’ an Hospital Medical Technology Comprehensive Building and Training Base for General Practitioners (Phase I)”, won the national high-quality project award at the same time. The Universal Beijing Resort project was once again awarded the National Quality Engineering Gold Award after receiving the Luban Award.

In December 2023, the 13th Hong Kong International Finance Forum and China Securities Golden Bauhinia Awards Ceremony was held in Hong Kong. Chalieco won the “Most Influential Listed Company” award of the China Securities Golden Bauhinia Awards.

On 18 December 2023, the Department of Housing and Urban-Rural Development of Jiangsu Province issued the list of 2023 star-level construction site projects for standardisation of building construction, and the EPC (Engineering-Procurement-Construction) general contracting project of the Phase III expansion project of the petrochemical public pipe gallery in Xuwei New District, Lianyungang undertaken by Chalieco Twelfth Metallurgical Mine Municipal Engineering Company was included in the list.

On 26 December 2023, the Space Structure Branch of China Steel Structure Association released the typical engineering of cable structure, and the four corners of the middle open hole of the Lyuliang Sports Centre Stadium project constructed by Tianjin Construction were included in the list.

In December 2023, Chinalco issued the List of Projects of the First Chinalco Science and Technology Progress Award, 8 achievements of the subsidiaries of Chalieco were successfully awarded the First Chinalco Science and Technology Progress Award. Among them, there were 3 first prizes and 5 second prizes.

On 3 January 2024, the “dark factory” project for the heat treatment process of Chinalco Ruimin, constructed by CINF, was officially put into operation, realizing unmanned production in the heat treatment workshop and becoming the first “dark factory” for aluminum plate and strip processing in China.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS (REPORT OF THE BOARD)

II. INDUSTRY OVERVIEW OF THE COMPANY WITHIN THE REPORTING PERIOD

In 2023, the State issued the “Work Program for Stabilizing Growth of Nonferrous Metals Industry” to promote the upgrading and development of the nonferrous metals industry, guiding the industry to develop efficiently and intensively, focus on optimizing supply, promoting investment, expanding consumption and stabilizing foreign trade, cultivate the endogenous power of growth of the nonferrous metals industry, enhance the suitability and reliability of the supply structure to the effective demand, enhance the stable growth of the nonferrous metals industry to provide strong support for the smooth development of industrial economy. The main objectives of stabilizing growth of non-ferrous metal industry are: to maintain stable growth in the output of copper, aluminum and other major products, to achieve an average annual growth of around 5% in the output of ten sorts of non-ferrous metals, to make positive progress in the development of domestic resources such as copper and lithium, and to further improve the quality of supply of non-ferrous metal deep-processed products, and to basically achieve the dynamic balance between supply and demand. To keep the growth of operating income, maintain continuous growth in investment in fixed assets, continuous optimization in the trading structure, accelerate the greening and intelligent transformation and upgrade, and energy consumption per unit of smelted products, such as copper and lead, will drop by more than 2% per year. Strive for non-ferrous metal industry value added to grow for around 5.5% year-on-year in 2023, and to grow for more than 5.5% in 2024.

According to the National Bureau of Statistics, in 2023, China’s output of ten non-ferrous metal products exceeded the 70 million tons’ mark for the first time, reaching 74.698 million tons, representing an increase of 7.1% year-on-year. Among them, the annual refined copper output was 12.99 million tons, representing an increase of 13.5% year-on-year. Electrolytic Aluminum production was 41.59 million tons, representing an increase of 3.7% year-on-year. Non-ferrous metal import and export trade totaled 331.5 billion U.S. dollars, representing an increase of 1.5% year-on-year. The physical volume of Bauxite import amounted to 141.38 million tons, representing an increase of 12.9% year-on-year.

In 2023, all regions and departments have comprehensively implemented the decision-making and deployment of the CPC Central Committee and the State Council, anchored the goal of high-quality development, completely, accurately and comprehensively implemented the new development concept, actively expanded effective investment, continuously mobilized the enthusiasm of private investment, and promoted the continuous optimization of the investment structure. For the whole year, the investment in fixed assets (excluding farm households) amounted to RMB50,303.6 billion, representing an increase of 3.0% over the previous year, and after deducting the effect of price factors, representing an increase of 6.4% over the previous year in real terms, with the growth rate accelerated by 1.5 percentage points over the previous year. The State has moderately advanced infrastructure investment, accelerated the layout of new infrastructure construction, and strengthened shortcomings in weak areas, strongly supporting the rebound in infrastructure investment, which, according to statistics, grew by 5.9% year-on-year.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS (REPORT OF THE BOARD)

In 2023, the state successively launched policies to accelerate infrastructure construction, promote private investment and urban village transformation in super cities and megacities and “ordinary and emergency dual-use” public infrastructure construction, and focused on investment in the directions of traditional infrastructure, new energy infrastructure and major projects, and the growth rate of infrastructure investment maintained steady growth, which played an important fundamental role in stabilizing investment and growth. From a general point of view, the number of enterprises in China’s construction industry has increased on an annual basis, and by the end of 2023, the total number of construction enterprises in the country was 157,929, represent an increase of 9% year-on-year, and the industry has become more and more competitive. The competitiveness of state-owned enterprises with advantages in scale, financing and technology is more prominent, the profit level of the construction industry is trending down, industrial differentiation is more and more obvious, industrial concentration continued to rise, orders have been flowed to leading enterprises, and integration and restructuring is accelerating. Green building, digital building, industrialized building and building energy saving would become the important development direction of future construction projects. The evolution of building intelligence is accelerating, and new technologies such as BIM, Internet of Things, big data, artificial intelligence and construction robots are subverting the traditional industry.

Looking ahead to 2024, it will be the year when China’s economy bottoms out and picks up, and with the increase in macroeconomic regulation and control, more “counter-cyclical” policies have been introduced, and policies on finance, currency, people’s livelihoods and openness will continue to be emphasized. In the context of the structural relaxation of macro policy, the macro environment and downstream demand that the construction industry is facing is expected to continue to improve, the infrastructure investment growth rate would in general maintain a relatively high level; the central government is to accelerate the deployment of urban village transformation in super cities and megacities, with the policy continue to enhance; the issuance of special debt would balance the slowdown in investment. It is expected that the macro environment in general will bring better development opportunities for the Company’s transformation and upgrading and business expansion.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS (REPORT OF THE BOARD)

III. BUSINESS OVERVIEW OF THE COMPANY FOR THE REPORTING PERIOD

(I) Principal business and operation modes

The Company is a leading technology, service, equipment and comprehensive product solutions 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 construction and contracting and equipment manufacturing.

Chalieceo ranked 98th, 199th, 136th and 203th respectively in the list of "THE TOP 150 GLOBAL DESIGN FIRMS", "THE TOP 225 INTERNATIONAL DESIGN FIRMS", "THE TOP 250 GLOBAL CONTRACTORS" and "THE TOP 250 INTERNATIONAL CONTRACTORS" of 2023 unveiled by Engineering News Record (ENR) of the United States.

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. According to the contract, the Company bears corresponding risks related to product design, quality, progress and others, and the service fees are generally determined with reference to national survey charging standards and market rate. In terms of engineering design business, a certain percentage of advance payment is collected in accordance with the contract in general, and the remaining amount is collected in installments based on the work completed; for engineering consulting business, fees will generally be settled in full after the consulting report is delivered. Relying on its advancing technology in the non-ferrous metallurgical industry, this business enjoys higher profit margins than engineering and construction projects.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS (REPORT OF THE BOARD)

2. Engineering construction and 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, E+P, E+C, P+C and EPCM, etc. 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. Under the EPC model, the company, as the contractor, is fully responsible for the project's progress, quality, safety, cost (including material differences) and legal liabilities, while the owner is responsible for project compliance and availability of funding. In order to ensure the rationality of tender quotation, the Company conducts in-depth on-site investigation of the technical, business and other factors of the tender project, and conducts comprehensive analysis and judgment. This business usually settles and collects payments based on monthly progress or milestones, and advance payment (if any) is collected according to the contract.

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. In general, we adopt the general equipment sales model in the market to carry out business. We also leverage on the advantages of our core technologies to expand our market share through investment-finance-build-operation models.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS (REPORT OF THE BOARD)

IV. CORE COMPETENCE ANALYSIS IN THE REPORTING PERIOD

Applicable Not applicable

(I) Technical and talents advantages

The Company has strong capabilities of scientific research and technical innovation, has 5 grade A design research institutes, 2 grade A survey and design research institutes, and 3 large comprehensive construction and installation enterprises, has an experienced professional and technical team, and has 48 national level survey and design masters from the industry. As of the end of 2023, the Company has 9 national level engineering technology research centers and national level technology centers, 4 national level corporate postdoctoral research stations, 1 national industrial design center, 2 national “new, distinctive, specialised and sophisticated” “little giant” enterprises, 23 provincial level engineering technology centers and enterprise technology centers, 3 provincial level postdoctoral innovation practice base and 1 provincial level engineering laboratory.

We focused on the the “eight major fields” of survey and exploration of alumina, electrolytic aluminium and carbon for aluminium, mines, non-ferrous metal processing, heavy non-ferrous and rare metal smelting, construction and strategic emerging business; in the “five major directions” of “dual carbon” governance, key process technology and equipment for the non-ferrous industry, big data service and intelligent manufacturing, comprehensive utilization of resources and municipal public service, Guided by the “14th Five-Year Plan” of the Company, the Company actively fulfilled its responsibilities and missions as a central state-owned enterprise, intensified the research and development of core technologies, and continuously strengthened its leading edge in science and technology. During the year, the number of newly applied patents increased by 52% year-on-year, of which the number of invention patents increased by 96%; the number of newly authorized patents increased by 7% year-on-year, of which the number of invention patents increased by 33%; 40 technical standards of various types were newly established; 62 scientific and technological achievements were evaluated as domestic leading achievements in the industry, of which 15 reached the international leading level.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS (REPORT OF THE BOARD)

(II) “Triple Full” advantages

The Company is an industry-leading engineering technology service provider covering the full range of metal categories, the full industry chain and the full life cycle of engineering, it has a professional and wide range of technology integration capabilities and comprehensive competitiveness of the full industrial chain, and its business covers engineering survey, engineering design and consultation, engineering construction, equipment manufacturing, operation and maintenance, etc. With strong technology as a link, refined management as the backbone and comprehensive professional services as the reliance, the Company can provide customers with all-round services covering engineering design and consultancy, engineering construction, operation management and specialized equipment manufacturing, solving customers' routine problems as well as high-tech, deep, difficult and specific problems.

(III) Qualification advantages

As a construction enterprise, the Company has various qualifications, 358 in total. Among them, there are 1 Grade A construction design integrated qualification, 2 Grade A comprehensive qualifications for prospecting, 4 Grade A qualifications for design, 3 extra-grade qualifications for general contract and 13 Grade A qualifications for supervision in construction projects.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS (REPORT OF THE BOARD)

(IV) Domestic market advantages

With the absolute leading technical advantages, talent advantages, qualification advantages, whole industry chain advantages and internationalization advantages in the non-ferrous metal industry, the Company has provided all-round comprehensive technical and engineering design and construction services for all kinds of businesses in the whole non-ferrous metal industry chain, and has made positive contributions to the construction of a resource-saving and environment-friendly society. The members of the Group are the backbone enterprises of the industry, and have participated in the planning, scientific research, design and engineering construction of more than ten domestic and overseas industries since the founding of new China, including metallurgy, transportation, municipal services, construction, power, petroleum, chemical industry and military industry, and created more than one hundred “China’s firsts” and “world’s firsts”. It has created more than a hundred “China’s first” and “world’s first”, and is the founder of China’s non-ferrous metal industry, the maker of industry standards and the leader of non-ferrous engineering technology

The Company’s domestic business focuses on general contracting of metallurgical projects, construction of urban infrastructure and public utilities, and ecological environment management, including metallurgy, transportation, housing, municipal services, building materials, power, water conservancy and chemical industry, etc. The Company has rich experience and remarkable achievements in these fields, with more than 500 projects won the Luban Award for Construction Project, the National Award for Quality Project, the National Customer Satisfaction Project, the National Excellent Welding Project, and the Provincial and Ministerial Quality Project respectively. The Company is geographically distributed in more than 30 provinces, cities and autonomous regions across the country.

(V) Overseas markets advantages

The Company insists on implementing the strategy of “going out”, giving full play to China Aluminum International’s advantages of the whole industrial chain of process and engineering construction, and has exported technology and equipment to dozens of countries and regions such as India, Venezuela, Brazil, Vietnam, Indonesia, Italy, Saudi Arabia, Kazakhstan, etc. It has also contracted and implemented large-scale EPC general contracting projects for major customers such as VEDANTA Group of India, Vinacomin Group, CVG Group of Venezuela, and Inalum, etc.; it has established cooperative relationships with enterprises, scientific research institutes, and universities of more than 40 countries and regions; and it has laid out its operations and set up local branch offices in countries such as India, the Democratic Republic of the Congo, Indonesia, Malaysia, Vietnam, Venezuela and etc.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS (REPORT OF THE BOARD)

V. MAIN OPERATIONS WITHIN THE REPORTING PERIOD

In 2023, operating income of the Company was RMB22.337 billion, representing a year-on-year decrease of 5.74%; net profit attributable to the parent company was loss of RMB2.658 billion, mainly due to:

(1) Impact of changes in accounting estimates of provision for impairment of contract assets

In order to more accurately and objectively reflect the credit risk faced by the same customer, the Company made changes to the accounting estimate for the provision method of contract asset impairment provisions this year. This change adopts the prospective application method, and all impairment losses accrued on contract assets based on new accounting estimates are included in the current year's financial statements, resulted in a substantial increase impairment loss provision for assets in the current year.

(2) Impact of disposal of non-responsible main business subsidiaries and inefficient and ineffective assets

In order to further accelerate the pace of reform and development, focus on core competitiveness and core functions, and focus on downsizing, reduce costs and increase efficiency, the Company accelerated the disposal of non-main business subsidiaries and inefficient and ineffective assets during the year, and recognised the corresponding losses.

(3) Impact of other impairment provisions

As affected by the external economic environment and changes in time needed for collecting receivable from customer, the Company has and further analyzed receivable items with repayment risk, and determined there were impairment and made corresponding provisions. In addition, after the impairment test conducted to the inventory and other assets held, the Company has made provision for the asset impairment losses in respect of the difference in net realizable value.

During this Reporting Period, the Company adhered to our development strategy of “technology + internationalism”, continued to “stabilize operations, promote transformation, eliminate risks, and strengthen reform”, and further shifted our focus to non-ferrous metal business and industry we have advantages leveraging on our technological advantages. For survey and design and equipment manufacturing which the Company has core competitiveness, the order on hand, revenue and proportion to gross profit have further increased. At the same time, our construction business has further transformed and reformed, our Company has stopped securing new PPP projects, gradually reduced the scale of municipal and civil construction business, and vigorously developed our general contracting business in the industrial field. The above measures will further drive the high-quality development of the Company.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS (REPORT OF THE BOARD)

(I) Principal Business Analysis

1. Analysis of changes in relevant items on income statement and cash flow statement

(Expressed in RMB'000)

Item	Current	Previous	Change, (%)
Operating revenue	22,337,171	23,697,329	-5.74%
Operating cost	20,379,851	20,673,212	-1.42%
Sales expense	141,094	119,273	18.30%
Administrative expense	1,134,733	1,069,079	6.14%
Financial expense	259,262	287,348	-9.77%
R&D expense	943,309	912,066	3.43%
Net cash flow from operating activities	722,664	524,869	37.68%
Net cash flow from investing activities	94,596	-4,321,046	N/A
Net cash flow from financing activities	-4,412,289	3,866,957	-214.10%

Reasons for changes in operating income: the Company thoroughly implemented the “technology + international” development strategy, and the proportion of revenue from engineering survey and design and equipment manufacturing business increased year-on-year; the Company ceased the new PPP investment, financing and construction business and gradually reduced the construction business of municipal and civil construction projects, resulting in a year-on-year decrease in the overall scale of revenue.

Reasons for changes in operating costs: the scale of the Company’s revenue decreased, and the cost investment decreased.

Reasons for changes in selling expenses: the Company further strengthened market development, resulted in an increase in sales expenses.

Reasons for changes in administrative expenses: increased slightly year-on-year, no material change.

Reasons for changes in financial expenses: the Company repaid interest-bearing financing of RMB3.8 billion by giving full play to the effect of centralised fund management; at the same time, the financing structure was further optimised and adjusted, the comprehensive financing cost was reduced by 49BP, and the financial expenses were significantly reduced year-on-year.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS (REPORT OF THE BOARD)

Reasons for the change in research and development expenses: the Company focused on the top priority of technological innovation, increased the research and development of core technologies, and the research and development investment increased year-on-year.

Reasons for the change in net cash flow from operating activities: the Company focused on cash collection and strictly implemented cash flow control measures to “determine expenditure based on revenue”, resulting in a year-on-year increase in net cash inflow from operating activities.

Reasons for changes in net cash flows from investing activities: the Company recovered the equity transfer payment of Miyu Company, while the project construction investment expenditure incurred by Miyu Company in the previous year was presented as cash outflow from investing activities, and there was no such business during the Reporting Period.

Reasons for the change in net cash flow from financing activities: the Company further strengthened the centralised management of funds, improved the efficiency of capital turnover and repaid part of the external loans with higher financing costs, and the financing scale has dropped to the lowest level since 2016.

Detailed explanation for the significant changes in the Company’s current business type, profit composition or source.

Applicable Not applicable

2. Revenue and cost analysis

Applicable Not applicable

The Company recorded operating revenue of RMB22.337 billion in 2023, representing a year-on-year decrease of 5.74%, the main reason is that the Company has thoroughly implemented the “technology + internationalism” development strategy, and the proportion of revenue from survey and design and equipment manufacturing has increased year-on-year; stopped securing new PPP investment-finance-build projects, and gradually reduced the scale of municipal, civil and other construction business, resulting in a drop in the overall income year-on-year. The business scope of the Company covers engineering survey, design and consultancy, engineering construction and contracting, and equipment manufacturing. In 2023, the revenue from engineering survey, design and consultancy business increased by 3.99% year-on-year, the equipment manufacturing business increased by 1.76% year-on-year, and the engineering construction and contracting business decreased by 8.14% year-on-year.

The business scope of the Company covers China, Indonesia, Turkey, India, Italy, Laos, DRC, Guinea and other countries and regions.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS (REPORT OF THE BOARD)

(1). *Principal business by sector, product, geography and by sales mode*

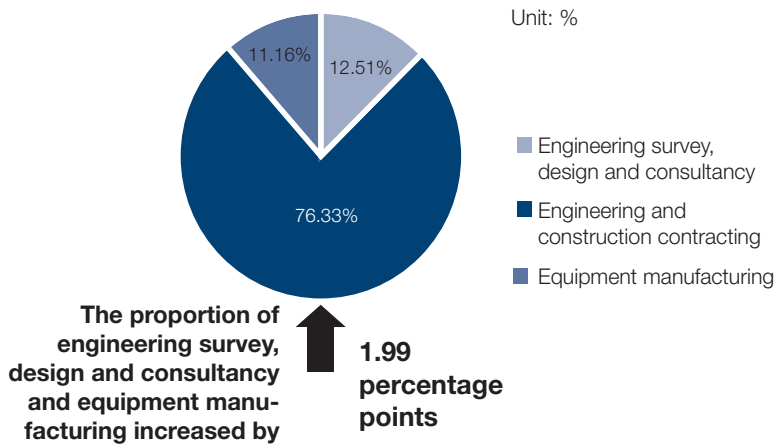
(Expressed in RMB'000)

Principal business by sector						
Sector	Operating revenue	Operating cost	Gross margin (%)	Changes in operating revenue over the previous year (%)	Changes in operating cost over the previous year (%)	Changes in gross margin over the previous year (%)
Engineering survey, design and consultancy	2,794,089	1,941,880	30.50%	3.99%	3.31%	Increased by 0.46 percentage point
Engineering and construction	17,050,972	16,272,921	4.56%	-8.14%	-2.34%	Decreased by 5.6 percentage point
Equipment manufacturing	2,492,110	2,165,050	13.12%	1.76%	1.61%	Increased by 0.12 percentage point
Total	22,337,171	20,379,851	8.76%	-5.74%	-1.42%	Decreased by 4.00 percentage point

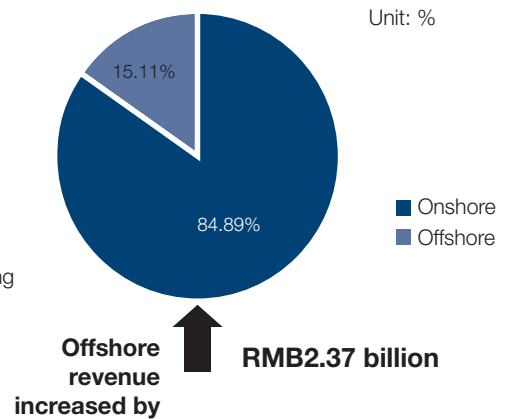
Principal business by product						
Product	Operating revenue	Operating cost	Gross margin (%)	Changes in operating revenue over the previous year (%)	Changes in operating cost over the previous year (%)	Changes in gross margin over the previous year (%)
PRC	18,962,908	17,420,773	8.13%	-16.46%	187.45%	Decreased by 4.12 percentage point
Other countries and regions	3,374,263	2,959,078	12.30%	238.32%	492.83%	Decreased by 12.17 percentage point
Total	22,337,171	20,379,851	8.76%	-5.74%	198.58%	Decreased by 4.00 percentage point

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS (REPORT OF THE BOARD)

Operating revenue by segment



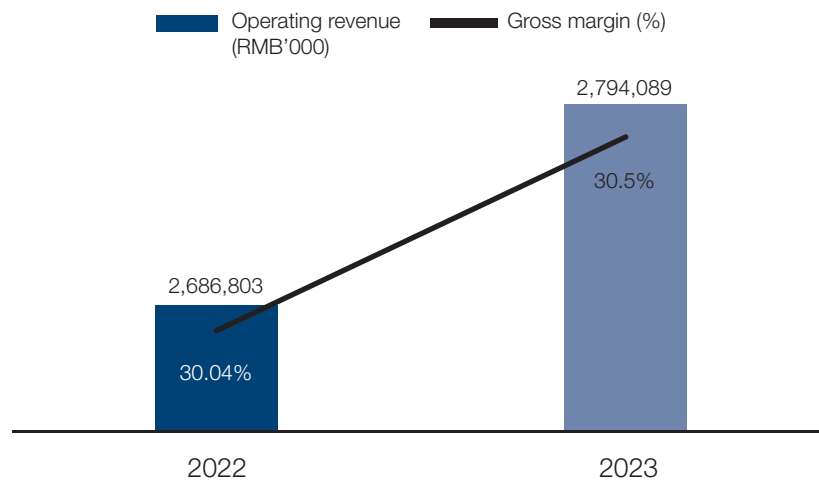
Operating revenue by region



Principal business by sector, product, geography and by sales mode

① Engineering survey, design and consultancy segment

Revenue and gross margin of the engineering survey and design and consultancy segment



SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS (REPORT OF THE BOARD)

The Company's engineering survey, design and consultancy business maintained steady development. The value of newly signed contracts for the year was RMB3.774 billion, representing a year-on-year increase of 0.56%; the revenue in 2023 was RMB2.794 billion, representing an increase of 3.99% as compared with 2022. The Company focused on non-ferrous metals, with a significant trend of returning to its main business. The number of new signings and orders in hand for the survey, design and consulting business have increased year-on-year, and operating income has achieved year-on-year growth.

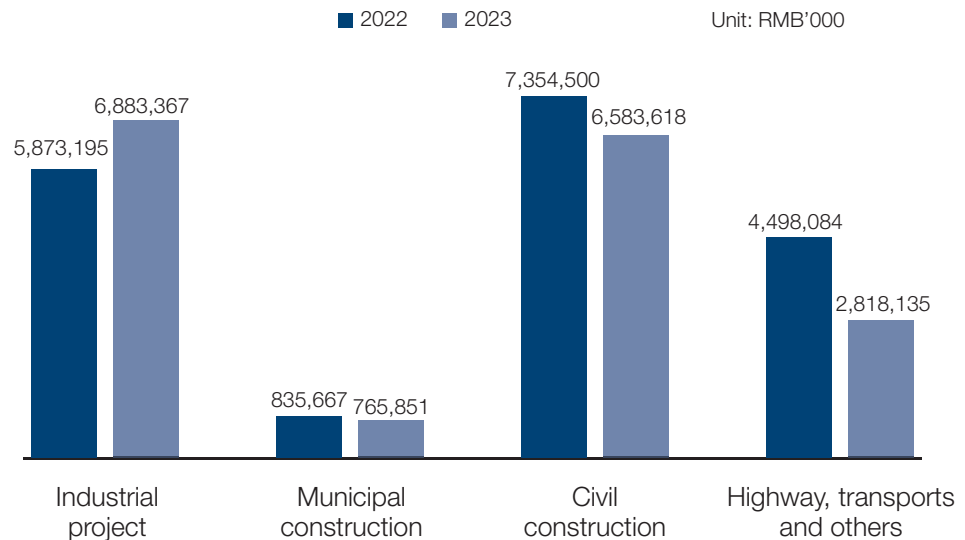
During the Reporting Period, the affiliated enterprises of the Company deepened the business layout of "one principal, one special and one expansion", significantly increased the proportion of effective contracts, and significantly optimised the quality of marketing. The survey, design and consulting contract signed by SAMI hit a new high in nearly 10 years; The newly signed design consulting contract value of CINF in 2023 was RMB 541 million, hitting a record high; Changkan Institute signed the geological exploration project of Ningxia Energy Yinxing Coal Coalfield; Kunming Survey and Design Institute won the bid for the Hongnipo digital delivery project, filling the gap in the digital delivery project of mines.

During the Reporting Period, enterprises affiliated to the Company increased their efforts in technological innovation and achieved breakthroughs in a number of key technologies, which strongly promoted the technological progress of the industry and the transformation and development of Chalieco. The in-depth energy conservation 12,300 kWh/t-AK technology of SAMI was fully promoted, and the first set of ultra-fine liquid horizontal desulfurization system in the electrolytic aluminium industry designed and contracted by SAMI was put into operation; The first overseas 500kA aluminium electrolysis production line and other projects designed by GAMI were put into operation; The application of non-explosive continuous mining technology and new multi-metal base solid waste cleaning and recycling technology in the hard rock deposit of CINF was realised; Kunming Survey and Design Institute made important breakthroughs in key technologies of soft ground foundation survey and evaluation and power reinforcement, and continued to build the brand of the large rock earth digital intelligence system. In terms of digital industrialization, each survey and design enterprise has established a digital delivery platform, team and standard system based on professional characteristics, promoted the construction of a number of digital delivery benchmark projects such as Huayun Phase III, Qinghai Aluminium and Hongnipo, and realised the deep integration of traditional process technology advantages and new generation information technology. The survey and design enterprises affiliated to the Company won 139 industry engineering consulting survey and design awards, including 37 first prizes, hitting a record high. In the 2023 ENR list of "Top 150 Global Engineering Design Enterprises" and "Top 225 International Engineering Design Enterprises", the Company ranked 98 and 199 respectively.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS (REPORT OF THE BOARD)

② Construction and contracting segment

Revenue structure of the engineering and construction contracting segment



The Company's project construction and contracting business realized revenues of RMB17.051 in 2023, representing a decrease of 8.14% over 2022, mainly due to the Company's continuous promotion of business transformation, optimisation of business structure, stopped securing new PPP investment-finance-build projects, and gradually reduced the scale of municipal, civil and other construction business during the Reporting Period, resulting in a drop in the overall income year-on-year.

During the Reporting Period, the Company actively carried out large customer marketing, and established and improved the large customer marketing system. In order to better serve customers, the Company has established large customer files, further increased the frequency of visits to key customers inside and outside the industry, and actively provided business consulting services. These initiatives have achieved remarkable results, we have 4 projects of RMB500 million to RMB1 billion and 4 projects of over RMB1 billion signed with large customers, and the contract value from large customers accounted for more than 30% of our total contract value.

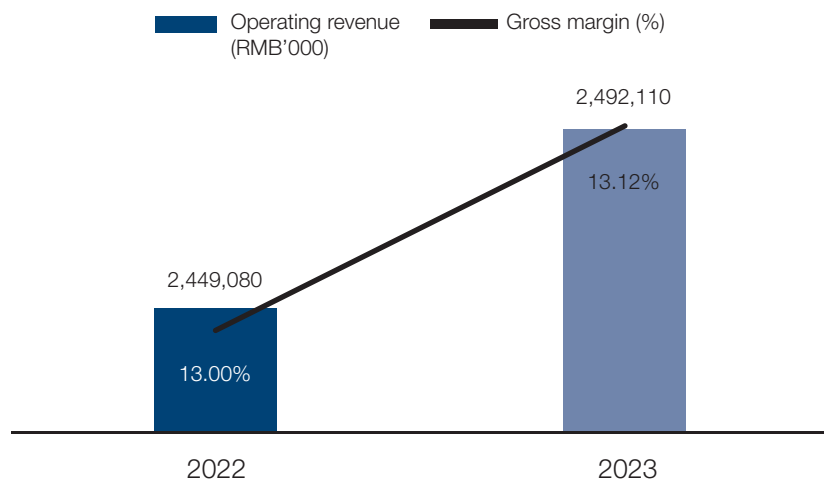
SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS (REPORT OF THE BOARD)

In addition, the Company continuously strengthened project control and cost management, and optimised the cost incentive mechanism. Taking the project cost map and standardising the business model as the entry point, the Company strengthened the refined source planning. At the same time, the Company strengthened the implementation of the capital control measure of “determining expenditure by revenue”, standardised project cost management and subcontracting settlement management, so as to continuously improve the quality of project cost control.

In terms of technology, Sixth Metallurgical Company, a subsidiary of the Company, has reached the domestic leading or advanced level in terms of technologies such as prefabricated space grid structure, aluminium foil rolling mill frame installation, tunnel soft and weak wall rock construction (extracted from the annual report of Sixth Metallurgical Company). The Lyuliang Sports Centre project carried out by Tianjin Construction spans 204 metres, and the structural design adopts a four-angle support for the opening of the litter surface steel-concrete combined shell roof, which is the first in China and even in the world. Through cooperation with industry technical experts, the enterprise successfully overcame technical difficulties and successfully completed project delivery. Resolve of the above-mentioned technical issues have effectively improved the popularity of the enterprise and enhanced the core competitiveness of the Company.

③ Equipment manufacturing business

Revenue and gross margin of the equipment manufacturing segment



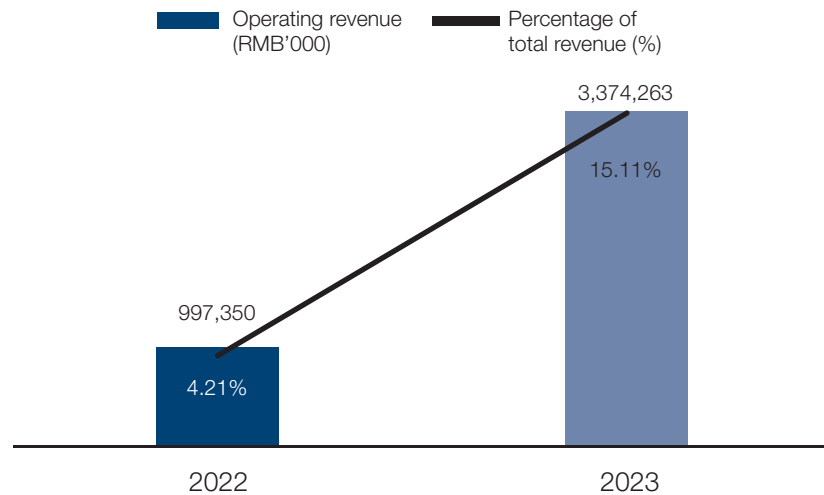
The Company's equipment manufacturing business realized revenues of RMB2.492 billion in 2023, representing an increase of RMB43 million over 2022, mainly due to the Company's in-depth development of the mid-to-high-end equipment business market and continuous provision of high-quality equipment research and development services to property owners. The revenue and gross profit margin of this business segment has achieved year-on-year growth for three consecutive years.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS (REPORT OF THE BOARD)

CNPT constructed the first “dark factory” for aluminium plates and strips processing in China, which was officially put into operation and realised the unmanned production of heat treatment workshops; the Company formed the first domestic 2,300mm aluminium belt high-speed cutting unit equipment with completely independent intellectual property rights, and successfully developed the key core technology and equipment of the 2,800mm wide-roll aluminium belt cold rolling unit, which captured the high-end equipment market in the domestic non-ferrous industry, and met the demand for high-end aluminium alloy strip production equipment in key areas such as aerospace and automotive lightweight; The “energy-saving and long-life aluminium electrolyser cathode manufacturing technology and equipment” of SAMI was successfully selected into the “Science and Technology Innovation China” green and low-carbon pilot technology list, assisting production enterprises to reduce the comprehensive power consumption per tonne of aluminium by 820kWh; GAMI successfully developed the world’s first fully-cross-section automated welding repair production line for anode guide rod groups, providing a brand-new anode guide rod group maintenance production process technology and complete sets of equipment, which meets the urgent needs of the industry and the national strategic direction, and realises the important technological progress of electrolytic aluminium production enterprises in this field. The service life of anode guide rod groups is doubled, and the power saving per tonne of aluminium is more than 15kWh.

④ Overseas business

Offshore operating revenue and percentage of total revenue



SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS (REPORT OF THE BOARD)

In 2023, the Company made greater efforts to develop the international market, and the overseas contracts grew steadily, and the overseas revenue for the year reached RMB3.374 billion (excluding related party transaction), representing a year-on-year increase of RMB2.37 billion, with the newly signed overseas contracts of RMB3.379 billion in the year, accounting for 8.4% of the Company's annual total newly signed contracts, with an average gross profit margin of 14.02%, of which there were 16 large-scale survey and design contracts with a single contract amount exceeding RMB ten million. Our subordinate enterprises actively explored the international market and achieved tangible results: the pre-250,000 ton electrolytic aluminium project of Huaqing Aluminum in Indonesia designed by GAMI was put into production, marking the successful export of the Company's first 500KA electrolytic aluminium technology to overseas countries; CINF made a breakthrough in the development of international lithium resource projects and became one of the leading enterprises in the industry; Sixth Metallurgical Company has deeply cultivated the Indonesian market and entered into contracts of RMB740 million for the whole year; Twelfth Metallurgical Company has signed a contract for the Zhongwei nickel mine project in Indonesia.

The Company has strengthened the reconstruction and optimisation of overseas marketing agencies, and has completed the reconfiguration of personnel of several overseas representative offices, branches and subsidiaries, and gradually achieved full coverage of key overseas business areas, and provided strong organisational guarantee for the development of overseas markets through the construction of the "1+N+1" overseas marketing system. In addition, the Company strengthened the synergy between its member design enterprises and construction enterprises, and each member enterprise gives full play to their respective advantages in specific regional markets, with the addition of new business in Dominican Republic, Namibia, South Africa, the Philippines and Australia, among other countries.

(2). *Analysis of production volume and sales volume*

Applicable Not applicable

(3). *Performance of major purchase or sales contracts*

Applicable Not applicable

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS (REPORT OF THE BOARD)

(4). Cost analysis

Expressed in RMB '000

Sector	Cost composition project	By sector		Previous	Percent, (%)	Change, (%)	Description
		Current	Percent, (%)				
Engineering survey, design and consultancy	Labor, raw materials and labor subcontracting costs, etc.	1,941,880	9.53	1,879,754	9.09	3.31	Increased along with revenue increase.
Engineering and construction	Subcontractor costs, labor costs, raw materials, machinery usage fees, etc.	16,272,921	79.85	16,662,759	80.60	-2.34	Decreased along with revenue decrease.
Equipment manufacturing	Subcontractor costs, labor costs, raw materials, machinery usage fees, depreciation and amortization, etc.	2,165,050	10.62	2,130,699	10.31	1.61	Increased along with revenue increase.
Total		20,379,851	100.00	20,673,212	100.00	-1.42	

(5). Changes in consolidation scope due to changes in equity of major subsidiaries within the Reporting Period

Applicable Not applicable

(6). Major changes or adjustments to business, products or services within the Reporting Period

Applicable Not applicable

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS (REPORT OF THE BOARD)*(7). Particulars of major customers and major suppliers*

A. Major clients of the Company

Applicable Not applicable

Sales to top five customers amounted to RMB3,714.46 million, representing 16.63% of total sales for the year, among which sales to related parties amounted to RMB1,687.01 million, representing 7.55% of total sales for the year.

Expressed in RMB'000

Name of customer	Operating income	Percentage of the Company's total operating income (%)
Unit 1	1,257,134	5.63
Unit 2	1,067,419	4.78
Unit 3	506,881	2.27
Unit 4	453,151	2.03
Unit 5	429,874	1.92
Total	3,714,459	16.63

Particulars that the sales to a single customer accounted for more than 50% of total sales, and there was any new customer in the top five customers, or seriously relying on a few customers within the Reporting Period

Applicable Not applicable

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS (REPORT OF THE BOARD)

B. Major suppliers of the Company

Applicable Not applicable

Purchases from top five suppliers amounted to RMB1,071.61 million, representing 5.26% of total purchases for the year, among which purchases from related parties amounted to RMB0, representing 0% of total purchases for the year.

Expressed in RMB'000

Name of supplier	Operating income	Percentage of the Company's total operating cost (%)
Supplier 1	674,351	3.31
Supplier 2	116,191	0.57
Supplier 3	106,569	0.52
Supplier 4	93,078	0.46
Supplier 5	81,423	0.40
Total	1,071,612	5.26

Particulars that the purchases from a single supplier accounted for more than 50% of total purchases, and there was any new supplier in the top five suppliers, or seriously relying on a few suppliers within the Reporting Period

Applicable Not applicable

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS (REPORT OF THE BOARD)

3. Expense

Applicable Not applicable

Selling expenses for the period amounted to RMB141 million, representing an increase of 18.3% over the previous year, mainly due to the increase in sales expenses as a result of the Company's further strengthening of market development.

Administrative expenses for the period amounted to RMB1.135 billion, representing a slight increase year-on-year, and there were no material changes.

Research and development expenses for the period amounted to RMB943 million, representing an increase of 3.43% over the previous year, mainly due to the year-on-year increase in research and development investment as the Company increased the research and development of core technologies based on the top priority requirement of technological innovation.

Financial expenses for the period amounted to RMB259 million, representing a decrease of 9.77% over the previous year, which was mainly due to the Company repaid inter-est-bearing financing of RMB3.8 billion by giving full play to the effect of centralised fund management; At the same time, the financing structure was further optimised and adjusted, the comprehensive financing cost was reduced by 49BP, and the financial expenses were significantly reduced year-on-year.

4. R&D investments

(1). *Particulars of R&D investments*

Applicable Not applicable

(Expressed in RMB'000)

Expensed R&D investment for the period	943,309
Capitalised R&D investment for the period	893
Total R&D investment	944,202
Percentage of total R&D investment in operating revenue (%)	4.23
Percentage of capitalised R&D investment (%)	0.004

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS (REPORT OF THE BOARD)

(2). Particulars of R&D team

Applicable Not applicable

Number of R&D team members of the Company	2,164
Number of R&D team members in total headcount of the Company (%)	18.7

Educational structure of R&D team members

Category of educational structure	Number
Doctor's degree	25
Master's degree	539
Bachelor's degree	1,243
Junior college	345
High school or lower	12

Age structure of R&D team members

Category of age structure	Number
< 30 years old (excluding 30)	344
30-40 years old (including 30, excluding 40)	997
40-50 years old (including 40, excluding 50)	503
50-60 years old (including 50, excluding 60)	320
>=60 years old	0

(3). Description

Applicable Not applicable

In 2023, Chalieco adhered to the development strategy of "Science and Technology + International", and continued to provide technical support for the development of the non-ferrous industry through scientific and technological R&D and engineering design, so as to enhance the core competitiveness of Chalieco. Based on the characteristics of entrepreneurial, market-oriented and engineering scientific research, the Company studied and formulated a reform plan for the scientific and technological innovation system, completed the mid-term assessment of the science and technology project of the "14th Five-Year Plan", further improved the scientific research management system, formulated and published guiding opinions on the treatment of R&D inputs as profit plus rebates, amended the management methods for scientific and technological R&D projects, strengthened and standardized the management of R&D projects, and implemented the policies on the autonomy of scientific research and various types of scientific and technological innovation incentives. The survey and design enterprises have expeditiously pushed forward the market-oriented reform, and the six demonstration enterprises have formulated the market-oriented reform plan for science and technology-type enterprises to further strengthen their market development capability and stimulate the impetus of scientific and technological innovation.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS (REPORT OF THE BOARD)

Chalieco focuses on fulfilling its strategic responsibilities to serve the country, and plays the role of the main force of scientific and technological innovation. It further focuses on its main industries, focusing on the “eight major fields” of surveying and exploration, mines, non-ferrous metal processing, and smelting of heavy non-ferrous and rare metals, and on the “five major directions” of “dual-carbon” technology, key process technology and equipment in the non-ferrous industry, big data service and intelligent manufacturing, comprehensive utilization of resources, and municipal public service, and further strengthens the headquarters’ coordination and top-level design. To further strengthen the headquarters’ coordination and top-level design, and to plan major science and technology projects from the top down with a target-oriented approach, and to organize and complete the establishment of key scientific research projects in 2023. Relying on the innovative advantage of the integration of scientific research and engineering in the whole industrial chain of our business, we will push forward the implementation of the annual R&D investment plan. In the area of resource protection, focusing on the “three highs” of mining enterprises, we will strive to realize the strategic upgrading of deep-earth resource exploitation, and explore technological answers to enhance the independent safeguarding capability and strategic security of China’s mineral resources; and in the areas of green, low-carbon and digitalization, we will focus on certain research and development of industrial key technologies such as the upgrading of progress technology and equipment, industrial transformation and empowerment and industrial digitalization empowerment, and strive to promote the development process of intelligent manufacturing in China’s non-ferrous metal industry and enhance the level of indigenous production, so as to realize the green, low-carbon and intelligent convergence, networked sharing and platform-based synergy of various resource elements such as production, equipment, energy, logistics, among others, and to promote the development of the non-ferrous metal industry in terms of greening, high efficiency and intelligent development; In the field of engineering and construction, we will strive to promote the deep integration of the two technologies, realize the seamless connection of design and construction, optimize the supply chain, and gain the key competitiveness to survive and develop in the midst of stimulated competition. The research and development of new technologies and the promotion and application of new achievements have provided strong technological support for building the international brand advantage and international competitiveness of Chalieco.

- (4). *Reason for significant change in R&D team structure and its influence on the Company’s future development*

Applicable Not applicable

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS (REPORT OF THE BOARD)

5. Cash flow

Applicable Not applicable

The Company's net cash flow from operating activities in 2023 was a net inflow of RMB723 million, representing a year-on-year increase of RMB198 million in net inflow, which was mainly due to the year-on-year increase in net cash inflow from operating activities as the Company focused on cash flow collection and strictly implemented cash flow control measures to "determine expenditure based on revenue".

In 2023, the Company's net investment activities amounted to a net inflow of RMB95 million, as compared to a net outflow of RMB4.321 billion in the same period of the previous year, mainly due to the Company's recovery of the equity transfer payment of Miyu Company, while the project construction investment expenditure incurred by Miyu Company in the previous year was presented as cash outflow from investment activities, and there was no such business during the Reporting Period.

In 2023, the Company's net cash flow from financing activities was a net outflow of RMB4.412 billion, as compares with net inflow of RMB3.867 billion in the same period of the previous year, which was mainly due to the fact that the Company repaid some external loans with higher financing costs, and the financing scale has dropped to the lowest level since 2016.

(II) Explanation of material changes in profit caused by non-principal business

Applicable Not applicable

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS (REPORT OF THE BOARD)

(III) Analysis of assets and liabilities

Applicable Not applicable

1. Assets and liabilities

Expressed in RMB'000

Item	Current	Percentage in total assets (%)	Previous	Percentage in total assets (%)	Change (%)	Remarks
Monetary funds	4,061,290	9.92	7,673,528	16.19	-47.07	The Company further strengthened the centralized management of funds, coordinated the use of capital positions, and reduced the scale of financing. The holdings of currency funds reduced to a relatively optimal turnover level.
Other receivables	1,352,121	3.30	2,477,445	5.23	-45.42	Recovery of the equity transfer money of Miyu Company and other receivables during the year.
Construction in progress	76,590	0.19	195,715	0.41	-60.87	Predominantly as some of the Company's projects under construction have been completed and transferred to fixed assets.
Non-current asset due within one year	171,605	0.42	396,417	0.84	-56.71	Recovery of certain long-term receivables due within a year during the Reporting Period.
Other non-current assets	490,988	1.20	1,233,220	2.60	-60.19	Provision for impairment of long-term contract assets made in accordance with the revised accounting estimates.
Non-current liabilities due within one year	1,424,748	3.48	3,137,365	6.62	-54.59	Long-term borrowings due within one year repaid during the Reporting Period.

2. Details of overseas assets

Applicable Not applicable

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS (REPORT OF THE BOARD)

3. Details of significant restricted assets as at end of the Reporting Period

Applicable Not applicable

In RMB'000

Item	Closing carrying amount	Reason for restriction
Monetary funds	721,686	Frozen, pledged
Notes receivable	1,000	Pledged
Accounts receivable	6,997	Pledged
Financing receivables	59,469	Pledged
Total	789,152	/

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS (REPORT OF THE BOARD)

4. Other explanations

Applicable Not applicable

(1) Borrowings

Details of interest-bearing liabilities of the Company are set out below:

(Expressed in RMB'000)

Item	As at the end of 2023	As at the end of 2022	Change
Short-term borrowings from banks and financial institutions	1,343,848	4,184,225	-2,840,377
Long-term borrowings due within 1 year	1,414,590	3,128,152	-1,713,562
Bank and other financial institution borrowings	6,179,831	5,257,000	922,831
Total interest-bearing liabilities	8,938,269	12,569,377	-3,631,108
Less: cash and cash equivalents (excluding restricted cash)	3,339,604	6,857,364	-3,517,760
Net interest-bearing liabilities	5,598,665	5,712,013	-113,348

As at 31 December 2023, the Group's outstanding borrowings amounted to RMB8,938.269 million, representing a decrease of RMB3,631.108 million as compared with the interest-bearing liabilities of RMB12,569.377 million as of the end of 2022. Net interest-bearing liabilities (interest-bearing liabilities less cash and cash equivalents) at the end of 2023 amounted to RMB5,598.665 million, representing a decrease of RMB113.348 million as compared with the interest-bearing liabilities of RMB5,712.013 million as of the end of 2022.

(2) Pledge of assets

As of 31 December 2023, the Group pledged receivables of RMB6.9972 million to obtain short-term loans of RMB6.9972 million.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS (REPORT OF THE BOARD)

(3) *Contingent liabilities*

As of 31 December 2023, the Company did not have any material contingent liabilities.

(4) *Capital structure*

The Group manages and controls its capital structure on the basis of gearing ratio. Such ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including short-term borrowings, long-term borrowings due within 1 year, bonds payable, longterm borrowings and bonds payable as shown in the consolidated balance sheet) less cash balance as stated in the cash flow statement. Total capital is the sum of shareholders' equity and net debt as shown in the consolidated balance sheet. Total shareholders' equity comprises shareholders' equity attributable to the parent company and minority interests.

As at 31 December 2023 and 31 December 2022, the Company's gearing ratio was 43.56% and 35.33%, respectively. The increase in the gearing ratio as at 31 December 2023 as compared with that as at 31 December 2022 was mainly due to the fact that the Company recorded a loss in its financial statement. Although the Company's gearing ratio increased, it remained within a reasonable range..

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS (REPORT OF THE BOARD)

(IV) Industry Operational Information Analysis

Applicable Not applicable

The Group's main business operations include engineering design and consulting, engineering and construction contracting, equipment manufacturing and trading, and according to the Guidelines for the Industrial Classification of Listed Companies (2012 Revision) issued by the CSRC and the results of listed companies classification issued by the CSRC, the Group falls in the industry of building and construction. The Group's operating information in the industry is analyzed below:

Analysis of operating information on the construction industry

1. Projects completed and accepted during the Reporting Period

Applicable Not applicable

(Expressed in RMB'0,000)

Industrial segment	Engineering survey, design and consulting	Industrial projects	Civil construction	Roads and municipalities	Equipment manufacturing	Others	Total
Number of projects	2,706	139	111	14	288	2	3,260
Total amount	147,006.21	564,884.73	326,495.58	34,226.95	92,148.30	18,103.59	1,182,865.36

Applicable Not applicable

(Expressed in RMB'0,000)

Project area	Number of projects	Total amount
Domestic	3,233	1,163,048.48
Overseas	27	19,816.88
In which:		
Asia	8	14,178.33
South America	0	0
North America	0	0
Oceania	0	0
Africa	17	5,583.25
Europe	2	55.3
Total	3,260	1,182,865.36

Other explanation

Applicable Not applicable

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS (REPORT OF THE BOARD)

2. Projects in progress during the Reporting Period

Applicable Not applicable

(Expressed in RMB'0,000)

Industrial segment	Survey, design and consulting	Industrial projects	Civil construction	Roads and municipalities	Equipment manufacturing	Others	Total
Number of projects	5,992	768	302	72	680	151	7,965
Total amount	622,664.54	3,060,253.88	3,104,441.92	2,841,219.89	727,147.9	445,040.60	10,800,768.81

Applicable Not applicable

(Expressed in RMB'0,000)

Project area	Number of projects	Total amount
Domestic	7,798	9,692,136.88
Overseas	167	1,108,631.93
In which:		
Asia	82	867,651.73
South America	12	8,882.07
North America	6	6,657.50
Oceania	2	220
Africa	50	35,637.29
Europe	15	189,583.34
Total	7,965	10,800,768.81

Other explanation

Applicable Not applicable

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS (REPORT OF THE BOARD)

3. Major projects under construction

Applicable Not applicable

(Expressed in RMB'000)

Project name	Business model	Project amount	Duration of construction	Percentage of completion	Revenue recognized during the period	Cumulative revenue recognized	Cost inputs for the period	Cumulative cost inputs	Cumulative payback amount as at the end of the period	Whether project progress is in line with expectations	Whether the progress of payment is in line with expectations
Miyu Project	General contractor for construction	10,647,630	62 months	79.07%	1,254,736	7,546,249	1,111,568	6,685,204	7,353,240	Yes	Yes
Mampawa Aluminum Oxide Project in Indonesia	EPC	3,319,460	31 months	33.14%	1,067,419	1,493,482	1,038,749	1,390,416	1,653,437	Yes	Yes

Other explanation

Applicable Not applicable

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS (REPORT OF THE BOARD)

4. Cumulative new contract awards during the Reporting Period

Applicable Not applicable

During the Reporting Period, 6,260 new contracts were awarded, with a combined value of RMB39.811 billion.

5. Orders on hand as of the end of the Reporting Period

Applicable Not applicable

The total amount of orders in hand at the end of the Reporting Period was RMB58.184 billion. Of this amount, RMB5.77 billion was for projects for which contracts had been signed but work had not yet commenced, and RMB52.414 billion was for uncompleted portions of projects under construction.

Other explanations

Applicable Not applicable

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS (REPORT OF THE BOARD)

6. Other explanations

Applicable Not applicable

(1) Qualifications obtained during the Reporting Period

A list of 8 qualifications were newly obtained in 2023, details are provided as follows:

Name of the enterprise	Name of the certificate	Certificate No.	Date of issuance	Date of expiration
CNPT	Grade B Town and Country Planning Preparation Qualification Grade B	Yu Zi Zi Gui Yi Zi 23410075	2023-8-4	2028-8-3
Changkan Institute	Grade B Town and Country Planning Preparation Qualification Grade B	Xiang Zi Zi Gui Yi Zi 23430104	2023-6-27	2024-12-31
Changkan Institute	Grade B Geological Hazard Management Engineering Supervision	430020231120088	2023-11-29	2028-11-28
Kunming Survey and Design Institute	Grade B Town and Country Planning Preparation Qualification Grade B	Yun Zi Zi Gui Yi Zi 23530001	2023-3-27	2025-12-31
Kunming Survey and Design Institute	Grade II Municipal Public Works Construction General Contractor	D253009658	2023-3-13	2028-3-13
Kunming Survey and Design Institute	Grade II Building Construction General Contractor	D253009658	2023-9-8	2028-9-8
Ninth Metallurgical Company	License to Undertake Installation (Repair, Test) of Electric Power Facilities (Grade IV)	3-1-00362-2023	2023-12-13	2029-12-12
Tianjin Construction	Grade II Electric Power Construction General Contracting	D212006555	2023-8-29	2026-5-31

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS (REPORT OF THE BOARD)

- (2) *Analysis of the percentage of construction project revenue in total revenue of the Company for the recent three years*

(Expressed in RMB'000)

	2023		2022		2021	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Industrial Engineering	6,883,367	30.82	5,873,195	24.78	5,587,897	23.93
Municipal construction	765,851	3.43	835,667	3.53	2,530,062	10.84
Civil construction	6,583,618	29.47	7,354,500	31.04	11,337,396	48.56
Highway, transports and others	2,818,135	12.62	4,498,084	18.98	303,232	1.30
Total	17,050,972	76.33	18,561,446	78.33	19,758,587	84.63

- (3) *Composition analysis of construction project cost for the recent three years*

Major cost components of the construction segment for past three years are set forth below:

(Expressed in RMB'000)

Cost composition	2023		2022		2021	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Subcontracting cost	9,313,621	57.23	9,479,991	56.39	9,676,993	56.03
Material and equipment cost	6,228,626	38.28	6,380,144	37.95	6,463,591	37.42
Labor cost	254,138	1.56	172,538	1.03	257,405	1.50
Other	476,536	2.93	777,376	4.63	873,001	5.05
Total	16,272,921	100.00	16,810,048	100.00	17,270,991	100.00

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS (REPORT OF THE BOARD)

Changes in the cost of the construction and contracting segment of the Company over the past three years:

- ① Subcontracting cost, material and equipment cost remained relatively stable. As subcontracting cost, material and equipment cost were highly replaceable with each other, the Company made overall arrangement for contracting based on available resources and profit margin of sub – projects. The Company continuously summarized management experience and strengthened cost management to improve contract income;
- ② Other expenses included machinery usage fees and accrued production safety fees, etc.

The Company's subcontractors are divided into engineering subcontractors and labor service subcontractors. Depending on specific conditions, the Company may subcontract non-main part of the project to engineering subcontractors or labor service subcontractors. On the one hand, subcontracting improves the Company's ability to undertake large-scale projects and the flexibility in contract performance. On the other hand, the ability to manage subcontractors and control subcontractor costs also affects the Company's ability to perform contracts. The Company usually subcontracts about 55% of business of this segment. All large-scale engineering projects involve subcontractors. The overall gross margin of profit rate of the company's engineering construction projects was 12.59%, 9.44% and 4.56% for 2021 to 2023 respectively.

(4) *Particulars of financing arrangements*

At the end of the Reporting Period, the balance of financing through debt and equity instruments stood at RMB13.724 billion, including RMB8.924 billion in debt financing and RMB4.8 billion in equity financing. Total financing amount decreased by RMB3.8 billion from that as at the end of 2022, the main reason was that the Company returned bank borrowings of higher finance costs and accomplished a double reduction in the scale of financing and financing costs.

In terms of public bond financing, the Company issued the first tranche of perpetual medium-term notes in the interbank market in October 2023, amounting to RMB1.5 billion, with a maturity of 2+N and an interest rate of 4.17%; and the Company issued the second tranche of perpetual medium-term notes in the interbank market in November 2023, amounting to RMB1.3 billion, with a maturity of 2+N and an interest rate of 3.77%.

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(5) *Quality control system, execution standards, control measures, overall evaluation and safety-related accidents*

In 2023, the Company focused on the work goal of “no Class A quality accidents and quality awards no less than 2022”, conscientiously implement quality work requirements, improved the quality management system, implemented quality management responsibilities, improved design quality, and strengthened Manage the quality of the construction site, reduced common problems and quality defects in construction quality, continuously improved the Company’s quality management level, and ensured the smooth and orderly implementation of the Company’s quality work. On 24 November 2023, a mould support system collapse accident occurred at the construction site of general contracting of Tianjin Construction, the accident occurred in the Shanxi Yongxin railway dedicated line consolidation station construction project, in the No. 2 engine room of the raw material coal shed of the coal blending system. During the process of pouring concrete, a relevantly large safety accident occurred. After the accident, Chalieco immediately activated the emergency response plan, actively cooperated with the local government to carry out on-site rescue and accident investigation, properly completed the subsequent arrangement works, and carried out full-scale warning education, full-scale stocktaking and remediation of safety risks and hidden dangers in the Company. In addition, Chalieco improved nine rules and regulations, carried out a full-scale stoppage inspection of 377 under-construction projects of its enterprises and retired 17 unqualified subcontractors, thereby striving to achieve the in essence safety of the construction projects and prevent the occurrence of similar accidents.

(6) *Operation of workplace safety system*

In 2023, the Company fully implemented the important expositions and important instructions of General Secretary Xi Jinping on production safety and emergency management, with the main line of promoting the implementation and effective operation of the Company’s safety production standardization system and the contractor safety management standardization system. The safety management strengthened annual action and the special investigation and rectification action for major accident hazards as the starting point, focused on six practical enhancements, paid close attention to the implementation of safety responsibilities of all employees, strictly focused on special rectification in key areas, strengthened the construction of talent teams, and strengthened the contractor’s safety management and controlled defense line. In 2023, the Company’s production safety systems operated effectively, and the production safety situation was generally stable.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS (REPORT OF THE BOARD)

(V) Investment Analysis

Overall analysis of external equity investments

Applicable Not applicable

As of 31 December 2023, the Company's long-term equity investment balance (original value) was RMB802.5241 million, an increase of RMB3.5476 million from the beginning of the year, an increase of 0.44%. The long-term equity investment impairment provision was RMB48.2186 million, which was the same as that 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

Expressed in RMB'000

Asset category	Amount as at the end of the period	Amount as at the beginning of the period
Receivables financing	453,487	690,553
Transactional financial assets	700,506	–
Other equity instrument investments	49,248	57,167
Total	1,203,241	747,720

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS (REPORT OF THE BOARD)*Securities Investment*

Applicable Not applicable

Explanation on Securities Investment

Applicable Not applicable

Private Equity Investment

Applicable Not applicable

Derivatives investment

Applicable Not applicable

(VI) Details of the progress of the major asset restructuring and consolidation during the Reporting Period

Applicable Not applicable

(VII) Disposal of significant assets and equities

Applicable Not applicable

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS (REPORT OF THE BOARD)

(VIII) 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:

In RMB'000

Company name	Business scope	Total assets	Net assets	Operating revenue	Net profit
Shenyang Aluminum & Magnesium Engineering & Research Institute Co., Ltd.	Engineering survey and design	1,597,732	614,954	920,278	39,334
Guiyang Aluminum & Magnesium Design Institute Co., Ltd.	Engineering survey and design	1,874,803	393,554	803,550	-122,956
Changsha Engineering & Research Institute Limited for Nonferrous Metallurgy	Engineering survey and design	2,487,445	1,034,739	1,346,203	-38,784
China Nonferrous Metals Processing Technology Co., Ltd.	Engineering design and equipment manufacturing	2,178,216	601,791	1,268,163	21,959
Kunming Non-ferrous Metallurgical Design and Research Institute Corporation	Engineering survey and design	532,994	179,640	225,942	75,574
China Nonferrous Metals Changsha Investigation and Design Research Institute Co., Ltd.	Engineering survey and design	1,236,024	167,541	818,250	-189,191
Kunming Survey and Design Institute Co., Ltd. of China Nonferrous Metals Industry	Engineering survey and design	1,355,862	455,167	1,250,158	42,318
Sixth Metallurgical Construction Company of China Nonferrous Metals Industry	Building and construction	10,763,875	2,262,212	7,084,110	-961,124
Ninth Metallurgical Construction Co., Ltd.	Building and construction	9,391,037	1,836,046	4,535,339	-343,879
China Nonferrous Metals Industry's 12th Metallurgical Construction Co., Ltd.	Building and construction	4,129,549	693,581	1,977,900	-464,492
CHALIECO (Tianjin) Construction Co., Ltd.	Building and construction	1,510,631	497,373	789,522	-76,876
Chalco Shandong Engineering Technology Co., Ltd.	Building and construction	702,063	-285,433	357,039	-435,509

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS (REPORT OF THE BOARD)

(IX) Particulars of structured entities controlled by the Company

Applicable Not applicable

VI. DISCUSSION AND ANALYSIS OF FUTURE DEVELOPMENT OF THE COMPANY

(I) Industry landscape and trend

Applicable Not applicable

1. Non-ferrous metal industry

The development mode of the industry will change from scale expansion to optimization of stock, control of increment and active reduction, and from low-cost resources and factor inputs to innovation-driven, quality-enhancing, high-quality development, green development and intelligent development. The target market of the industry will undergo profound changes, from incremental to stock-based, from new projects to project relocation, technological transformation, industrial upgrading and technical services. The output of copper, aluminum and other major products will maintain steady growth, the industry's overall operating income, investment in fixed assets will maintain sustained growth, greening and intelligent transformation and upgrading will accelerate its pace.

Overall speaking, the Company has a wide range of market development opportunities in the construction of major investment projects in non-ferrous metals under the national "14th Five-Year Plan", in the domestic exploration and development of copper, aluminum, nickel, lithium, platinum group metals and other scarce strategic minerals, in the greening and intelligent transformation of the industry, in the domestic production of key materials and equipment such as short process equipment, hot rolling, cold rolling, high-speed rolling mills, rolling of more than 3,000mm, finishing series high-speed and wide-width production equipment, special metal materials rolling equipment, among others, and in scientific and technological research and development of key areas and market segments of the Chinalco, such as as aerospace, new energy, rail transportation, electronic information, among others.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS (REPORT OF THE BOARD)

2. Construction and engineering industry

In the past two years, China's foreign demand has continued to weaken, the contribution marginal of exports to China's economic growth has declined, the growth rate of infrastructure investment has shown a decline from the height, real estate investment is still a drag on economic growth. The State has launched certain policies to speed up infrastructure construction, promote private investment and urban village transformation in super cities and megacities, as well as "ordinary and emergency dual-use" public infrastructure construction, among others, which are expected to promote the continuous growth of manufacturing industry and infrastructure investment. The housing construction industry is expected to be in a downward trend for a long time; prefabricated construction has become an important way to realize green building; municipal engineering industry will continue to grow with a slower rate of growth; transportation and construction industry will maintain stable growth; water conservancy industry will usher in the peak of sustainable development; and new energy power investment demand is strong. Green building, digital building, industrialized building and building energy saving will become the important development direction of future construction engineering. The industrialization of construction is accelerating, and the prefabrication rate is rising. The evolution of building intelligence is accelerating, and new technologies such as BIM, Internet of Things, big data, artificial intelligence and construction robots are subverting the traditional industry. The greening of buildings is developing in depth, and "carbon neutrality" will lead the new trend. These trends will have a far-reaching impact on various aspects of the construction industry, such as business philosophy, construction method, organization mode, management mode and product form, among others.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS (REPORT OF THE BOARD)

(II) Corporate development strategy

Applicable Not applicable

1. Vision

Strive to build a world-class modern new industrial service enterprise providing comprehensive solutions comprising advanced non-ferrous metal technologies, complete sets of equipment and integrated service.

2. Development mindset

In accordance with the “332+N” development mindset, we will base ourselves on three markets, deeply cultivate three fields, innovate two models, create N new business forms, and realize the transformation into a modern new industrial service enterprise.

(1) *Base on three markets*

Deeply cultivate and refine the internal market of the Group; deeply dig into the market potential of non-ferrous metals and advantageous industrial fields, consolidate and expand the domestic market; unswervingly expand the international market.

(2) *Deeply cultivate three fields*

Firstly, to provide full life cycle and full process technical services; secondly, to supply technology + mid-to-high-end products; thirdly, to implement investment, financing, construction and operation projects in non-ferrous industries and industrial fields with technology as the core.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS (REPORT OF THE BOARD)

(3) Innovate business model

Shift the business model from one-off project services to providing customers with products, services and comprehensive solutions throughout the entire life cycle, the entire industry chain and all professional fields; shift the commercial model from single project delivery to the sharing of technical value results, long-term equipment product revenue sharing, digital and intelligent long-term maintenance revenue sharing, among other operational and platform models.

(4) Form a new business pattern of “technology + N” model

With technological innovation as the center, capacity building as the radius, user demand as the guidance, and superimpose new business forms such as technology + products, technology + services, technology + equipment, technology + investment, etc, with the “technology +” model. The design and survey business shall follow the “123+N” model, and the construction business shall follow the direction of “specialisation, refinement, strength and special” to achieve transformation, upgrading and high-quality development.

(5) Promote the transformation into a modern new industrial service enterprise

Taking “serve the high-quality development of the core industry of the Group” as the guidance, promote the integrated development of the production service industry, taking digital operation and maintenance, digital manufacturing and industrial Internet as technical means to create a new model of industrial services, establish design innovation advantages **on the research and development side**, expand consulting service capabilities **on the marketing side**, promote manufacturing system upgrade **on the production side**, drive the enterprise to develop into high value-added links such as design and services at both ends of the industrial chain, and shift towards the “technology +” model, so as to effectively enhance corporate competitiveness.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS (REPORT OF THE BOARD)

(III) Operational plan

Applicable Not applicable

In 2024, the Company will solve issues with the approach of high quality Party building + strengthening operations, promoting transformation, reducing risks, and deepening reforms”, adhere to the combination of systematic work and key and difficult work, and focus on “1+10” special actions, namely high-quality Party building leadership and guaranteeing action + specialised reform action, safety production action, scientific and technological innovation breakthrough action, overseas development enhancement action, extreme cost reduction and efficiency improve action, contract enhancement and efficiency increase action, performance quality enhancement action, “two funds” collection action, loss-making enterprise quit action, and digital intelligence empowerment special action. The Company will clarify the task objectives, formulate work measures, divide responsibilities and strengthen the implementation, so as to better play the roles of scientific and technological innovation, industrial control and safety reinforcement, further enhance the core functions of the enterprise, improve core competitiveness, and lay the foundation for achieving high-quality development and accelerating the construction of the “New Challico”.

1. Strengthening operations and anchoring to the full-year business target without relaxation

Take marketing as the leader and strengthen the foundation of development. Adhering to the development strategy of “science and technology + internationalisation”, focusing on the main business of non-ferrous metals, relying on technological advantages, not only focusing on the incremental volume but also tapping into the stock volume, making every effort to open up both domestic and foreign markets. Optimise the business structure and income structure from the source of market development, improve the quality of contracts, and implement the “Contract Enhancement and Efficiency Action”, so as to achieve effective improvement in quality and reasonable growth in quantity. Deepen strategic marketing and major customer marketing, grasp the key markets, key customers and major projects. Standardise and promote collaborative marketing, establish upstream and downstream enterprises’ collaborative marketing incentive mechanism, share project resources and project revenue, and vigorously promote engineering design business to drive engineering construction business. Further expand the business field, relying on the established business channels and technology research and development capabilities, closely follow the national policy, open up new industrial tracks, form new growth points, and enhance the proportion of new industrial business. Optimise the business layout, actively build a new pattern of synergistic development of platform companies, professional companies and regional companies, and focus on the layout of advantageous business regions with abundant resources and good economic foundation. Increase our efforts to develop overseas markets, set up an overseas business division, systematically implement the “Overseas Development and Enhancement Action”, improve the “1+N+1” overseas market layout system. Focus on key projects in key regions, keep an eye on Rio Tinto’s Simandou project and aluminum oxide project, as well as the Laos VPG project, and strive to sign a number of high-quality contracts.

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Enhance the quality of project performance and polish the Chalieco brand. Deepen the “four improvement” concepts of “entrepreneurship, marketisation, professionalism and rule of law” in project management, carry out the “special action to improve the quality of performance”, and comprehensively enhance customer satisfaction and market reputation. Reconstruct the project management system, optimise the Company’s project management and control structure, and clarify the project management responsibilities according to the levels of company, enterprises and projects; fully implement the “two systems” for projects, and press down the control responsibilities at each level and item by item. Strengthen project performance management, implement list management for key projects, implement responsibilities at different levels, track progress regularly and match resources support such as funds, policies, among others. Strengthening project management capacity building, systematically formulating training programmes for project management personnel. Create a professional project management team whose “certificates” match with their “competence” through self-development and market introduction. Implement standardised site construction, setting up special benchmark projects, strengthening inspection and management of key projects and establishing a feedback mechanism for project evaluation.

Strengthen the cost control of all elements and systematically enhance the essential profitability. Taking “Extreme Cost Reduction and Efficiency Actions” as a handle, enhance the promotion of the implementation of project cost management and control to achieve results, firmly grasp reform and cost reduction, reduce financial expenses and build up the competitive advantage of enterprise cost at all levels and in all elements to enhance the profitability. Reshape the procurement and bidding management system, implement hierarchical and categorised procurement supervision, and improve procurement efficiency and effectiveness. Pay close attention to subcontracting management and improve the proportion of labour subcontracting. Comprehensively promote the project information management system to achieve accurate control of internal controllable costs and external procurement costs. Reasonably control the scale of interest-bearing financing, continuously optimise the capital structure, and continue to implement the dual control of the scale of interest-bearing financing and asset-liability ratio; strengthen foreign exchange management, carry out spot foreign exchange settlement and forward locking business, reduce the impact of exchange rate fluctuations on our operating results.

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2. Pushing forward transformation and promoting the Company's high-quality development to a steady and far-reaching extent

Precise categorisation for the implementation of transformation and development.

In accordance with the development path of “123+N”, design and survey enterprises shall take the “Science and Technology Reform Action” as an opportunity to focus on scientific and technological innovation, technology engineering and transformation of scientific and technological achievements, focusing on the iterative upgrading of traditional industries, safeguarding of mineral resources, and the strategic, new and future industries to form a “technology+” centred business model. Take the EPC business as the key direction of business development, and take design enterprises as the leader to systematically improve the comprehensive ability of general contracting project marketing and project management. The construction enterprises, in accordance with the development mode of “professionalism, refinement, strength and speciality”, shall deeply push forward the market-oriented reform and professional integration, create a competent and competitive professional metallurgical construction team, and strengthen, optimise and specialise the construction business. Give full play to our “triple-full” advantages of full metal categories, full industrial chains and full business cycles, strengthen internal synergy, and continuously improve the ability of resource integration; through the digital integration of the whole business chain and the close cooperation between design, survey and construction enterprises to optimise the elements of the project construction in a comprehensive way, continue to push forward the integration of the value chain and comprehensively enhance the comprehensive competitiveness of the enterprise.

Gathering scientific and technological innovation synergy. Focusing on the “science and technology innovation breakthrough action” to promote high-quality transformation through science and technology innovation. Carry out deep and thorough reform of the science and technology innovation system, strengthen the overall coordination of Chalco, establish a planning system of “science and technology planning + scientific research plan and results promotion plan”, and build up systematic capabilities; strengthen the synergy of industry, academia and research integration, and establish a regular connection mechanism with other operating units of Chinalco, societies and associations, higher education institutes and leading enterprises; strengthen the operation mechanism of marketisation, entrepreneurship and engineering, and enhance our whole industry market competitiveness. Actively promote the key and core technology research and development, push forward the national major research and development tasks and major special projects according to the plan. Accelerate the industrialisation of scientific and technological achievements, and adopt core technologies to provide high-quality survey, design, consulting and other technical services for major projects and equipment development tasks, such as Qinghai electrolysis, Huasheng Phase II and Xizang Golden Dragon. Accelerate the development of the new mode of development with “technology+” as the core to enhance customer stickiness and develop new productivity. Reasonably plan the patent layout around major key core technology areas and major business expansion areas, form patent clusters and accelerate the application of overseas patents.

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Accelerate the digitalization and informatisation transformation. Improve the top-level design of digitalisation and informatisation, taking “Digital Intelligence Empowerment Special Action” as a handle to promote the relevant work around the two main lines of management digitisation and digital industrialisation, make efforts to consolidate the digitalisation foundation base, and push forward the unification of data, software and hardware standards. Accelerating management digitisation, coordinate the construction of Chalieco ERP platform on the basis of business and finance system to achieve online and systematic management of all projects. Promote the construction of cost management platform and design and R&D platform. Accelerate the development of digital industrialisation, coordinate the construction of digital delivery platforms, accelerate the promotion of a number of digital delivery projects such as Huayun Phase III, Qinghai 600kA, Yunnan Copper & Zinc relocation, Hongnipo, etc., and enhance the coverage of BIM technology application in key projects of construction enterprises.

3. Risk mitigation to build a solid foundation to make up for shortcomings and forging a long-lasting foundation

Adhere to the bottom line of safety and environmental protection and build a solid foundation for high-quality development. Firmly establish the fundamental principle of two “supremacies” and carry out the “production safety action”. Focus on the intrinsic safety of design and on-site construction and strengthen the demonstration and review of safety technical plans for dangerous and ultra-dangerous sub-projects; strengthen the implementation of safety standardisation system and strengthen the whole process of control of contractors. In terms of ecological environmental protection, take the three-year action of remediation of ecological environmental issues as the main line, clearing the stock, curbing the increment, and striving for the establishment of a green site.

Strengthening the control of the “two funds” and making every effort to resolve the risk of the “two funds”. Launch the “Two Funds’ Collection Campaign”, strictly control the scale of “Two Funds”, control the incremental amount while press the stock amount. Carry out regular management of incremental “two funds”, carry out whole process control from market development, contract signing, project implementation, settlement and collection, the proportion of incremental “two funds” accounted for the operating income shall be controlled at industrial advanced level; carry out all-out efforts to solve the stock “two funds”, and implement list management on important and complex matters.

Implementing precise measures and promoting the governance of loss-making enterprises with full force. With the “loss-making enterprise annihilation action” as a vehicle to accurately differentiate between enterprises with main responsibilities, cultivated enterprises, enterprises in the clearance category and enterprises in the transformation category. A programme will be formulated for each enterprise, with clear objectives and measures to address losses.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS (REPORT OF THE BOARD)

4. Deepening reform, excelling in multi-point breakthroughs to open new horizons

Comprehensively implement the “Special Action on Reform”, carry out systematic structural market-oriented reforms and continue to strengthen the building of capacity, motivation and vitality.

Accelerating the construction of excellent headquarters. Optimise the institutional setup and staffing of the headquarters, strengthen the four functions of the headquarters, namely operation, management, synergy and service. Strengthen professional capacity building and business digital system construction, enhance the standardisation, process and informationisation level of management, realise penetrating management and matrix management of business management system, and build an operational and value-creating corporate headquarters.

Accelerating the reform of organisational optimisation. Implement the synergy between the reform of the business system and the reform of the human resources system, optimise the management structure, and achieve the goal of streamlining the organisation and enhancing efficiency.

(IV) Potential risks

Applicable Not applicable

The risks faced by the Company mainly include safety and environmental protection risks in the course of daily operations, reform and business transformation risks, market changes and market competition risks, cash flow risks, operating efficiency risks.

1. Safety and environmental risks

Enterprises under the management of the Company are involved in diversified businesses such as survey, consulting, design, construction, supervision and operation, etc. As a high-risk industry, it is characterized by difficult operating environment, complicated work processes and high mobility of personnel, and risks and hidden dangers have existed for a long time. At present, the competition in the engineering and construction market is becoming more and more intense, and the projects contracted by the Company are characterized by unfavorable conditions such as difficult operation, low gross profit margin and remote location, which have led to increasing safety and environmental protection risks in project sites, production and processing workshops.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS (REPORT OF THE BOARD)

Countermeasures: firstly, we will firmly adhere to the bottom line of safety and environmental protection and build a solid foundation for high-quality development. Deeply learn the lessons of various safety accidents, firmly establish the fundamental principle of the two “supreme”, solidly carry out the “production safety campaign” with the spirit of “hammering the nails”; secondly, focus on the essential safety of the project, resolutely carry out compliance operations, strengthen the validation and review of safety technical programmes of sub-projects under the dangerous and ultra-dangerous segment; thirdly, to strengthen the implementation of safety standardisation system, enhance the whole process management and control of contractors, effectively reduce the occurrence of contractors’ safety production accidents. Continuously carry out the special action of investigating and rectifying major hidden hazards, make immediate corrections to major hidden safety hazards, and resolutely stop the work of those who cannot make immediate corrections, and resolutely stop the occurrence of accidents in relevantly large and above categories; fourthly, with the Three-year Action of Rectifying Ecological and Environmental Issues as the main line, we will clean up the stock, curb the increment, and strive to create a green construction site.

2. Reform and business transformation risks

Chalieco International has conscientiously implemented the important deployment of the CPC Central Committee and the State Council on the three-year action of reforming state-owned enterprises and actions to deepen and enhance reform, adhered to the key points, made up for shortcomings and strengthening weaknesses, and has achieved significant results in the improvement of the corporate governance of modern enterprises with Chinese characteristics, advancing business transformation, upgrading and structural adjustment, and promoting the reform of the market-oriented operation mechanism. However, there are still issues such as insufficient core competitiveness, insufficient impetus for reform and development, and insufficient vitality in the effectiveness of production factors.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS (REPORT OF THE BOARD)

Countermeasures: firstly, we will fully implement the deployment of the “Special Action on Reform”, fully implement the relevant reform tasks of the “1+3+6” reform system of the Company, carry out systematic structural market-oriented reform, and continue to strengthen the construction of capacity, power and vitality; secondly, we will optimise the setup and staffing of the headquarters, strengthen the four functions of the headquarters, namely operation, management, synergy and service, clarify the management and control standards, refine the management process, strengthen the supervision and implementation, and transfer the pressure from one layer to another. Aiming at key and difficult reform tasks, establish a supervisory work list, break down and implement the plan, carry out in-depth analysis against existing issues, clarify the direction of efforts, refine the specific work measures, concentrate our mind and muster our force, promote the implementation of key reform initiatives in place; thirdly, be assessment-oriented, strengthen guidance. Focus on the assessment requirements of the SASAC and Chinalco Group, strengthen the assessment of the completion of the reform, and carry out regular assessment and evaluation of the reform work. Communicate the latest policies and requirements related to the reform of higher units to subsidiaries in a timely manner. Provide guidance and assistance to enterprises in programme formulation and implementation.

3. Market changes and market competition risks

The non-ferrous industry is the traditional main business of Chalco International, and its member units have certain technical and brand advantages and strong market competitiveness. However, the contract value of the non-ferrous industry accounts for a small proportion of the Company’s total contract value, and the non-ferrous market has shrunk significantly due to the impact of the “dual-carbon” policy; as for the civil market, although the scale of the domestic civil construction market has generally remained stable, the market concentration has increased year by year, and the living space of small and medium-sized construction enterprises has been greatly squeezed and the market competition is fierce.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS (REPORT OF THE BOARD)

Countermeasures: Firstly, focusing on the main business of non-ferrous industry, consolidating the leading position of the Company in the field of non-ferrous engineering with the leading core technology and the advantage of non-ferrous whole industrial chain, tapping the potential and increasing the efficiency in the whole process of non-ferrous industry in the areas of green environmental protection, energy saving and carbon reduction, technological reform and operation and maintenance, etc.; secondly, relying on the advantageous professions, opening up new types of race track, implement the strategy of “science and technology + international”, and with “science and technology” as the guidance, encourage all units to carry out research and development and market development in the field of wind power, new energy raw materials and other high-tech industry fields, so as to build up new core competitiveness of the Company; thirdly, give full play to technical advantages of design institutes, aggregate and refine a number of industry-leading technologies and patents, innovate business models and expand market share; fourthly, coordinate the direction of development, optimise marketing strategy, and establish the mechanism of “coordinated management, hierarchical responsibility, independent operation and co-development”. Within the scope permitted by the business licence and qualification, each subordinate enterprise shall give full play to its autonomy and creativity and carries out marketing independently, while accepting the overall management of the headquarters.

4. Cash flow risk

In 2024, the Company’s project collection trend is still not optimistic, there are uncertainties in project settlement and collection, the difficulty of collecting long aging receivables is increasing, and it is difficult to realize the inventory of assets in kind; affected by the bank loans, expiration of the supply chain financial instruments, employees’ wages, social security and other rigid payments, SMEs’ arrears settlement and payment of taxes and fees, the status of the current period’s cash flow is still tense.

Countermeasures: firstly, we will take monthly capital budget as a handle, strengthen the collection of the two funds, strictly determine the expenditure based on collection, grasp the fund collection of large projects, and strictly control the payment of large amount of cash; secondly, under the hard constraint requirement of the Group and the Company to gradually reduce the scale of financing, in order to increase the financial flexibility of the Company and to ensure the safety and stability of the capital chain, the Company intends to gradually reduce the quota of usage of supply chain payment tools; thirdly, upgrade the project progress control standard, strictly implement the control of production by collection on the basis of determine the expenditure by collection, for projects whose collection is not in place at the nodes outside the group and whose main default responsibility is not on our side, we shall rigidly stop the construction and stop the loss, and strictly prevents the generation of substantial liabilities due to unreasonable inversion of the production value and the collection; fourthly, reduce the reliance on funds in the process of the expansion and implementation of the project through the optimization of business model, so as to reduce the risk of capital; fifthly, require branch companies and subsidiaries to activate the assets, actively dispose of the assets and recover the funds in advance, so as to ensure the safety of capital flow.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS (REPORT OF THE BOARD)

5. Operational efficiency risk

It is expected that the gross profit margins of construction projects may further deteriorate in 2024 due to factors such as the downturn in the construction market, low gross profit margins of newly undertaken projects and low inventory of high gross profit contracts within the Group.

Countermeasures: firstly, the Company has issued the “Guiding Opinions of China Aluminum International Engineering Corporation Limited on Cost Management of Engineering Projects (2022 Revision)”, which regulates the whole process of cost management and specifies the early warning values and measures, and will supervise its enterprises to further implement the relevant requirements; secondly, optimising the procurement system and gradually increasing the degree of centralisation of procurement; thirdly, adjusting the subcontracting management mode and increasing the proportion of labour subcontracting; fourthly, strengthen the management and control of loss-making projects under construction, establish a mechanism for investigating and pursuing responsibility, and achieve the project profit target as far as possible; fifthly, improve the “two systems” management system, unify the templates of the two system responsibility letters, strengthen the implementation of the key elements of project management, such as cash flow, contract assets, etc, and regulate the management behaviours.

(V) Others

Applicable Not applicable

VII. OTHER DISCLOSURES

(I) Principal business

The Group is principally engaged in engineering survey, design and consulting, engineering and construction contracting, equipment manufacturing and trading. Details of major subsidiaries, associates and joint ventures of the Company are set out in Note “7. EQUITY IN OTHER ENTITIES”.

(II) Business review

A review of the Group’s business during the year, potential risks, discussion of future business development and the relationships with employees, customers and suppliers are set out in “Section 4 Management Discussion and Analysis (Directors’ Report)”, and the Group’s financial and operating conditions are also analyzed using key financial indicators. For information on compliance with relevant laws and regulations that have a significant impact on the Group, please refer to “Section 5 Corporate Governance (Corporate Governance Report)” of this report. For the social responsibility and environmental protection matters of the Group during the year, please refer to “Section 7 Environmental and Social Responsibility” of this report. For details of major events affecting the Group, please refer to “Section 8 Key Matters” of this report.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS (REPORT OF THE BOARD)

(III) Explanation on the major relationship between the Company and its employees, customers, suppliers and other parties with significant influence on the Company

- 1. The Company and its employees.** The Company is always protecting employees' interests, committed to establishing "sunny, sincere, simple, and friendly" relationships with employees, implementing employees care projects, taking care of the living and working conditions of basic workers, offering fair career opportunities and competitive salary system and cozy interpersonal environment for employees. The Company fights against forced labour, harassment and abuse, strictly implements the Labour Law, the Labour Contract Law, the Social Insurance Law, and the Law on the Protection of Women's Rights and Interests, respects the human rights of employees, and prohibits child labour and forced labour. In 2023, there were no major labour disputes or human rights complaints. The Company offers employees fair wages and benefits, and pays social insurance and provident funds for employees in accordance with the law. The Company establishes a corporate annuity system to provide further pension security for retired employees. The Company vigorously protects employees' life and health, and makes employee health examinations, special physical examinations for female employees and special positions. The Company insists on democratic management, and gives full play to the role of corporate democratic management, democratic supervision and democratic decision-making in the basic form of workers' congress. The Company actively carries out rational suggestion activities.

Enhance the incentive effect of remuneration packages on scientific and technological talents and improve and optimise the remuneration structure and income level of overseas talents. Insist on selecting and strengthening the leadership team of the enterprise and the management team of the headquarters, continuously optimising the structure of the cadre team, doing a good job of optimising the age echelon, and increasing the reserve of outstanding young cadres. A number of relatively mature cadres and a number of excellent young cadres with cultivation potential have been identified, laying the foundation for continuously optimising the professional and age structure of the cadre force and establishing a sound cadre reserve system. We have strengthened the reserve of outstanding young talents at all levels and established a talent pool of the international operating units of Chalieco according to their professional categories, enhancing the comprehensive management level of the Company while cultivating and exercising outstanding young talents. Continuously promote the work of professional title promotion, organise the assessment and recommendation of professional and technical job qualifications for the year 2023, and a total of 752 people in the operating units passed the assessment of junior and intermediate professional titles and the preliminary examination of senior professional titles. Continuously strengthen internal and external training, organize professional knowledge and adaptability training in the form of online training and off-the-job training in political theory, hotspot focus, should-know and should-be-knowledgeable as well as professional quality enhancement, and implement the requirements of training notices to cover all the trainees who should attend the training; in combination with the work of the internal trainers and the talent pool, we organised and carried out 18 issues of the Chalieco Lecture Theatre with full mobilisation of the internal training resources, which covered the contents of fine market development in 2023, a total of 52,349 person-times were trained, with an investment of RMB12.226 million and a training duration of 377,686.45 hours.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS (REPORT OF THE BOARD)

2. **The Company and its customers.** The Group takes the provision of satisfactory products and services to its customers and the creation of values for its customers as its corporate faith. As such, we have established a result-oriented executive team to develop an executive culture which takes customer value as its faith. We have been dedicated to continuously upgrading our products and services for maximizing our customers' values, enabling the mutual benefits and mutual development between the Group and its customers.
3. **The Company and its suppliers.** The Group insists on the supply chain management principle of "hierarchical management, smooth marketing and ensure supply cooperating for mutual benefits and mutual development". Through the establishment of a unified industry interconnection platform, the Group has preliminarily established a database of procurement costs and categorized management on varieties of procurement, built and improved the appraisal system, incentive mechanism and elimination mechanism of suppliers, and promoted the consistent improvement on the supplying capacity of suppliers so as to realize the mutual benefits and mutual development between the Group and its suppliers.
4. **The Company, the governments and large enterprises as business partners.** In respect of the development of the domestic business, the Group focuses on the reinforcement of a profound connection with local governments and well-known enterprises. In 2023, the main leaders of the Company led a team to visit operating units within the Group such as Chalco, China Copper, and Chinalco High-end Manufacturing, and large customers outside the Group such as Yunnan Tin, Precious Metals Group, Shaanxi Non-ferrous, and CISDI, established a coordination mechanism, and signed a framework agreement on strategic cooperation. On the basis of maintaining large customers within the Group, the Company actively benchmarked against outstanding enterprises in the peer group to develop new ideas and broaden its business areas. The Group underwent in-depth exchanges with local governments in cities such as Zhengzhou, Changsha, Xianyang, Guiyang, Luoyang, and Kunming on business cooperation, and commenced cooperation on areas such as transport, municipality and aluminum applications.

In terms of overseas business development, the Company has strengthened cooperation with world-renowned non-ferrous metal enterprises, and has launched in-depth communication and exchanges with many large customers such as Inalum, Vinacomin Group, VEDANTA Group of India, ETI Group of Turkey, CVG Group of Venezuela and many other companies, and has promoted a series of technical cooperation, and the contracting and implementation of projects.

(IV) The Company's environmental policy and performance

For details, please refer to "Section 7 Environmental and Social Responsibility" of this report.

(V) Material events after the end of the financial year

None.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS (REPORT OF THE BOARD)

(VI) Issue of shares during the Reporting Period

During the year, the Company did not issue any class of shares.

(VII) Issue of bonds by the Company during the Reporting Period

For details on the issuance of debentures by the Company during the Reporting Period, please refer to “V. Information on Financing Arrangements for Main Operations During the Reporting Period” in this section.

(VIII) Results

The audited results of the Company and its subsidiaries for the year ended 31 December 2023 are set out in the consolidated income statement enclosed hereinafter. The financial positions of the Company and its subsidiaries for the year ended 31 December 2023 are set out in the consolidated balance sheet enclosed hereinafter. The consolidated cash flows of the Company and its subsidiaries for the year ended 31 December 2023 are set out in the consolidated statement of cash flows enclosed hereinafter. Results performance, discussion and analysis of important factors affecting results and financial position of the Group for the year are set out in Section 4 “Management Discussion and Analysis (Directors’ Report)” of this annual report.

(IX) Property, plant and equipment

Details of movements in property, plant and equipment of the Company and its subsidiaries for the year are set out in Note 16 “Fixed assets” under “5. Notes to the Consolidated Financial Statements”.

(X) Share capital

As of 31 December 2023, the total share capital of the Company amounted to RMB2,959,066,667 shares, which was divided into 2,959,066,667 shares (comprising 399,476,000 H Shares and 2,559,590,667 A Shares), at a par value of RMB1.00 each.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS (REPORT OF THE BOARD)

(XI) Taxation

Current and deferred income tax

The tax expense during this Reporting Period comprises current and deferred income tax. Income tax is recognized in the income statement, except for the taxation relating to items recognized in other comprehensive income or directly in equity, which is recognized in equity. In this case, the income tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries/associates operate and generate taxable income. The management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation, and makes provision for tax payable based on tax amounts expected to be paid to the tax authorities where applicable.

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

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred income tax is provided on temporary differences arising from the Group's investments in subsidiaries and associates, while the deferred income tax liability is not recognized where there is evidence that the timing of the reversal of the temporary differences is controlled by the Group and it is probable that such temporary differences will not be reversed in the foreseeable future.

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

For details, please refer to the notes to the financial report of this report "(23) Deferred income tax assets/deferred income tax liabilities".

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS (REPORT OF THE BOARD)

Value-added tax

Sales of goods of the Group are subject to VAT. VAT payable is determined by the taxable sales calculated by applying the applicable tax rates on the taxable revenue arising from sales of goods and provision of service after deducting deductible input VAT of the period. The VAT rate for the sales of goods business of the Group is 13% throughout 2023. The applicable VAT rate for the modern service industry in 2023, including design, is 6%.

According to the Circular on “Comprehensively Promoting the Pilot Program of the Collection of Value-added Tax in Lieu of Business Tax” (Cai Shui [2016] No.36) jointly released by the Ministry of Finance and the State Administration of Taxation, effective from 1 May 2016, the Group’s revenue from providing construction services is subject to a VAT at a tax rate of 9% throughout 2023.

For details, please refer to the notes to the financial report of this report “(40) Taxes Payable”.

(XII) Reserves

The details of movements in reserves of the Group and the Company during the year are set out in the accompanying consolidated financial statements, namely the “CONSOLIDATED STATEMENT OF CHANGES IN EQUITY OF SHAREHOLDERS” and the “STATEMENT OF CHANGES IN EQUITY OF SHAREHOLDERS OF THE PARENT” of this report, respectively. Under the “Company Law of the People’s Republic of China”, after deducting the statutory surplus, the undistributed profit can be used for dividend distribution. As at 31 December 2023, the undistributed profit of the parent company amounted to a loss of RMB231,950,000, and did not fulfill the conditions for dividend distribution.

(XIII) Events after the balance sheet date

There was no other significant subsequent event after 31 December 2023.

(XIV) Profit distribution and proposed dividend

For details, please refer to “XV. Proposal for Profit Distribution or for Converting Capital Reserve into Share Capital” under “Section 4 Corporate Governance (Corporate Governance Report)” of this report.

(XV) Purchase, redemption or sale of listed securities

The Company redeemed US\$350,000,000 senior guaranteed perpetual capital securities (“2019 Securities”) issued by Chinalco International Hong Kong Limited (the “Issuer”) and guaranteed by the Company on 21 May 2023. After the redemption, there were no outstanding 2019 Securities. For details, please refer to the relevant announcements disclosed by the Company on the Stock Exchange on 17 April 2023, and 22 May 2023.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS (REPORT OF THE BOARD)

(XVI) Use of proceeds

The total amount of proceeds from the Listing of H Shares of the Company was HK\$1.318 billion. As of 31 December 2014, our proceeds had been fully utilized. Such proceeds were primarily used in the industrialization of the Company and overseas engineering projects in compliance with the use of proceeds as disclosed in the Prospectus.

The total amount of proceeds from the Listing of A Shares of the Company was RMB1.021 billion. After deducting various issuance expenses of approximately RMB41 million, the net proceeds were RMB980 million. As of 31 December 2019, our proceeds had been fully utilized. Such proceeds were used to supplement the operating capital of the construction contracting business in compliance with the use of proceeds as disclosed in the Prospectus.

(XVII) Major customers and suppliers

For details, please refer to the analysis as set out in the “Particulars of major customers and major suppliers” under “Section 4 Management Discussion and Analysis (Directors’ Report)” of this report.

(XVIII) Bank borrowings and other borrowings

Details of bank borrowings and other borrowings of the Company and its subsidiaries as at 31 December 2023 are set out in “(XXV) Short-term Borrowings” and “(XXXIV) Long-term Borrowings” under “V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS” in the consolidated financial statements.

(XIX) Equity-linked agreements

During the year ended 31 December 2023, the Group did not enter into any equity-linked agreements that would or could result in the issue of Shares by the Company.

(XX) List of Directors, Supervisors and senior management

For details, please refer to “Particulars of Directors, Supervisors and Senior Management” under “Section 5 Corporate Governance (Corporate Governance Report)” of this report.

(XXI) Directors’ and Supervisors’ service contracts

The Company entered into service contracts with each Director, the details of which mainly consist of: (1) the term from 8 April 2022 to the time of conclusion of the general meeting for electing the directors to the next session of the Board of Directors (Mr. Zhang Wenjun resigned as a non-executive Director of the Company with effect from 11 April 2023, his service contract is valid from 8 April 2022 to 11 April 2023; Mr. Hu Zhenjie resigned as a non-executive director of the company from 22 August 2023, his service contract is valid from 8 April 2022 to 22 August 2023; Ms. Zhao Hongmei was appointed as an executive Director of the Company on 28 December 2023, and her service contract was effective from 28 December 2023; Mr. Zhang Decheng was appointed as a non-executive Director of the Company on 28 December 2023, and his service contract was effective from 28 December 2023); and (2) termination subject to the terms of each contract.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS (REPORT OF THE BOARD)

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

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

(XXII) Remuneration of Directors, Supervisors and senior management

For details, please refer to “Particulars of Directors, Supervisors and Senior Management” under “Section 5 Corporate Governance (Corporate Governance Report)” of this report.

(XXIII) Material interests of the Directors and Supervisors in contracts, transactions or arrangements

During the Reporting Period, none of Directors, Supervisors or other connected entities had directly or indirectly entered into significant contracts, transactions or arrangements in which they have material interests with the Company.

(XXIV) Directors’ interests in competing business

During 2023, none of Directors or their associates had any competing interest in any business which competes or may compete, directly or indirectly, with the Group’s business.

(XXV) Resignation of directors

For details, please refer to “Particulars of Directors, Supervisors and Senior Management” under “Section 5 Corporate Governance (Corporate Governance Report)” of this report.

(XXVI) Director’s, Supervisors’ and senior management’s interests and short positions in Shares, underlying Shares and debentures

As at 31 December 2023, none of the Directors, Supervisors and senior management of the Company had any interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be notified to the Company and the HKEX pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Director, Supervisor, and senior management was taken or deemed to have under such provisions of the SFO), or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the HKEX.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS (REPORT OF THE BOARD)

(XXVII) Directors' insurance

As of the date of this report, the Company has purchased effective directors insurance for (existing and resigned) Directors.

(XXVIII) Permitted indemnity

The Company has arranged sufficient and proper insurance for Directors to better perform their responsibilities and risk aversion pursuant to the provision A.1.8 of the Corporate Governance Code as contained in Appendix C1 to the HKEX Listing Rules. Save for the above, during the financial year of 2023 and as at the date of this annual report, the Company has no other provision of permitted indemnity (as defined in Section 470 of the Companies Ordinance).

(XXIX) Directors' interests

At no time during the year and up to the date of this annual report was the Company or any of its subsidiaries or holding company or any subsidiaries of the Company's holding company a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of Shares or debentures of the Company or any other body corporate, and none of the Directors or their spouse and children under the age of 18 was given any right to subscribe the shares or debt securities of the Company or other bodies corporate, or had exercised any such rights.

(XXX) Financial, business and family relationships among the Board, Supervisors and senior management

As at the date of this report, there were no financial, business or family relationships among members of the Board, Supervisors and senior management of the Company.

(XXXI) Share incentives acquired by Directors, Supervisors and senior management

In October 2013, the Company implemented share appreciation rights scheme targeting on specific Directors, senior management and management officers and key employees who made significant influence on the development of the Company. As of October 2017, the initial grant scheme became invalid. The Company has not again granted new share appreciation rights and any other forms of share incentive.

The Company disclosed the "Announcement of the Summary of the 2023 Restricted Share Incentive Scheme (Draft) of China Aluminum International Engineering Corporation Limited" on 9 December 2023, and proposed to grant restricted shares to the senior and middle management and core backbone personnel of the Company. The incentive scheme is subject to the approval of the State-owned Assets Supervision and Administration Commission of the State Council, and can only be implemented after being considered and approved at the general meeting, the A Share class meeting, and the H Share class meeting of the Company respectively.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS (REPORT OF THE BOARD)

(XXXII) Substantial Shareholders' interests in Shares

For details, please refer to “PARTICULARS OF SHAREHOLDERS AND EFFECTIVE CONTROLLER” under “Section 9 Changes in Ordinary Shares and Shareholders” of this report.

(XXXIII) Compliance with OFAC undertakings

During the Listing of the Company, an undertaking was made to the HKEX by the Company that the Company would not use any proceeds from the Global Offering and any other fund raised through the HKEX for any country or region subject to broad and comprehensive economic sanctions by the United States or other jurisdictions. During the Reporting Period, the Company issued the list of relevant sanctioned countries to the business department to forbid the Company from conducting any business with the sanctioned countries, regions or organizations and organized training on relevant legal knowledge. Hence, the Directors of the Company confirmed that the Company strictly complied with the OFAC Undertakings since the time of H shares listing. Since 2 June 2012, there is no application of any such proceed in any of the country or region subject to broad and comprehensive economic sanctions by the United States or other jurisdictions, and the Company will continue to honour OFAC commitments in the its day-to-day operations.

(XXXIV) Management contracts

During 2023, the Company did not sign or enter into any contract in respect of the management and administration of all or any substantial part of its business.

(XXXV) Related (Connected) transactions

For details, please refer to “Significant Related Party (Connected) Transactions” under “Section 8 Key Matters” of this report.

(XXXVI) Compliance with Non-competition Agreement

For details, please refer to “The influence on the Company, the countermeasures taken, the progress of solution and the subsequent solution plan in event that the controlling shareholder, actual controller or other entity under its control is engaged in the same or similar business as the Company, or in a business competing with the Company, or there is any major change in such competition” under “Section 5 Corporate Governance (Corporate Governance Report)” of this report.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS (REPORT OF THE BOARD)

(XXXVII) Directors' and Supervisors' rights to acquire Shares or debentures

As at the end of 2023, no right to acquire shares in or debentures of the Company or any other body corporate were granted to any Directors or Supervisors or their associates by the Company or any of its subsidiaries or were any such rights exercised by them.

(XXXVIII) Retirement and employees benefit scheme

For details, please refer to "Particulars of Employees of the Parent Company and Major Subsidiaries at the End of Reporting Period" under "Section 5 Corporate Governance (Corporate Governance Report)" of this report.

(XXXIX) Compliance with Corporate Governance Codes

For details, please refer to "Company's Compliance with the Corporate Governance Codes" under "Section 5 Corporate Governance (Corporate Governance Report)" of this report.

(XL) Board diversification policy

For details, please refer to "Board of Directors" under "Section 5 Corporate Governance (Corporate Governance Report)" of this report.

(XLI) Compliance with major laws and regulations

For details, please refer to "Compliance with Major Laws and Regulations and Promoting the Construction of Corporate Legal Governance" under "Section 5 Corporate Governance (Corporate Governance Report)" of this report.

(XLII) Promoting the Construction of Corporate Legal Governance

For details, please refer to "Compliance with Major Laws and Regulations and Promoting the Construction of Corporate Legal Governance" under "Section 5 Corporate Governance (Corporate Governance Report)" of this report.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS (REPORT OF THE BOARD)

(XLIII) Revision to the Articles of Association during the Reporting Period

For details, please refer to “Others” under “Section 5 Corporate Governance (Corporate Governance Report)” of this report.

(XLIV) Audit Committee

The audit committee of the Company has reviewed the 2023 annual results and the consolidated financial statements of the Group for the year ended 31 December 2023 prepared in accordance with the China Accounting Standards for Business Enterprises.

(XLV) Auditor’s remuneration

For details on the auditor’s remuneration, see “Information on Appointment and Removal of the Auditor” under “Section 8 Key Matters” of this report.

(XLVI) Five-year financial summary

For details of the summary of the Group’s operating results and assets for the past five financial years, please refer to “Section 13 Five-year Result Summary” of this report.

(XLVII) Taxes on dividends

For details of the Company’s cash dividend proposal for the Reporting Period, please refer to “Proposal for Profit Distribution or for Converting Capital Reserve into Share Capital” under “Section 5 Corporate Governance (Corporate Governance Report)” of this report.

Under the “Corporate Income Tax Law of the People’s Republic of China” effective from 1 January 2008, the Company shall withhold corporate income tax at the rate of 10% when distributing cash dividends to non-resident corporate shareholders listed in shareholder register for H shares. Any H shares registered in the name of non-individual shareholders (including HKSCC Nominee Limited, other nominees, agents or trustees, other organizations and groups) are deemed held by non-resident corporate shareholders. Therefore, dividends due to these shareholders are subject to the withholding of corporate income tax. Any H-share shareholder intending to change their shareholder status should inquire about relevant formalities with their agents or trustees.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS (REPORT OF THE BOARD)

If the individual shareholder of H shares is a resident of a country that has entered into a tax agreement with China with a dividend tax rate of less than 10%, the Company will withhold the individual income tax on dividends at a tax rate of 10%. In respect of this, if any relevant individual shareholder of H shares intends to apply for the refund of excess tax withheld (“excess amount”), the Company may apply for the agreed preferential tax rate on his/her behalf pursuant to the tax treaty, provided that relevant shareholder shall within the specified time period, submit to the H share register of the Company the certificate set forth in the tax treaty notice, and subject to the audit and approval of the competent tax authority, the Company will offer assistance in the refund of the excess amount. If the individual shareholder of H shares is a resident of a country that has entered into a tax treaty with the PRC with a tax rate of more than 10% but less than 20% on dividends, the Company will withhold individual income tax at the actual tax rate specified in the tax treaty. The Company will ultimately withhold individual income tax at 20% if the individual shareholder of H shares is a resident of a country that has entered into a tax treaty with the PRC with a 20% tax rate on dividends, or a resident of a country that has not entered into any tax treaty with the PRC, or in any other circumstance.

According to the Notice on Issues Concerning the Policy of Differentiated Individual Income Taxes on Dividends and Bonuses of Listed Companies (Cai Shui [2015] No.101) 《關於上市公司股息紅利差別化個人所得稅政策有關問題的通知》(財稅[2015]101號)), where an individual acquired stocks in a listed company on the public offering and transfer market, dividends income of the individual are fully included in his/her taxable income if he/she has held the stocks within one month (inclusive), are 50% included in his/her taxable income on a provisional basis if he/she has held the stocks for longer than one month and up to one year (individual income tax rate is 20% for the above cases), and are exempted from individual income tax if he/she has held the stocks for longer than one year.

VIII. FAILURE TO MAKE DISCLOSURE UNDER THE STANDARDS DUE TO THE INAPPLICABILITY OF THE STANDARDS TO THE COMPANY, STATE SECRETS, TRADE SECRETES AND OTHER SPECIAL REASONS

Applicable Not applicable

SECTION 5 CORPORATE GOVERNANCE (CORPORATE GOVERNANCE REPORT)

I PARTICULARS IN RELATION TO CORPORATE GOVERNANCE

Applicable Not applicable

During the Reporting Period, the Company operated in strict compliance with laws and regulations such as the Company Law of the People's Republic of China and the Securities Law of the People's Republic of China, as well as the administrative regulations promulgated by CSRC and the rules and regulations formulated by the SSE and the Stock Exchange, and established a standardized and improved corporate governance structure, effectively constructed a set of systematic and complete corporate governance system, continuously tracked the latest legislative developments, and thoroughly implemented the latest national corporate governance requirements, and continuously revised the corporate governance system to maintain its scientific, rational and effective nature. In 2023, the Company was awarded the China Securities Golden Bauhinia "Most Influential Listed Company" Award, the "2023 Excellent Practice Case of the Board of Directors of Listed Companies" and the "2023 Excellent Practice Case of the Board of Directors of Listed Companies" by the Association of Listed Companies of China. The Company has achieved outstanding results in the ESG rating of listed companies controlled by central state-owned enterprises in 2023, reaching a four-star level of excellence, and was selected as one of the "ESG Pioneer 100 Index of Central State-owned Enterprises". With its outstanding performance in ESG, the Company was awarded as one of the "Top 20 in Governance in the First Guoxin Cup – ESG Golden Bull Award".

(I) Continuously improve the corporate governance system and enhance the level of corporate governance

Firstly, the improvement of the Company's corporate governance system. The Company has continued to improve the governance system centered on the Articles of Association. In 2023, in accordance with the newly issued regulatory policies and regulations of the CSRC, SSE and SEHK, and in conjunction with the daily operational practice of corporate governance, the Company amended the Articles of Association, the Rules of Procedure of the Board of Directors and the specialized committees, and the Working System of Independent Directors, etc., which further strengthened the foundation of the corporate governance system, maintained consistency and continuity with the regulations governing listed companies, providing strong safeguards for corporate governance and standardized operation from different dimensions and levels.

SECTION 5 CORPORATE GOVERNANCE (CORPORATE GOVERNANCE REPORT)

Secondly, the establishment of a new model of corporate governance. The Company has specified the manner of exercising power, quantified the material standards, revised the management system of the Company's "Three Majors and One Significant" decision-making matters, the management method of authorization by the Board of Directors, the working rules of the General Manager, formulated the rules of procedure for special meetings of the Chairman of the Board of Directors, set up a list of responsibilities and procedures for decision-making matters, so that a legal person governance structure comprising the shareholders' general meeting, the Board of Directors, the supervisory committee and managerial level is well established, with each governance entity having statutory powers and responsibilities, transparency of powers and responsibilities, coordination and operation, and effective checks and balances, resulting in the operation mode of "the Party Committee playing a leading role, the Board of Directors making strategic decisions, the supervisory committee exercising independent supervision, and the managerial level being responsible for the implementation of such decisions".

(II) Investor demand-oriented, lawful and compliant information disclosure

The Company has always adhered to the bottom line of legal compliance, insisted on high quality and high standard conveyance of the Company's value, so as to enhance the level of standardized operation. During the Reporting Period, 134 announcements and related documents for A-share, 155 announcements and related documents in Chinese and 56 announcements and related documents in English for H-share were completed, demonstrating the effectiveness of the Company's business development from multiple perspectives and in an all-round manner in the form of regular reports and ad hoc announcements, timely indicate the risks that the Company may face. In preparing the announcements, we fully considered the information needs of market participants, strived to use concise, clear and easy-to-understand language, and adopted a combination of qualitative and quantitative methods in the regular reports to improve the readability and comprehensibility of the information, so as to enable investors to obtain more information useful for decision-making.



SECTION 5 CORPORATE GOVERNANCE (CORPORATE GOVERNANCE REPORT)

(III) Strengthening interaction and communication with investors to enhance market recognition and value realization of listed companies

The Company has been maintaining the concepts of responding to market concerns in a timely manner, quick response, detailed interpretation and frank communication, accurately conveying the Company's investment value, and established a positive, harmonious and healthy interactive relationship with investors. In 2023, the Company held 3 results presentation meetings, and was selected as an "Outstanding Case of 2022 Annual Report Results Presentation Meeting" by the Association of Listed Companies of China; we held an activity called "Investors' Walk into Listed Companies" to communicate with 16 institutional investors; we held a roadshow for the issuance of perpetual bonds, and communicated with more than 30 investors; participated in the "I am a Shareholder" activity organized by SSE and China Business Network to communicate with investors around the infrastructure industry; we accommodated institutional investors to conduct research in the Company for 3 times; held analysts' teleconferences for 4 times; and we took the initiative to visit institutional investors 2 times; the response rate to investor questions on SSE's interactive platform was 100%.

Whether the Company's corporate governance deviated materially from relevant CSRC requirements? If any, provide the reason

Applicable Not applicable

II COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

(I) Company's Compliance with the Corporate Governance Code

The Company adhered to maintain a high standard of corporate governance as a listed company on the HKEX. During the year ended 31 December 2023, the Company has complied with all code provisions set out in the Corporate Governance Code contained in Appendix C1 to the HKEX Listing Rules, and adopted its recommended best practice proposed therein as appropriate.

SECTION 5 CORPORATE GOVERNANCE (CORPORATE GOVERNANCE REPORT)

(II) Risk Management and Internal Control of the Company

The Company has attached prime importance to internal control. The Company believes that good internal control plays an important role in corporate operations. The Company has established Audit Committee and Risk Management Committee to perform internal audit functions and conduct analysis and independent assessments on the adequacy and effectiveness of the risk management and internal control systems of the Company. The Board is ultimately responsible for the internal control, risk management and compliance management of the Company. It makes decisions for internal control, risk management and compliance policies and reviews the effectiveness of such policies, as well as monitoring the design, implementation and supervision of risk management and internal control systems by the Board. The Board also approves the internal control assessment report, risk assessment and management report for the year, reviews the resources, employees' qualifications and experiences in respect of the accounting, internal audit and financial reporting functions, as well as the adequacy of training courses received by employees and the relevant budget. In 2023, the risk management and internal control systems of the Company and its subsidiaries, including financial control, operation control and compliance control, were reviewed by the Board.

The Company conducted two internal control walkthrough test in 2023 and did not identify any material and significant deficiency. The Board considers that such risk management and control systems are adequate and effective.

In terms of rules and regulations, the Company consecutively formulated various internal control measures of the Company, such as the "Implementing Rules of Overall Risk Management of China Aluminum International Engineering Corporation Limited" (《中鋁國際工程股份有限公司全面風險管理實施細則》), the "Three Majors and One Significant "Decision-making System" of Chalieceo" (《中鋁國際「三重一大」決策事項制度》) and the Internal Control Manual of China Aluminum International Engineering Corporation Limited (《中鋁國際工程股份有限公司內部控制手冊》).

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

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In terms of organizational structure, the Company has established the department of legal affairs and compliance which is responsible for legal affairs, comprehensive risk management, evaluation on internal control, internal audit and accountability for non-compliance operation and investment. The functional arms or operations units including business, finance and investment of the Company and all our subsidiaries assume primary responsibilities in their respective internal control systems. Specialized organizations or departments including risk management department and the internal control and compliance department are responsible for the coordination and planning as well as organization and implementation before and during risk management and internal control and compliance; internal audit organizations or departments are responsible for supervising and carrying out periodic auditing on the effectiveness of risk management, internal control and compliance, and investigating the accountability for any behavior violating the requirements.

In terms of the disclosure of inside information, the Company has established standardized control procedures to collect, organize, review and disclose information. The Company will ensure that the information is kept confidential before it is fully disclosed to the public. For information that is difficult to keep confidential, the Company will disclose it in a timely manner to effectively protect the benefit of investors and stakeholders.

Based on the results of risk management and internal control in 2023, no material failure or weakness was found in respect of risk monitoring of the Company. The management procedures of financial reports and information disclosure of the Company is in strict compliance with the regulations under the Listing Rules of the SSE and the HKEX. The Board considers that the risk management and internal control of the Company is in effective operation according to its assessment.

Each department of the Company is able to smoothly submit to the Board any data which is needed to be submitted. Being the most senior point of contact to each department, the general manager of the Company is able to effectively report to the Board in relation to the operation of each department, and to coordinate the demands of each department and carry out relevant mobilization to facilitate reasonable decision making within the Company. Accordingly, any possible significant matter (if disclosure to the market is required) identified by the staff can be reported to the management of the Company in a timely, accurate and effective manner, and the decisions made by the management of the Company can be carried out accurately and timely under supervision.

Through the assessment of the internal control systems of the Group by the Audit Committee and internal control department, the Board was of the view that, in 2023 and as at the date of publication of this report, the Company continues to operate comprehensive internal control and risk management systems including corporate governance, operations, investment, finance and administration and human resources, and such internal control and risk management systems are in full effect.

SECTION 5 CORPORATE GOVERNANCE (CORPORATE GOVERNANCE REPORT)

In 2023, the Company adopted the following measures to implement risk management and internal control:

Based on the practical situation in operations, the Company sorted out business and management flows. The Company carried out in-depth analysis on every risk event in the risk event database from the perspectives including policies, organizational responsibilities and human resources, and determined the significant risks of the Company. Corresponding preventive measures against significant risks were formulated by the Company under the regular monthly supervision by the responsible department.

The Company integrated comprehensive risk and internal control into operational management procedures in daily operations to achieve prevention beforehand and control on procedures, continuously improved various systems, strengthened the risk control on projects and enhanced risk prevention capability by various tasks including conducting due diligence and project evaluation. At the same time, risk events were monitored by the Company on monthly and quarterly basis respectively in order to supervise and manage the monitoring and control of the significant risks and the rectification of the deficiencies of internal control. The risk awareness of all relevant departments in our daily operations is raised, guaranteeing the smooth production and operation of the Company.

The Company conducts two internal control walkthrough test assessment during the year, in which the annual and interim internal control are assessed respectively. The Company selected member entities to carry out internal control and independent reviews, requiring each member entity to develop the rectification measures for any problem found. In 2023, the Board has obtained the confirmation from the management in respect of the effectiveness of the risk management and internal control systems of the Company.

In order to review and continuously enhance the effectiveness of the internal control systems of the Company, in 2024, the Board and the Audit Committee have heard and discussed the 2023 internal control assessment report of the Company while the Board and the Risk Management Committee have heard and discussed the report of the overall risk management of the Company. Such internal control systems aim at managing, but not eliminating, risk related to failure of achieving business goals and the Board only provides reasonable but not absolute assurance on the absence of material misstatement or loss.

SECTION 5 CORPORATE GOVERNANCE (CORPORATE GOVERNANCE REPORT)

III SPECIFIC MEASURES OF THE CONTROLLING SHAREHOLDER OR THE ACTUAL CONTROLLER TO ENSURE THE INDEPENDENCE IN THE COMPANY'S ASSETS, STAFF, FINANCE, ORGANIZATION, OPERATION AND OTHERS, AS WELL AS THE SOLUTIONS, WORK PROGRESS AND SUBSEQUENT WORK PLAN TO AFFECT SUCH INDEPENDENCE

Applicable Not applicable

The influence on the Company, the countermeasures taken, the progress of solution and the subsequent solution plan in event that the controlling shareholder, actual controller or other entity under its control is engaged in the same or similar business as the Company, or in a business competing with the Company, or there is any major change in such competition.

Applicable Not applicable

(I) NON-COMPETITION AGREEMENT IN 2012

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

During the Reporting Period, the independent non-executive Directors of the Company have reviewed the implementation of the non-competition agreement and confirmed that Chinalco has fully complied with the above-mentioned non-competition agreement without any breach of contract.

SECTION 5 CORPORATE GOVERNANCE (CORPORATE GOVERNANCE REPORT)

(II) COMMITMENT LETTERS IN RELATION TO COMPETITIONS FOR 2016, 2017 AND 2022

1. In June 2016, Chinalco submitted the Commitment Letter in Relation to Competitions (《關於同業競爭的承諾函》) (hereinafter referred to as “2016 Commitment Letter”) and has committed, as required by Chalieco, that the businesses of Henan Huahui Nonferrous Engineering Design Co., Ltd. (河南華慧有色工程設計有限公司) and Kunming Survey and Design Institute which are related to Chalieco would be transferred or entrusted to Chalieco or non-related third parties by ways of equity transfer, entrusted management or other appropriate methods within five years from the date of the signing of the commitment letter.

2. In September 2017, the commitment letter (hereinafter referred to as “2017 Commitment Letter”) submitted by Chinalco mainly contains: 1) Henan Huahui Nonferrous Engineering Design Co., Ltd., CHALCO Shanxi Industry Service Co., Ltd. (山西中鋁工業服務有限公司), Henan Zhongzhou Aluminum Construction Co., Ltd. (河南中州鋁建設有限公司), Yuxi Feiya Mining Industry Development Management Co., Ltd. (玉溪飛亞礦業開發管理有限責任公司) and Shanxi Aluminum Plant Design Institute Co., Ltd. (山西鋁廠設計院有限公司) (the “Five Companies”) will complete its business which coincides with the engineering survey, consultancy, design, construction, engineering contracting and relevant equipment manufacturing business engaged by Chalieco and/or its subsidiaries with customers which are third parties outside the organization of Chinalco as soon as possible. From the date of the submission of this commitment letter, the Five Companies will no longer launch new business in respect of the aforementioned aspects with third parties outside the organization of Chinalco, and only provide related services to companies within the organization of Chinalco. 2) The Five Companies will no longer upgrade its existing qualifications related to business which coincides with the engineering survey, consultancy, design, construction, engineering contracting and relevant equipment manufacturing business engaged by Chalieco and/or its subsidiaries. 3) Chinalco will be in strict compliance with the Non-competition Agreement signed by Aluminum Corporation of China and China Aluminum International Engineering Corporation Limited”. 4) If in breach of the aforesaid commitments, Chinalco would accept full responsibility incurred thereunder, and would thereby fully indemnify or compensate all the direct or indirect loss incurred to Chalieco and other Shareholders of Chalieco. If the Five Companies breaches this commitment by executing new business contracts which coincide with the engineering survey, consultancy, design, construction, engineering contracting and relevant equipment manufacturing business engaged by Chalieco and/or its subsidiaries with third parties outside the organization of Chinalco, Chalieco would be entitled, from the date of such business contracts become effective, to reduce the amount equal to the amount of such business contracts from unpaid but payable profit distribution in cash corresponding to Shares of Chalieco held by the Chinalco until the elimination of the event of breach of this commitment.

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3. In September 2022, Chinalco issued a letter of commitment. As the controlling shareholder of Chalieco, in order to avoid horizontal competition with Chalieco, Chinalco promised: 1) from 1 January 2020 to date, Chinalco has not been in breach of the aforesaid non-competition agreement, the 2016 Commitment Letter and the 2017 Commitment Letter; 2) Upon completion of the reorganisation, except for Henan Huahui Nonferrous Engineering Design Co., Ltd. (河南華慧有色工程設計有限公司), CHALCO Shanxi Industry Service Co., Ltd. (山西中鋁工業服務有限公司), Yuxi Feiya Mining Industry Development Management Co., Ltd. (玉溪飛亞礦業開發管理有限責任公司) and Shanxi Aluminum Plant Design Institute Co., Ltd. (山西鋁廠設計院有限公司), which are subsidiaries of Chinalco, which will provide relevant services to the enterprises within the system of Chinalco pursuant to the aforesaid non-competition agreement and the aforesaid letter of commitments, Chinalco and the enterprises controlled by Chinalco will not directly or indirectly engage in or invest in any business which competes or may compete with the business of Chalieco and its subsidiaries. Chinalco will supervise the enterprises controlled by Chinalco and under its de facto control and exercise the necessary powers to cause them to comply with this commitments; (3) In the event of any breach of the above commitments, Chinalco is willing to bear all liabilities arising therefrom and fully compensate or make good all direct or indirect losses caused to Chalieco and other shareholders of Chalieco as a result. Chinalco will strictly comply with the relevant regulations of the CSRC, SSE and the relevant provisions of the Articles of Association of the listed company, and will not take advantage of Chinalco 's position as the controlling shareholder of Chalieco to obtain improper benefits and will not damage the legitimate interests of Chalieco and other shareholders.

The Company has acquired Kunming Survey and Design Institute in 2017 and included Kunming Survey and Design Institute in the scope of consolidated financial statements of the Company.

Except for Henan Zhongzhou Aluminum Construction Co., Ltd. (河南中州鋁建設有限公司) has been deregistered in 2018, as of the date of disclosure of this report, the remaining 4 companies of the "Five Companies" involved in the above commitment letter have completed its business related with the engineering survey, consultancy, design, construction, engineering contracting and relevant equipment manufacturing business with customers which are third parties outside the organization of Chinalco as described in the relevant commitment letter. Business related with the engineering survey, consultancy, design, construction, engineering contracting and relevant equipment manufacturing business with customers which are third parties outside the organization of Chinalco were not commenced from the date of the issuance of the commitment letter in 2017. The Five Companies above did not conduct new business cooperation with customers which are third parties outside the organization of Chinalco nor upgrade its existing qualifications related to business which coincides with the engineering survey, consultancy, design, construction, engineering contracting and relevant equipment manufacturing business engaged by Chalieco or its subsidiaries since the date of the issuance of the commitment letter. In addition, Chinalco has fulfilled relevant commitments in a timely and strict manner, and there is no commitment not yet executed.

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IV. COMPLIANCE WITH MAJOR LAWS AND REGULATIONS AND PROMOTING THE CONSTRUCTION OF CORPORATE LEGAL GOVERNANCE

(I) Company's Compliance with Major Laws and Regulations

The operation of the Group has always complied with the national and local laws and regulations. It upholds honesty and integrity, and performs its social responsibility. The Company and its staffs have exercised their best endeavors to strictly follow the applicable rules, laws and industry standards. The Directors are not aware of any breach of laws or regulations which have a significant impact on the Group, nor are they aware of any cases of corruption, bribery, extortion, fraud or money laundering involving the Group in 2023.

The Company continues to review its current systems and procedures, emphasizes and strives to comply with the Civil Code of the People's Republic of China (《中華人民共和國民法典》), the Company Law, the Securities Law, the listing rules of the SSE and of the HKEX, the SFO, the applicable Hong Kong Companies Ordinance and other relevant laws and regulations which have a significant impact on the Company. The Company is committed to safeguard the interest of Shareholders, improve its corporate governance and enhance the functions of the Board.

The Group insists on reinforcing the risk control throughout the whole life cycle and building of legal governance. It broadens legal knowledge throughout the Company and fosters all staff to build up the concept of acting by law and to develop a habit of doing business according to principles. The Company establishes a "legal culture" based on the core principles of decision-making, operating and managing according to law. Legal governance becomes the core concept of the Company and all staff follows voluntarily. The concept and means of legal governance are realized in every aspect of corporate governance, operation and management.

(II) Promoting the Construction of Corporate Legal Governance

The Company implements the primary responsible person requirement of corporate legal governance, strengthens the review of legality and compliance of major decisions; as well as facilitates the scientific and standardized decisions of the Company. It also develops legality and compliance assessment and actively promotes the implementation of regulatory system in order to ensure each operation management part of the enterprises is granted rules and a system basis to follow. The efficiency of business process across departments, professions and levels can thus be enhanced. It also reinforces legal support and capability to uphold its rights in accordance with the law and pursues legal risk management to avoid prosecution. The Company strengthens its case management and avoids increasing of cases and at the same time reducing the caseload, which would effectively reduce the number of lawsuits involving the Company. The Company focuses its risk management on major sectors by integrating the supervisory resources. It also integrates the supervisory resources, strengthens management and control of construction projects and does its utmost to prevent corruption risk.

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V. GENERAL MEETING

Session of meeting	Convening date	Websites designated for disclosure of resolutions	Resolutions disclosing date	Resolutions
The first extraordinary general meeting of China Aluminum International Engineering Corporation Limited in 2023	8 February 2023	www.sse.com.cn, www.hkexnews.hk	9 February 2023 (A shares), 8 February 2023 (H shares)	To consider and approve the resolution on the amendments to the Articles of Association of China Aluminum International Engineering Corporation Limited, To consider and approve the resolution on the amendments to the Administrative Measures of Guarantees of China Aluminum International Engineering Corporation Limited, To consider and approve the resolution on the renewal of Commodities Sales and Purchases Master Agreement and the adjustment of the caps of relevant related (connected) transactions, To consider and approve the resolution on the renewal of General Services Master Agreement and the adjustment of the caps of relevant related (connected) transactions and To consider and approve the resolution on the renewal of Engineering Services Master Agreement and the adjustment of the caps of relevant related (connected) transactions, totaling 5 resolutions

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Session of meeting	Convening date	Websites designated for disclosure of resolutions	Resolutions disclosing date	Resolutions
The annual general meeting of China Aluminum International Engineering Corporation Limited in 2022	28 June 2023	www.sse.com.cn, www.hkexnews.hk	29 June 2023 (A shares), 28 June 2023 (H shares)	To consider and approve the Resolution of the Company on the Board of Directors' work report for 2022, To consider and approve the Resolution of the Company on the Board of Supervisors' work report for 2022, To consider and approve the Resolution of the Company on the financial report for 2022, To consider and approve the Resolution of the Company on the provision for impairment of assets for 2022, To consider and approve the Resolution of the Company on the profits distribution plan for 2022, To consider and approve the Resolution on the provision of guarantees among holding subsidiaries, To consider and approve the Resolution of the Company on the capital expenditure plan for 2023, To consider and approve the Resolution of the Company on the purchase of liability insurance for Directors, Supervisors and senior management, To consider and approve the Resolution of the Company on the remuneration standards of Directors and Supervisors for 2023, To consider and approve the Resolution of the Company on the change of the accounting firm, and To consider and approve the Resolution of the Company on the issuance of the Onshore and Offshore Debt Financing Instruments, totaling 11 resolutions

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Session of meeting	Convening date	Websites designated for disclosure of resolutions	Resolutions disclosing date	Resolutions
The second extraordinary general meeting of China Aluminum International Engineering Corporation Limited in 2023	28 December 2023	www.sse.com.cn, www.hkexnews.hk	29 December 2023 (A shares), 28 December 2023 (H shares)	To consider and approve the resolution on the amendments to the Articles of Association of China Aluminum International Engineering Corporation Limited, To consider and approve the resolution on the amendments to the Procedure Rules for the Board of Directors of China Aluminum International Engineering Corporation Limited, To consider and approve the resolution on the amendments to the Working System for Independent Directors of China Aluminum International Engineering Corporation Limited, To consider and approve the resolution on the adjustments to the annual capital expenditure plan of the Company for 2023, and To consider and approve the resolution on the election of the non-independent Directors of the fourth session of the Board of the Company, totaling 5 resolutions

The holders of preferred shares with restored voting rights request to convene an extraordinary general meeting

Applicable Not applicable

Particulars of the general meeting

Applicable Not applicable

The Company's three general meetings in 2023 were convened by the Board of Directors of the Company and chaired by Mr. Li Yihua, Chairman of the Board of Directors of the Company. The convening, holding and voting of the meetings were in compliance with the Company Law and other laws and regulations and the Articles of Association.

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VI. COMMUNICATIONS WITH SHAREHOLDERS

The Company chronically, highly and continuously places high emphasis on the maintenance and development of relationship with its investors, delivers the information of the Company to public in a timely and efficient manner, enhances transparency of the information regarding the Company and builds an effective channel for it to maintain the relationship with investors.

(I) Shareholders' Rights

The Board is committed to maintaining communications with Shareholders and discloses significant development of the Company to Shareholders and investors when appropriate. The general annual meeting of the Company provides a good communication opportunity between Shareholders and the Board. In the event of convening an annual general meeting, the convenor shall give a written notice 20 clear business days before the date of the meeting. In the event of convening an extraordinary general meeting, the convenor shall give a written notice 15 days or 10 clear business days before the meeting (whichever is earlier), informing all the registered shareholders of the matters proposed for consideration at the meeting and the date and place of the meeting ("Business Day(s)" refers to the day when the HKEX opens market for securities trading).

Shareholders individually or jointly holding more than 10% of shares of the Company are entitled to request the Board in writing to convene an extraordinary general meeting. The Board shall, in accordance with the requirements of laws, administrative regulations and the this Articles of Association, reply with a written opinion to state whether it agrees or disagrees to convene an extraordinary general meeting within 10 days upon receipt of the request.

If the Board agrees to convene the extraordinary general meeting, it shall issue a notice of convening the general meeting within five days upon after the date of the resolution of the Board. Any changes made to the original request in the notice shall be agreed by the relevant shareholders. If the Board disagrees to convene the extraordinary general meeting, or does not reply within 10 days upon receipt of the request, shareholders individually or jointly holding more than 10% of the shares of the Company are entitled to request the Board of Supervisors in writing to convene an extraordinary general meeting.

If the Board of Supervisors agrees to convene the extraordinary general meeting, it shall issue a notice of convening the general meeting within five days upon receipt of the request. Any changes made to the original proposals in the notice shall be agreed by the relevant shareholders.

If the Board of Supervisors does not issue the notice of general meeting within the prescribed period, it shall be deemed as the Board of Supervisors not convening and not holding the general meeting. Then the shareholders individually or jointly holding more than 10% of the shares of the Company for more than 90 consecutive days are entitled to convene and hold the meeting by themselves.

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(II) Enquiry of Shareholders

In order to maintain channels for effective communication, the Company publishes its address, e-mail address, phone number and fax number in detail on its website and in its regular reports. If any enquiry, the shareholders may contact the Company through the above channels, and the Company will respond to all enquiries on a timely and proper basis.

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

Detailed procedures of voting and resolutions voted by way of poll are set out in the circular dispatched to the Shareholders.

(III) Communication Policy with Shareholders

The Company believes that effective communication with shareholders is crucial to enhancing investors' understanding of the Group's business and performance, and the Company is committed to maintaining continuous dialogue with shareholders. In order to ensure that shareholders and potential investors can obtain information about the Company in an equal and timely manner at any time, the Company has established several communication channels with shareholders as follows:

1. Corporate communications such as annual reports, interim reports, announcements and circulars can be viewed on the website of the SSE, HKEX and the Company;
2. The Company's constitutional documents and the terms of reference of the board committees can also be downloaded from the website of the SSE, HKEX and the Company;
3. The general meeting provide a platform for shareholders to express their views and exchange views. The chairman of the Board attends (and endeavors to ensure that the chairmen of the board committees attend) general meetings to answer shareholders' questions;
4. The Company holds regular results meetings and makes every effort to ensure that the chairman, general manager, independent directors, chief financial officer, secretary of the Board of Directors and relevant personnel from various departments attend. The Company also endeavours to ensure that the chairman, the president, the independent directors, the chief financial officer, the secretary to the Board of Directors and relevant personnel from various departments attend these meetings to actively interact and communicate with shareholders or potential investors on the Company's operations, financial position and development results.
5. The Company responds to questions raised by shareholders or potential investors in a timely manner through the SSE e-interactive platform, investor hotlines, and dedicated mailboxes.

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The Company continues to strengthen investor relations and enhance communication with existing shareholders and potential investors. Suggestions from investors and the public are welcomed. Inquiries to the Board of Directors or the Company may be addressed to the Company Secretary of the Company by post.

The Company reviewed the implementation and effectiveness of the shareholder communication policy for the year ended 31 December 2023 and considered it to be effective.

VII. THE BOARD OF DIRECTORS

(I) Composition of the Board of Directors

The Board of Directors of the Company currently consists of nine directors, including four executive directors, three non-executive directors and three independent non-executive directors. There are five specialised committees under the Board, including the Audit Committee, Nomination Committee, Remuneration Committee, Strategy Committee and Risk Management Committee.

The profile details of the Directors as at the date of this report are set out in “Particulars of Directors, Supervisors and Senior Management” under “Section 5 Corporate Governance (Corporate Governance Report)” of this annual report. There are no financial, business, family or other material or relevant relationship among members of the Board. The structure of the Board is well balanced with each Director possessing sound knowledge, experience and expertise relevant to the business operation and development of the Group. All Directors are deeply aware of their joint and several liabilities to the Shareholders.

The Company has appointed a sufficient number of independent non-executive Directors with appropriate professional qualifications in accordance with the requirements of the CSRC, SSE and the HKEX Listing Rules. Since the Listing of the Company, the Board has been in compliance with the requirements of the HKEX Listing Rules regarding the appointment of at least three independent non-executive Directors, and that the appointed independent non-executive Directors shall represent at least one-third of the members of the Board. The qualifications of the three independent non-executive Directors of the Company are in full compliance with the requirements under Rule 3.5.4 of the Guidelines for the Self-Regulatory Supervision of Listed Companies on the Shanghai Stock Exchange No. 1 – Standardized Operation (《上海證券交易所上市公司自律監管指南第1號－規範運作》) and Rules 3.10(1) and (2) of the HKEX Listing Rules. In addition, the Company has received annual confirmations from each independent non-executive Director as to their independence pursuant to Rule 3.13 of the HKEX Listing Rules. The Company, therefore, considered all independent non-executive Directors to be in compliance with the independence requirements as set out in the SSE Listing Rules and the HKEX Listing Rules.

As of the reporting date, and within the Reporting Period, the list of members of the Board of Directors is set out in “VIII. Particulars of Directors, Supervisors and Senior Management” under “Section 5 Corporate Governance (Corporate Governance Report)” of this report.

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Pursuant to the latest amendments and requirement of the Corporate Governance Code and the Corporate Governance Report in the HKEX Listing Rules, the Company prepared the Board Diversification Policy of China Aluminum International Engineering Corporation Limited (《China Aluminum International Engineering Corporation Limited 董事會成員多元化政策》) and submitted the same to the Nomination Committee for consideration and approval.

(II) Functions and Powers Exercised by the Board of Directors and the Management

The rights and duties of the Board of Directors and the management have been clearly provided in the Articles of Association, which aims to ensure adequate check and balance mechanism for good corporate governance and internal control.

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

Under the leadership of the general manager (who is also an executive director), the management of the Company is responsible for implementing the resolutions approved by the Board and administering the daily operation and management of the Company.

(III) Appointment and Re-election of Directors

Pursuant to the Articles of Association, Directors shall be elected at general meetings with a term of office of not more than three years for each session and may offer themselves for re-election. The Company has implemented a set of effective procedures for the appointment of new Directors. Nomination of new Directors shall be first considered by the Nomination Committee, whose recommendations will then be given to the Board for consideration. All candidates are subject to election and approval at general meetings.

The Company has entered into service contracts with each of the Directors (including non-executive Directors). Such service contracts commence from the date when the Company's general meeting decides to elect him/her as a director of the Company, and expire when the Company convenes the general meeting for the election of directors of the next board of directors, or may be terminated according to the terms of each of the contract.

(IV) Corporate Governance Functions of the Board of Directors

The Company's corporate governance function is performed by the Board. The corporate governance function is to develop and review the Company's policies and practices on corporate governance in order to comply with Corporate Governance Code and other legal or regulatory requirements, and make recommendations to the Board; to oversee the induction program for new Directors; to review and oversee the training and continuous professional development for the Directors and senior management; to develop, review and oversee the code of conduct and compliance manual (if any) applicable to employees and the directors; and to review the Company's disclosure in the Corporate Governance Report.

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(V) Board Diversification Policy

Believing the diversification of the composition of the Board would be helpful in enhancing the Company's performance, the Company formulated the Board Diversification Policy of China Aluminum International Engineering Corporation Limited in August 2013, which stipulates that the diversification of the composition of the Board takes account of a variety of aspects when determining the composition of the Board, including but not limited to age, cultural and educational background, professional experience, skill and knowledge. The Board made all the appointments based on talents and had considered the benefits, which would be brought about by diversifying the composition of the Board under the objective conditions, when selecting the candidates. The Board will select its members based on an array of diversification standards, including but not limited to age, cultural and educational background, professional experience, skill and knowledge. As of the date of disclosure of this report, the Board of the Company comprises four executive directors, two non-executive directors and three independent non-executive directors. The directors of the Company are all senior management personnel, such as executives of large state-owned enterprises, executives of private enterprises and experts and scholars, who have profound training and extensive experience in corporate management, mining and metallurgy, finance and law, etc., and one of them is from Hong Kong and is familiar with Hong Kong's capital market rules. In addition, there is also one female director on the Board of the Company, who is familiar with the business and operation of the Company and its subsidiaries and has a solid educational background in economics and finance, together with the other male directors of the Company, provides professional advice to the Company in various areas.

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

The Nomination Committee will review the board diversity policy and its implementation from time to time. The Company held its second extraordinary general meeting of 2023 on 28 December 2023 to elect Ms. ZHAO Hongmei as an executive director of the fourth session of the Board of the Company, and the Company has now appointed one female director. We understand the importance of gender diversity and will therefore strive to further increase gender diversity on the Board. In selecting and recommending suitable candidates for Board membership, the Company will seize the opportunity to increase the proportion of female Board members and enhance gender diversity by shareholder expectations and recommended best practices.

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VIII. PARTICULARS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

(I) Particulars of changes in shareholding and emoluments of existing and resigned directors, supervisors and senior management as of the date of disclosure of this report

✓ Applicable □ Not applicable

Unit: Shares

Name	Position	Gender	Age	Starting date of term	Ending date of term	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Change in shares during the year	Reason for change	Total emoluments before tax received from the Company within the Reporting period (RMB'0,000)	Received compensation from related parties of the Company or not during his/her term of office
Li Yihua	Chairman	M	45	2022/2/11	Upon expiration of the term of office of the current Board of Directors	0	0	0	N/A	69.30	No
	Executive Director			2022/4/8							
Liu Jing	Executive Director	M	55	2021/2/25	Upon expiration of the term of office of the current Board of Directors	0	0	0	N/A	80.56	No
	General Manager			2021/1/20							
Liu Ruijing	Executive Director	M	57	2022/4/8	Upon re-election at a general meeting	0	0	0	N/A	62.46	No
	Deputy General Manager			2018/10/9							
Zhao Hongmei	Executive Director	F	53	2023/12/28	Upon expiration of the term of office of the current Board of Directors	0	0	0	N/A	46.50	No
	Chief Financial Officer			2023/4/3							
	Former Secretary to the Board			2023/4/3	2024/3/28						
Zhang Decheng	Non-executive Director	M	42	2023/12/28	Upon expiration of the term of office of the current Board of Directors	0	0	0	N/A	0	Yes
Zhou Xinzhe	Non-executive Director	M	60	2022/4/8	Upon re-election at a general meeting	0	0	0	N/A	0	Yes
Hu Zhenjie	Former Non-Executive Director	M	59	2022/4/8	2023/8/22	0	0	0	N/A	0	Yes
Zhang Wenjun	Former Non-Executive Director	M	44	2022/4/8	2023/4/11	0	0	0	N/A	0	Yes
Gui Weihua	Independent Non-executive Director	M	73	2018/2/27	Upon re-election at a general meeting	0	0	0	N/A	14.29	No
Siu Chi Hung	Independent Non-executive Director	M	53	2022/4/8	Upon expiration of the term of office of the current Board of Directors	0	0	0	N/A	14.29	No
Tong Pengfang	Independent Non-executive Director	M	51	2022/4/8	Upon expiration of the term of office of the current Board of Directors	0	0	0	N/A	14.29	No
Lin Ni	Chairman of the Board of Supervisors	F	49	2024/1/29	Upon expiration of the term of office of the current Board of Supervisors	0	0	0	N/A	0	Yes
	Shareholder Representative Supervisor			2022/4/8							
He Wenjian	Shareholder Representative Supervisor	M	55	2022/4/8	Upon expiration of the term of office of the current Board of Supervisors	0	0	0	N/A	0	Yes
Xiao Hongmei	Employee Representative Supervisor	F	41	2024/1/29	Upon expiration of the term of office of the current Board of Supervisors	0	0	0	N/A	0	No
Fan Guangsheng	Former Chairman of the Board of Supervisors, Employee Representative Supervisor	M	57	2019/3/26	2024/1/29	0	0	0	N/A	34.21	No
Bi Xiaoge	Deputy General Manager	M	56	2018/10/9	-	0	0	0	N/A	51.28	No
Zhou Dongfang	Deputy General Manager	M	46	2023/6/28	-	0	0	0	N/A	25.64	No
Bai Jie	General Counsel	F	40	2023/8/22	-	0	0	0	N/A	47.87	No
Tao Futun	Secretary to the Board	M	51	2024/3/28	-	0	0	0	N/A	0	No
Wang Yonghong	Former Deputy Manager	M	60	2018/10/9	2023/6/28	0	0	0	N/A	34.26	No
Ma Ning	Former Deputy Manager	M	60	2021/11/20	2023/6/28	0	0	0	N/A	30.53	No
Zhang Jian	Former Chief Financial Officer	M	52	2015/5/20	2023/4/3	0	0	0	N/A	12.77	No
	Former Secretary to the Board			2019/5/31	2023/4/3						
Total	/	/	/	/	/	0	0	0	/	538.25	/

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Name	Position	Month and year of commencement of receipt of remuneration during the Reporting Period	Month and year of termination of receipt of remuneration during the Reporting Period	Total emoluments before tax received from the Company within the Reporting period (RMB'0,000)	Received compensation from related parties of the Company or not during his/her term of office
Li Yihua	Chairman, Executive Director	2023/1/1	2023/12/31	69.3	No
Liu Jing	Executive Director, General Manager	2023/1/1	2023/12/31	80.56	No
Liu Ruiping	Executive Director, Deputy General Manager	2023/1/1	2023/12/31	62.46	No
Zhao Hongmei	Executive Director, Chief Financial Officer, Former Secretary to the Board	2023/4/1	2023/12/31	46.5	No
Zhang Decheng	Non-executive Director	/	/	-	Yes
Zhou Xinzhe	Non-executive Director	/	/	-	Yes
Hu Zhenjie	Former Non-executive Director	/	/	-	Yes
Zhang Wenjun	Former Non-executive Director	/	/	-	Yes
Gui Weihua	Independent Non-executive Director	2023/1/1	2023/12/31	14.29	No
Siu Chi Hung	Independent Non-executive Director	2023/1/1	2023/12/31	14.29	No
Tong Pengfang	Independent Non-executive Director	2023/1/1	2023/12/31	14.29	No
Lin Ni	Chairman of the Board of Supervisors	/	/	-	Yes
Raymond Ho	Supervisor	/	/	-	Yes
Xiao Hongmei	Employee Representative Supervisor	/	/	-	No
Fan Guangsheng	Former Chairman of the Board of Supervisors, Employee Representative Supervisor	2023/1/1	2023/7/31	34.21	No
Bi Xiaoge	Deputy General Manager, Head of Safety	2023/1/1	2023/12/31	51.28	No
Zhou Dongfang	Deputy General Manager	2023/7/1	2023/12/31	25.64	No
Bai Jie	General Counsel, Chief Compliance Officer, General Manager of Legal Compliance Department	2023/1/1	2023/12/31	47.87	No
Wang Yonghong	Former Deputy General Manager, Head of Safety	2023/1/1	2023/8/31	34.26	No
Ma Ning	Former Deputy General Manager	2023/1/1	2023/7/31	30.53	No
Zhang Jian	Former Chief Financial Officer and Secretary to the Board	2023/1/1	2023/3/31	12.77	No
Total	/	/	/	538.25	/

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Name	Main work experience
Li Yihua	<p>aged 45, is currently chairman, executive Director, Party secretary, member and chairman of Strategy Committee, member and chairman of the Risk Management Committee of the Company. He is an economist with a master's degree in business administration. He worked as the project manager in Yunnan Huawei Hengye Investment Company (雲南華文恒業投資公司) and served as the director of legal affairs and deputy head of investment and development department in Yunnan Sino-platinum Metals Co., Ltd. (雲南貴研鉑業股份有限公司), the deputy director of the corporate development department in Yunnan Tin Group (Holding) Co., Ltd. (雲南錫業集團(控股)有限責任公司), the secretary to board of directors, and the director of the securities department in Yunnan Tin Co., Ltd. (雲南錫業股份有限公司), the vice president of Yunnan Investment Holding Group Co.,Ltd. (雲南投資控股集團有限責任公司), the deputy director, director of the legal department, general manager of capital operation department of Chinalco (中鋁集團), general manager, deputy party secretary and director of Chinalco Assets Operation and Management Co., Ltd (中鋁資產經營管理有限公司), chairman of Chinalco Industrial Services Company Limited (中鋁工業服務有限公司), director of China Aluminum Group High-end Manufacturing Co., Ltd. (中國鋁業集團高端製造股份有限公司), director of China Aluminum International Trading Corporation Limited (中鋁國際貿易有限公司) etc.. At present, Mr. LI also acts as director of Aluminum Corporation of China Iron Ore Holdings Limited (中鋁鐵礦控股有限公司).</p>
Liu Jing	<p>aged 55, is currently an executive Director, president, deputy Party secretary of the Company and member of Strategy Committee. He is a senior engineer, graduated from the university with a bachelor degree in engineering. He worked as a technician, the deputy director and director of civil construction department, manager of Trinidad and Tobago projects, deputy chief engineer, deputy director of design management department and director of project management department of Shenyang Aluminum & Magnesium Engineering & Research Institute (瀋陽鋁鎂設計研究院); assistant general manager, deputy general manager, executive director, general manager and secretary of party committee of SAMI; deputy leader of the preparation team, chairman, president, secretary of party committee and secretary of the disciplinary committee of Chinalco Overseas Development Co., Ltd. (中鋁海外發展有限公司) and chairman of CNPT, etc.. Mr. LIU is also concurrently a director of Aluminum Corporation of China Iron Ore Holdings Limited (中鋁鐵礦控股有限公司).</p>

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Name	Main work experience
Liu Ruiping	<p>aged 57, is currently executive director, vice president, member of Nomination Committee of the Company. He is an senior engineer with a master's degree from Party School of the Central Committee. Mr. LIU served as the chief engineer and deputy director of economic planning division of SAMI; the deputy manager and manager of the Alumina Project of Investment Management Department and manager of the First Division of Chalco (中國鋁業); the senior manager, deputy general manager and general manager of the Investment Management Department of Chalco; the chairman and Party secretary of Twelfth Metallurgical Company and executive director of Shanxi 12th Metallurgical Asset Management Co., Ltd. (山西十二冶資產管理有限公司).</p>
Zhao Hongmei	<p>aged 53, is currently an executive Director, and the chief financial officer. She is a full senior level accountant, a doctoral degree holder majored in economics. Ms. Zhao served as a responsible staff member of the finance department of Zhongzhou Aluminum Factory (now Chinalco Zhongzhou Aluminum Co., Ltd.), the head of the investment accounting section of the finance department of Chinalco Zhongzhou Branch, the deputy manager of the finance department, and the chief accountant of Jiaozuo Coal Zhaogu Energy Company, deputy manager and manager of the accounting department of Chalco Finance Department, deputy general manager and budget analysis department manager of Chalco Finance Department (Office of the Board), deputy general manager of Chinalco Group Operation Optimization Department (Reform Office), chairman of the board of supervisors of Chinalco Logistics Group Co., Ltd., chairman of the board of supervisors of of Chinalco Shanxi New Materials Co., Ltd., chairman of the board of supervisors of Shanxi Huaxing Aluminum Co., Ltd., a supervisor of Shanxi Huasheng Aluminum Co., Ltd., a director and a supervisor of Chinalco (Shanghai) Co., Ltd., a supervisor of Chinalco International Trading Group Co., Ltd., a supervisor of Chinalco Investment and Development Co., Ltd., a director of Guizhou Huajin Aluminum Co., Ltd., a director of Chalco Guinea Co., Ltd., a director of Chinalco Environmental Protection and Energy Saving Group Co., Ltd., and a director of China Copper Co., Ltd., etc., as well as secretary to the Board, joint company secretary and authorised representative of the Company.</p>

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Name	Main work experience
Zhang Decheng	<p>aged 42, currently a non-executive director of the Company, chairman and member of the Risk Management Committee of the Board of Directors. He is a senior economist, a university graduate with a Bachelor's Degree in Economics and a Bachelor's Degree in Law. He served as a secretary of the secretary section of the general manager's office of Northeast Light Alloy Co., Ltd, head of the legal affairs section, a deputy director of the legal advisor's office, a deputy office director, a deputy director of the domestic business division, a deputy director of the case management division and a director of the case management division of the legal department of the Aluminium Corporation of China (now Chinalco), a director and manager of the case management division of the legal department of Chinalco, a manager of the legal management division of the legal compliance department, and a supervisor of Chinalco Asset Operation and Management Co., Ltd. Mr Zhang is currently a deputy general manager of the legal and compliance department of Chinalco. He is also currently a director of Chalco Intelligent Technology Development Co., Ltd. and a director of Chalco Iron Ore Holdings Co., Ltd.</p>
Zhou Xinzhe	<p>aged 60, currently a non-executive director of the Company, a member of the Remuneration Committee of the board of directors, a senior engineer, a college graduate. He was a technician, engineer, chief engineer, deputy plant operating director, head of Material Equipment Division, deputy chief economist, head of Sales Division, manager of sales company, vice plant manager and secretary of the Party committee of the 107 branch of Fushun Aluminum Factory (撫順鋁廠), the deputy secretary of the Party committee, secretary of the Party committee, chief general manager, the chairman of the labor union, executive Director and supervisor of Fushun Aluminum Co., Ltd. (撫順鋁業有限公司), the chairman, general manager and an executive Director of Fushun Titanium Co., Ltd. (撫順鈦業有限公司), the deputy secretary of the Party committee and the chairman of the labor union of Lanzhou Branch of Aluminum Corporation of China Limited (中國鋁業股份有限公司), the deputy secretary of the Party committee and the chairman of the labor union of Lanzhou Aluminum Co., Ltd (蘭州鋁業有限公司), a full-time director of a subsidiary of Chinalco, a full-time director of Chalco (Shanghai) Carbon Co., Ltd. and a full-time external director of Ninth Metallurgical Company.</p>

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Name	Main work experience
Hu Zhenjie	<p>aged 59, he served as a non-executive director of the Company and a member and the chairman of the Risk Management Committee during the Reporting Period. He is a senior economist and company counsel, and graduated with a PhD degree and a doctorate in law. He was an assistant researcher, department deputy head, head and head of the General Office and deputy chief of the Secretary and Administration Department (Research Office, Human Resources Office) of the Legal Affairs Office of the State Council* (國務院法制辦), a member of the Party Group and the deputy mayor (temporary) of the People's Government of Fuzhou, Fujian Province and the chief legal adviser of Aluminum Corporation of China (中國鋁業公司). Mr. HU is currently the general counsel, chief compliance officer and general manager of the legal compliance department of Chinalco, and currently also a director of Aluminum Corporation of China Overseas Holdings Limited (中鋁海外控股有限公司). Mr. Hu resigned as a non-executive Director of the Company, a member and the chairman of the Risk Management Committee of the Board on 22 August 2023 due to work adjustment.</p>
Zhang Wenjun	<p>aged 44, he served as a Non-executive Director and a member of the Audit Committee of the Board of Directors of the Company during the reporting period. He is a senior accountant, a university graduate with a bachelor's degree in management. He was an accountant of the finance department of China Water & Power Press (中國水利水電出版社), an accountant and the deputy director of the finance department of Peking University Press (北京大學出版社), the business director of budget management division of finance department, a senior business manager of budget assessment division, and the deputy head of accounting and auditing division of Aluminum Corporation of China (中國鋁業公司), the deputy head of accounting and auditing division of finance department, deputy head, head and manager of budget assessment division of Aluminum Corporation of China (中國鋁業集團有限公司), a supervisor of Chinalco Finance Company Limited (中鋁財務有限責任公司), a full-time external director of Chinalco Finance Company Limited, a full-time external director of Chinalco Capital Holdings Limited (中鋁資本控股有限公司) and a full-time director of Chalco International Trading Group Co., Ltd. (中鋁國際貿易集團有限公司), and the chief financial officer of Chinalco Aluminum Foil Co., Ltd. Mr. Zhang is currently a manager of the Asset Management Division of the Finance and Property Rights Department (Capital Management Centre) of Chinalco, a director and general manager of Chalco (Beijing) Fund Management Company Limited, a director of Sunshine Vision Company, and the general manager of Beijing Jinlv Capital Investment Co., Ltd. Mr. Zhang resigned as a non-executive Director of the Company and a member of the Audit Committee of the Board on 11 April 2023 due to job transfer.</p>

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Name	Main work experience
Gui Weihua	<p>aged 73, currently independent Non-executive Director, member and chairman of the Remuneration Committee, member of the Strategy Committee, member of the Nomination Committee of the Board. He holds a master postgraduate qualification. Mr. GUI is the academician of the Chinese Academy of Engineering, an academic leader among the Innovative Research Groups of the National Natural Science Foundation of China (國家自然科學基金創新研究群體), the head of the Nonferrous Metallurgical Automation, the Ministry of Education's Engineering Research Center (有色冶金自動化教育部工程研究中心), the head of the Institute of Information Science and Engineering, Central South University (中南大學信息科學與工程學院控制工程研究所), as well as a professor and instructor of doctorate students of Central South University (中南大學). Mr. GUI currently is an independent non-executive director of China Nerin Engineering Co., Ltd. (中國瑞林工程技術有限公司).</p>
Siu Chi Hung	<p>aged 53, currently an independent non-executive director of the Company, member and chairman of the Audit Committee of the Board of Directors. With Chinese (Hong Kong) nationality. He is a university graduate with a bachelor's degree in business administration, and a certified public accountant in the United States. He currently is a member of the Hong Kong Institute of Certified Public Accountants and a member of the Hong Kong Independent Non-Executive Director Association. He was a partner of KPMG (Hong Kong), the principal partner of real estate of KPMG (China), the principal partner of Capital Markets development (Southern China) of KPMG (China) and a member of the American Institute of Certified Public Accountants, and he was an executive director of LVGEM (China) Real Estate Investment Company Limited and an independent non-executive director of Roiserv Lifestyle Services Co., Ltd. Mr. Siu is currently an independent non-executive director of China Gas Industry Investment Holdings Co. Ltd., an independent non-executive director of MicroPort NeuroTech Limited, an independent non-executive Director of Dongjiang Environmental Company Limited and an independent non-executive Director of Central China Management Company Limited.</p>

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Name	Main work experience
Tong Pengfang	<p>aged 51, is an independent non-executive director of the Company, a member of the Risk Management Committee, member of the Audit Committee, member of the Remuneration Committee, member and chairman of the Nomination Committee of the Board of Directors. He holds a master's degree, a master's degree in law, a lawyer and a certified public accountant. He was an editor of China Financial & Economic Publishing House (中國財政經濟出版社), an independent director of Yunnan Tin Co., Ltd. (雲南錫業股份有限公司), an independent director of Guizhou Xinbang Pharmaceutical Co., Ltd. (貴州信邦製藥股份有限公司) and an independent director of Ningxia Zhongyin Cashmere Co., Ltd. (寧夏中銀絨業股份有限公司). Mr. Tong is currently a senior partner and director of Beijing De Run Law Firm. Mr. Tong is currently also an external director of Yunnan Tin Group Company Limited (雲南錫業集團(控股)有限責任公司) and an independent director of China Rare Earth Holdings Limited (中國稀有稀土股份有限公司).</p>
Lin Ni	<p>aged 49, is currently a supervisor of the Company and the chairman of the Board of Supervisors. Ms. Lin graduated from Shandong Economics University with a bachelor degree in economics majoring in international accounting, a certified public accountant, a registered tax advisor, a registered asset appraiser and a senior auditor. Ms. Lin has extensive experience in the fields of auditing and accounting. She has successively served as the head of the 2nd division and the 1st division of the audit department and the deputy head of the audit department of Chinalco and the deputy general manager (in charge) of the audit department of Chinalco. Ms. Lin is currently the general manager of the audit department of Chinalco. She is also a supervisor of Chalco (中國鋁業股份有限公司), a supervisor of Chinalco Assets Operation and Management Co., Ltd. (中鋁資產經營管理有限公司) and a supervisor of Chinalco Materials Application Research Institute Co., Ltd. (中鋁材料應用研究院有限公司).</p>

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Name	Main work experience
He Wenjian	<p>aged 54, is currently a supervisor of the Company. He is a senior engineer, a college graduate and a bachelor in Engineering. He was an aluminum electrolysis worker of the 1st electrolysis factory, a technician of the technology division, a deputy director officer of corporate management team of the corporate management division, a deputy section chief of secretarial division of the factory management office, the head of research division, the deputy head of promotional department of the Party committee, the deputy secretary to the Party general branch of material management office of Qinghai Aluminum Plant (青海鋁廠), the deputy head of material management office of the Marketing Center of Qinghai Aluminum Co., Ltd. (青海鋁業有限責任公司), the deputy manager and manager of planning management department of Qinghai branch of Chalco (中國鋁業青海分公司), an assistant to the general manager and the head of plant of Aluminum Carbon Plant, of Qinghai branch of Chalco, a senior manager, deputy manager of corporate management department and a manager of electrolytic aluminum of Aluminum Corporation of China Limited (中國鋁業股份有限公司), a director of Shanxi Huaze Aluminum & Power Co., Ltd. (山西華澤鋁電有限公司), a director of Zunyi Aluminum Co., Ltd. (遵義鋁業股份有限公司), the deputy director of corporate management department of Aluminum Corporation of China (中國鋁業公司), the general manager, deputy secretary of the Party committee and secretary of the Party committee of Liancheng branch of Aluminum Corporation of China Limited (中國鋁業股份有限公司), the chairman of Lanzhou Liancheng Aluminum Co., Ltd. (蘭州連城鋁業有限責任公司), the person-in-charge of operation optimization department (reform office) of Chinalco and a director of China Rare Earth Group Co., Ltd. (中國稀土集團有限公司). Mr. HE is currently the general manager of operation optimization department (reform office, digitalisation management department) of Chinalco. He is also a part-time external director of Chinalco Asset Operation Management Co., Ltd. (中鋁資產經營管理有限公司) and a director of Gansu Hualyu Aluminum Co., Ltd. (甘肅華鷺鋁業有限公司).</p>
Xiao Hongmei	<p>aged 41, is currently a staff representative supervisor of the Company and vice-chairman of the labour union (part-time), and a welder in the production department of Hanzhong Steel Structure Factory of the Steel Structure Technology Branch of Ninth Metallurgical Construction Co., Ltd. Ms Xiao was a welder for the installation and construction of blast furnace at Xinjiang Jinte Steel Structure Company, a welder for the construction and installation of blast furnace at Yunnan Shuangyou Iron and Steel Co., Ltd, and an electric welder for the Seventh Engineering Branch of Ninth Metallurgical Construction Co., Ltd. She has been awarded the honours of Model Worker of Ninth Metallurgical Construction Co., Ltd, Individual First Place in Shaanxi Provincial Vocational Skills Competition, Shaanxi May Day Labour Medal, Shaanxi Technical Skillful Worker, Pioneer in Labour Competition of Xianyang Municipality, National May Day Labour Medal, and a March 8th Red-Banner Pacesetter of Chinalco.</p>

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Name	Main work experience
Fan Guangsheng	<p>aged 57, served as the chairman of the Board of Supervisors and employee representative Supervisor of the Company, deputy Party secretary, secretary to disciplinary inspection commission, and chairman of labour union during the Reporting Period. He is a senior engineer with a master's degree in business administration. Mr. FAN served as technician of the design management office, deputy secretary of the Communist Youth League, and deputy director of the Party Committee Office in Qinghai Aluminum Factory (青海鋁廠); director of the Party Committee Office, assistant to general manager, director of the manager office, deputy Party secretary, secretary of disciplinary inspection commission, and chairman of labor union of Qinghai Aluminum Co., Ltd. (青海鋁業有限責任公司); deputy Party secretary, secretary to discipline inspection commission, and chairman of labour union of the Chalco Qinghai Branch (中國鋁業青海分公司); Party secretary, secretary to disciplinary inspection commission, and chairman of labour union of the Northwest Aluminum Processing Branch of Chalco (中國鋁業西北鋁加工分公司); Party secretary, secretary to disciplinary inspection commission, and chairman of labour union of Northwest Aluminum Processing Factory (西北鋁加工廠); Party secretary, chairman of the labour union, general manager, and director of Shanxi Huaxing Aluminum Co., Ltd. (山西華興鋁業有限公司); and member of Shanxi Work Promotion Office of Chalco (中鋁山西工作推進辦公室)., etc. Mr. Fan resigned as the chairman of the Board of Supervisors and employee representative supervisor of the Company on January 29, 2024 due to job transfer.</p>
Bi Xiaoge	<p>aged 56, is currently the deputy general manager and head of security of the Company. He is a senior engineer and graduated from Party School of the Central Committee. He served in various positions in Shandong Aluminum Company (山東鋁業公司), including a technician in quality management department of the Alumina Plant; the deputy director of Alumina Plant Workshop No. 62, the deputy head of quality management department, and the head of Workshop No. 2. He served as the director of quality management department of Shandong Aluminum Holdings Limited (山東鋁業股份有限公司), the deputy head of quality management department of Shandong Aluminum Company (山東鋁業公司), the deputy manager of the production operation department (quality management department), the deputy manager (taking charge of the work) and general manager of planning operation department of Shandong Branch of Chalco (中國鋁業山東分公司), the manager of the investment management department of Chalco Shandong Co., Ltd. (中鋁山東有限公司), a member of the enterprise transformation and upgrading workgroup of Chinalco Zhengzhou (中鋁鄭州); the deputy general manager of Henan Branch of Chalco (中國鋁業河南分公司), a standing member of the Party Committee of China Great Wall Aluminum Corporation Limited (中國長城鋁業有限公司); the deputy general manager of Chinalco Mining Corporation Limited (中鋁礦業有限公司), and executive director of China Aluminum International Yunnan Aluminum Application Engineering Co., Ltd. (中鋁國際雲南鋁應用工程有限公司) (preceded by Beijing Zichen Investment & Development Co., Ltd. (北京紫宸投資發展有限公司)), an executive director of China Aluminum Technology, vice-chairman of CNPT, etc.. Mr. BI is also a director of Chinalco Tendering Co., Ltd.</p>

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Name	Main work experience
Zhou Dongfang	aged 46, is currently the deputy general manager of the Company. He is a senior engineer, a master level graduate with a master's degree in engineering. He has served as a technician, chief engineer, deputy director of electrolysis room and deputy director of technology research and development department of Shenyang Aluminium and Magnesium Design and Research Institute, deputy chief engineer, deputy director of technology research and development department (presiding over the work), deputy director and director of science and technology management department of Shenyang Aluminium and Magnesium Design and Research Institute Co. Ltd., deputy general manager of investment management department and general manager of information management department of Aluminium Corporation of China, deputy general manager of Chalco Science and Technology Research Institute Company Limited (Central Research Institute), director of Chalco Green Metallurgy Research Institute, director of Chalco Ningxia Energy Group Company Limited, director of Shanxi Huasheng Aluminium Co., Ltd., etc.
Tao Fulun	Aged 51, is currently the secretary of the Board, a joint company secretary, an authorised representative and the deputy financial controller of the Company. He graduated from university with a bachelor's degree in Economics and has obtained the title of Senior Accountant. He served as an accountant of the Finance Department of Lanzhou Aluminium Factory, the head of cost section, head of budget section, of the finance department of Lanzhou Aluminium Co., Ltd., and a business manager, deputy manager and manager of the budget and analysis division of the finance department of Aluminium Corporation of China Limited, a supervisor of Gansu Hualu Aluminium Co., Ltd., a director of Guangxi Huazheng Aluminium Co., Ltd., the chairman of the board of supervisors of Shanxi Huaxing Aluminium Co., Ltd., the chairman of the board of supervisors of Shandong Huayu Aluminium Electricity Co., Ltd., chairman of the board of supervisors of Shandong Huayu Alloy Materials Co., Ltd., an assistant to the general manager, general manager of the finance department and financial controller of Chalco Logistics Group Co., Ltd., and the financial controller of Lanzhou Aluminium Co., Ltd.

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Name	Main work experience
Bai Jie	<p>aged 40, is currently the General Counsel of the Company, Chief Compliance Officer and General Manager of the Legal Compliance Department. She is a master level graduate with a Juris Master and holds legal professional qualification, corporate lawyer qualification and corporate legal consultant qualification. Ms. Bai served as a business manager, senior business manager, deputy general manager of the Risk Management and Legal Affairs Department, deputy general manager of the Legal Department, deputy general manager of the Compliance and Risk Control Department (Legal Department and Audit Department) of Chalco International Trading Co., Ltd., deputy general manager of the Legal Department of Chalco (Shanghai) Co., Ltd., and general manager of the Compliance and Risk Control Department of Chalco International Trading Co., Ltd.</p>
Wang Yonghong	<p>aged 60, served as the deputy general manager and the chief safety officer of the Company during the Reporting Period. He is a senior engineer with a master's degree in engineering. Mr. WANG served as a technician in Shanxi Wenxi Fertilizer Factory (山西聞喜化肥廠); the officer of the engineering department and Alumina Engineering Supervising Unit of Shanxi Aluminum Plant (山西鋁廠); the deputy head of the engineering division of Alumina Engineering Supervising Unit (氧化鋁工程指揮部) of Shanxi Aluminum Plant (山西鋁廠); the deputy head of the general deployment unit, the head of the mechanical engineering division, and the head of the third Alumina sub-branch of Shanxi Aluminum Plant (山西鋁廠); the deputy general manager, the deputy general manager (taking charge of the work), and general manager of Zhongzhou Branch of Chalco (中國鋁業中州分公司); a member of the tenth session of the Jiaozuo Committee of Communist Party of China; the executive director, general manager, Party secretary, chairman of the labour union of Chinalco Shenyang Non-Ferrous Metals Processing Co., Ltd. (中鋁瀋陽有色金屬加工有限公司); the assistant to president of China Rare Earth Holdings Limited (中國稀有稀土股份有限公司); the ombudsman of aluminum processing division of Chinalco (中鋁集團); and the deputy head of Work Promotion Office of Chinalco Henan; director of Chalco Tendering Company Limited (中鋁招標有限公司) etc.. Mr. WANG is also non-independent director of Zhuzhou Tianqiao Crane Co., Ltd. (株洲天橋起重機股份有限公司). Mr. Wang resigned from his position as a deputy general manager of the Company on June 28, 2023 due to a change in his job.</p>

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Name	Main work experience
Ma Ning	<p>aged 60, served as a deputy general manager of the Company during the Reporting Period. He is a professorate senior engineer, graduated from university with a bachelor degree in engineering. He served as an assistant engineer, engineer, team leader, operation manager and deputy director of planning and operation department, deputy director of market development department, director of operation department, director of domestic business department, and the vice president of Shenyang Aluminum & Magnesium Engineering & Research Institute (瀋陽鋁鎂設計研究院); deputy general manager of Shenyang Branch of the Company; deputy general manager of the Company; vice president of the Company; executive director of Beijing Zichen Investment & Development Co., Ltd. (北京紫宸投資發展有限公司); secretary of the party committee and executive director of Sixth Metallurgical Company; general manager of SAMI etc. Mr. MA is also concurrently the party secretary, executive director and general manager of SAMI, and a party secretary and executive director of GAMI; executive director of Guiyang Lvmei Asset Management Co., Ltd. (貴陽鋁鎂資產管理有限公司). Mr. Ma resigned from his position as a deputy general manager of the Company on June 28, 2023 due to a change in his job.</p>
Zhang Jian	<p>aged 52, served as the chief financial officer, the secretary to the Board and the company secretary of the Company during the Reporting Period. He is an accountant graduating with a master's degree in business administration. Mr. ZHANG served as the deputy section head and head of the cost estimation section of the finance department of Henan Branch of Chalco (中國鋁業河南分公司); the business manager of the general office, deputy manager of the accounting office and deputy manager of the budget analysis office in the finance department of Chalco (中國鋁業); the deputy manager of the finance department (taking charge of the work) of Zhongzhou Branch of Chalco (中國鋁業中州分公司); the deputy manager of the accounting office (taking charge of the work) and the manager of the general management office of the finance department of Chalco (中國鋁業); the chief financial officer of Chalco Hong Kong Limited (中國鋁業香港有限公司), chief legal adviser of the Company, director of Chinalco Finance Co., Ltd. (中鋁財務有限責任公司) etc.. Mr. ZHANG is also executive director of Chinalco International Investment Management (Shanghai) Co., Ltd. (中鋁國際投資管理(上海)有限公司). Mr. Zhang resigned from the positions of Chief Financial Officer of the Company and Secretary to the Board on April 3, 2023 due to job change.</p>

Other information

Applicable Not applicable

SECTION 5 CORPORATE GOVERNANCE (CORPORATE GOVERNANCE REPORT)

(II) Positions of existing and resigned directors, supervisors and senior management as of the date of disclosure of this report

1. Positions held at the Shareholder

Applicable Not applicable

Position holder's name	Shareholder's name	Position at the Shareholder	Term starting date	Term ending date
Zhao Hongmei	Chinalco Group	Deputy General Manager, Operations Optimisation Department (Reform Office)	2020.11	2023.03
Hu Zhenjie	Chinalco Group	General Counsel	2017.11	-
		Chief Compliance Officer	2022.11	-
		General Manager, Legal Compliance Department	2020.1	-
Zhang Decheng	Chinalco Group	Deputy General Manager of Legal and Compliance Department	2023.07	-
		Manager of Legal Management Division of Legal Compliance Department	2020.12	2023.07
Zhou Xinzhe	Chinalco Group	Full-time director of affiliated enterprise	2021.09	2024.02
He Wenjian	Chinalco Group	General Manager, Management Innovation Department (Reform Office, Digitalisation Management Department)	2023.08	-
		General Manager, Operations Optimisation Department (Reform Office)	2021.07	2023.08
		General Manager of Audit Department	2022.01	-
Zhang Wenjun	Chinalco Group	Manager of Asset Management Service, Department of Finance and Property (Funds Management Centre)	2023.09	-

Explanation of positions at the shareholder: None

SECTION 5 CORPORATE GOVERNANCE (CORPORATE GOVERNANCE REPORT)

2. Position held at other entities

Applicable Not applicable

Position holder's name	Other entity's name	Position at other entity	Term starting date	Term ending date
Li Yihua	Aluminum Corporation of China Iron Ore Holdings Limited	Director	2018.10	–
Liu Jing	Aluminum Corporation of China Iron Ore Holdings Limited	Director	2018.10	–
	CNPT	Chairman of the board	2021.08	2023.08
Liu Ruiping	Twelfth Metallurgical Company	Chairman of the board	2018.05	2023.08
	Twelfth Metallurgical Company	Party secretary	2021.12	2023.08
Zhao Hongmei	Chinalco (Guinea) Co., Ltd.	Director	2019.04	2023.03
	China Copper Co., Ltd.	Director	2021.12	2023.03
	China Aluminium Environmental Protection and Energy Conservation Group Co., Ltd.	Director	2021.12	2023.03
Zhang Decheng	China Aluminium Intelligent Technology Development Co., Ltd.	Director	2023.11	–
	Aluminum Corporation of China Iron Ore Holdings Limited	Director	2023.11	–
Zhou Xinzhe	Ninth Metallurgical Company	Full-time external director	2021.12	2024.03
	Chalco (Shanghai) Carbon Co., Ltd.	Full-time director	2021.12	2024.03
Hu Zhenjie	Aluminum Corporation of China Overseas Holdings Limited	Director	2021.08	–
Zhang Wenjun	Chinalco Aluminum Foil Co., Ltd.	Financial controller	2022.04	2023.09
Gui Weihua	China Nerin Engineering Co., Ltd.	Independent non-executive director	2018.05	–
	China Gas Industry Investment Holdings Co., Ltd.	Independent non-executive director	2020.12	–
	MicroPort NeuroTech Limited	Independent non-executive director	2022.07	–
	Dongjiang Environmental Company Limited	Independent non-executive director	2020.12	–
	Central China Management Company Limited	Independent non-executive director	2021.05	–

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Position holder's name	Other entity's name	Position at other entity	Term starting date	Term ending date
Tong Pengfang	China Rare Earth Holdings Limited	Independent director	2019.04	–
	Yunnan Tin Group (Holding) Co., Ltd.	External director	2020.03	–
	Shanghai Qinsen Landscape Co., Ltd.	External director	2014.06	2023.07
Lin Ni	Aluminium Corporation of China	Supervisor	2021.06	–
	Chinalco Assets Operation and Management Co., Ltd.	Supervisor	2017.11	–
	Chinalco Material Application Research Institute Co., Ltd.	Supervisor	2017.01	–
He Wenjian	Chinalco Assets Operation and Management Co., Ltd.	Part-time external director	2021.12	–
	Gansu Hualu Aluminium Co., Ltd.	Director	2014.05	–
Bi Xiaoge	Chinalco Tendering Co., Ltd.	Director	2021.08	–
	CNPT	Vice-chairman	2021.05	2023.08
Zhou Dongfang	Chinalco Science and Technology Research Institute Co., Ltd. (Central Research Institute)	Deputy general manager	2021.09	2023.06
	China Aluminium Green Metallurgy Research Institute	President	2021.09	2023.06
Ma Ning	SAMI	Executive director, party secretary	2019.02	2023.06
	GAMI	Executive director, party secretary	2021.02	2023.06
	Guiyang Aluminium & Magnesium Asset Management Co., Ltd.	Executive director	2021.12	2023.07
Zhang Jian	Chinalco International Investment Management (Shanghai) Co., Ltd.	Executive director	2021.05	2023.06

Explanation of positions at other entities : None

SECTION 5 CORPORATE GOVERNANCE (CORPORATE GOVERNANCE REPORT)

(III) Emoluments of directors, supervisors and senior management

Applicable Not applicable

Decision-making procedures for remuneration of directors, supervisors and senior management

The human resources department of the Company proposes remuneration packages for the directors, supervisors and senior management of the Company based on the market level and the remuneration strategy of the Company, and submits them to the Board of the Company for consideration and approval after consideration and approval by the Remuneration Committee of the Board of the Company. Among them, the remuneration of senior management shall be finalised by the Board of the Company, and the remuneration of directors and supervisors shall be submitted to the shareholders' general meeting for finalisation after being considered and approved by the Board of the Company.

Whether a director abstains from the discussion of his/her own remuneration at the Board meeting

Yes

The specific circumstances under which the Remuneration Committee or the independent directors met specifically to make recommendations on matters relating to the remuneration of directors, supervisors and senior management personnel

The Remuneration Committee of the Board agreed to submit the proposal regarding the compensation of Directors and Senior Management to the general meeting for consideration.

Basis for determining the remuneration of directors, supervisors and senior management

The Company determines the remuneration of its directors, supervisors and senior management in accordance with its development strategy, corporate culture and remuneration strategy, by making reference to the remuneration levels of equivalent positions in comparable enterprises in the market (in terms of size, industry, nature, etc.), and by taking into account the annual operating results of the Company and the performance of the directors, supervisors and the performance appraisal results of the senior management.

Actual payment of remuneration to directors, supervisors and senior management

The Company pays remuneration to the directors, supervisors and senior management in full and on time every month in accordance with the remuneration standards for directors, supervisors and senior management as finalised by the Shareholders' General Meeting and the Board.

Total remuneration actually received by all directors, supervisors and senior management at the end of the Reporting Period

RMB5,382,500

SECTION 5 CORPORATE GOVERNANCE (CORPORATE GOVERNANCE REPORT)

(IV) Changes in directors, supervisors and senior management of the Company as of the date of disclosure of the Report

Applicable Not applicable

Name	Position	Change	Reason for change
Zhao Hongmei	Executive Director	Elected	Elected and appointed
	Chief Financial Officer	Engaged	Engaged by the Board
	Secretary to the Board		
	Secretary to the Board	Departed	Job transfer
Zhang Decheng	Non-executive Director	Elected	Elected and appointed
	Member and Chairman of the Risk Management Committee of the Board	Engaged	Engaged by the Board
Zhou Xinzhe	Member of the Audit Committee of the Board	Engaged	Engaged by the Board
Hu Zhenjie	Non-executive Director	Departed	Job redesignation
	Member of the Risk Management Committee of the Board		
Zhang Wenjun	Non-executive Director	Departed	Job redesignation
	Member of the Audit Committee of the Board		
Lin Ni	Chairman of the Board of Supervisors	Elected	Elected and appointed
Xiao Hongmei	Employee Representative Supervisor	Elected	Elected and appointed
Fan Guangsheng	Employee Representative Supervisor	Departed	Job redesignation
	Chairman of the Board of Supervisors		
Zhou Dongfang	Deputy General Manager	Engaged	Engaged by the Board
Tao Fulun	Secretary to the Board	Engaged	Engaged by the Board
Bai Jie	General Counsel	Engaged	Engaged by the Board
Wang Yonghong	Deputy General Manager	Departed	Job redesignation
Ma Ning	Deputy General Manager	Departed	Job redesignation
Zhang Jian	Chief Financial Officer	Departed	Job redesignation
	Secretary to the Board		

(V) Details on punishments imposed by securities regulatory authorities in last 3 years

Applicable Not applicable

(VI) Others

Applicable Not applicable

SECTION 5 CORPORATE GOVERNANCE (CORPORATE GOVERNANCE REPORT)

XI. MEETINGS OF THE BOARD OF DIRECTORS HELD WITHIN THE REPORTING PERIOD

Session of meeting	Convening date	Resolutions
The 9th meeting of the 4th Session of the Board of Directors of China Aluminum International Engineering Corporation Limited	7 March 2023	A total of 20 proposals were considered and approved, including the “Proposal on the Company’s 2022 Annual Results Announcement and Annual Report”, as detailed in the Company’s announcement.
The 10th meeting of the 4th Session of the Board of Directors of China Aluminum International Engineering Corporation Limited	3 April 2023	A total of one proposal, namely the “Proposal On the Appointment of the Chief Financial Officer and the Secretary of the Board of Directors of the Company” was considered and approved, as detailed in the Company’s announcement.
The 11th meeting of the 4th Session of the Board of Directors of China Aluminum International Engineering Corporation Limited	27 April 2023	A total of nine proposals were considered and approved, including the “Proposal on the Review of the Company’s First Quarterly Report for 2023,” as detailed in the Company’s announcement.
The 12th meeting of the 4th Session of the Board of Directors of China Aluminum International Engineering Corporation Limited	26 May 2023	A total of four proposals were considered and approved, including the “Proposal on the Deliberation of Change of Accounting Firm of the Company”, as detailed in the Company’s announcement.
The 13th meeting of the 4th Session of the Board of Directors of China Aluminum International Engineering Corporation Limited	28 June 2023	A total of two proposals were considered and approved, including the “Proposal on Change in Accounting Estimate for Expected Credit Losses on Contract Assets”, as detailed in the Company’s announcement.
The 14th meeting of the 4th Session of the Board of Directors of China Aluminum International Engineering Corporation Limited	22 August 2023	A total of 10 proposals were considered and approved, including the “Proposal on the 2023 Interim Report of the Company”, as detailed in the Company’s announcement.

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Session of meeting	Convening date	Resolutions
The 15th meeting of the 4th Session of the Board of Directors of China Aluminum International Engineering Corporation Limited	22 September 2023	A total of three proposals were considered and approved, including the “Proposal on the Transfer of Equity Interests of Guizhou Yundu Properties Co., Ltd.”, as detailed in the Company’s announcement.
The 16th meeting of the 4th Session of the Board of Directors of China Aluminum International Engineering Corporation Limited	27 October 2023	A total of nine proposals were considered and approved, including the “Proposal on the 2023 Third Quarterly Report of the Company”, as detailed in the Company’s announcement.
The 17th meeting of the 4th Session of the Board of Directors of China Aluminum International Engineering Corporation Limited	8 December 2023	A total of nine proposals were considered and approved, including the “Proposal on the 2023 Restricted Stock Incentive Plan (Draft) of China Aluminum International Engineering Corporation Limited and the Summary thereof”, as detailed in the Company’s announcement.

SECTION 5 CORPORATE GOVERNANCE (CORPORATE GOVERNANCE REPORT)

X. DUTY PERFORMANCE OF DIRECTORS

(I) Directors attendance at the Board meeting and the general meeting

Director's name	Independent director or not	Number of attendances at the Board meeting of the year	Attendance at the board meeting				Number of absences	Absent for two consecutive times or not	Attendance at the general meeting
			Number of attendances in person	Number of attendances online	Number of attendances by proxy	Number of attendances at the general meeting			
LI Yihua	No	9	9	0	0	0	No	3	
LIU Jing	No	9	6	0	3	0	Yes	3	
LIU Ruiqing	No	9	8	0	1	0	No	3	
ZHAO Hongmei	No	0	0	0	0	0	No	0	
HU Zhenjie	No	5	3	0	2	0	No	2	
ZHOU Xinzhe	No	9	9	0	0	0	No	3	
ZHANG Decheng	No	0	0	0	0	0	No	0	
ZHANG Wenjun	No	2	1	0	1	0	No	1	
GUI Weihua	Yes	9	6	0	3	0	No	3	
SIU Chi Hung	Yes	9	8	0	1	0	No	3	
TONG Pengfang	Yes	9	9	0	0	0	No	3	

Note 1: Mr. Hu Zhenjie submitted his resignation to the Board due to work adjustment and resigned as a director, a member and the chairman of the Risk Management Committee of the Board, which took effect on 22 August 2023. After his resignation, Mr. Hu Zhenjie ceased to hold any position in the Company. Mr. Zhang Wenjun submitted his resignation to the Board due to work adjustment and resigned as a director and a member of the Audit Committee of the Board of the Company, which took effect on 11 April 2023. After his resignation, Mr. Zhang Wenjun ceased to hold any position in the Company.

Note 2: On 28 December 2023, the Company convened the second extraordinary general meeting of 2023, at which Ms. ZHAO Hongmei was elected as an executive director and Mr. ZHANG Decheng was elected as a non-executive director of the Fourth Session of the Board of the Company.

SECTION 5 CORPORATE GOVERNANCE (CORPORATE GOVERNANCE REPORT)

Explanation of absence from the Board meeting for two consecutive times

Applicable Not applicable

On 27 April 2023, the Company convened the 11th meeting of the 4th Session of the Board of Directors. Mr. LIU Jing, an executive director, was unable to attend the meeting in person due to other official duties and, after reviewing the information on the resolution of the meeting, appointed Mr. LI Yihua, an executive director, in writing to attend and vote on his behalf.

On 26 May 2023, the Company convened the 12th meeting of the 4th Session of the Board of Directors. Mr. LIU Jing, an executive director, was unable to attend the meeting in person due to other official duties and, after reviewing the information on the resolution of the meeting, appointed Mr. LI Yihua, an executive director, in writing to attend and vote on his behalf.

Number of Board meetings held during the year	9
Including: number of meetings offline	9
Number of meetings online	0
Number of meetings online + offline	0

(II) Directors' objections to relevant matters

Applicable Not applicable

(III) Other information

Applicable Not applicable

SECTION 5 CORPORATE GOVERNANCE (CORPORATE GOVERNANCE REPORT)

Directors' training

Within the Reporting Period, all directors participated in continuous professional development to develop and refresh their knowledge and expertise so as to ensure their continuous contributions to the Board when informed and necessary. The details of training for all directors as at the end of the Reporting Period are as follows:

Name	Position	Training content
LI Yihua	Executive director	On the Reform of Independent Director System by China Association of Listed Companies, etc.
LIU Jing	Executive director	Corporate Governance Featured Training for Chairmen and General Managers by Beijing Listed Companies Association
LIU Ruiping	Executive director	Featured Training on Management Rules for Independent Directors of Listed Companies on SSE in Beijing Jurisdiction
ZHAO Hongmei	Executive director	The First Director and Supervisor Training and the Second Independent Director Rules Training for Listed Companies in Beijing in 2023, and The Seventh Follow-Up Training for Board Secretaries of Listed Companies on SSE in 2023
ZHOU Xinzhe	Non-executive director	Beijing Listed Companies Association Independent Directors Management Rules Training (Third Period)
ZHANG Decheng	Non-executive director	Listing Compliance Operation, Corporate Governance, etc.
GUI Weihua	Independent non-executive director	Listing Compliance Operation, Corporate Governance, etc.
SIU Chi Hung	Independent non-executive director	2023 4th Follow-up Training for Independent Directors of Listed Companies on SSE
TONG Pengfang	Independent non-executive director	2023 4th Follow-up Training for Independent Directors of Listed Companies on SSE

XI. CHAIRMAN AND PRESIDENT

The roles of chairman and general manager (i.e. general manager under relevant provisions of the SSE Listing Rules and chief executive officer under relevant provisions of the HKEX Listing Rules) of the Company are performed by two different persons respectively to ensure their independence and accountability and the balance of power and authorization. The Articles of Association defines the division of responsibilities between the chairman and the general manager.

As of the date of disclosure of this report, Mr. LI Yihua is the chairman of the Board of Directors, Mr. LIU Jing is the general manager of the Company.

SECTION 5 CORPORATE GOVERNANCE (CORPORATE GOVERNANCE REPORT)

XII. SPECIAL COMMITTEES UNDER THE BOARD OF DIRECTORS

✓ Applicable Not applicable

As of the date of disclosure of this report, the status of the special committees under the Board of Directors of the Company is as follows:

(I) Members of special committees under the Board of Directors

Committee	Members
Audit Committee	Chairman of the committee: SIU Chi Hung (independent non-executive director) Members: ZHOU Xinzhe (non-executive director), TONG Pengfang (independent non-executive director)
Nomination Committee	Chairman of the committee: TONG Pengfang (independent non-executive director) Members: LIU Ruiping (non-executive director), GUI Weihua (independent non-executive director)
Remuneration Committee	Chairman of the committee: GUI Weihua (independent non-executive director) Members: ZHOU Xinzhe (non-executive director), TONG Pengfang (independent non-executive director)
Strategy Committee	Chairman of the committee: LI Yihua (executive director) Members: ZHOU Xinzhe (non-executive director), GUI Weihua (independent non-executive director)
Risk Management Committee	Members: ZHOU Xinzhe (non-executive director), Chairman of the committee: Zhang Decheng (non-executive director) TONG Pengfang (independent non-executive director)

Note: On 28 March 2024, the Board of Directors of the Company elected Mr. Zhang Decheng as member and chairman of the Risk Management Committee of the Board of Directors of the Company.

SECTION 5 CORPORATE GOVERNANCE (CORPORATE GOVERNANCE REPORT)

(II) The Audit Committee held six meetings within the Reporting Period

The main duties of the Audit Committee include: to review the Company's internal control system and direct the construction of internal corporate control mechanism; to review the Company's financial controls and to review the Company's internal control system; to discuss with management the risk management and internal control system to ensure that management has performed its duty to establish an effective system. Such discussions should include the adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting and financial reporting function; to consider major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to such findings; to make recommendations to the Board on the hiring and dismissal of the Company's financial controller; to make recommendations to the Board of Directors on the appointment, reappointment or replacement of relevant intermediaries, such as accounting firms, and their remuneration; to review the remuneration and terms of engagement of the auditors and to address any issues relating to the resignation or dismissal of the auditors; to review and monitor the auditor's independence and objectivity as well as the effectiveness of the audit process in accordance with applicable standards, and the Audit Committee should discuss with the auditor before the auditor commences work the nature and scope of the audit and reporting obligations; and formulate and implement policy on the provision of non-audit services by the auditor. For this purpose, "auditor" includes any organization that is under common control, ownership or management with the company in charge of the audition, or any organization that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the domestic or international operations of the company in charge of the audition. The Audit Committee shall report to the Board and make recommendations on any matters where action or improvement is needed; review the financial statements and the financial information in the Company's annual report, interim report and quarterly reports, the report on the evaluation of internal control and completeness, and review significant financial reporting judgments contained in the statements and reports. The Audit Committee shall, before submitting such statements and reports to the Board, review, in particular, (i) any changes in accounting policies and practices, (ii) areas involving significant judgment, (iii) significant adjustments resulting from the audit, (iv) the ongoing concern assumptions and any qualifications, and (v) compliance with accounting standards and other requirements; and for the purpose of the foregoing paragraph (i) Members of the Audit Committee shall liaise with the Board and senior management. The Audit Committee shall meet, at least twice a year, with the Company's auditors; and (ii) the Audit Committee shall consider any significant or unusual items that are, or may need to be, reflected in such reports and accounts and shall give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or auditors, and shall make appropriate recommendations to the Board concerning any changes in accounting policies, accounting estimates or significant accounting errors, that are attributable to reasons other than changes in accounting standards. (c) to make recommendations to the Board on changes in accounting policies, accounting estimates or correction of material accounting errors for reasons other than changes in accounting standards; to ensure co-ordination between the Company's internal and external auditors; and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company; and to review and monitor its effectiveness; to review the Company's and its subsidiaries' financial and accounting policies and practices; to review the auditor's management letter, any material queries raised by the auditor to management about accounting records, financial accounts or systems of control and the management's response; ensuring that the Board would provide timely response to the issues raised in the auditor's management letter; reporting to the Board on the matters set out in the Corporate Governance Code, Appendix C1 to the SEHK Listing Rules; examining such other topics as may be defined by the Board; and reviewing the following arrangements set up by the Company: employees of the Company to raise concerns, in confidence, about possible improprieties in financial reporting, internal control or other matters. The Audit Committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate action to be taken by the Company; and to act as the key representative body for overseeing the relationship between the Company and the auditors.

SECTION 5 CORPORATE GOVERNANCE (CORPORATE GOVERNANCE REPORT)

Convening date	Meeting content	Key opinions and suggestions	Other compliance
2 March 2023	1. Received a report from the auditor on the audit of the Annual Report 2022. 2. Reviewed nine resolutions including the Resolution on the 2022 Annual Results Announcement and Annual Report of the Company (《關於公司2022年度業績公告和年度報告的議案》).	No objection, unanimously passed.	–
26 April 2023	Reviewed one resolution, namely the Resolution on the 1Q 2023 Report of the Company (《關於公司2023年第一季度報告的議案》).	No objection, unanimously passed.	–
26 May 2023	1. The former auditor presented its view on the change of accounting firm. The former auditor had no objection to the change of accounting firm and confirmed that there were no matters that needed to be brought to the attention of the shareholders of the Company. 2. The chairman of the Audit Committee reported on his communication with the proposed accounting firm. 3. Reviewed the Resolution on the Review of the Change of the Accounting Firm of the Company (《關於審議公司變更會計師事務所的議案》).	No objection, unanimously passed.	–
28 June 2023	Reviewed one resolution, namely the Resolution on Changes in Accounting Estimates for Expected Credit Losses Arising from Contract Assets (《關於對合同資產預期信用損失進行會計估計變更的議案》).	No objection, unanimously passed.	–
18 August 2023	1. Received a report from the auditor on the review of the Interim Report 2023. 2. Reviewed three resolutions including the Resolution on the Interim Report 2023 of the Company (《關於公司2023年半年度報告的議案》).	No objection, unanimously passed.	–
25 October 2023	Reviewed two resolutions including the Resolution on the 3Q 2023 Report of the Company (《關於公司2023年第三季度報告的議案》).	No objection, unanimously passed.	–

The attendance record of the meetings is as follows:

Name	Position	Number of meetings attended/held	Attendance rate
SIU Chi Hung	Member and chairman of the Audit Committee	6/6	100%
ZHANG Wenjun	Member of the Audit Committee	1/1	100%
ZHOU Xinzhe	Member of the Audit Committee	4/4	100%
TONG Pengfang	Member of the Audit Committee	6/6	100%

Note 1: Mr. ZHANG Wenjun submitted his resignation to the Board due to work adjustment, and resigned as a director and member of the Audit Committee of the Board of the Company. His resignation took effect from 11 April 2023. After his resignation, Mr. ZHANG Wenjun ceased to hold any position in the Company.

Note 2: On 27 April 2023, the Company convened the eleventh meeting of the fourth session of the Board and elected Mr. ZHOU Xinzhe, a non-executive director, as a member of the Audit Committee of the fourth session of the Board.

SECTION 5 CORPORATE GOVERNANCE (CORPORATE GOVERNANCE REPORT)

(III) The Nomination Committee held 4 meetings within the Reporting Period

The main duties of the Nomination Committee include: to review the structure, size and composition (including the skills, knowledge and experience) of the Board of Directors on a regular basis and make recommendations to the Board regarding any proposed changes; to widely search for individuals who are suitable to become a member of the Board and the senior management, to examine and make recommendations to the Board on the election of individuals nominated for directors and the senior management; to assess the independence of the independent directors; to examine the selection criteria and procedure for the directors and the senior management and make recommendations in this regard; to make recommendations to the Board on matters relating to the appointment or reappointment of directors or the senior management and succession plans for directors (including the chairman) or the senior management.

Convening date	Meeting content	Key opinions and suggestions	Other compliance
3 April 2023	Reviewed one resolution, namely the Resolution on the Review of Qualifications for the Appointment of the Chief Financial Officer and the Secretary of the Board of the Company (《關於審核公司財務總監、董事會秘書任職資格的議案》).	No objection, unanimously passed.	-
26 April 2023	Reviewed 2 resolutions including the Resolution on the Review of Qualifications for the Appointment of the Joint Company Secretaries and Authorised Representatives (《關於審核聯席公司秘書和授權代表任職資格的議案》).	No objection, unanimously passed.	-
28 June 2023	Reviewed one resolution, namely the Resolution on the Review of Qualifications for the Appointment of Senior Management Members of the Company (《關於審核公司高級管理人員任職資格的議案》).	No objection, unanimously passed.	-
18 August 2023	Reviewed 2 resolutions including the Resolution on the Nomination of Candidates for Directors of the Board of the Company (《關於提名公司董事會董事候選人的議案》).	No objection, unanimously passed.	-

The attendance record of the meetings is as follows:

Name	Position	Number of meetings attended/held	Attendance rate
TONG Pengfang	Member and chairman of the Nomination Committee	4/4	100%
LIU Ruiping	Member of the Nomination Committee	4/4	100%
GUI Weihua	Member of the Nomination Committee	4/4	100%

SECTION 5 CORPORATE GOVERNANCE (CORPORATE GOVERNANCE REPORT)

(IV) The Remuneration Committee held 4 meetings within the Reporting Period

The main duties of the Remuneration Committee are: to study the evaluation criteria for directors and senior management, conduct evaluations; to make recommendations to the Board of Directors on the overall remuneration policy and structure of the directors and the senior management of the Company and on the establishment of a formal and transparent procedure for developing such remuneration policies; to make recommendations to the Board of Directors in respect of the specific remuneration packages of all executive directors and the senior management, including benefits in kind, pension rights and compensation payments (including compensation payable for loss or termination of office or appointment), and make recommendations to the Board of Directors in respect of the remuneration of non-executive directors; to review and approve performance-based remuneration with reference to corporate objectives as approved by the Board of Directors from time to time; to consider the remuneration paid by comparable companies, the time which should be devoted, duties which should be assumed, and the terms of employment of other positions within the Company and its subsidiaries; to review and approve the compensation payable to executive directors and the senior management in connection with any loss or termination of office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that if not, such compensation should be otherwise fair and reasonable and not excessive for the Company; to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that if not, such compensation payment should be otherwise reasonable and appropriate; to ensure that no director or any of his/her associates is involved in determining his/her own remuneration; to make recommendations to the Board on the establishment of, or any changes to, share incentive schemes, employee share schemes, and on the conditions for the granting of, and exercise of, the rights and interests of the participants of the share incentives schemes; and to make recommendations to the Board on the arrangements for the share schemes for directors and senior management in relation to the proposed spin-off of relevant subsidiary(ies).

SECTION 5 CORPORATE GOVERNANCE (CORPORATE GOVERNANCE REPORT)

Convening date	Meeting content	Key opinions and suggestions	Other compliance
25 May 2023	Reviewed 2 resolutions including the Resolution on the Review of the Remuneration Standards for Non-Independent Directors of the Company for 2023 (《關於審議公司2023年度非獨立董事薪酬標準的議案》).	No objection, unanimously passed.	-
18 August 2023	Reviewed 2 resolutions including the Resolution on the Remuneration Standards for Senior Management Members of the Company for 2023 (《關於公司高級管理人員2023年度薪酬標準的議案》).	No objection, unanimously passed.	-
25 October 2023	Reviewed one resolution, namely the Resolution on the Review of the Performance Assessment Indicators for Senior Management Members of the Company for 2023 (《關於審議公司高級管理人員2023年度績效考核指標的議案》).	No objection, unanimously passed.	-
7 December 2023	Reviewed 3 resolutions including the Resolution on 2023 Restricted Share Incentive Scheme (Draft) of China Aluminum International Engineering Corporation Limited and Its Summary (《關於中鋁國際工程股份有限公司2023年限制性股票激勵計劃(草案)及其摘要的議案》).	No objection, unanimously passed.	-

The attendance record of the meetings is as follows:

Name	Position	Number of meetings attended/held	Attendance rate
GUI Weihua	Member and chairman of the Remuneration Committee	4/4	100%
ZHOU Xinzhe	Member of the Remuneration Committee	4/4	100%
TONG Pengfang	Member of the Remuneration Committee	4/4	100%

SECTION 5 CORPORATE GOVERNANCE (CORPORATE GOVERNANCE REPORT)

(V) The Strategy Committee held 3 meetings within the Reporting Period

The main duties of Strategy Committee include: to conduct research and provide advice on the Company's long-term development strategy and major investment decisions, and to assess and monitor their implementation; to conduct research and provide advice on the plan of increasing or decreasing registered capital, issuance of corporate bonds, merger, separation, dissolution of the Company; to conduct research and provide advice for the Company on the major business restructuring, acquisition, merger, disposal of assets which required review by the Board of Directors; to conduct research and provide advice for the Company on the expansion of new markets and new businesses; to conduct research and provide advice for the Company on the problems such as investment and financing, asset operation and capital operation of which required review of the Board of Directors; to conduct research and provide advice for the Company on major restructuring and adjustment plan; to conduct examination and assessment for the facts of the above-mentioned matters and provide written opinions on the results of examination and assessment; to guide and supervise the Board of Directors in respect of the execution of the relevant resolutions; and other duties delegated by the Board of Directors.

Convening date	Meeting content	Key opinions and suggestions	Other compliance
26 April 2023	Reviewed 2 resolutions including the Resolution on the Review of the Capital Expenditure Plan of the Company for 2023 (《關於審議公司2023年度資本性支出計劃的議案》).	No objection, unanimously passed.	-
21 September 2023	Reviewed one resolution, namely the Resolution on the Transfer of Equity Interests in Guizhou Yundu Properties Company Limited (《關於轉讓貴州勻都置業有限公司股權的議案》).	No objection, unanimously passed.	-
25 October 2023	Reviewed 2 resolutions including the Resolution on the Formulation of the Implementation Plan for the Reform Deepening and Enhancement Actions (2023-2025) of China Aluminum International Engineering Corporation Limited (《關於制定<中鋁國際工程股份有限公司改革深化提升行動實施方案(2023-2025年)>的議案》).	No objection, unanimously passed.	-

SECTION 5 CORPORATE GOVERNANCE (CORPORATE GOVERNANCE REPORT)

The attendance record of the meetings is as follows:

Name	Position	Number of meetings attended/held	Attendance rate
LI Yihua	Member and chairman of the Strategy Committee	3/3	100%
GUI Weihua	Members of the Strategy Committee	3/3	100%
ZHOU Xinzhe	Members of the Strategy Committee	3/3	100%

(VI) The Risk Management Committee held four meetings within the Reporting Period

The main duties of Risk Management Committee are: to consider judgment standard or mechanism for material business decisions, material risks, material events and important business processes and the risk assessment report of major decisions; to supervise, assess and inspect the completeness and operating effectiveness of the Company's internal risk management system and report the same to the Board of Directors; to guide and promote the construction of rule of law and compliance management of the Company, and to supervise the the managerial level's performance of compliance management in accordance with the law; to examine, approve or verify the matters related to investment, financing and external transactions contracts submitted by the management pursuant to the authority granted by the Board; to handle other matters entrusted by the Board.

Convening date	Meeting content	Key opinions and suggestions	Other compliance
2 March 2023	Reviewed four resolutions including the Resolution on the Review of the 2023 Annual Overall Risk Management Report of the Company (《關於審議公司2023年度全面風險管理報告的議案》).	No objection, unanimously passed.	-
26 April 2023	Reviewed two resolutions including the Resolution on the Review of the Implementation Rules for Compliance Management of China Aluminum International Engineering Corporation Limited (《關於審議<中鋁國際工程股份有限公司合規管理實施細則>的議案》).	No objection, unanimously passed.	-
18 August 2023	Reviewed one resolution, namely the Resolution of China Aluminum International Engineering Corporation Limited on the Report on Continuous Risk Assessment of Chinalco Finance Company Limited (《中鋁國際工程股份有限公司關於中鋁財務有限責任公司風險持續評估報告的議案》).	No objection, unanimously passed.	-
21 September 2023	Reviewed one resolution, namely the Rules of Procedure for the Risk Management Committee of the Board of Directors of China Aluminum International Engineering Corporation Limited (《中鋁國際工程股份有限公司董事會風險管理委員會議事規則》).	No objection, unanimously passed.	-

SECTION 5 CORPORATE GOVERNANCE (CORPORATE GOVERNANCE REPORT)

The attendance record of the meetings is as follows:

Name	Position	Number of meetings attended/held	Attendance rate
HU Zhenjie	Member and chairman of the Risk Management Committee	3/3	100%
TONG Pengfang	Member of the Risk Management Committee	4/4	100%
ZHOU Xinzhe	Member of the Risk Management Committee	4/4	100%

Note 1: Mr. HU Zhenjie submitted his resignation to the Board due to work adjustment, and resigned as a director and a member and chairman of the Risk Management Committee of the Board of the Company. His resignation took effect from 22 August 2023. After his resignation, Mr. HU Zhenjie ceased to hold any position in the Company.

(VII) Specific objections

Applicable Not applicable

XIII. EXPLANATION OF RISKS IDENTIFIED BY THE BOARD OF SUPERVISORS

Applicable Not applicable

The Board of Supervisors had no objection to the supervisory matters within the Reporting Period.

SECTION 5 CORPORATE GOVERNANCE (CORPORATE GOVERNANCE REPORT)

XIV. PARTICULARS OF EMPLOYEES OF THE PARENT COMPANY AND MAJOR SUBSIDIARIES AT THE END OF REPORTING PERIOD

(I) Employees

Number of existing employees of the parent company	159
Number of existing employees of major subsidiaries	11,297
Total number of existing employees	11,456
Number of resigned and retired employees whose expenses are borne by the parent company and major subsidiaries	6,783

By profession

Profession	Number of employees
Operational management	3,469
Engineering technology	6,346
Production	1,308
Other personnel	333
Total	11,456

By level of education

Level of education	Number of employees (persons)
Doctoral postgraduate	31
Master-level postgraduate	1,245
University undergraduate	6,241
Specialised diploma	1,973
Others	1,966
Total	11,456

The gender composition of the Group's staff is: 8,775 male employees (77%) and 2,681 female employees (23%).

SECTION 5 CORPORATE GOVERNANCE (CORPORATE GOVERNANCE REPORT)

(II) Remuneration policy

Applicable Not applicable

In the general principle of “salaries rising with profit and salaries falling with profit”, the Company conducted budgetary management of total salaries, allocating more wages to member companies with good economic benefits, better cost control and higher labor productivity. The Company is responsible for managing salaries of the operation management team and controlling total salary of employees of the enterprise, while the operation management team of the enterprise is responsible for corporate internal assessment and salary management of employees. The Company biases total salary allocation towards core and backbone employees, guides enterprises to establish and perfect the backbone employee-biased incentive policy by inclining total amount of salaries towards them, and actively organises enterprises to promote the backbone employee incentive efforts, in order to stimulate the enthusiasm of the core talents, and stabilise the team of backbone employees.

(III) Retirement and employees benefit scheme

Details of the Company’s retirement and employees benefit scheme are set out in note 29 “Employee compensation payable” and note 37 “Long-term employee compensation payable” to the consolidated financial statements.

In accordance with regulations applicable to enterprises and the relevant requirements of various local governments in areas in which we operate, we established the pension insurance, medical insurance, unemployment insurance, maternity insurance and workers’ injury compensation insurance for our employees and workers. We also established an employee housing fund according to applicable PRC regulations. In addition to statutory contributions to the above social insurance, the Company provides voluntary benefits for existing employees and retired employees, including supplementary medical insurance and corporate annuity.

(IV) Employee incentive

The Company keeps responding to the development needs. It further established and optimized an effective employees’ performance assessment system based on clear objectives of each position. The employees’ performance is objectively and accurately assessed by breaking down the key tasks of the Group in the year, clarifying performance objective of different roles and setting performance standards. The assessment results are linked to the performance-based salaries in employees’ remuneration to encourage the potential and devotion of employees.

SECTION 5 CORPORATE GOVERNANCE (CORPORATE GOVERNANCE REPORT)

(V) Training plan

Applicable Not applicable

The Company has long regarded the employees' education and training as a basic work to continuously improve the overall quality of the employee teams, update the employees' knowledge, and cultivate professional talents with unremitting determination and strict implementation. In the employee education and training, based on the team building condition of the employees and in accordance with the Company's strategy, customers' needs and personal abilities, we aim to improve the employees' political theory level and business performance ability. By adhering to the strategy of "going out and coming in", and insisting on the working concept of organic combination of centralized-training and self-improvement, we invest a large amount of human and financial resources to create a training environment for employees and to implement the measures of employee education and training in an effective manner.

(VI) Outsourced labor

Applicable Not applicable

XV. PROPOSAL FOR PROFIT DISTRIBUTION OR FOR CONVERTING CAPITAL RESERVE INTO SHARE CAPITAL

(I) Formulation, execution and adjustments to cash dividend policy

Applicable Not applicable

1. Basic principles for profit distribution

- (1) The Company should fully consider the return to investors and distribute dividends to shareholders every year at the specified percentage of the profit available for distribution for the year.
- (2) The Company should maintain continuity and stability in its profit distribution policy while taking into account the long-term interests of the Company, the overall interests of all shareholders and the sustainable development of the Company.
- (3) The Company gives priority to profit distribution in cash. In accordance with the procedures stipulated in the Articles of Association, after considering a combination of factors, including characteristics of the industry where it operates, development stage, business model of its own, profitability, as well as whether there is any substantial capital expenditure arrangement, the Company shall put forward differentiated cash dividend distribution policies and determine the percentage of cash dividends in profit distribution for the year. Such percentage should comply with laws, administrative regulations, normative documents and relevant regulations of stock exchanges.

SECTION 5 CORPORATE GOVERNANCE (CORPORATE GOVERNANCE REPORT)

2. Specific policies on profit distribution

According to the Articles of Association, the Company may distribute dividends in cash, in shares, or in a combination of both cash and shares, while it gives priority to profit distribution in cash. Subject to the conditions of dividend distribution, the Company shall distribute profits at least once a year, while interim profit distribution may also be made provided that the Company is guaranteed for normal operation and development. The Board of the Company shall put forward differentiated cash dividend distribution policies in accordance with the procedures stipulated in the Articles of Association, after considering a combination of factors, including characteristics of the industry where it operates, development stage, business model of its own, profitability, as well as whether there is any substantial capital expenditure arrangement(s):

- (1) where the Company is at the developed stage with no substantial capital expenditure arrangement, cash dividend shall be not less than 80% of the profit distribution at the time of profit distribution;
- (2) where the Company is at the developed stage with substantial capital expenditure arrangement, cash dividend shall be not less than 40% of the profit distribution at the time of profit distribution;
- (3) where the Company is at the development stage with substantial capital expenditure arrangement, cash dividend shall be not less than 20% of the profit distribution at the time of profit distribution;
- (4) where the Company has difficulty in identifying the development stage but there is substantial capital expenditure arrangement, dividend distribution may be made in accordance with the preceding provision.

“Substantial capital expenditure arrangement” means the proposed external investment, asset acquisition or purchase of assets by the Company in the next twelve months in an aggregate expenditure amounting to or exceeding 10% of the latest audited net assets of the Company.

SECTION 5 CORPORATE GOVERNANCE (CORPORATE GOVERNANCE REPORT)

Save for special circumstances, the Company shall give priority to dividend payment in cash out of its post tax profits for the year after the accumulated loss (if any) are made up and legal and discretionary reserves are allocated. The cash distribution shall be no less than 20% of the distributable profits for the year. Actual and reasonable factors such as corporate growth and dilution of net asset value per share should be taken into account when profit is distributed in dividends on shares. The Company may not distribute the cash dividends in the following special circumstances:

- (1) the auditor issues a report other than a standard report without qualified opinion in relation to the annual financial report of the Company.
- (2) the net operating cash flows for the year are negative.
- (3) the Company has major investment plan or significant cash expenditure (except for fund raising projects).

3. Profit distribution proposal for the year 2023

As audited by Grant Thornton (Special General Partnership), as of 31 December 2023, the undistributed profit of the parent company was a loss of RMB231,950,000, and the Company had no profit available for distribution. Taking into account the future investment needs of the Company's projects, in order to ensure the Company's continuous and stable operation and the long-term interests of all Shareholders, the Company's Board has comprehensively considered the Company's 2024 business plan and capital requirements, and formulated the 2023 profit distribution plan as follows: The Company will not distribute cash dividends, nor convert capital reserve to the share capital or make any distribution of other forms.

SECTION 5 CORPORATE GOVERNANCE (CORPORATE GOVERNANCE REPORT)

(II) Special explanation of cash dividend policy

Applicable Not applicable

Whether compliant with the Articles of Association or the resolution of general meeting or not Yes No

Whether the dividend standard and proportion are clear and definite Yes No

Whether relevant decision-making procedure and mechanism are complete Yes No

Whether independent directors perform their duties and play their roles due Yes No

Whether minority shareholders have the opportunity to fully express their opinions and demands, whether their legitimate rights and benefits are fully protected Yes No

(III) If the Company has positive profit within the Reporting Period and the parent has positive profit available for distribution to ordinary shareholders, but the Company does not have a plan for profit distribution in cash to ordinary shares, the Company shall disclose the reasons in detail as well as the purpose and intended use of undistributed profit

Applicable Not applicable

(IV) Profit distribution and conversion of capital reserve into share capital during the Reporting Period

Applicable Not applicable

**SECTION 5 CORPORATE GOVERNANCE (CORPORATE GOVERNANCE REPORT)****XVI. STATUS AND IMPACT OF EQUITY INCENTIVE PLANS, EMPLOYEE STOCK OWNERSHIP PLANS OR OTHER EMPLOYEE INCENTIVES****(I) Relevant incentives are already disclosed in temporary announcements and there is no progress or change in subsequent operation**✓ Applicable Not applicable**Summary of the issue****Reference**

The Company disclosed the Announcement on the Summary of the 2023 Restricted Share Incentive Scheme (Draft) of China Aluminum International Engineering Corporation Limited (《中鋁國際工程股份有限公司2023年限制性股票激勵計劃(草案)摘要公告》) on 9 December 2023, in which it proposed to grant restricted shares to the middle and senior management and core backbone personnel of the Company. The total number of restricted shares proposed to be granted by the Company shall not exceed 29,506,100 shares, representing approximately 0.997% of the current total share capital of the Company, with no more than 242 participants for the first grant, representing 93.22% of the total grant entitlement, and 2,000,000 shares reserved for grant, representing 6.78% of the total grant entitlement. The source of restricted shares under the Incentive Scheme is the A-share ordinary shares of Chalieceo issued by the Company to the participants, and the grant price of the Restricted Shares is RMB2.37 per Share. The incentive scheme is subject to the approval of the State-owned Assets Supervision and Administration Commission of the State Council, and can only be implemented after being considered and approved at the general meeting, the A Share class meeting, and the H Share class meeting of the Company respectively.

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SECTION 5 CORPORATE GOVERNANCE (CORPORATE GOVERNANCE REPORT)**(II) Relevant incentives are not disclosed in temporary announcements or there is subsequent progress****Equity incentives**

Applicable Not applicable

Other information

Applicable Not applicable

Employee stock ownership plans

Applicable Not applicable

Other incentives

Applicable Not applicable

(III) Equity incentives granted to directors and senior management during the Reporting Period

Applicable Not applicable

(IV) Establishment and execution of assessment mechanism and incentive mechanism for senior management during the Reporting Period

Applicable Not applicable

SECTION 5 CORPORATE GOVERNANCE (CORPORATE GOVERNANCE REPORT)

Based on the market level and the Company's remuneration strategy, the Company put forward the compensation package for senior management, subject to the approval of Remuneration Committee and then to the approval of the Board. The human resources department finalized KPI and remuneration of senior management based on the Company's operating performance and the performance of senior management for the year.

XVII.INTERNAL CONTROL SYSTEM BUILDING AND PERFORMANCE WITHIN THE REPORTING PERIOD

Applicable Not applicable

The "Rules for Construction and Supervision of Internal Control System of Chalieco International Engineering Company Limited" was formally issued; implemented the mechanism of simultaneous planning, construction and updating of internal control construction and system processes, and organized the updating of the manual of the internal control system of the Company's headquarter and subordinate enterprises; focused on the key works of the construction of the internal control management system and the effectiveness of the operation of the system, and organized the special self-inspection work of internal control system construction of the subordinate enterprises (including six overseas enterprises). Strengthened the penetration supervision of internal control and carried out rectification of issues in internal control, so as to ensure the effective and standardized operation of the Company's internal control system.

For details of the Company's internal control assessment report, please refer to the 2023 Internal Control Assessment Report of China Aluminum International Engineering Corporation Limited as approved at the 19th meeting of the fourth session of the Board and published on the website of the SSE.

Explanation on material deficiencies in internal control during the Reporting Period

Applicable Not applicable

XVIII.CONTROL ON SUBSIDIARIES WITHIN THE REPORTING PERIOD

Applicable Not applicable

In order to further strengthen the risk control of its subsidiaries and improve the overall operational efficiency and risk-resistant ability of the Company, the Company has revised the "Three Majors and One Significant" Decision-Making Matters Management System, the Board of Directors' Authorization Management Measures, the Decision-Making Matters Authority, the General Manager Working Rules, Responsibility and Process List and other systems in accordance with the relevant provisions of the Company Law, the Securities Law and the Articles of Association, and newly formulated the Rules of Procedure for Special Meeting of the Chairman, among other systems.

SECTION 5 CORPORATE GOVERNANCE (CORPORATE GOVERNANCE REPORT)

In order to create more reform and innovation models and pacesetters at the basic level, the Company supported the reform of “science reform enterprises” with differentiated and precise policies, and issued the Negative Management List of Science Reform Enterprises; after the assessment of the relevant enterprises, the company decided that the newly shortlisted “science reform enterprises” of SAMI, GAMI and Kunming Survey and Design Institute would implement six key authorities of the board of directors in 2023, and agreed that Kunming Institute would increase the implementation of the right to manage the distribution of employees’ wages on the basis of the five key authorities already implemented, and the enterprises concerned have formulated or revised the implementation plan for the implementation of the authorities of the board of directors of the enterprises concerned.

In 2023, the Company issued the Rules for Construction and Supervision of Internal Control System to improve the system construction of the internal control system of the Company; carried out the updating of internal control system manuals of its affiliated enterprises to implement the mechanism of synchronous planning, construction and updating of internal control construction and system processes; and organized and carried out a special self-inspection of the construction of the internal control system of its affiliated enterprises and overseas enterprises.

XIX. PARTICULARS OF INTERNAL CONTROL AUDIT REPORT

Applicable Not applicable

Our auditor Grant Thornton (Special General Partnership) confirmed that the Company has maintained effective internal control over financial reporting in all material aspects. For details, refer to the 2023 Annual Audit Report on Internal Control of China Aluminum International Engineering Corporation Limited disclosed on the website of the SSE (www.sse.com.cn) on the same day as this Annual Report.

Whether the internal control audit report is disclosed: Yes

Type of opinion on the internal control audit report: unqualified with explanatory paragraphs

SECTION 5 CORPORATE GOVERNANCE (CORPORATE GOVERNANCE REPORT)

XX. LISTED COMPANY'S GOVERNANCE SELF-CHECK AND RECTIFICATION

The Company has completed the transition of the Board and the Board of Supervisors in 2022, and will continue to build upon the achievements on corporate governance, improve the level of corporate governance, and promote the sustainable, healthy and high-quality development of the Company.

XXI. OTHER INFORMATION

Applicable Not applicable

(I) Compliance with the Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix C3 to the HKEX Listing Rules as the code of conduct for dealings in the securities of the Company by all of our Directors and Supervisors. Having made specific enquiries with the Directors and Supervisors, all Directors and Supervisors have confirmed that they have strictly complied with the standards stipulated 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 HKEX Listing Rules) in the Company's securities, which are on no less exacting terms than the Model Code. The Company is not aware of any breach of the guidelines by its relevant employees.

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

(II) Investor relations

1. Investor relations activities

The Company holds our stance to timely respond to issues of market concern in a responsive, meticulous and frank manner as always to precisely convey the Company's investment value, and build a positive, harmonious and benign interactive relationship with a full array of investors. In 2023, we held three results briefings, and was named "Excellent Annual Results Briefing in 2022" by China Association of Public Companies; one "A Day in the Life in a Listed Company", where we communicated with 16 institutional investors; a road show on the issuance of perpetual bonds, where we communicated with more than 30 investors; participated in an investor relationship campaign named "I am a Shareholder" jointly held by SSE and YICAI, where we stepped into a state-owned company holding listed company to communicate with investors around the infrastructure industry; received three groups of institutional investors for research purposes; convened four analyst conference calls; paid two visits proactively to our institutional investors; and achieved a 100% response rate on the SSE e-Interaction platform.

SECTION 5 CORPORATE GOVERNANCE (CORPORATE GOVERNANCE REPORT)

2. Information disclosure

From A to Z, the Company ensures its compliance to the very bottom line of legal compliance, upholds the pursuit of high quality and standards to demonstrate the Company's value and take standardized operation to another level. In 2023, we have published a total of 134 A-share announcements, 155 H-share announcements in Chinese, and 56 announcements and documents in English, to showcase our development and achievements from a multi-dimensional perspective via periodic reports, ad-hoc announcements and others, and timely disclose the risks the Company may face. To meet the needs of our investors, we disclose our company information in a true, accurate, complete, timely and fair manner and in strict accordance with the regulations and requirements of the CSRC, the SSE, the Stock Exchange and other regulatory bodies.

(III) Amendment of the Articles of Association during the Reporting Period

The Company continues to improve our AOA-centred governance system. In 2023, the Company made amendments to the relevant provisions of the Articles of Association in accordance with the new regulatory policies and provisions issued by the CSRC, the SSE and the Stock Exchange, taking into account our practice in the daily operation of corporate governance. For details, please refer to the relevant announcements issued by the Company on the websites of the SSE and HKEX.

(IV) Company secretary

During the Reporting Period, Mr. Zhang Jian has resigned as the company secretary due to job change on 27 April 2023. The Board of the Company has appointed Ms. Zhao Hongmei and Ms. Ng Ka Man as the joint company secretaries. For details, please refer to the announcement on the Change of Company Secretary and Authorised Representative of the Company dated 27 April 2023 on the website of the Stock Exchange.

In order to comply with Rule 3.29 of the HKEX Listing Rules, as of 31 December 2023, Ms. ZHAO Hongmei and Ms. Ng Ka Man, the joint company secretaries, participated in no less than 15 hours of relevant professional training for the year ended 31 December 2023.

SECTION 5 CORPORATE GOVERNANCE (CORPORATE GOVERNANCE REPORT)

(V) Directors' responsibility for the financial statements

The Board of Directors acknowledged its responsibility for preparing the financial statements of the Group for the year ended 31 December 2023.

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

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

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

(VI) Dividend policy of the Company

For details, please refer to "Proposal for Profit Distribution or for Converting Capital Reserve into Share Capital" under "Section 5 Corporate Governance (Corporate Governance Report)" of this report.

(VII) Board independence evaluation mechanism

Pursuant to code provision B.1.4 of the Corporate Governance Code in Appendix C1 of the HKEX Listing Rules, the Board should establish mechanism(s) to ensure independent views and input are available to the Board.

The Board has adopted the board independence evaluation mechanism (the "Mechanism") which sets out the principles and guidelines for the Company to ensure independent view and input are available to the Board.

Through the independent evaluation of the Board, the processes and procedures of the Company's Board and its committees are continually improved and developed, providing a robust and useful feedback mechanism to enhance the Board's effectiveness, maximise its strengths and identify areas for improvement or further development. The evaluation process also identifies actions that the Company needs to take to maintain and improve the performance of the Board, such as addressing the individual training and development needs of each director.

The purpose of the Mechanism is to ensure that the Board of the Company has a strong element of independence to enable the Board to exercise independent judgment effectively to better protect the interests of shareholders.

SECTION 6 REPORT OF THE BOARD OF SUPERVISORS

In accordance with the Company Law Articles of Association and other relevant regulations, the Board of Supervisors of the Company faithfully performed its supervisory duties in the spirit of being responsible to all shareholders, actively and effectively carried out its work, and strived to safeguard the legitimate rights and interests of the Company and its shareholders.

1. COMPOSITION OF THE BOARD OF SUPERVISORS

In 2023, the fourth session of the Board of Supervisors of the Company comprises three Supervisors, namely Mr. Fan Guangsheng, the chairman of the Board of Supervisors, Mr. He Wenjian, a Supervisor, and Ms. Lin Ni, a Supervisor.

Due to work reallocation, Mr. Fan Guangsheng resigned as the chairman of the Board of Supervisors and an employee representative Supervisor of the Company on 29 January 2024. The Company held the third meeting of the third session of the employee representative meeting and the 13th meeting of the fourth session of the Board of Supervisors on the same day, at which Ms. Xiao Hongmei was elected as an employee representative Supervisor of the fourth session of the Board of Supervisors of the Company and Ms. Lin Ni was elected as the chairman of the fourth session of the Board of Supervisors of the Company, respectively. At present, the three Supervisors of the fourth session of the Board of Supervisors of the Company are Ms. Lin Ni, the chairman of the Board of Supervisors, Mr. He Wenjian, a Supervisor, and Ms. Xiao Hongmei, a Supervisor.

2. MAJOR WORK OF THE BOARD OF SUPERVISORS

In 2023, the Board of Supervisors of the Company conscientiously supervised (among others) the legality of the Company's operation, finance and the performance of duties by the Directors and senior management of the Company in accordance with (among others) the provisions of the Articles of Association and the Rules of Procedure of the Board of Supervisors of China Aluminum International Engineering Corporation Limited, and had no objection to matters subject to supervision during the Reporting Period.

SECTION 6 REPORT OF THE BOARD OF SUPERVISORS

During the Reporting Period, the Board of Supervisors of the Company held six meetings in total, at which 16 resolutions were considered. Details are as follows:

Name of Meeting	Time of convening	Proposals considered
Sixth meeting of the fourth session of the Board of Supervisors	7 March 2023	Proposal on the consideration and approval of the 2022 Annual Results Announcement and Annual Report of the Company
		Proposal on the consideration and approval of the 2022 Final Financial Report of the Company
		Proposal on the consideration and approval of the 2022 Business Plan Report of the Company
		Proposal on the consideration and approval of the 2022 Profit Distribution Plan of the Company
		Proposal on the Company's Provision for Asset Impairment in 2022
		Proposal on the consideration and approval of the 2022 Environmental, Social and Governance Report of the Company
		Proposal on the consideration and approval of the 2022 Internal Control Evaluation Report of the Company
		Proposal on the consideration and approval of the 2022 Work Report of the Board of Supervisors of the Company
Seventh meeting of the fourth session of the Board of Supervisors	27 April 2023	Proposal on the 2023 First Quarterly Report of the Company
Eighth meeting of the fourth session of the Board of Supervisors	28 June 2023	Proposal on Changes in Accounting Estimates for Expected Credit Loss of Contract Assets
Ninth meeting of the fourth session of the Board of Supervisors	22 August 2023	Proposal on the 2023 Interim Report of the Company
		Proposal on the Company's Provision for Asset Impairment for the First Half of 2023
Tenth Meeting of the fourth session of the Board of Supervisors	27 October 2023	Proposal on Considering the 2023 Third Quarterly Report of the Company

SECTION 6 REPORT OF THE BOARD OF SUPERVISORS

Name of Meeting	Time of convening	Proposals considered
Eleventh meeting of the fourth session of the Board of Supervisors	8 December 2023	<p data-bbox="735 454 1445 551">Proposal on the 2023 Restricted Share Incentive Scheme (Draft) of China Aluminium International Engineering Corporation Limited and its Summary</p> <p data-bbox="735 595 1445 692">Proposal on the Administrative Measures for the 2023 Restricted Share Incentive Scheme of China Aluminium International Engineering Corporation Limited</p> <p data-bbox="735 735 1445 836">Proposal on the Assessment Management Measures for the Implementation of the 2023 Restricted Share Incentive Scheme of China Aluminium International Engineering Corporation Limited</p>

By participating in important meetings of the Company, listening to the reports of the Company's management and effective deliberation of meeting proposals, the Board of Supervisors of the Company communicated with the Company's management smoothly, supervised the formulation of the Company's equity incentives schemes, supervised the compliance and rationality of major financial decisions such as profit distribution, changes in accounting estimates and provision for impairment, reviewed the authenticity, accuracy and completeness of regular reports, supervised risk management and internal control compliance of the Company, etc., and effectively safeguarded the legitimate rights and interests of the Company and shareholders, especially minority shareholders.

3. PERFORMANCE OF DUTIES BY MEMBERS OF THE BOARD OF SUPERVISORS

In 2023, members of the Board of Supervisors of the Company faithfully and diligently performed their duties in accordance with regulatory requirements and the relevant provisions of the Articles of Association. The Board of Supervisors attended or observed the general meetings, the Board of Directors and the Board of Supervisors in accordance with regulations, of which the attendance rate of the Board of Supervisors was 100%. The members of the Board of Supervisors gave full play to their professional expertise and experience in economics, auditing, accounting, management and other fields, earnestly performed their duties, took active actions, put forward many constructive opinions and suggestions on the high-quality development of the Company, and played an important role in improving the corporate governance and supervision mechanism of the Board of Supervisors of the Company and improving the level of supervision and performance of duties.

SECTION 6 REPORT OF THE BOARD OF SUPERVISORS

4. EXPRESS OF OPINIONS ON RELEVANT MATTERS BY THE BOARD OF SUPERVISORS

(1) Legal compliance of the Company's operations

The Board of Supervisors is of the view that the Board and the management of the Company were able to operate in strict compliance with the Company Law, the Articles of Association and the relevant laws and regulations of the places where the Company is listed, perform their duties in good faith, truthfully and with diligence, and earnestly implemented the resolutions and authorisations of the general meeting; the decision-making and various business activities were in compliance with the laws and regulations and the Articles of Association, and no violation of laws, regulations, violation of the Articles of Association and damage to the interests of the shareholders of the Company were found in the performance of their duties.

(2) Financial information of the Company

During the Reporting Period, the Board of Supervisors supervised and audited the financial position and operating results of the Company for 2023, and is of the view that the preparation of the financial statements of the Company was in compliance with the relevant provisions of the Accounting System for Business Enterprises and the Accounting Standards for Business Enterprises, and the financial reports gave a true, objective and accurate view of the financial position and operating results of the Company. Grant Thornton carried out audit works in accordance with the China Accounting Standards for Business Enterprises and issued a standard unqualified audit report; their audit opinions are fair and objective.

(3) Verification of equity incentives of the Company

There is no circumstance in which the Company is prohibited by laws and regulations to implement the Restricted Share Incentive Scheme, and the contents, formulation and consideration procedures of the Restrictive Share Incentive Scheme of China Aluminum International Engineering Corporation Limited (Draft) comply with the provisions of relevant laws, regulations and regulatory documents and the Articles of Association.

(4) Internal control of the Company

During the Reporting Period, the Board of Supervisors reviewed the 2023 Internal Control Evaluation Report of China Aluminium International Engineering Corporation Limited, and considered that the report fully, truthfully and objectively reflected the actual situation of the Company's internal control.

SECTION 6 REPORT OF THE BOARD OF SUPERVISORS

(5) Performance of social responsibilities by the Company

During the Reporting Period, the Company made outstanding contributions to environmental protection, employee care and rural revitalization. The Company actively participated in public welfare and charity, earnestly fulfilled its social responsibilities, and safeguarded the interests of shareholders, customers and employees.

(6) Other matters

During the Reporting Period, the Board of Supervisors reviewed and supervised the Company's provision for asset impairment and changes in accounting estimates, and is of the view that the Company's decision-making procedures related to provision for asset impairment and changes in accounting estimates were in compliance with relevant laws and regulations and the Articles of Association, and there was no prejudice to the interests of the Company and Shareholders.



SECTION 7 ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

I. ENVIRONMENTAL INFORMATION

Whether an environmental protection mechanism is in place Yes
Funds invested in environmental protection during the Reporting Period
(expressed in RMB'0,000) 3,532.17

(I) Environmental protection information of companies and their major subsidiaries on the watch list of key pollutant discharging entities 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 entities

Applicable Not applicable

1. Administrative punishments due to environmental problems

Applicable Not applicable

The metal structure manufacturing workshop of Tianjin Construction, a subsidiary of the Company, was leased out to a third party in October 2022 to engage in the processing of metal structure parts, and was fined twice for the lessee's open-air illegal spray painting operations, and the payment of fines totaling RMB235,000 was completed in 2023.

SECTION 7 ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

2. Other environmental information disclosed by key pollutants discharging entities

Applicable Not applicable

The Company attaches great importance to environmental protection and pollution prevention, and no general environmental emergencies and major environmental pollution incidents occurred during the Reporting Period. The Company actively advocates the concept of green development, and continuously strengthens the essential environmental protection of engineering projects in surveying and design; strictly abides by the national laws and regulations on environmental protection, and carries out environmental impact assessment according to the law; the construction site carries out the identification of environmental impact factors, and prepares environmental protection and green construction programs before the commencement of the project, in line with the national and local requirements on environmental protection and pollution prevention at the construction site. Strictly complies with the six 100% requirements, and carries out strict control in sewage discharge, exhaust gas discharge, dust control, noise control, and construction waste disposal. Priority is given to the use of energy-saving and environmentally friendly new technologies, techniques, equipment and materials in the construction of the project, so as to minimize the impact of construction on the environment.

3. Reason why other environmental information are not disclosed

Applicable Not applicable

(III) Information conducive to ecological protection, pollution control, and environmental responsibilities fulfillment

Applicable Not applicable

The Company adheres to the guidance of Xi Jinping's thought of ecological civilization, carries out the new development concept in depth, and strictly abides by national and local laws and regulations. In 2023, the company will continue to require all staff to sign a safety and environmental protection "one post, two responsibilities" responsibility list, and sign safety and environmental protection target responsibility letters with each enterprise and each department, so as to strengthen the concept of environmental protection for all staff, and to promote environmental protection work of all staff to perform their duties and responsibilities. During the activities on "6.5" Environment Day, Xi Jinping's idea of ecological civilization was deeply integrated with the company's business. Continuously promote the research and development and application of environmental protection and energy-saving technologies, and promote environmental protection and pollution emission in the non-ferrous industry; continue to promote environmental protection work of the Company, discharge all kinds of pollutants in accordance with the law, strengthen the ecological environmental protection of the front line of the engineering and construction projects, and earnestly carry out the subject responsibility of ecological environmental protection.



SECTION 7 ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

(IV) Measures to reduce carbon emissions during the Reporting Period and their effects

Whether carbon reduction measures are adopted	Yes
Reduction in CO ₂ equivalent emissions (unit: tonnes)	/
Types of carbon reduction measures (e.g. use of clean energy for electricity generation, use of carbon reduction technologies in the production process, development and production of new products that contribute to carbon reduction, etc.)	Developing and producing new products that could help reduce carbon emissions

Specific description

Applicable Not applicable

Guided by Xi Jinping's thought on ecological civilisation, Chalieco has actively responded to the call of the national "3060" policy and firmly followed the path of green and low-carbon development, regarding tackling climate change, energy management, "three wastes" emissions, research and development of environmental protection technologies, and protection of biological populations as the main directions of low-carbon development, and has formulated and improved the environmental protection management system, increased the implementation of energy-saving measures, effectively enhanced the efficiency of energy use, carried out various environmental protection publicity and special training activities, actively participated in ecological and environmental protection public welfare practices, and adhered to the path of green, low-carbon and sustainable development.

Chalieco actively promotes the work related to emission reduction and carbon reduction in engineering and technical services and production, accelerates the construction of a green technology innovation system, creates a system for green technology research and development, application promotion and industrial development, strives to overcome low-carbon technical difficulties, researches and develops key and core green technologies, accelerates the innovation and popularisation of energy-saving and carbon reduction technologies, relying on our technological advantages of the whole industrial chain, the Company is committed to integrating the concept of green development into the whole process of design and construction, adopting new technology, new equipment and new technology from the source of design, continuously optimizing the design scheme, realizing energy saving and emission reduction in essence, and providing users with cleaner, more efficient and greener solutions; adhering to the concept of green construction, we are committed to the construction of the "green projects", and assisting in-depth carbon reduction with the achievements of science and technology, and promoting green and high-quality development in the non-ferrous industry.

SECTION 7 ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

II. SOCIAL RESPONSIBILITIES FULFILLMENT

(I) Whether a separate social responsibility report, sustainability report or ESG report is disclosed

Applicable Not applicable

For details of the Company's work in fulfilling its social responsibilities, please refer to the "2023 Annual Environmental, Social and Governance Report of China Aluminum International Engineering Corporation Limited" disclosed on the website of the SSE (<http://www.sse.com.cn>) and the website of the Stock Exchange (www.hkex.com.hk).

(II) Specific information on social responsibility work

Applicable Not applicable

External donations and public welfare projects

	Quantity/content	Description
Total input (RMB'0,000)	3.96	
Including: Funds (RMB'0,000)	0.10	Donation of RMB1,000 to help people in difficulties
Cash converted from materials (RMB'0,000)	3.86	Donated RMB38,600 for wooden doors to villages under targeted assistance
Number of beneficiaries (persons)	119	

Specific description

Applicable Not applicable



SECTION 7 ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

(III) ACHIEVEMENT OF OUR ENHANCED AND EXPANDED POVERTY ALLEVIATION AND RURAL REVITALIZATION EFFORTS✓ Applicable Not applicable**Poverty alleviation and rural revitalization projects**

Poverty alleviation and rural revitalization projects	Quantity/content	Description
Total input (RMB'0,000) Including: Funds (RMB'0,000)	237.94 222.74	The total amount of agricultural products purchased directly from the helping and impoverished counties was RMB2,110,400, and a total of RMB117,000 was directly invested in industrial support, culture and education, medical care and health care, infrastructure renovation, and visits and condolences.
Cash converted from materials (RMB'0,000)	15.2	RMB92,000 was invested in support materials and RMB60,000 was invested in infrastructure improvement instruments.
Number of beneficiaries (persons) Forms of assistance (such as industry-wide, employment and education, etc.)	3,748 Poverty alleviation through industry, employment, education and consumption	

Specific description

 Applicable ✓ Not applicable

SECTION 8 KEY MATTERS

I. PERFORMANCE OF COMMITMENTS

(I) Commitments of the Company, its actual controller, shareholders, related parties, acquirers and other obligors that were made in or continued into the Reporting Period

Applicable Not applicable

Background of commitment	Type of commitment	The party making commitment	Content of commitment	Time of commitment	Whether there is a validity for performance	Period of commitment	Strictly performed in a timely manner or not	Specify the reason for failure to perform in time	Specify the next step plan in case of failure to perform in time
Commitments related to Miyu Major Asset Restructuring	Restricted shares	Directors, supervisors and senior management of the listed company, Chinalco and its parties acting in concert, Luoyang Institute and Yunnan Aluminum International	Shareholding reduction plan	During the period from the date of the initial disclosure of the Restructuring to the completion of its implementation	Yes	Yes	N/A	N/A	Restricted shares
	Others	Directors and senior management of the listed company, Chinalco and its parties acting in concert, Luoyang Institute and Yunnan Aluminum International	Measures to make up for diluted return for the current period	Long term	Yes	Yes	N/A	N/A	Others
	Others	Chinalco and its parties acting in concert, Luoyang Institute and Yunnan Aluminum International	Maintaining the independence of the listed company	Long term	Yes	Yes	N/A	N/A	Others
	Resolving related transactions	Chinalco and its parties acting in concert, Luoyang Institute and Yunnan Aluminum International	Reducing and regulating related transactions	Long term	Yes	Yes	N/A	N/A	Resolving related transactions
	Resolving competition among peers	Chinalco and its parties acting in concert, Luoyang Institute and Yunnan Aluminum International	Avoiding the competition of peers	Long term	Yes	Yes	N/A	N/A	Resolving related transactions

SECTION 8 KEY MATTERS

Background of commitment	Type of commitment	The party making commitment	Content of commitment	Time of commitment	Whether there is a validity for performance	Period of commitment	Strictly performed in a timely manner or not	Specify the reason for failure to perform in time	Specify the next step plan in case of failure to perform in time
	Restricted shares	Chinalco	Commitment on shares lockup and intention to reduce shareholdings	Within 3 years from the date of listing of A shares and within 2 years after the expiration of the lock-up period	Yes	Yes	N/A	N/A	Restricted shares
	Restricted shares	Luoyang Institute	Commitment on shares lockup and intention to reduce shareholdings	Within 3 years from the date of listing of A shares and within 2 years after the expiration of the lock-up period	Yes	Yes	N/A	N/A	Restricted shares
	Others	Chinalco, the Company, the Company's non-independent directors and senior management	Share price stabilization plan	Within 3 years from the date of listing of A shares	Yes	Yes	N/A	N/A	Others
	Others	Directors and senior management of the Company	Making up for diluted return for the current period	Long term	Yes	Yes	N/A	N/A	Others
IPO related commitments	Resolving competition among peers	Chinalco	Peer competition	Long term	Yes	Yes	N/A	N/A	Resolving competition among peers
	Resolving related transactions	Chinalco	Related transaction	Long term	Yes	Yes	N/A	N/A	Resolving related transactions
	Resolving related transactions	Chinalco Finance	Credit facility service provided by related party	Long term	Yes	Yes	N/A	N/A	Resolving related transactions
	Others	Directors, supervisors and senior management of the Company	Qualifications	Long term	Yes	Yes	N/A	N/A	Others
	Others	Chinalco	Land title defect	Long term	Yes	Yes	N/A	N/A	Others
	Others	The Company	Housing related business	Long term	Yes	Yes	N/A	N/A	Others
	Others	Chinalco, the Company, the Company's directors, supervisors and senior management, sponsors, accountants, lawyers	Commitment that there are no false records, misleading statements or material omissions in the Prospectus	Long term	Yes	Yes	N/A	N/A	Others

SECTION 8 KEY MATTERS

(II) If any profit forecast exists for an asset or project of the Company, and the Reporting Period falls into the forecast period, the Company should specify whether the asset or project meets the profit forecast and provide reasons

Yes No Not applicable

(III) Realization of guaranteed performance and its impact on goodwill impairment test

Applicable Not applicable

II. FUNDS OCCUPIED BY THE CONTROLLING SHAREHOLDER OR ITS RELATED PARTIES FOR NON-OPERATING PURPOSE DURING THE REPORTING PERIOD

Applicable Not applicable

III. GUARANTEES IN VIOLATION OF REQUIRED PROCEDURES

Applicable Not applicable

SECTION 8 KEY MATTERS

IV. EXPLANATION OF THE BOARD OF DIRECTORS ON ISSUANCE OF A “NON-STANDARD AUDITING REPORT” BY THE AUDITOR

Applicable Not applicable

V. ANALYSIS OF REASONS OF CHANGES IN ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OR CORRECTION TO SIGNIFICANT ACCOUNTING ERRORS AND THEIR IMPACT

(I) Analysis of reasons and impact of changes in accounting policies and accounting estimates of the Company

Applicable Not applicable

1. Changes in accounting estimates

Reason for change in accounting estimate: With the continuous changes in the situation of the Company's clients and the further improvement of client risk management measures, the Company comprehensively evaluated the composition and risk of accounts receivable, contract assets, etc., and the original accounting estimate of expected credit losses on contract assets is unable to meet the requirement that the expected credit loss risk of contract assets and accounts receivable related to the same client be consistent. In order to more accurately and objectively reflect the credit risk, financial status and operating results derived from the same client, with reference to the estimated credit loss testing model of listed companies in the same industry, the Company carried out accounting estimate changes for expected credit losses on contract assets.

Impact of the change: On 28 June 2023, as reviewed and approved at the 13th meeting of the fourth session of the Board of the Company, the accounting estimate of the expected credit losses of contract assets was changed. After the change, for contract assets with a significant individual amount (the standard of which shall be RMB5 million) and certain contract assets with insignificant individual amounts, if their expected credit losses can be evaluated without unnecessary additional costs or efforts, impairment accounting treatment will be carried out separately and bad debt provisions will be recognized; the remaining contract assets shall be regarded as a combination, based on the aging analysis (calculated from the date of confirmation of the contract assets), the expected credit losses are estimated in a corresponding proportion and bad debt provisions are accrued.

SECTION 8 KEY MATTERS

2. Changes in accounting policies

Reasons for changes in accounting policies: The Ministry of Finance issued the “Interpretation No. 16 of Accounting Standards for Business Enterprises” (Cai Kuai [2022] No. 31) in November 2022 (hereinafter referred to as “Interpretation No. 16”). Interpretation No. 16 stipulates that for an individual transaction that is not a business combination, the transaction affects neither accounting profits nor taxable income (or deductible losses) when the transaction occurs, and the initial recognition of assets and liabilities results in equal amounts of taxable temporary differences and deductible temporary differences, taxable temporary differences and deductible temporary differences arising from the initial recognition of assets and liabilities shall be determined in accordance with relevant provisions such as “Accounting Standards for Business Enterprises No. 18 – Income Tax”, such that the corresponding deferred income tax liabilities and deferred income tax assets are individually recognized when the transaction occurs. For the above-mentioned transactions that occurred between the beginning of the earliest period for the presentation of financial statements when the above provisions are first implemented and the implementation date of this interpretation, the enterprise shall, in accordance with the above provisions, adjust the cumulative impact number to the opening retained earnings and other relevant financial statement items for the earliest period for presentation of the financial statements in accordance with the above provisions. The above accounting treatment regulations shall be effective from January 1, 2023. If the Company generates taxable temporary differences and deductible temporary differences for the lease liabilities and right-of-use assets recognized in the leasing business, as well as the recognized estimated liabilities related to disposal obligations and corresponding relevant assets, the Company shall make arrangements in accordance with the provisions of Interpretation No. 16.

Impact of changes in accounting policies: The above changes in accounting policies resulted in an increase of RMB611,000 in the Company’s undistributed profits at the beginning of the period as compared with that the previous year.

(II) Analysis of reasons for correction to significant accounting errors and its impact

Applicable Not applicable

(III) Communication with the former auditor

Applicable Not applicable

(IV) Approval process and other descriptions

Applicable Not applicable



SECTION 8 KEY MATTERS

VI. APPOINTMENT AND REMOVAL OF AUDITOR

Expressed in RMB

	Previous appointment	Current appointment
Name of domestic auditor	WUYIGE Certified Public Accountants (LLP)	Grand Thornton Accounting Firm (Special General Partnership)
Remuneration of domestic auditor	4,804,000	4,500,000
Years of service of domestic auditor	7 years	1 year
Name of certified public accountants of domestic auditor	Shi Chenqi, Liu Mingzhe	Huang Zhibin, Li Yang
Continued term of service of certified public accountants of domestic auditor	Shi Chenqi (3 years), Liu Mingzhe (2 years)	Huang Zhibin (1 year), Li Yang (1 year)
Name of overseas auditor	/	/
Remuneration of overseas auditor	/	/
Years of service of overseas auditor	/	/
	Name	Remuneration
Internal control auditor	Grand Thornton Accounting Firm (Special General Partnership)	600,000
Financial advisor	/	/
Sponsor	/	/

SECTION 8 KEY MATTERS

Explanation of appointment and removal of the auditor

Applicable Not applicable

The auditor appointed for the audit of the 2022 annual report of the Company and our internal audit control was Daxin Certified Public Accountants (Special General Partnership) (大信會計師事務所 (特殊普通合夥)) (“Daxin”). As the term of audit services provided by Daxin for the Company has reached the longest consecutive audit period, the Company has, upon approval by the 2022 annual general meeting, engaged Grant Thornton (Special General Partnership) as the accounting firm of the Company for the year 2023 until the conclusion of our 2023 annual general meeting. The Company has communicated sufficiently with Daxin on the change of accounting firm and acknowledged that it has no disagreement with the change.

Explanation on change in the auditor during the auditing period

Applicable Not applicable

Description of any reduction in audit fees by 20% or above over the previous year

Applicable Not applicable

VII. POTENTIAL RISK OF SUSPENSION OF LISTING

(I) Reasons for the suspension of listing

Applicable Not applicable

(II) Proposed countermeasures of the Company

Applicable Not applicable

(III) Circumstance in which the Company faces de-listing and reasons

Applicable Not applicable

SECTION 8 KEY MATTERS

VIII. BANKRUPTCY AND REORGANIZATION RELATED ISSUES

Applicable Not applicable

IX. MATERIAL LITIGATION AND ARBITRATION

The Company was involved in any material litigation or arbitration during the year The Company was not involved in any material litigation or arbitration during the year

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

Applicable Not applicable

Summary and type of the issue

Sixth Metallurgical Company, a wholly-owned subsidiary of the Company, v. Hohhot Economic and Technological Development Zone Ruyi District Management Committee, Hohhot Economic and Technological Development Zone Boyuan Real Estate Development Co., Ltd., Inner Mongolia Jinhang Real Estate Development Co., Ltd., and Hohhot Economic and Technological Development Zone Investment and Development Group Co., Ltd., Construction Project Engineering Contract Disputes

Duyun Development Zone Tongda Construction Co., Ltd., a wholly-owned subsidiary of the Company, v. Duyun Industrial Development Zone Capital Operation Co., Ltd., Duyun Economic Development Zone Management Committee, Qiannan Prefecture Investment Co., Ltd., the People's Government of Qiannan Buyi and Miao Autonomous Prefecture, the Finance Bureau of Qiannan Buyi and Miao Autonomous Prefecture, Construction Project Engineering Contract Disputes

Xu Lin v. Twelfth Metallurgical Company, a wholly-owned subsidiary of the Company, Guizhou Gui'an New District Administrative Committee, Gui'an New District University Town Zhiyin Project Development Co., Ltd. and the third party, Fujian Henli Construction Group Co., Ltd., Construction Project Engineering Contract Disputes

Reference

For details, please refer to the Company's Announcement No. Temp 2023-013 published in the designated information disclosure media on 31 March 2023

For details, please refer to the Company's announcements No. Temp 2023-016 and No. Temp 2023-040 published in the designated information disclosure media on 12 April 2023 and 29 July 2023 respectively

For details, please refer to the Company's announcements No. Temp 2023-018, No. Temp 2023-048 and No. Temp 2023-052 published in the designated information disclosure media on 18 April 2023, 30 August 2023 and 23 September 2023 respectively

SECTION 8 KEY MATTERS

Summary and type of the issue

Baoji Huifeng Construction Engineering Co., Ltd. v. Nine Metallurgical Company, a Controlling Subsidiary of the Company, Fifth Company under Nine Metallurgical Company and Baoji Disabled Persons' Federation, Construction Project Engineering Contract Disputes

Six Metallurgical Company, a wholly-owned subsidiary of the Company, v. Inner Mongolia Xinwang Renewable Resources Co., Ltd., Construction Project Engineering Contract Disputes

The Company v. Vinacomin Group Contractual Arbitration Disputes

Ding Jie v. China Aluminum International (Tianjin) Construction Company Limited, a wholly-owned subsidiary of the Company, Construction Project Engineering Contract Disputes

Ninth Metallurgical Construction Company Limited, a controlling subsidiary of the Company, v. Shaanxi Weida Real Estate Development Co., Ltd. and Li Hengsheng, Construction Project Engineering Contract Disputes

Nineth Metallurgical Construction Company Limited, a controlling subsidiary of the Company, v. Hanzhong Aviation Intelligent New City Investment Group Company Limited, Hanzhong Aviation Intelligent New City Sewage Treatment Plant, Construction Project Engineering Contract Disputes

Reference

For details, please refer to the Company's Announcement No. Temp 2023-020 published in the designated information disclosure media on 28 April 2023

For details, please refer to the Company's announcements No. Temp 2023-022 and No. Temp 2023-057 published in the designated information disclosure media on 10 May 2023 and 25 October 2023 respectively

For details, please refer to the Company's announcements No. Temp 2022-002 and No. Temp 2023-026 published in the designated information disclosure media on 14 January 2022 and 3 June 2023 respectively

For details, please refer to the Company's announcements No. Temp 2022-037, No. Temp 2023-034 and No. Temp 2023-058 published on 19 May 2022, 6 July 2023 and 25 October 2023 in the designated information disclosure media

For details, please refer to the Company's announcements No. Temp 2023-033 and No. Temp 2023-055 published in the designated information disclosure media on 6 July 2023 and 27 September 2023 respectively

For details, please refer to the Company's Announcement No. Temp 2023-036 published in the designated information disclosure media on 14 July 2023

SECTION 8 KEY MATTERS

Summary and type of the issue	Reference
Zhumadian Development Zone Jiafucheng Real Estate Co., Ltd. v. Six Metallurgical Company, a wholly-owned subsidiary of the Company, Construction Project Engineering Contract Disputes	For details, please refer to the Company's Announcement No. Temp 2023-035 published in the designated information disclosure media on 24 July 2023
Arbitration of Dispute over General Contracting Contract between Guiyang Aluminum and Magnesium Design and Research Institute Co., Ltd., a wholly-owned subsidiary of the Company v. Guizhou Huada Real Estate Development Co., Ltd.	For details, please refer to the Company's Announcement No. Temp 2023-039 published in the designated information disclosure media on 26 July 2023
Six Metallurgical Company, a wholly-owned subsidiary of the Company, v. Xincai County Lifeng Industrial Co., Ltd., Construction Project Engineering Contract Disputes	For details, please refer to the Company's Announcement No. Temp 2023-049 published in the designated information disclosure media on 30 August 2023
Zhong'ai Culture Communication (Tianjin) Co., Ltd. v. China Aluminum International (Tianjin) Construction Company Limited, a wholly-owned subsidiary of the Company, Contract Dispute	For details, please refer to the Company's announcements No. Temp 2022-053 and No. Temp 2023-050 published in the designated information disclosure media on 16 August 2022 and 8 September 2023 respectively
Nine Metallurgical Construction Company Limited, the Company's controlling subsidiary, v. Fujian Zhongnuo Anji Car Rental Co., Ltd., Construction Project Engineering Contract Disputes	For details, please refer to the Company's announcements No. Temp 2022-049 and No. Temp 2023-051 published in the designated information disclosure media on 16 July 2022 and 13 September 2023 respectively
Kunming Haokun Concrete Manufacturing Co., Ltd. v. Six Metallurgical Company and Six Metallurgical Yunnan Branch Company, wholly-owned subsidiaries of the Company, Sale and Purchase Contract Disputes	For details, please refer to the Company's Announcement No. Temp 2023-062 published in the designated information disclosure media on 31 October 2023
Arbitration of Construction Project Engineering Contract Disputes between Six Metallurgical Company, a Wholly-owned Subsidiary of the Company, v. Egyptian Luo Jia Industrial Group Co., Ltd.	For details, please refer to the Company's Announcement No. Temp 2023-063 published in the designated information disclosure media on 2 November 2023

SECTION 8 KEY MATTERS

Summary and type of the issue

Six Metallurgical Company, a wholly-owned Subsidiary of the Company, v. Guizhou Hongcai Investment Group Co., Ltd., Guizhou Hongcai Properties Co., Ltd., Guizhou Hongcai Real Estate Development Co., Ltd., Construction Project Engineering Contract Disputes

Reference

For details, please refer to the Company's Announcement No. Temp 2023-064 published in the designated information disclosure media on 9 November 2023

(II) Particulars of litigation and arbitration events not disclosed in temporary announcements or with subsequent development

✓ Applicable □ Not applicable

Expressed in RMB'0,000

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)	Results of trial of litigation (arbitration) and effects thereof	Enforcement of judgment of litigation (arbitration)
Henan Huitao Construction Engineering Co., Ltd. (河南慧濤建築工程有限公司)	Sixth Metallurgical Company, Palm Eco-Town Development Co., Ltd. (棕櫚生態城鎮發展股份有限公司), Xihua Yuzhi Palm & Metallurgy Construction Management Co., Ltd. (西華縣豫資棕冶建設管理有限公司)	Henan Xinliheng Engineering Co., Ltd. (河南鑫利恆工程有限公司)	Litigation	Construction project construction contract disputes	4,313.87	-	Judged	The three defendants were adjudged to be jointly and severally liable	Sixth Metallurgical intends to apply for a retrial to the Higher People's Court of Henan Province due to its disagreement with the result of the judgment of the second instance.
Sixth Metallurgical	Kaifeng Caijin Thermal Power Co., Ltd. (開封市財金熱力有限公司)	Nil	Litigation	Construction project construction contract disputes	4,009.15	-	Trial of first instance	Outstanding	-
Zhu Wenli (朱文理), Zhao Hongxiong (趙宏雄), Lu Zhenyu (陸振宇)	Hainan Weide Investment Co. Ltd. (海南維德投資有限公司)	China Aluminum Great Wall Construction Co., Ltd.	Litigation	Construction project construction contract disputes	4,423.02	-	Trial of first instance	Outstanding	-
Hunan Rumping Real Estate Co. Ltd. (湖南潤平置業有限公司)	China Aluminum Great Wall Construction Co., Ltd., 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), 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), China Aluminum International Engineering Corporation Limited	Nil	Litigation	Construction project construction contract disputes	4,219.86	-	Trial of first instance	Outstanding	-

SECTION 8 KEY MATTERS

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)	Results of trial of litigation (arbitration) and effects thereof	Enforcement of judgment of litigation (arbitration)
Chalco Wancheng Shandong Construction Co., Ltd.	Zibo Weikang Medical Industrial Park Construction and Development Company Limited (淄博衛康醫療產業園建設 開發有限公司)	Nil	Litigation	Construction project construction contract disputes	4,999.00	-	Trial of first instance	Outstanding	-
Tianjin Construction	Henan Longcheng Venture Development Co., Ltd. (河南省龍城創業發展有限公司), Henan Longxing Development Co., Ltd. (河南省隆興發展有限公司)	Nil	Litigation	Construction project contract disputes	6544.00	-	Wound up	Out-of-court Settlement	After the court hearing, the parties reached an out-of- court settlement after amicable negotiation. Tianjin Construction filed an application for withdrawal of the case to the Longan District Court and the Court ruled to grant the withdrawal of the case.
Sixth Metallurgical	Xinjiang Kingho Investment Holdings Co., Ltd., Xinjiang Kingho Energy Group Co., Ltd.	Nil	Litigation	Construction project contract disputes	6136.02	-	Wound up	Terminated and closed the case	Recovered RMB5.72 million.
Tianjin Construction	Tianjin Jizhou Xincheng Construction Investment Co., Ltd. (天津薊州新城建設投資有限公司)	Nil	Litigation	Borrowing contract disputes	6364.31	-	Wound up	Tianjin Construction won the case	Tianjin Construction recovered all principal and interest in December 2023.
Sixth Metallurgical	Kaili City Traffic Bureau, Kaili City Government	Nil	Litigation	Construction project contract disputes	7460.07	-	Wound up	Terminated and closed the case	The enforcement court made (2023) Qian26 Enforcement Ruling No. 153; the enforcement of the case was terminated.

(III) Other description

Applicable Not applicable

SECTION 8 KEY MATTERS

X. PUNISHMENTS UPON THE LISTED COMPANY AND ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDER, BENEFICIAL OWNER AND RECTIFICATIONS

Applicable Not applicable

XI. CREDIBILITY OF THE COMPANY AND ITS CONTROLLING SHAREHOLDER AND BENEFICIAL OWNER DURING THE REPORTING PERIOD

Applicable Not applicable

XII. SIGNIFICANT RELATED PARTY TRANSACTIONS

Significant related party (connected) transactions of the Group during the year ended 31 December 2023 are set out in “Note 11 RELATED PARTIES AND THEIR TRANSACTIONS” to the financial statements. Some of the above related party (connected) transactions constitute connected transactions under the SSE Listing Rules, and also constitute connected transactions as prescribed in Chapter 14A under the HKEX Listing Rules. The aforementioned related party transactions have complied with the requirements of the SSE Listing Rules and Chapter 14A under the HKEX Listing Rules. Particulars of them are as follow:

(I) Non-exempt one-off related party (connected) transaction (disclosed as required by the HKEX Listing Rules)

There were no non-exempt one-time related party (connected) transactions during the Reporting Period.

(II) Non-exempt continuing related party (connected) transactions

The Group conducted certain related party (connected) transactions during the year which also constituted nonexempt continuing related party (connected) transactions under Chapter 14A of the HKEX Listing Rules.

SECTION 8 KEY MATTERS

The annual caps and actual transaction amount of such continuing related party (connected) transactions for 2023 are set out in the following table:

Events of related party (connected) transactions	Related parties (connected persons)	2023 annual cap (RMB'000)	2023 annual actual transaction amount (RMB'000)
1. Provision of engineering services by the Group	Chinalco	6,000,000	2,511,974
2. Provision of commodities by the Group	Chinalco	1,000,000	193,213
3. Provision of general services by the Group	Chinalco	50,000	30,766
4. Provision of general services to the Group	Chinalco	160,000	71,936
5. Provision of commodities to the Group	Chinalco	2,000,000	31,320
6. Provision of financial services to the Group – Deposit service (Maximum Daily deposit balance including accrued interest)	Chinalco Finance	6,000,000	4,494,430
Provision of financial services to the Group – Credit service (Maximum Daily loan balance including accrued interest)	Chinalco Finance	8,000,000	4,847,000
Provision of financial services to the Group – Factoring service (Daily Factoring Limit)	Chinalco Finance	2,000,000	0
Provision of financial services to the Group – Other financial service	Chinalco Finance	3,300	0
7. Provision of factoring financing services to the Group (Factoring amount)	Chinalco Commercial	940,000	35,000
Provision of factoring financing services to the Group (factoring service fee and handling fee)	Chinalco Commercial	60,000	578
8. Provision of factoring finance services to the Group for accounts payable (Balance of existing factored trade payables)	Chinalco Commercial	250,000	1,300
Provision of factoring finance services to the Group for accounts payable (total fees per annum)	Chinalco Commercial	8,750	0

SECTION 8 KEY MATTERS

1. Provision of engineering services by the Group

The Company renewed the engineering service master agreement with Chinalco on 28 December 2022, pursuant to which, the Group could provide engineering services, including, but not limited to, construction engineering, transfer of technologies (right of use), project supervision, surveying, engineering design, engineering consultation, device agency and sale of device, engineering management and other services related to engineering to Chinalco and/or its associates from time to time. For further details of the transaction, please refer to the H-share announcement “Announcement on Continuing Connected Transactions Renewal of Commodities Sales and Purchases Master Agreement, General Services Master Agreement and Engineering Services Master Agreement” (《持續關連交易續訂商品買賣總協議、綜合服務總協議及工程服務總協議公告》) issued on the website of the Stock Exchange by the Company on 28 December 2022.

The initial term of the engineering service master agreement commenced from 1 January 2023 and shall expire on 31 December 2025, unless terminated at any time by either party giving at least three months’ prior written notice to the other party with mutual consensus after negotiation.

Chinalco is the controlling shareholder of the Company. Pursuant to the listing rules of the listing places, Chinalco and its subsidiaries are the related parties (connected persons) of the Company. During the Reporting Period, the annual cap of this continuing related party (connected) transaction for 2023 was RMB6,000 million and the actual transaction amount was RMB2,511.974 million.

2. Provision of commodities by the Group

The Company renewed the general sale and purchase agreement of commodities with Chinalco on 28 December 2022, pursuant to which, the Group could provide products of the Group to Chinalco and/or its associates from time to time as portion of the Group’s equipment manufacturing business. These products mainly include the equipment, raw materials and commodities required for the production and operation of Chinalco. For further details of the transaction, please refer to the H-share announcement “Announcement on Continuing Connected Transactions Renewal of Commodities Sales and Purchases Master Agreement, General Services Master Agreement and Engineering Services Master Agreement” (《持續關連交易續訂商品買賣總協議、綜合服務總協議及工程服務總協議公告》) issued on the website of the Stock Exchange by the Company on 28 December 2022.

The initial term of the general sale and purchase agreement of commodities commenced from 1 January 2023 and shall expire on 31 December 2025, unless terminated at any time by either party giving at least three months’ prior written notice to the other party with mutual consensus after negotiation. Relevant subsidiaries or Associates of both parties shall enter into a separate contract which states specific terms and conditions based on the principles provided under the general sale and purchase agreement of commodities.

Chinalco is the controlling shareholder of the Company. Pursuant to the listing rules of the listing places, Chinalco and its subsidiaries are the related parties (connected persons) of the Company. During the Reporting Period, the annual cap of this continuing related party (connected) transaction for 2023 was RMB1,000 million and the actual transaction amount was RMB193,213 million.

SECTION 8 KEY MATTERS

3. Provision of general services by the Group

The Company renewed the master agreement of general services with Chinalco on 28 December 2022, pursuant to which, the Company could provide certain categories of services to Chinalco and/or its associates from time to time, mainly including property leasing, warehousing and transportation and provision of operation management, labour services and services related to training. For further details of the transaction, please refer to the H-share announcement “Announcement on Continuing Connected Transactions Renewal of Commodities Sales and Purchases Master Agreement, General Services Master Agreement and Engineering Services Master Agreement” (《持續關連交易續訂商品買賣總協議、綜合服務總協議及工程服務總協議公告》) issued on the website of the Stock Exchange by the Company on 28 December 2022.

The initial term of the master agreement of general services commenced from 1 January 2023 and shall expire on 31 December 2025, unless terminated at any time by either party giving at least three months’ prior written notice to the other party with mutual consensus after negotiation. Relevant subsidiaries or Associates of both parties shall enter into a separate contract which states specific terms and conditions based on the principles provided under the master agreement of general services.

Chinalco is the controlling shareholder of the Company. Pursuant to the listing rules of the listing places, Chinalco and its subsidiaries are the related parties (connected persons) of the Company. During the Reporting Period, the annual cap of this continuing related party (connected) transaction for 2023 was RMB50 million and the actual transaction amount was RMB307.66 million.

4. Provision of general services to the Group

The Company renewed the master agreement of general services with Chinalco on 28 December 2022, pursuant to which, Chinalco and/or its associates could provide certain categories of services to the Group from time to time, mainly including warehousing, transportation and property leasing services and provision of technical services, back-up services, labour services and services related to training. For further details of the transaction, please refer to the H-share announcement “Announcement on Continuing Connected Transactions Renewal of Commodities Sales and Purchases Master Agreement, General Services Master Agreement and Engineering Services Master Agreement” (《持續關連交易續訂商品買賣總協議、綜合服務總協議及工程服務總協議公告》) issued on the website of the Stock Exchange by the Company on 28 December 2022.

The initial term of the master agreement of general services commenced from 1 January 2023 and shall expire on 31 December 2025, unless terminated at any time by either party giving at least three months’ prior written notice to the other party with mutual consensus after negotiation. Relevant subsidiaries or associates of both parties shall enter into a separate contract which states specific terms and conditions based on the principles provided under the master agreement of general services.

Chinalco is the controlling shareholder of the Company. Pursuant to the listing rules of the listing places, Chinalco and its subsidiaries are the related parties (connected persons) of the Company. During the Reporting Period, the annual cap of this continuing related party (connected) transaction for 2023 was RMB160 million and the actual transaction amount was RMB71,936,000.

SECTION 8 KEY MATTERS

5. Provision of commodities to the Group

The Company renewed the master agreement of sale and purchase of commodities with Chinalco on 28 December 2022, pursuant to which, the Group could purchase certain commodities from Chinalco and/or its associates which shall be used in our engineering and construction contracting business. These commodities mainly include materials such as nonferrous products, manufacturing equipment, cement and engineering equipment and component related to nonferrous industry. For further details of the transaction, please refer to the H-share announcement “Announcement on Continuing Connected Transactions Renewal of Commodities Sales and Purchases Master Agreement, General Services Master Agreement and Engineering Services Master Agreement” 《持續關連交易續訂商品買賣總協議、綜合服務總協議及工程服務總協議公告》 issued on the website of the Stock Exchange by the Company on 28 December 2022.

The initial term of the master agreement of sale and purchase of commodities commenced from 1 January 2023 and shall expire on 31 December 2025, unless terminated at any time by either party giving at least three months’ prior written notice to the other party with mutual consensus after negotiation. Relevant subsidiaries or associates of both parties shall enter into a separate contract which states specific terms and conditions based on the principles provided under the general sale and purchase agreement of commodities.

Chinalco is the controlling shareholder of the Company. Pursuant to the listing rules of the listing places, Chinalco and its subsidiaries are the related parties (connected persons) of the Company. During the Reporting Period, the annual cap of this continuing related party (connected) transaction for 2023 was RMB2,000 million and the actual transaction amount was RMB31,320,000.

6. Provision of financial services to the Group

The Company entered into a new financial services agreement with Chinalco Finance on 29 March 2021, effective for three years from the date of approval at the 2020 Annual General Meeting of the Company, which would supersede the old agreement. The general terms are as follow:

Providing financial services to the Group, including deposit services, settlement services, credit services, factoring services and other financial services;

Deposit services:

The Group opens a deposit account with Chinalco Finance and deposits funds into the deposit account with Chinalco Finance based on the principle of freedom of deposit and withdrawal, which may be in form of demand deposit, time deposit, call deposit, agreement deposit, etc.;

The interest rates for deposits on the deposit services provided by Chinalco Finance to the Group will not be lower than the benchmark interest rate for deposits published uniformly by the People’s Bank of China from time to time for the deposits with the same term and type, not lower than the interest rate for deposits offered by major commercial banks in the PRC for deposits with the same type during the same period, and not lower than the interest rate for deposits offered by Chinalco Finance to Chinalco and its member entities for deposits with the same type during the same period;

SECTION 8 KEY MATTERS

Chinalco Finance guarantees the safety of the funds deposited by the Group, and pays them in full and in time on demand of the Group. If Chinalco Finance fails to pay the deposit to the Group on time and in full, the Company has the right to terminate this agreement, and can lawfully offset the deposit payable by Chinalco Finance to the Group against the loan from Chinalco Finance to the Group;

During the effective period of this new financial services agreement, the daily deposit balance (including any interest accrued thereon) of the deposit account of the Group shall not exceed RMB6 billion. During the Reporting Period, the actual maximum daily deposit balance was RMB4,494,430,000.

Settlement services:

Chinalco Finance provides payment services and collection services to the Group in accordance with the Group's instructions, as well as other auxiliary services related to settlement business;

Chinalco Finance provides the above settlement services for the Group for free;

Chinalco Finance shall ensure the safe operation of the fund settlement network, ensure the safety of funds, control the risk of assets and liabilities, and satisfy the payment requirements of the Group.

Credit services:

Subject to the relevant PRC laws and regulations, Chinalco Finance provides general credit services to the Group according to the operation and development needs of the Group. The Group can use the general credit line provided by Chinalco Finance for loans, bill acceptance, bill discounting, guarantee and other forms of financing business;

Chinalco Finance undertakes to provide the Group with a preferential loan interest rate, which is not higher than the benchmark loan interest rate for similar loans in the same period uniformly issued by the People's Bank of China from time to time, nor higher than the interest rates for similar loans of major domestic commercial banks in China in the same period;

Chinalco Finance shall provide credit to the Group on normal commercial terms without any asset guarantee from the Group;

During the term of the new financial services agreement, the daily loan balance (including accrued interest) provided by Chinalco Finance to the Group shall not exceed RMB8 billion. During the Reporting Period, the actual maximum daily loan balance was RMB4,847,000,000.

SECTION 8 KEY MATTERS

Factoring services:

Subject to relevant PRC laws and regulations, Chinalco Finance provides accounts receivable factoring services for the Group according to the Group's operation and development needs;

Chinalco Finance undertakes that the cost of providing factoring services to the Group shall not be higher than the similar cost of major domestic factoring companies in China during the same period;

Specific matters related to factoring services shall be separately signed by both parties;

During the term of the new financial services agreement, the limit of the daily factoring business provided by Chinalco Finance to the Group shall not exceed RMB2 billion. During the Reporting Period, the actual transaction amount was RMB0.00.

Other financial services:

Chinalco Finance will provide the Group with entrusted loans and other financial services within its business scope according to the Group's instructions and requirements. Before Chinalco Finance provides other financial services to the Group, both parties shall negotiate and enter into a separate agreement;

The fees charged by Chinalco Finance for the provision of other financial services shall comply with the charging standards set by the People's Bank of China or the China Banking Regulatory Commission for such services, and shall not be higher than the fees charged by major domestic commercial banks in China for similar financial services. During the term of the new financial services agreement, the total fees charged by Chinalco Finance for providing other financial services to the Group for three years shall not be higher than RMB10 million. During the Reporting Period, the actual transaction amount was RMB0.

Subject to this agreement, the Group and Chinalco Finance shall further sign separate contracts/agreements for the provision of relevant specific financial services to agree on specific transaction terms. Such specific contracts/agreements shall follow the principles, terms of this financial service agreement, and relevant legal provisions. For further details of the transaction, please refer to the H-share announcement "Announcement on Connected Transaction and Major Transaction in Relation to Renewal of Financial Services Agreement" (《更新金融服務協議之關聯交易及主要交易公告》) issued on the website of the Stock Exchange by the Company on 29 March 2021 and the H-share circular dated 3 June 2021.

As at the date of disclosure of this Annual Report, Chinalco directly held 73.56% of the existing issued share capital of the Company, was the controlling shareholder of the Company and became a related party (connected person) of the Company. At the same time, Chinalco directly held 85.2388% of Chinalco Finance and was the controlling shareholder of Chinalco Finance. Therefore, Chinalco Finance is regarded as a related party (connected person) of the Company for the purpose of the listing rules of the listing places. Accordingly, the new financial services agreement and the transactions thereunder constitute related party (connected) transactions under the listing rules of the listing places of the Company.

SECTION 8 KEY MATTERS

As calculated under the HKEX Listing Rules, the deposit services and their proposed caps and the factoring services and their proposed caps under the new financial services agreement have a maximum applicable percentage of more than 5%, therefore, the deposit services and their proposed caps and the factoring services and their proposed caps under the new financial services agreement are subject to the requirements for announcement, reporting and shareholders' approval under Chapter 14A of the HKEX Listing Rules. As the maximum applicable percentage of the deposit services and their proposed caps under the new financial services agreement is higher than 25% but lower than 75%, the deposit services constitute a major transaction of the Company under Chapter 14 of the HKEX Listing Rules and shall follow the requirements for announcement, reporting and shareholder approval under Chapter 14 of the HKEX Listing Rules.

As Chinalco Finance under the new financial services agreement provides settlement services to the Group free of charge, and each percentage of other financial services (if applicable) complies with the minimum exemption level stipulated in Rule 14A.76 of the HKEX Listing Rules, the settlement services and other financial services may be exempt from the requirements for reporting, announcement and independent shareholders' approval under Rule 14A.76 of the HKEX Listing Rules.

Given that the credit services provided by Chinalco Finance to the Group under the New Financial Services Agreement are on normal commercial terms, no less favourable than the terms on which independent third parties provide similar services to the Company in China, and the Group will not provide guarantee in relation to credit services, the Credit Services is exempted from the reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.90 of the HKEX Listing Rules.

As the maximum applicable percentage of the factoring service and its proposed cap under the new financial services agreement is higher than 5% but lower than 25%, the factoring service constitutes a discloseable transaction of the Company under Chapter 14 of the HKEX Listing Rules, It is also subject to the announcement and reporting requirements under Chapter 14 of the HKEX Listing Rules.

7. Provision of factoring services to the Group

The Company renewed the factoring agreement with Chinalco Commercial Factoring Co., Ltd. on 27 October 2021. The Group transferred the Account Receivables under the Underlying Transaction Contracts to Chinalco Commercial. Chinalco Commercial agreed to the transfer of the aforesaid Account Receivables and provides the Group with factoring services. According to the anticipated conditions of business development, the Company renewed factoring agreement with Chinalco Commercial Factoring Co., Ltd. to specify an annual cap on factoring facility limit and total amount of the expenses occurred of RMB1 billion for 2022 to 2024. The term of the factoring service agreement shall be effective from the date of consideration and approval of the relevant motion at the Second Extraordinary General Meeting of the Company in 2021 and shall expire on 31 December 2024. For further details of the transaction, please refer to the H-share announcement "Announcement on the Renewal of the Factoring Agreement and Discloseable Transaction" (《續訂保理協議及須予披露交易公告》) issued on the website of the Stock Exchange by the Company on 27 October 2021 and the H-share circular dated 14 December 2021.

SECTION 8 KEY MATTERS

Chinalco is the controlling Shareholder of the Company. Pursuant to the listing rules of the listing places, Chinalco and its subsidiaries are the related parties (connected persons) of the Company. Chinalco Commercial Factoring Co., Ltd. is the subsidiary of Chinalco Capital, the subsidiary of Chinalco, and thus the related parties (connected persons) of the Company. During the Reporting Period, the cap on the annual factoring quota for 2023 for this continuing related parties (connected) transaction was RMB9,400 million, while the actual transaction amount was RMB35 million, and the cap on the factoring service fee and handling fee was RMB60 million, while the actual transaction amount was RMB578,000.

8. Provision of factoring services for trade payables to the Group

The Company and Chinalco Commercial Factoring Co., Ltd. entered into a trade payables factoring cooperation framework agreement on 22 August 2023, pursuant to which the Company and its controlling subsidiaries may issue “E Xin Rong” electronic certificates to the suppliers of the Company and its controlling subsidiaries in respect of bona fide payables to the suppliers through the supply chain financial services platform of the factoring company, and upon maturation of the certificates, the Company or its controlled subsidiaries will pay the corresponding amount recorded in the certificates to the ultimate holders of such electronic certificates. Based on the expected commencement of the business, it is agreed that the amount of factoring facility and the total amount of factoring service fee and handling fee shall not exceed RMB250 million and RMB8.75 million per annum from 2023 to 2024, respectively. The term of the factoring service agreement shall commence on the date on which the relevant resolution was considered and passed at the Fourteenth Meeting of the Fourth Session of the Board of the Company and shall expire on 31 December 2024.

Chinalco is the controlling Shareholder of the Company. Pursuant to the listing rules of the listing places, Chinalco and its subsidiaries are the related parties (connected persons) of the Company. Chinalco Commercial Factoring Co., Ltd. is the subsidiary of Chinalco Capital, the subsidiary of Chinalco, and thus the related parties (connected persons) of the Company. During the Reporting Period, the balance of the existing factoring business for trade payables shall not exceed RMB250 million, while the actual transaction amount was RMB1.3 million; and the total factoring service fee and handling fee shall not exceed RMB8.75 million per annum, while the actual transaction amount was RMB0.00.

The independent non-executive directors of the Company had reviewed each of the above continuing related party (connected) transactions and confirmed the transactions were:

- (1) conducted in the normal course of business of the Group;
- (2) conducted on normal commercial terms; if the comparable transactions could not be relied on to judge whether the terms of these transactions were normal commercial terms, those terms should not be less favorable than the terms accepted or provided by independent third parties so far as the Group was concerned; and
- (3) conducted in accordance with the terms of agreement related to relevant transactions and the terms were fair and reasonable and in the interests of Shareholders of the Company as a whole.

SECTION 8 KEY MATTERS

The Company has engaged an external auditor to report on the Group's continuing connected transactions in accordance with the China Standard on Other Assurance Engagements 3101, Assurance Engagements Other than Audits or Reviews of Historical Financial Information issued by the Ministry of Finance of the PRC and with reference to the Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants (HKICPA). The auditor has issued its letter containing its findings and conclusions in respect of the above transactions in accordance with Rule 14A.56 of the Listing Rules. Based on the work performed, the auditor of the Company has provided a letter to the Board confirming the following matters in relation to the continuing connected transactions as disclosed above:

- (1) Nothing has come to the auditor's attention that would cause the auditor to believe that the disclosed continuing connected transactions have not been approved by the Board of Directors.
- (2) For transactions involving the provision of goods or services by the Group, nothing has come to the auditor's attention that would cause the auditor to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group.
- (3) Nothing has come to the auditor's attention that would cause the auditor to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions.

For the above related party (connected) transactions, the Directors also confirmed that the Company had complied with the disclosure requirements of the SSE Listing Rules and Chapter 14A of the HKEX Listing Rules.

(III) Connected transactions related to daily operations

1. Events disclosed in temporary announcements and without subsequent development or change in implementation

Applicable Not applicable

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

Applicable Not applicable

3. Events not disclosed in temporary announcements

Applicable Not applicable

SECTION 8 KEY MATTERS

(IV) Connected transactions from acquisition and disposal of assets or equity interests

1. Events disclosed in temporary announcements and without subsequent development or change in implementation

Applicable Not applicable

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

Applicable Not applicable

3. Events not disclosed in temporary announcements

Applicable Not applicable

Description of related party transactions arising from the acquisition and disposal of assets

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

Applicable Not applicable

(V) Significant related party transactions in joint external investments

1. Events disclosed in temporary announcements and without subsequent development or change in implementation

Applicable Not applicable

2. Matters that have been disclosed in temporary announcements but have subsequent progress or changes in implementation

Applicable Not applicable

3. Matters not disclosed in temporary announcements

Applicable Not applicable

SECTION 8 KEY MATTERS

(VI) Amounts due to or from related parties

1. Events disclosed in temporary announcements and without subsequent development or change in implementation

Applicable Not applicable

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

Applicable Not applicable

3. Events not disclosed in temporary announcements

Applicable Not applicable

Expressed in RMB'000

Related parties	Related party relationship	Provide funds to related parties			Provide funds to listed companies by related parties		
		Opening balance	Amount incurred	Ending balance	Opening balance	Amount incurred	Ending balance
Chinalco Finance Co., Ltd.	Wholly owned subsidiary of parent company				3,479,200	-800,200	2,679,000
Total					3,479,200	-800,200	2,679,000

Reasons for the formation of related creditor's rights and debts Funds provided by related parties to listed companies are borrowings from finance companies

The impact of related creditor's rights and debts on the company No impact

SECTION 8 KEY MATTERS

(VII) Financial business between the Company and the connected financial company, between the holding financial company and the related party

Applicable Not applicable

1. Deposit business

Applicable Not applicable

Expressed in RMB'000

Related party	Related party relationship	Daily maximum deposit limit	Range of deposit interest rate	Opening balance	Amount incurred during the period		Closing balance
					Total deposit amount for the period	Total withdrawal amount for the period	
Chinalco Finance	Subsidiary owned by the parent company	600,000.00	0.525%-1.755%	4,243,820	-	2,874,049	1,369,771
Total	/	/	/	4,243,820	-	2,874,049	1,369,771

2. Loan business

Applicable Not applicable

Expressed in RMB'000

Related party	Related party relationship	Loan facility	Range of loan interest rate	Opening balance	Amount incurred during the period		Closing balance
					Total loan amount for the period	Total repayment amount for the period	
Chinalco Finance	Subsidiary owned by the parent company	800,000	2.7%-4.18%	3,479,200	-	800,200	2,679,000
Total	/	/	/	3,479,200	-	800,200	2,679,000

**SECTION 8 KEY MATTERS****3. Credit business or other financial business**✓ Applicable Not applicable

Expressed in RMB'000

Related parties	Connection relation	Business type	Actual amount	
			Total	incurred
Chinalco Finance	Controlled subsidiary of parent company	Factoring business	2,000,000	–
		Other financial services	3,300	–
Chinalco Commercial Factoring Co., Ltd. (中鋁商業保理有限公司)	Controlled subsidiary of parent company	Factoring financing business (factoring limit)	9,400.00	35,000
		Factoring financing business (Factoring Service Fee and Handling Fee)	600.00	578
		Trade payables factoring service (balance of existing factored trade payables)	250,000	1,300
		Trade payables factoring service (total fees per annum)	8,750	–

4. Other notes Applicable Not applicable**(VIII) Others** Applicable Not applicable

SECTION 8 KEY MATTERS

XIII. MATERIAL CONTRACTS AND THEIR PERFORMANCE

(I) Custody, contracting and leasing matters

1. Custody

Applicable Not applicable

Description of hosting situation

2. Contracting

Applicable Not applicable

3. Leasing

Applicable Not applicable

SECTION 8 KEY MATTERS

(II) Guarantees

✓ Applicable □ Not applicable

Expressed in RMB0'000

Guarantor	Relation between guarantor and listed company	The guaranteed party	External guarantees (other than to subsidiaries)										Whether guarantee for related party or not	Connection
			Guaranteed amount	Date of Guarantee (date of signing)	Guarantee starting date	Guarantee ending date	Type of guarantee	Collateral (if any)	Guarantee performed or not	Overdue or not	Overdue amount	Counter guarantee		
China Aluminum International Engineering Corporation Limited	Headquarters	Ningyong Expressway Company	98,578.00	2021-09-17	2019-10-31	2047-10-31	General guarantee	Nil	No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Ningyong Expressway Company	144,523.92	2022-03-31	2022-03-31	2047-03-21	General guarantee	Nil	No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Ningyong Expressway Company	21,430.00	2021-03-18	2021-03-18	2046-03-18	General guarantee	Nil	No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Ningyong Expressway Company	25,716.00	2021-12-28	2021-12-28	2046-12-28	General guarantee	Nil	No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Ningyong Expressway Company	38,574.00	2022-05-25	2022-05-28	2047-05-28	General guarantee	Nil	No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Ningyong Expressway Company	21,430.00	2021-03-18	2021-04-20	2049-04-20	General guarantee	Nil	No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Ningyong Expressway Company	19,158.42	2021-12-28	2022-01-06	2049-01-06	General guarantee	Nil	No	No	0	Nil	No	

SECTION 8 KEY MATTERS

External guarantees (other than to subsidiaries)														
Guarantor	Relation between guarantor and listed company	The guaranteed party	Guaranteed amount	Date of			Type of guarantee	Collateral (if any)	Guarantee performed or not	Overdue or not	Overdue amount	Counter guarantee	Whether guarantee for related party	
				Guarantee (date of signing)	Guarantee starting date	Guarantee ending date							party or not	Connection
China Aluminum International Engineering Corporation Limited	Headquarters	Linyun Expressway Company	60,004.00	2021-09-17	2019-10-31	2047-10-31	Joint liability guarantee	Nil	No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Linyun Expressway Company	4,286.00	2020-09-28	2020-09-28	2048-09-28	General guarantee	Nil	No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Linyun Expressway Company	25,716.00	2020-11-26	2021-01-04	2048-01-04	General guarantee	Nil	No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Linyun Expressway Company	21,430.00	2022-01-18	2022-01-25	2048-01-25	General guarantee	Nil	No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Linyun Expressway Company	8,572.00	2020-09-28	2020-10-20	2048-10-20	General guarantee	Nil	No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Linyun Expressway Company	21,430.00	2021-12-20	2021-12-20	2048-12-20	General guarantee	Nil	No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Linyun Expressway Company	4,286.00	2020-09-28	2020-09-28	2043-09-28	General guarantee	Nil	No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Linyun Expressway Company	2,143.00	2022-05-12	2022-05-12	2045-05-12	General guarantee	Nil	No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Linyun Expressway Company	17,144.00	2020-12-21	2020-12-21	2043-12-22	General guarantee	Nil	No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Linyun Expressway Company	42,860.00	2020-12-29	2021-05-28	2046-05-28	General guarantee	Nil	No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Linyun Expressway Company	42,860.00	2021-12-01	2021-12-17	2046-12-17	General guarantee	Nil	No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Linshuang Expressway Company	71,576.20	2021-12-24	2021-12-24	2046-12-24	General guarantee	Nil	No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Linshuang Expressway Company	4,286.00	2020-10-12	2020-11-04	2043-01-04	General guarantee	Nil	No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Linshuang Expressway Company	21,430.00	2020-12-22	2021-07-24	2044-10-24	General guarantee	Nil	No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Linshuang Expressway Company	2,143.00	2022-01-25	2021-03-11	2044-03-11	General guarantee	Nil	No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Linshuang Expressway Company	42,860.00	2020-12-30	2021-04-15	2046-04-15	General guarantee	Nil	No	No	0	Nil	No	

SECTION 8 KEY MATTERS

Guarantor	Relation between guarantor and listed company	The guaranteed party	External guarantees (other than to subsidiaries)										Whether guarantee for related party or not	Connection
			Guaranteed amount	Date of Guarantee (date of signing)	Guarantee starting date	Guarantee ending date	Type of guarantee	Collateral (if any)	Guarantee performed or not	Overdue or not	Overdue amount	Counter guarantee		
China Aluminum International Engineering Corporation Limited	Headquarters	Linshuang Expressway Company	209,157	2021-12-01	2021-12-30	2046-12-30	General guarantee	Nil	No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Linshuang Expressway Company	219,443	2021-12-24	2021-12-30	2046-12-30	General guarantee	Nil	No	No	0	Nil	No	
Hanzhong Ninth Metallurgical Construction Co., Ltd.	Controlling subsidiary	Mian County Urban and Rural Infrastructure Construction Co., Ltd.	36,300	2015-10-20	2015-10-20	2027-10-19	General guarantee	Nil	No	No	0	Nil	No	
Total amount of guarantees incurred during the Reporting Period (excluding guarantees to subsidiaries)													-9,100	
Total guarantee balance at the end of the Reporting Period (A) (excluding guarantees to subsidiaries)													8,089,265	
Guarantees by the Company and its subsidiaries to subsidiaries														
Total amount of guarantees to subsidiaries during the Reporting Period													-2,571,393	
Total balance of guarantees to subsidiaries at the end of the Reporting Period (B)													453,607	
The total amount of guarantees provided by the company (including guarantees to subsidiaries)														
Total amount of guarantees (A+B)													8,542,872	
The ratio of total guarantees to the company's net assets (%)													120.21	
Including:														
Amount of guarantee provided for shareholders, beneficiary owners and their related parties (C)													0	
The amount of debt guarantee provided directly or indirectly for the guaranteed entity whose asset-liability ratio exceeds 70% (D)													453,607	
The amount of the total guarantee exceeding 50% of the net assets (E)													4,989,602	
Sum of above 3 guarantee amounts (C+D+E)													5,443,209	
Unexpired guarantee may bear joint and several liability for repayment													Nil	
Description of guarantees													Nil	

SECTION 8 KEY MATTERS

(III) Particulars of cash under discretionary management

1. Wealth under discretionary management

(1) Overview of wealth under discretionary management

Applicable Not applicable

Expressed in RMB'000

Type	Source of funds	Amount incurred	Undue balance	Overdue amount not recovered
Bank wealth management products	Self-owned	700,000	700,000	0

Other information

Applicable Not applicable

(2) Details of single case of wealth under discretionary management

Applicable Not applicable

Expressed in RMB'000

Trustee	Entrusted wealth management type	Amount of entrusted wealth management	Entrusted wealth management start date	Entrusted wealth management termination date	Source of funds	Fund investment direction	Whether there are any restrictions	Means for determination of remuneration	Annualized rate of return	Expected gain (if any)	Actual gain or loss	Undue amount	Whether it Overdue amount but not recovered	Is there any legal procedures	Is there any entrusted loan plan in the future	Amount of impairment provision (if any)
Bank of Beijing	Bank wealth management product	700,000	20 December 2023	19 March 2024	Self-owned	Structured deposits	No	Eventual return of principal and accrued interest at maturity	3.10%	713	-	700,000	0	Yes	No	-

Other information

Applicable Not applicable



SECTION 8 KEY MATTERS

(3) Impairment provisions for entrusted financial management

Applicable Not applicable

2. Particulars of entrusted loans

(1) Overview of entrusted loans

Applicable Not applicable

Other information

Applicable Not applicable

(2) Details of single case of entrusted loans

Applicable Not applicable

Other information

Applicable Not applicable

(3) Provision for impairment of entrusted loans

Applicable Not applicable

3. Other information

Applicable Not applicable

SECTION 8 KEY MATTERS

(IV) Other material contracts

Applicable Not applicable

XIV DESCRIPTION OF THE PROGRESS OF USE OF RAISED FUNDS

Applicable Not applicable

XV. EXPLANATIONS OF OTHER KEY MATTERS THAT HAVE A SIGNIFICANT IMPACT ON INVESTORS' VALUE JUDGMENTS AND INVESTMENT DECISIONS

Applicable Not applicable

SECTION 9 CHANGES IN ORDINARY SHARES AND SHAREHOLDERS

I. CHANGES IN ORDINARY SHARE CAPITAL

(I) 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. Impact (if any) of changes in shares on EPS, net assets per share and other financial indicators for the latest year and the latest period

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 in restricted shares

Applicable Not applicable

SECTION 9 CHANGES IN ORDINARY SHARES AND SHAREHOLDERS

II. SECURITIES OFFERING AND LISTING

(I) Securities issuing during the Reporting Period

Applicable Not applicable

Expressed in RMB'000

Types of shares and the derivative securities	Date of issuance	Issue price (or interest rate)	Number (amount) of the issuance	Listing date	Number (amount) authorized for trading	Trading Termination Date
Bonds (including enterprise bonds, corporate bonds and debt financing instruments for non-financial enterprises)						
23 Zhong Lv Guo Gong MTN001	27 October 2023	4.17%	1,500,000	30 October 2023	1,500,000	27 October 2025
23 Zhong Lv Guo Gong MTN002	24 November 2023	3.77%	1,300,000	27 November 2023	1,300,000	24 November 2025

Particulars of securities issuing during the Reporting Period (outstanding bonds with different interest rate requires separate explanation):

Applicable Not applicable

Details of the issuance of the bonds are set out in Section 11 of this report entitled "Particulars of Bonds".

SECTION 9 CHANGES IN ORDINARY SHARES AND SHAREHOLDERS

(II) Changes in total number of shares and shareholding structure of the Company and changes in assets and liabilities structure of the Company

Applicable Not applicable

(III) Existing internal employee shares

Applicable Not applicable

III. PARTICULARS OF SHAREHOLDERS AND BENEFICIARY OWNER

(I) Shareholding structure and public float

1. Shareholding structure

As of 31 December 2023, the Company had a total share capital of RMB2,959,066,667, divided into 2,959,066,667 shares (including 399,476,000 H shares and 2,559,590,667 A shares) at the nominal value of RMB1.00 per share.

2. Public float

Based on information publicly available to the Company and so far as the Directors are aware, the issued A Shares and H Shares of the Company held by the public as at the date of disclosure of this report was in compliance with the requirements under the HKEX Listing Rules.

(II) Total number of shareholders

Total number of ordinary shareholders by the end of Reporting Period	42,164
Total number of ordinary shareholders at end of the last month immediately preceding the disclosure date of the Annual Report	45,057
Total number of shareholders of preferred shares with voting right reinstated by the end of Reporting Period	Not applicable
Total number of shareholders of preferred shares with voting right reinstated at end of the last month immediately preceding the disclosure date of the Annual Report	Not applicable

SECTION 9 CHANGES IN ORDINARY SHARES AND SHAREHOLDERS

(III) Table of shareholding by top 10 shareholders and top 10 circulating shareholders (or shareholders of unrestricted shares)

Unit: Shares

Shareholding of top 10 shareholders(excluding the lending of shares through refinancing facilities)							
Shareholder's name (full name)	Increase or decrease in Reporting Period	Number of shares held at end of the year	Percentage (%)	Number of restricted shares held	Pledged, marked or frozen shares Status of shares	Number	Nature of shareholder
Aluminum Corporation of China Limited	0	2,176,758,534	73.56	0	None	0	State-owned legal person
HKSCC Nominees Limited	0	399,476,000	13.50	0	Unknown		Others
Luoyang Engineering & Research Institute for Nonferrous Metals Processing	0	86,925,466	2.94	0	None	0	State-owned legal person
Hong Kong Securities Clearing Company Limited	1,840,573	9,119,035	0.31	0	None	0	Others
TANG Yinglian	6,390,600	6,390,600	0.22	0	None	0	Domestic natural person
Aladdin Environmental Protection Group Co., Ltd.	0	5,600,000	0.19	0	None	0	Others
Zhang Chao	3,304,300	3,304,300	0.11	0	None	0	Domestic natural person
Agricultural Bank of China Limited – Tianhong CSI 1000 Index Enhanced Securities Investment Fund	2,923,400	2,923,400	0.10	0	None	0	Others
Shenwan Hongyuan Securities Co., Ltd.	2,068,057	2,833,313	0.10	0	None	0	Others
Gu Jing	100	2,567,100	0.09	0	None	0	Domestic natural person

SECTION 9 CHANGES IN ORDINARY SHARES AND SHAREHOLDERS

Shareholding of top 10 shareholders not subject to selling restrictions

Name of shareholder	Number of unrestricted shares held	Class and number of shares	
		Class	Number
Aluminum Corporation of China Limited	2,176,758,534	Renminbi ordinary shares	2,176,758,534
HKSCC Nominees Limited	399,476,000	Overseas listed foreign shares	399,476,000
Luoyang Engineering & Research Institute for Nonferrous Metals Processing	86,925,466	Renminbi ordinary shares	86,925,466
Hong Kong Securities Clearing Company Limited	9,119,035	Renminbi ordinary shares	9,119,035
TANG Yinglian	6,390,600	Renminbi ordinary shares	6,390,600
Aladdin Environmental Protection Group Co., Ltd.	5,600,000	Renminbi ordinary shares	5,600,000
張超	3,304,300	Renminbi ordinary shares	3,304,300
Agricultural Bank of China Limited – Tianhong CSI 1000 Index Enhanced Securities Investment Fund	2,923,400	Renminbi ordinary shares	2,923,400
Shenwan Hongyuan Securities Co., Ltd.	2,833,313	Renminbi ordinary shares	2,833,313
Gu Jing	2,567,100	Renminbi ordinary shares	2,567,100
Description of special account for repurchase of the top ten shareholders	Not applicable.		
Explanations on the entrusting voting right, entrusted voting right and abstention of voting right of the above shareholders	Not applicable.		

SECTION 9 CHANGES IN ORDINARY SHARES AND SHAREHOLDERS

Shareholding of top 10 shareholders not subject to selling restrictions

Name of shareholder	Number of unrestricted shares held	Class and number of shares	
		Class	Number
Explanation of related relationship or acting in concert in respect of the above shareholders		<p>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. 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.</p> <p>Note 2: The 19,495,000 H shares of the Company held by Chinalco through its subsidiary Yunnan Aluminum International were held by Hong Kong Securities Clearing Company Nominees Limited on its behalf.</p> <p>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 Chinalco through its subsidiary Yunnan Aluminum International.</p> <p>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.</p>	
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

SECTION 9 CHANGES IN ORDINARY SHARES AND SHAREHOLDERS

Changes in the top ten shareholders from the previous period

Applicable Not applicable

Unit: Shares

Shareholder's name (full name)	Changes in the top ten Shareholders from the end of the previous period					
	Newly added/ Exited during the Reporting Period	Number of Shares lent through refinancing facilities and not yet returned at the end of the period		Number of Shares held in shareholders' ordinary accounts and credit accounts as well as shares lent through refinancing facilities and not yet returned at the end of the period		
		Total quantity	Proportion (%)	Total quantity	Proportion (%)	
Tang Yinglian (湯映蓮)	Newly added	0	0	6,390,600	0.22	
Zhang Chao (張超)	Newly added	0	0	3,304,300	0.11	
Agricultural Bank of China Limited – Tianhong CSI 1000 Index Enhanced Securities Investment Fund (中國農業 銀行股份有限公司 – 天弘中證1000 指數增強型證券投資基金)	Newly added	0	0	2,923,400	0.10	
Shenwan Hongyuan Securities Company Limited (申萬宏源證券有限公司)	Newly added	0	0	2,833,313	0.10	
Bank of Communications Co., Ltd. – GF China Securities Infrastructure Engineering Trading-type Open-ended Index Securities Investment 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)	Exited	298,300	0.0101	2,386,300	0.0706	
Li Haiwen (李海文)	Exited	0	0	0	0	
Vanguard Investments Australia Ltd – Vanguard Emerging Markets Equity Index Fund (Exchange)	Exited	0	0	1,830,300	0.0619	
Huatai Securities Co., Ltd.	Exited	0	0	1,017,134	0.0344	

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

SECTION 9 CHANGES IN ORDINARY SHARES AND SHAREHOLDERS

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

As at 31 December 2023, so far as known to the directors of the Company, the following persons (other than the directors and senior management of the Company) had interests or short positions in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO; or have the records of interests register to be kept under Section 336 of the SFO, or are deemed to carry the right to directly and or indirectly 5% or more in the nominal value of any class of share capital being voted at the general meeting of the Company in any circumstance:

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	2,176,758,534 (Long position)	85.04	73.56
		Interest of controlled corporation	86,925,466 (Long position)	3.40	2.94
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 Co., Ltd.	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 31 December 2023 by total number of Shares.

Note 2: Chinalco is interested in 2,263,684,000 A Shares, representing approximately 76.50% of the total share capital of the Company. among which, Chinalco directly held 2,176,758,534 A shares, accounting for 73.56% of the total share capital of the Company. Luoyang Institute is a wholly-owned subsidiary of Chinalco and directly holds 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 9 CHANGES IN ORDINARY SHARES AND SHAREHOLDERS

IV. PARTICULARS OF CONTROLLING SHAREHOLDER AND BENEFICIAL OWNER

(I) Controlling shareholder

1 Legal person

Applicable Not applicable

Name	Chinalco
Principal or the legal representative	DUAN Xiangdong
Date of establishment	21 February 2001
Principal businesses	mineral resources exploration; geological exploration of metallic and non-metallic mineral resources; import and export of goods under state trading administration; export supervision warehouse operation; construction engineering survey; construction engineering design; construction engineering works; electrical installation services. (the projects subject to approval at laws shall be carried out with approval by relevant authorities, the specific business projects as is stated in the approval document or permit issued by the relevant departments shall prevail) general items: common non-ferrous metal smelting; corporate headquarters management; holding company services; carry out investment activities with self-owned funds; self-owned funds invested asset management services; technical services for geological exploration; ore dressing; minerals washing, selection and processing; sales of metal ores; non-ferrous metal casting; non-ferrous metal rolling processing; forgings and powder metallurgy products manufacturing; non-ferrous metal alloy manufacturing; metal surface treatment and heat treatment processing; sales of non-ferrous metal alloy; sales of high-performance non-ferrous metal and alloy materials; sales of new metal functional materials; technical services, technology development, technology consulting, technology exchanges, technology transfer and technology promotion; new materials technology research and development; import and export agency; trade brokerage; domestic trade agency; offshore trade operation; engineering management services; earthwork construction; manufacture of dedicated equipment for geological survey; manufacture of machinery for construction engineering; manufacture of dedicated equipment for metallurgy; research, testing and development of engineering and technology; manufacture of general equipment (excluding manufacture of special equipment); manufacture of dedicated equipment for environmental protection; manufacture of mining machinery; manufacture of metal working machinery; manufacture of dedicated equipment (excluding manufacture of licensed dedicated equipment); manufacturing of metal structure; general machinery and equipment installation services; engineering technical services (except planning management, survey, design and supervision); technology import and export; new materials technology promotion services; engineering cost consulting services; external contracting of projects; industrial design services; manufacturing of graphite and carbon products; sales of graphite and carbon products.

SECTION 9 CHANGES IN ORDINARY SHARES AND SHAREHOLDERS

Name	Chinalco
During the Reporting Period, the equity of other domestic and overseas listed companies controlled and participated by the company	<p>As of 31 December 2023, in addition to the Company, other domestic and overseas listed companies controlled and participated by Chinalco included:</p> <ol style="list-style-type: none"> 1. Chinalco and its subsidiaries held collectively 32.29% shares of Chalco (a company listed on the SSE (stock code: 601600) and the HKEX (stock code: 02600). Chinalco indirectly holds 40.23% shares of Ningxia Yinxing Energy Co., Ltd. (寧夏銀星能源股份有限公司) (a company listed on the SZSE, stock code: 000862) through Chinalco Ningxia Energy Group Co., Ltd. (中鋁寧夏能源集團有限公司), a subsidiary of Chalco. 2. Chinalco indirectly held 31.82% shares of Yunnan Copper Co., Ltd. (雲南銅業股份有限公司) (a company listed on the SZSE, stock code: 000878) through its subsidiary, Yunnan Copper (Group) Co., Ltd. (雲南銅業(集團)有限公司). 3. Chinalco indirectly held 13.00% shares and 29.10% shares of Yunnan Aluminum Co., Ltd. (雲南鋁業股份有限公司) (a company listed on the SZSE, stock code: 000807) through its subsidiaries Yunnan Metallurgical Group and Chinalco, respectively. 4. Chinalco indirectly held 38.19% shares of Yunnan Chihong Zinc and Germanium Co., Ltd. (雲南馳宏鋅銻股份有限公司) (a company listed on the SSE, stock code: 600497) through its subsidiary, Yunnan Metallurgical Group.
Explanation of other situation	Nil

2 Natural person

Applicable Not applicable

3 Special explanation in case the Company does not have a controlling shareholder

Applicable Not applicable



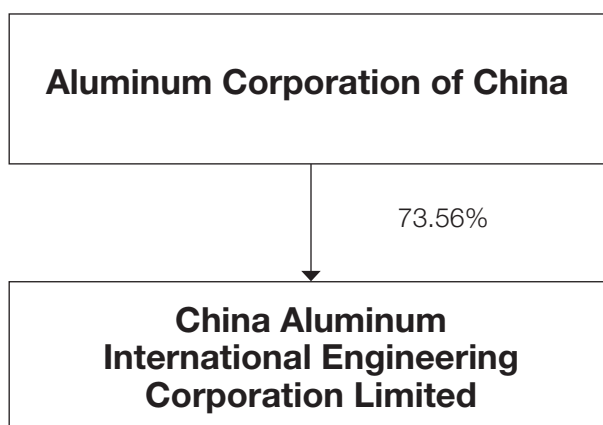
SECTION 9 CHANGES IN ORDINARY SHARES AND SHAREHOLDERS

4 Explanation on the change of controlling shareholder during the Reporting Period

Applicable Not applicable

5 Chart of property rights and shareholding structure between the Company and its controlling shareholder

Applicable Not applicable



(II) Beneficiary owner

1 Legal person

Applicable Not applicable

The Company's beneficiary owner is the State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會).

2 Natural person

Applicable Not applicable

3 Special explanation in case the Company does not have a beneficiary owner

Applicable Not applicable

4 Explanation of change of beneficiary owner of the Company during the Reporting Period

Applicable Not applicable

SECTION 9 CHANGES IN ORDINARY SHARES AND SHAREHOLDERS

5 Chart of property rights and shareholding structure between the Company and its beneficiary owner

Applicable Not applicable



6 Beneficiary owner's control over the Company through trust or other asset management means

Applicable Not applicable

(III) Other information on controlling shareholder and beneficiary owner

Applicable Not applicable



SECTION 9 CHANGES IN ORDINARY SHARES AND SHAREHOLDERS

V. THE CONTROLLING SHAREHOLDER OR THE LARGEST SHAREHOLDER OF THE COMPANY AND ITS PERSONS ACTING IN CONCERT HAVE ACCUMULATIVELY PLEDGED SHARES THAT ACCOUNT FOR MORE THAN 80% OF THE COMPANY'S SHARES HELD BY THEM

Applicable Not applicable

VI. OTHER LEGAL PERSON SHAREHOLDERS HOLDING MORE THAN 10% OF THE SHARES

Applicable Not applicable

VII. DESCRIPTION ON RESTRICTIONS ON REDUCING SHAREHOLDING

Applicable Not applicable

VIII. SPECIFIC IMPLEMENTATION OF SHARE REPURCHASE DURING THE REPORTING PERIOD

Applicable Not applicable

IX. PREEMPTIVE RIGHT, SHARE OPTION ARRANGEMENT

There is no provision in the Company's articles of association and the laws of the PRC requiring the Company to apply for pre-emptive rights to offer new shares to existing shareholders in proportion to their shareholdings.

SECTION 10 PARTICULARS OF PREFERRED SHARES

Applicable Not applicable

SECTION 11 PARTICULARS OF BONDS

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

Applicable Not applicable

(I) Debentures

Applicable Not applicable

(II) Corporate bonds

Applicable Not applicable

(III) Non-financial corporate debt financing instruments in the interbank bond market

Applicable Not applicable

1. Basic Information on Debt Financing Instruments for Non-Financial Enterprises

Expressed in RMB'000

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
China Aluminum International 2023 First Tranche of Sustainable MTN	23Zhong Lv Guo Gong	102382877 MTN001	2023/10/27	2023/10/27	2025/10/27	1,500,000	4.17	Interest shall be paid once a year	interbank market	Nil	Bidding, quotation, enquiry and agreement	No
China Aluminum International 2023 Second Tranche of Sustainable MTN	23Zhong Lv Guo Gong	102383165 MTN002	2023/11/24	2023/11/24	2025/11/24	1,300,000	3.77	Interest shall be paid once a year	interbank market	Nil	Bidding, quotation, enquiry and agreement	No

Countermeasures for the risk of bonds de-listing

Applicable Not applicable

Overdue outstanding bonds

Applicable Not applicable

Information on payment of principal of and interest on bonds during the Reporting Period

Applicable Not applicable

SECTION 11 PARTICULARS OF BONDS

2. Triggering and enforcement of issuer or investor option provisions, investor protection provisions

Applicable Not applicable

3. Intermediaries providing services for bond issuance and duration business

Name of intermediary	Office address	Signature Accountant's Name	Contact	Telephone
Grant Thornton Zhitong Certified Public Accountants LLP	5/F Scitech Place, 22 Jianguomen Wai Avenue, Chaoyang District, Beijing	Li Yang, Huang Zhibin	Li Yang	13691038358

Changes in the above-mentioned intermediaries

Applicable Not applicable

4. Use of proceeds from offerings at the end of the Reporting Period

Applicable Not applicable

Expressed in RMB'000

Bond name	Total amount of proceeds	Amount utilized	Amount unutilized	Operational status of the proceeds special account (if any)	Rectification of non-compliant use of proceeds (if any)	Whether consistent with the purpose, use plan and other agreements contained in the Prospectus
23Zhong Lv Guo Gong MTN001	1,500,000	1,500,000	0	-	-	Yes
23Zhong Lv Guo Gong MTN002	1,300,000	1,300,000	0	-	-	Yes

The progress and operational benefits of proceeds used for construction projects

Applicable Not applicable



SECTION 11 PARTICULARS OF BONDS

Explanation of changes in the use of proceeds from foregoing bonds offering within the Reporting Period

Applicable Not applicable

Other explanation

Applicable Not applicable

5. Adjustment to credit rating results

Applicable Not applicable

Other explanation

Applicable Not applicable

6. Implementation and changes of guarantees, debt repayment plans and other debt repayment guarantee measures during the Reporting Period and their impact

Applicable Not applicable

7. Description of other non-financial corporate debt financing instruments

Applicable Not applicable

SECTION 11 PARTICULARS OF BONDS

(IV) The loss in the scope of the consolidated financial statements of the Company during the Reporting Period exceeded 10% of the net assets at the end of the previous year

Applicable Not applicable

Loss

Reasons for loss

Impact on the Company's production, operation and solvency

Bad debt provision

No effect for the time being

(V) Overdue interest-bearing debts other than bonds at the end of the Reporting Period

Applicable Not applicable

(VI) The impact of violations of laws and regulations, the Articles of Association, information disclosure affairs management system and the stipulations or commitments in the Prospectus during the Reporting Period on the rights and interests of bond investors

Applicable Not applicable

SECTION 11 PARTICULARS OF BONDS

(VII) Accounting data and financial indicators of the Company for the past 2 years as of the end of the Reporting Period

Applicable Not applicable

Expressed in RMB'000

Key indicators	2023	2022	Change for the period as compared with that of the same period of last year (%)	Reason for change
Net profit attributable to shareholders of the listed company net of non-recurring profit and loss	-3,010,338	-425,640	Not applicable	Loss for the year
Current ratio	1.20	1.23	-0.03	-
Quick ratio	1.11	1.14	-0.03	-
Asset-liability ratio (%)	82.28	77.94	4.34	Loss for the year
EBITDA to total debt ratio	Not applicable	0.06	Not applicable	-
Interest coverage ratio	Not applicable	1.58	Not applicable	-
Cash interest coverage ratio	1.81	1.06	0.75	Operating net cash flow increased year-on-year, and interest expenses decreased year-on-year.
EBITDA interest coverage multiple	Not applicable	2.18	Not applicable	-
Loan repayment rate (%)	100	100	0.00	-
Interest coverage ratio (%)	100	100	0.00	-

II. CONVERTIBLE CORPORATE BONDS

Applicable Not applicable

SECTION 12 FINANCIAL REPORT



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Auditor's Report

GTCNSZ (2024) NO. 110A006032

To the Shareholders of China Aluminum International Engineering Corporation Limited:

I. AUDIT OPINIONS

We have audited the financial statements of China Aluminum International Engineering Corporation Limited (hereinafter the "Company"), which comprise the consolidated and the company's statement of financial position as at 31 December 2023, and the consolidated and the company's income statements, consolidated and the company's statements of changes in equity and the consolidated and the company's cash flows statements for the year then ended, and the notes to the consolidated financial statements.

In our opinion, the accompanying financial statements of the Company give a true and fair view, in all material respects, the consolidated and the company's financial position as at 31 December 2023, and its consolidated and the company's financial performance and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

II. BASIS FOR AUDIT OPINIONS

We conducted our audit in accordance with China Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement Section of our report. We are independent of the Company in accordance with the Code of Ethics for Chinese Certified Public Accountant (Ethics Code) together with the ethical requirements that are relevant to our audit of the financial statements, and we fulfilled our other ethical responsibilities in accordance with these requirements and the Ethics Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



SECTION 12 FINANCIAL REPORT

III. KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of financial statements for the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(I) Revenue recognition on construction contracts

For details of the relevant disclosures, please refer to Note 3.27 and Note 5.47 to the financial statements.

1. Description of the matter

The revenue of the Company is mainly derived from engineering and construction contracting business, with revenue of RMB16,887,260 thousand in 2023, accounting for 75.60% of the Company's operating revenue. Per the management of the Company (the "Management"), the revenue is recognized during the contract period according to the expected total contract revenue and total contract costs based on the performance progress, which involves the Management's use of significant accounting estimates and judgments, such as the continuous and reasonable estimation of the expected total contract revenue and total contract cost throughout the contract period. Therefore, we identified it as a key audit matter.

2. Audit response

- (1) Understanding, assessing and testing the effectiveness of key internal controls in relation to construction contracts during the reporting period;
- (2) Checking on a sample basis, whether the expected total contract revenue and total contract costs are consistent with the project contract and cost budget that are based on; to assess whether the estimation made by the Management is reasonable and sufficient;
- (3) Examining the contract costs incurred during the reporting period by tracing to supporting documentation on a sample basis;

SECTION 12 FINANCIAL REPORT

- (4) Recalculating the calculation accuracy on performance progress of construction operations;
- (5) Performing analytical review procedure on gross margin of major construction contracts between this year and prior year;
- (6) Sending confirmations together with accounting receivables to confirm the construction work was completed to ensure the accuracy and completeness of revenue recognized and cost recorded;
- (7) Visiting the selected samples of sites of construction projects to observe the progress of construction work, discussing with the site project managers the extent to which the construction work was completed, comparing to the performance progress in record, and making a further examination for unusual deviations if necessary;
- (8) Carrying out a cut-off test procedure, inspecting the supporting document before and after the balance sheet date, to check whether the contract costs were recorded in the proper accounting period.

(II) Expected credit losses for accounts receivables and impairment provisions for contract assets

The related disclosures are detailed in Note 3.11,37 and Note 5.4,9 to the financial statements.

1. Description of the matter

As at 31 December 2023, the gross carrying amount of accounts receivable and contract assets of the Company was RMB18,813,931 thousand and RMB8,189,193 thousand respectively. Impairment accrued was RMB3,699,181 thousand and RMB1,467,937 thousand respectively.

The provisions for expected credit losses on accounts receivable and impairment provisions for contract assets involve significant estimates and judgments made by the Management and are of significant importance to the overall financial statements. Therefore, we consider the provision for expected credit impairment losses on accounts receivable and impairment provisions for contract assets as a key audit matter.



SECTION 12 FINANCIAL REPORT

2. Audit response

- (1) Understanding, evaluating, and testing the design and operational effectiveness of key internal controls relating to credit impairment losses on accounts receivable and provision for impairment of contract assets;
- (2) Review the relevant considerations and objective evidence of the Management's evaluation of expected credit losses on receivables and impairment provisions of contract assets, including the reasonableness of portfolio division and determination of expected credit loss rates;
- (3) For accounts receivable and contract assets individually assessed for expected credit losses and impairment provisions, reviewing the supporting documentation and reasonableness of the Management's evaluation of the expected future cash flows based on the customer's financial and credit status, historical payment rates, and predictions of future economic conditions on a sample basis;
- (4) Review the accuracy of the aging analysis of accounts receivable and contract assets;
- (5) For accounts receivable and contract assets assessed by provision matrix based on collective credit risk characteristics for expected credit losses, assessing reasonableness of the Management's portfolio provision and the rationality of the expected credit loss rate, including recalculating the expected credit loss rates determined by the management at the end of 2023;
- (6) Evaluating the changes in accounting estimate for the impairment provision of contract assets, calculating the difference between the impairment provision before and after the change, understanding the reasons for the change and reviewing the adequacy and appropriateness of the disclosure of the changes in accounting estimate.

SECTION 12 FINANCIAL REPORT

IV. OTHER INFORMATION

The management of the Company is responsible for the other information. The other information comprises the information included in the 2023 Annual Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

V. RESPONSIBILITIES OF THE MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

The Management is responsible for the preparation of the financial statements that give a true and fair view and fair presentation in accordance with Accounting Standards for Business Enterprises, and for such internal control as the Management determines in necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.



SECTION 12 FINANCIAL REPORT

VI. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with China Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with China Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, further events or conditions may cause the Company to cease to continue as a going concern.

SECTION 12 FINANCIAL REPORT

- Evaluate the overall presentation, structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguard.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Grant Thornton Zhitong
Certified Public Accountants LLP

PRC Certified Public Accountant Huang Zhibin
(engagement partner)

PRC Certified Public Accountant Li Yang
(engagement partner)

China • Beijing

28 March 2024

SECTION 12 FINANCIAL REPORT

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

Prepared by: China Aluminum International Engineering Corporation Limited Expressed in thousands of RMB

Item	Notes	As at 31 December 2023	As at 31 December 2022
Current assets:			
Cash and cash equivalents	5.1	4,061,290	7,673,528
Held-for-trading financial assets	5.2	700,506	
Bills receivable	5.3	223,057	6,450
Accounts receivable	5.4	15,114,750	15,265,039
Financing receivables	5.5	453,487	690,553
Prepayments	5.6	509,994	474,058
Other receivables	5.7	1,352,121	2,477,445
Including: Interests receivable	5.7	4,830	2,685
Dividends receivable	5.7	21,462	8,125
Inventories	5.8	2,229,446	2,854,954
Contract assets	5.9	6,721,256	7,861,558
Non-current assets due within one year	5.10	171,605	396,417
Other current assets	5.11	578,468	482,277
Total current assets		32,115,980	38,182,279
Non-current assets:			
Long-term receivables	5.12	1,680,909	1,743,974
Long-term equity investments	5.13	754,306	750,758
Other equity instrument investments	5.14	49,248	57,167
Investment properties	5.15	766,966	574,943
Fixed assets	5.16	2,409,495	2,313,141
Construction in progress	5.17	76,590	195,715
Right-of-use assets	5.18	39,680	11,552
Intangible assets	5.19	1,314,681	1,263,638
Development costs	5.20	4,716	3,823
Goodwill	5.21	875	875
Long-term deferred expenses	5.22	33,689	43,226
Deferred tax assets	5.23	1,205,680	1,017,907
Other non-current assets	5.24	490,988	1,233,220
Total non-current assets		8,827,823	9,209,939
Total assets		40,943,803	47,392,218

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Item	Notes	As at 31 December 2023	As at 31 December 2022
Current liabilities:			
Short-term loans	5.25	1,343,848	4,184,225
Bills payable	5.26	3,837,044	3,396,337
Accounts payable	5.27	12,552,196	12,668,378
Receipts in advance	5.28	1,613	
Contract liabilities	5.29	4,137,373	3,558,738
Employee compensation payables	5.30	234,078	210,506
Taxes payable	5.31	163,013	216,321
Other payables	5.32	1,539,677	1,878,301
Including: Interests payable		–	–
Dividends payable		31,201	2,409
Non-current liabilities due within one year	5.33	1,424,748	3,137,365
Other current liabilities	5.34	1,576,228	1,723,137
Total current liabilities		26,809,818	30,973,308
Non-current liabilities:			
Long-term loans	5.35	6,179,831	5,257,000
Lease liabilities	5.36	26,128	8,534
Long-term payables	5.37	1,069	1,480
Long-term employee compensation payables	5.38	521,152	562,411
Deferred income	5.39	79,662	61,250
Deferred tax liabilities	5.23	71,643	72,247
Total non-current liabilities		6,879,485	5,962,922
Total liabilities		33,689,303	36,936,230

**SECTION 12 FINANCIAL REPORT**

Item	Notes	As at 31 December 2023	As at 31 December 2022
Shareholders' equity:			
Share capital	5.40	2,959,067	2,959,067
Other equity instruments	5.41	4,741,920	2,433,685
Including: Perpetual bonds		4,741,920	2,433,685
Capital reserves	5.42	898,789	919,257
Other comprehensive income	5.43	152,900	170,071
Special reserve	5.44	218,980	219,378
Surplus reserve	5.45	229,735	229,735
Retained Earnings	5.46	-2,184,850	599,235
Equity attributable to owners of the parent		7,016,541	7,530,428
Non-controlling interests		237,959	2,925,560
Total shareholders' equity		7,254,500	10,455,988
Total liabilities and shareholders' equity		40,943,803	47,392,218

Legal Representative:
Li Yihua

Chief Financial Officer:
Zhao Hongmei

Head of Accounting Department:
Cao Duolin

SECTION 12 FINANCIAL REPORT

STATEMENT OF FINANCIAL POSITION OF THE PARENT

As at 31 December 2023

Prepared by: China Aluminum International Engineering Corporation Limited Expressed in thousands of RMB

Item	Notes	As at 31 December 2023	As at 31 December 022
Current assets:			
Cash and cash equivalents		2,015,895	3,093,788
Held-for-trading financial assets		700,506	
Accounts receivable	14.1	1,305,360	910,786
Financing receivables		35,923	26,490
Prepayments		208,265	147,162
Other receivables	14.2	5,715,378	6,707,654
Including: Interests receivable	14.2	356,888	346,631
Dividends receivable	14.2	786,857	660,029
Inventories		2,154	2,402
Contract assets		282,873	659,765
Non-current assets due within one year		330,798	395,000
Other current assets		201,133	73,763
Total current assets		10,798,285	12,016,810
Non-current assets:			
Long-term receivables		2,130,358	567,492
Long-term equity investments	14.3	8,523,097	7,578,995
Fixed assets		133,576	68,528
Intangible assets		123,185	128,660
Development costs		3,823	3,823
Long-term deferred expenses			373
Deferred tax assets		117,535	135,805
Total non-current assets		11,031,574	8,483,676
Total assets		21,829,859	20,500,486

**SECTION 12 FINANCIAL REPORT**

Item	Notes	As at 31 December 2023	As at 31 December 022
Current liabilities:			
Short-term loans		880,000	1,901,743
Bills payable		626,231	367,392
Accounts payable		1,662,346	1,508,926
Contract liabilities		882,994	1,165,705
Employee compensation payables		17,317	3,992
Taxes payable		13,704	26,321
Other payables		3,556,410	2,013,186
Including: Dividends payable		28,792	
Non-current liabilities due within one year		1,257,500	3,081,948
Other current liabilities		1,823	3,318
Total current liabilities		8,898,325	10,072,531
Non-current liabilities:			
Long-term loans		4,083,018	3,770,100
Long-term employee compensation payables		3,496	3,533
Total non-current liabilities		4,086,514	3,773,633
Total liabilities		12,984,839	13,846,164

SECTION 12 FINANCIAL REPORT

Item	Notes	As at 31 December 2023	As at 31 December 022
Share capital		2,959,067	2,959,067
Other equity instruments		4,741,920	2,433,685
Including: Perpetual bonds		4,741,920	2,433,685
Capital reserves		1,133,916	1,146,631
Other comprehensive income		12,328	12,210
Special reserve		4	33
Surplus reserve		229,735	229,735
Retained Earnings		-231,950	-127,039
Total shareholders' equity		8,845,020	6,654,322
Total liabilities and shareholders' equity		21,829,859	20,500,486

Legal Representative:
Li Yihua

Chief Financial Officer:
Zhao Hongmei

Head of Accounting Department:
Cao Duolin

SECTION 12 FINANCIAL REPORT

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2023

Prepared by: China Aluminum International Engineering Corporation Limited

Expressed in thousands of RMB

Item	Notes	Year ended 31/12/2023	Year ended 31/12/2022
I. Operating revenue	5.47	22,337,171	23,697,329
Less: Operating costs	5.47	20,379,851	20,673,212
Taxes and surcharges	5.48	115,686	115,733
Selling and distribution expenses	5.49	141,094	119,273
General and administrative expenses	5.50	1,134,733	1,069,077
Research and development expenses	5.51	943,309	912,066
Finance expenses	5.52	259,262	287,348
Including: Interest expenses		399,698	493,886
Interest income		136,495	168,585
Add: Other income	5.53	3,831	3,665
Investment income	5.54	38,452	163,221
Gains from changes in fair value	5.55	506	
Impairment of credit losses	5.56	-519,566	-364,250
Impairment losses on assets	5.57	-1,834,840	-25,537
Gains from assets disposal	5.58	-1,967	841
II. Operating profit/(losses)		-2,950,348	298,560
Add: Non-operating income	5.59	33,215	31,444
Less: Non-operating expenses	5.60	27,764	45,029
III. Profit/(losses) before income tax		-2,944,897	284,975
Less: Income tax expenses	5.61	-110,871	80,142
IV. Net profit/(losses) for the year		-2,834,026	204,833
(1) Classification according to operation continuity			
Including: Net profit/(losses) from continuing operations		-2,834,026	204,833
Net profit/(losses) from discontinued operations			
(2) Classification according to ownership			
Including: Shareholders of the company		-2,657,963	112,458
Non-controlling interests		-176,063	92,375

SECTION 12 FINANCIAL REPORT

Item	Notes	Year ended 31/12/2023	Year ended 31/12/2022
V. Other comprehensive income, net of tax		-16,535	66,957
Other comprehensive income/(losses) (net of tax) attributable to shareholders of the company	5.43	-17,171	68,231
(1) Other comprehensive income/(losses) that will not be reclassified to profit or losses		-9,687	-6,265
a. Remeasurement gains or losses of a defined benefit plan		-2,996	-8,224
b. Other comprehensive income using the equity method that will not be reclassified to profit or loss			
c. Changes in fair value of other equity instrument investments		-6,691	1,959
(2) Other comprehensive income/(losses) to be reclassified to profit or losses		-7,484	74,496
a. Translation differences arising from translation of foreign currency financial statements		-7,484	74,496
Other comprehensive income/(losses) (net of tax) attributable to non-controlling interests		636	-1,274
VI. Total comprehensive income		-2,850,561	271,790
Attributable to: Total comprehensive income attributable to owners of the parent		-2,675,134	180,689
Total comprehensive income attributable to non-controlling interests		-175,427	91,101
VII. Earnings per share			
(1) Basic earnings per share	15.2	-0.8982	-0.0036
(2) Diluted earnings per share			

Legal Representative:
Li Yihua

Chief Financial Officer:
Zhao Hongmei

Head of Accounting Department:
Cao Duolin

SECTION 12 FINANCIAL REPORT

INCOME STATEMENT OF THE PARENT

For the year ended 31 December 2023

Prepared by: China Aluminum International Engineering Corporation Limited Expressed in thousands of RMB

Item	Notes	Year ended 31/12/2023	Year ended 31/12/2022
I. Operating revenue	14.4	1,994,902	879,240
Less: Operating costs	14.4	1,827,778	709,661
Taxes and surcharges		7,777	9,453
Selling and distribution expenses		47,017	31,262
General and administrative expenses		195,908	151,653
Research and development expenses		68,351	55,709
Finance expenses		242,018	109,299
Including: Interest expenses		309,290	321,129
Interest income		35,731	193,883
Add: Other income		567	603
Investment income	14.5	402,452	348,401
Including: Income from investment in associates and joint ventures		14,440	7,687
Gains from changes in fair value ("–" for losses)		506	
Impairment of credit losses		117,199	6,920
Impairment losses/(reversals) on assets		–88,426	–95,374
Gains from assets disposal		47	288
II. Operating profit/(losses)		38,398	73,041
Add: Non-operating income		1,468	1,345
Less: Non-operating expenses		230	2,811
III. Profit/(losses) before income tax		39,636	71,575
Less: Income tax expenses		18,425	18,964
IV. Net profit/(losses) for the year		21,211	52,611
(1) Net profit/(losses) from continuing operations		21,211	52,611
(2) Net profit/(losses) from discontinued operations			

SECTION 12 FINANCIAL REPORT

Item	Notes	Year ended 31/12/2023	Year ended 31/12/2022
V. Other comprehensive income, net of tax		118	161
(1) Other comprehensive income that will not be reclassified to profit or loss		118	161
a. Remeasurement gains or losses of a defined benefit plan		118	161
b. Changes in fair value of other equity instrument investments			
(2) Other comprehensive income to be reclassified to profit or loss			
a. Translation differences arising from translation of foreign currency financial statements			
VI. Total comprehensive income		21,329	52,772
VII. Earnings per share			
(1) Basic earnings per share			
(2) Diluted earnings per share			

Legal Representative:
Li Yihua

Chief Financial Officer:
Zhao Hongmei

Head of Accounting Department:
Cao Duolin

SECTION 12 FINANCIAL REPORT

CONSOLIDATED STATEMENT OF CASH FLOW

For the year ended 31 December 2023

Prepared by: China Aluminum International Engineering Corporation Limited Expressed in thousands of RMB

Item	Notes	Year ended 31/12/2023	Year ended 31/12/2022
I. Cash flows from operating activities			
Proceeds from sales of goods or rendering of services		22,071,210	22,976,587
Refund of taxes		91,265	62,301
Proceeds from other operating activities	5.62	180,027	321,467
Sub-total of cash inflows		22,342,502	23,360,355
<hr/>			
Payment for goods and services		17,473,268	18,531,380
Payment to and for employees		2,587,356	2,381,396
Payments of various taxes		814,720	823,447
Payment for other operating activities	5.62	744,493	1,099,262
Sub-total of cash outflows		21,619,837	22,835,485
<hr/>			
Net cash flows from operating activities	5.63	722,665	524,870
<hr/>			
II. Cash flows from investing activities			
Proceeds from disposal of investments			120,268
Investment income received		8,923	63,067
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets		21,479	1,346
Net proceeds from disposal of subsidiaries and other business units		815,776	19,629
Proceeds from other investing activities	5.62		7,648
Sub-total of cash inflows		846,178	211,958
<hr/>			
Payment for acquisition of fixed assets, intangible assets and other long-term assets		51,581	4,462,448
Payment for acquisition of investments		700,000	
Net payment for acquisition of subsidiaries and other business units			70,557
Payment for other investing activities			
Sub-total of cash outflows		751,581	4,533,005
<hr/>			
Net cash flows from investing activities		94,597	-4,321,047

SECTION 12 FINANCIAL REPORT

Item	Notes	Year ended 31/12/2023	Year ended 31/12/2022
III. Cash flows from financing activities			
Proceeds from investors			2,588,000
Including: Proceeds from non-controlling shareholders of subsidiaries			2,588,000
Proceeds from borrowings		7,366,040	11,392,369
Proceeds from other financing activities	5.62	2,800,000	2,500,000
Sub-total of cash inflows		10,166,040	16,480,369
<hr/>			
Repayments of borrowings		10,996,141	9,143,419
Payment for dividends, profit distributions or interest		576,714	965,611
Including: Dividends and profits paid to non-controlling shareholders of subsidiaries		1,475	122,740
Repayments of perpetual bonds		2,960,710	2,500,000
Payment for other financing activities	5.62	44,764	4,381
Sub-total of cash outflows		14,578,329	12,613,411
<hr/>			
Net cash flows from financing activities		-4,412,289	3,866,958
<hr/>			
IV. Effect of foreign exchange rate changes on cash and cash equivalents		77,267	40,164
<hr/>			
V. Net increase/(decrease) in cash and cash equivalents	5.63	-3,517,760	110,945
Add: Cash and cash equivalents at the beginning of the year	5.63	6,857,364	6,746,419
<hr/>			
VI. Cash and cash equivalent at the end of the period	5.63	3,339,604	6,857,364

Legal Representative:
Li Yihua

Chief Financial Officer:
Zhao Hongmei

Head of Accounting Department:
Cao Duolin

SECTION 12 FINANCIAL REPORT

STATEMENT OF CASH FLOW OF THE PARENT

For the year ended 31 December 2023

Prepared by: China Aluminum International Engineering Corporation Limited

Expressed in thousands of RMB

Item	Year ended 31/12/2023	Year ended 31/12/2022
I. Cash flows from operating activities		
Proceeds from sales of goods or rendering of services	1,729,207	1,948,833
Refund of taxes	37,655	
Proceeds from other operating activities	645,045	444,081
Sub-total of cash inflows	2,411,907	2,392,914
Payment for goods and services	1,439,632	2,354,077
Payment to and for employees	326,394	254,808
Payments of various taxes	40,259	64,959
Payment for other operating activities	590,830	219,006
Sub-total of cash outflows	2,397,115	2,892,850
Net cash flows from operating activities	14,792	-499,936
II. Cash flows from investing activities		
Proceeds from disposal of investments	4,011,884	3,538,877
Investment income received	128,572	172,203
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets	162	304
Net proceeds from disposal of subsidiaries and other business units	68,137	531,842
Proceeds from other investing activities	96,943	36,627
Sub-total of cash inflows	4,305,698	4,279,853
Payment for acquisition of fixed assets, intangible assets and other long-term assets	2,182	371
Payment for acquisition of investments	6,134,252	2,974,483
Net payment for acquisition of subsidiaries and other business units		547,602
Payment for other investing activities	424,234	550,000
Sub-total of cash outflows	6,560,668	4,072,456
Net cash flows from investing activities	-2,254,970	207,397

SECTION 12 FINANCIAL REPORT

Item	Year ended 31/12/2023	Year ended 31/12/2022
III. Cash flows from financing activities		
Proceeds from investors		
Proceeds from borrowings	4,360,000	7,143,120
Proceeds from other financing activities	4,586,368	2,500,000
Sub-total of cash inflows	8,946,368	9,643,120
Repayments of borrowings	6,889,032	5,752,499
Payment for dividends, profit distributions or interest	365,949	417,227
Repayments of perpetual bonds	500,000	2,500,000
Payment for other financing activities	35,091	14,100
Sub-total of cash outflows	7,790,072	8,683,826
Net cash flows from financing activities	1,156,296	959,294
IV. Effect of foreign exchange rate changes on cash and cash equivalents	-561	33,601
V. Net increase/(decrease) in cash and cash equivalents	-1,084,443	700,356
Add: Cash and cash equivalents at the beginning of the year	3,079,759	2,379,403
VI. Cash and cash equivalent at the end of the period	1,995,316	3,079,759

Legal Representative:
Li Yihua

Chief Financial Officer:
Zhao Hongmei

Head of Accounting Department:
Cao Duolin

SECTION 12 FINANCIAL REPORT

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2023

Prepared by: China Aluminum International Engineering Corporation Limited

Expressed in thousands of RMB

Item	Equity attributable to owners of the parent							Total shareholders' equity			
	Year ended 31/12/2023										
	Share capital	Other equity instruments		Capital reserve	Other comprehensive income	Special reserve	Surplus reserve		Retained Earnings	Sub-total	Non-controlling interests
	Preference shares	Perpetual bonds	Others								
I. Balance at the end of previous year	2,959,067		2,433,685	919,257	170,071	219,378	229,735	599,235	7,530,428	2,925,560	10,455,988
Add: Changes in accounting policies											
Correction of prior period errors											
Business combination under common control											
Others											
II. Balance at the beginning of the year	2,959,067		2,433,685	919,257	170,071	219,378	229,735	599,235	7,530,428	2,925,560	10,455,988
III. Changes in equity during the period											
+ "for increase)			2,308,235	-20,468	-17,171	-398		-2,784,085	-513,887	-2,887,601	-3,201,488
- "for decrease)					-17,171			-2,657,963	-2,675,134	-175,427	-2,850,561
(I) Total comprehensive income					-17,171						
(II) Shareholders' contributions and decrease of capital			2,308,235	-20,468							
1. Contribution by ordinary shareholders											
2. Contribution by other equity instrument investors			2,295,520								
3. Amounts of share-based payments recognized in equity											
4. Others			12,715	-20,468					-7,753		-7,753
(III) Profit distribution											
1. Appropriation to surplus reserves											
2. Appropriation to general reserve											
3. Distribution to shareholders											
4. Others											
(IV) Transfer within equity											
1. Capital reserves converted to share capital											
2. Surplus reserves converted to share capital											
3. Loss made up by surplus reserves											
4. Changes in the defined benefit plan transferred to retained earnings											
5. Other comprehensive income transferred to retained earnings											
6. Others											
(V) Special Reserve											
1. Appropriation during the period											
2. Utilisation during the period											
(VI) Others											
1. Appropriation during the period											
2. Utilisation during the period											
IV. Balance at the end of the period	2,959,067		4,741,920	898,789	152,900	218,980	229,735	-2,104,850	7,016,541	237,959	7,254,500

SECTION 12 FINANCIAL REPORT

Item	Year ended 31/12/2022										Total shareholders' equity	
	Equity attributable to owners of the parent											
	Share capital	Preference shares	Other equity instruments		Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained Earnings	Sub-total		Non-controlling interests
		Perpetual debts	Others									
I. Balance at the end of previous year	2,959,067		2,498,665		875,797	124,408	159,810	224,474	794,977	7,637,118	8,678,064	16,515,182
Add: Changes in accounting policies									660	660	313	973
Correction of prior period errors												
Business combination under common control												
Others												
II. Balance at the beginning of the year	2,959,067		2,498,665		976,297	101,840	159,810	224,474	615,304	7,555,377	8,630,320	16,365,697
III. Changes in equity during the period												
(*) for decrease)												
(I) Total comprehensive income												
(II) Shareholders' contributions and decrease of capital												
1. Contribution by ordinary shareholders												
2. Contribution by other equity instrument investors												
3. Amounts of share-based payments recognized in equity												
4. Others												
(III) Profit distribution												
1. Appropriation to surplus reserves												
2. Appropriation to general reserve												
3. Distribution to shareholders												
4. Others												
(IV) Transfer within equity												
1. Capital reserves converted to share capital												
2. Surplus reserves converted to share capital												
3. Loss made up by surplus reserves												
4. Changes in the defined benefit plan transferred to retained earnings												
5. Other comprehensive income transferred to retained earnings												
6. Others												
(V) Special Reserve												
1. Appropriation during the period												
2. Utilisation during the period												
(VI) Others												
IV. Balance at the end of the period	2,959,067		2,453,665		919,257	170,071	219,378	229,735	599,235	7,530,428	2,925,560	10,455,988

Legal Representative:
Li Yihua

Chief Financial Officer:
Zhao Hongmei

Head of Accounting Department:
Cao Duolin

SECTION 12 FINANCIAL REPORT

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY OF THE PARENT

For the year ended 31 December 2023

Prepared by: China Aluminum International Engineering Corporation Limited

Expressed in thousands of RMB

Item	Share capital	Other equity instruments			Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained Earnings	Total shareholders' equity
		Preference shares	Perpetual bonds	Others						
I. Balance at the end of previous year	2,959,067		2,433,685		1,146,631	12,210	33	229,735	-127,039	6,654,322
Add: Changes in accounting policies										
Correction of prior period errors										
Others										
II. Balance at the beginning of the year	2,959,067		2,433,685		1,146,631	12,210	33	229,735	-127,039	6,654,322
III. Changes in equity during the period ("–" for decrease)			2,308,235		-12,715	118	-29		-104,911	2,190,698
(I) Total comprehensive income						118			21,211	21,329
(II) Shareholders' contributions and decrease of capital			2,295,520							2,295,520
1. Contribution by ordinary shareholders										
2. Contribution by other equity instrument investors			2,295,520							2,295,520
3. Amounts of share-based payments recognized in equity										
4. Others										
(III) Profit distribution			12,715		-12,715				-126,122	-126,122
1. Appropriation to surplus reserves										
2. Appropriation to general reserve										
3. Distribution to shareholders										
4. Others			12,715		-12,715				-126,122	-126,122
(IV) Transfer within equity										
1. Capital reserves converted to share capital										
2. Surplus reserves converted to share capital										
3. Loss made up by surplus reserves										
4. Changes in the defined benefit plan transferred to retained earnings										
5. Other comprehensive income transferred to retained earnings										
6. Others										
(V) Special Reserve							-29			-29
1. Appropriation during the period							539			539
2. Utilisation during the period							-568			-568
(VI) Others										
IV. Balance at the end of the period	2,959,067		4,741,920		1,133,916	12,328	4	229,735	-231,950	8,845,020

SECTION 12 FINANCIAL REPORT

Item	Year ended 31/12/2022						Total shareholders' equity		
	Share capital	Preference shares	Other equity instruments	Capital reserve	Other comprehensive income	Special reserve		Surplus reserve	Retained Earnings
I. Balance at the end of previous year	2,959,067		2,498,585	1,190,697	12,050	-23	224,474	-51,200	6,633,650
Add: Changes in accounting policies									
Correction of prior period errors									
Others									
II. Balance at the beginning of the year	2,959,067		2,498,585	1,190,697	12,050	-23	224,474	-51,200	6,633,650
III. Changes in equity during the period ("-" for decrease)			-64,900	-44,066	160	56	5,261	-75,839	-179,328
(I) Total comprehensive income					160			52,611	52,771
(II) Shareholders' contributions and decrease of capital				-44,066					-44,066
1. Contribution by ordinary shareholders									
2. Contribution by other equity instrument investors									
3. Amounts of share-based payments recognized in equity									
4. Others				-44,066					-44,066
(III) Profit distribution			-64,900					-128,450	-188,089
1. Appropriation to surplus reserves							5,261	-5,261	
2. Appropriation to general reserve									
3. Distribution to shareholders									
4. Others			-64,900						-188,089
(IV) Transfer within equity									
1. Capital reserves converted to share capital									
2. Surplus reserves converted to share capital									
3. Loss made up by surplus reserves									
4. Charges in the defined benefit plan transferred to retained earnings									
5. Other comprehensive income transferred to retained earnings									
6. Others									
(V) Special Reserve									
1. Appropriation during the period									
2. Utilisation during the period									
(VI) Others									
IV. Balance at the end of the period	2,959,067		2,433,685	1,146,631	12,210	33	229,735	-127,039	6,654,322

Legal Representative:
Li Yihua

Chief Financial Officer:
Zhao Hongmei

Head of Accounting Department:
Cao Duolin

SECTION 12 FINANCIAL REPORT

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

1.1 Company's profile

China Aluminum International Engineering Corporation Limited (hereinafter referred to as 'Chalieco' or 'the Company'), 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 Aluminum Corporation of China (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 'Chalieco' 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.

SECTION 12 FINANCIAL REPORT

1. GENERAL INFORMATION (CONTINUED)

1.1 Company's profile (Continued)

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

The Company and its subsidiaries are principally engaged in construction business.

Chalieco's business scope includes engineering technology and design consulting, engineering construction and installation, equipment manufacturing, and trade business.

The ultimate controller of Chalieco is Aluminum Corporation of China.

The Company's and consolidated financial statements and the notes to financial statements have been approved by the 4th Board of Directors in the 19th board meeting on 28 March 2024.

2. BASIS OF PREPARATION

The financial statements are prepared in accordance with the Accounting Standards for Business Enterprises and corresponding application guidance, interpretations and other related provisions issued by the Ministry of Finance (collectively, "ASBEs"). In addition, the Company discloses relevant financial information in accordance with 'Compilation Rules for Information Disclosure of Companies that Offer Securities to the Public No. 15 – General Provisions on Financial Reporting' (revised in 2023) issued by China Securities Regulatory Commission.

The financial statements of the Company have been prepared on going concern basis.

The Company adopts the accrual basis of accounting. Except for certain financial instruments, the financial statements are prepared under the historical cost convention. In the event that impairment of assets occurs, a provision for impairment is made accordingly in accordance with the relevant regulations.



SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

3.1 Statement of compliance with the Accounting Standards for Business Enterprises

The financial statements have been prepared in compliance with the Accounting Standards for Business Enterprises to truly and completely present the Company's (and consolidated) financial position as at 31 December 2023 and the Company's (and consolidated) operating results and cash flows for the period from January to December 2023.

3.2 Accounting Period

The accounting period of the Company is from 1 January to 31 December of each calendar year.

3.3 Operating cycle

The Company takes a 12-month year as a usual operating cycle.

3.4 Functional currency

The Company and domestic subsidiaries use Renminbi ("RMB") as their functional currency. Offshore subsidiaries determine their functional currency according to the primary economic environment where they operate. The financial statements of the Company have been prepared in RMB.

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.5 Methodology for determining materiality criteria and basis for selection

Item	Materiality criteria
Material receivables with impairment of credit losses on an individual basis	Impairment of credit losses exceeding 1% of net assets
Material receivables written-off in the current period	More than 10 million RMB
Material impairment of credit losses recovered or reversed	More than 20 million RMB
Material prepayments with aging more than 1 year	More than 10 million RMB
Material construction in progress	More than 10 million RMB
Material associates	More than 50 million RMB
Material subsidiaries	The subsidiary's total assets account for the group's total assets by over 5%
Material contract liabilities with aging more than 1 year	More than 10 million RMB
Material other receivables with aging more than 1 year	More than 10 million RMB
Material litigation	More than 50 million RMB



SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.6 Accounting treatments for business combinations involving enterprises under common control and business combinations not involving enterprises under common control

3.6.1 Business combinations involving enterprises under common control

For a business combination involving enterprises under common control, the assets acquired and liabilities assumed are measured based on their carrying amounts in the consolidated financial statements of the ultimate controlling party at the combination date. The difference between the carrying amount of the net assets acquired and the consideration paid for the combination is adjusted against share premium in the capital reserve, with any excess adjusted against retained earnings.

Business combinations under the same control are achieved through multiple transactions

In the consolidated financial statements, the assets and liabilities of the acquiree obtained by the acquirer during the combination are measured at their carrying amounts in the ultimately controlling party's consolidated financial statements on the acquisition date. The difference between the sum of the carrying amount of the investment held before the combination and the carrying amount of the newly paid consideration on the acquisition date and the carrying amount of the net assets obtained in the combination shall be adjusted to the capital reserve. If the capital reserve is insufficient to offset, retained earnings shall be adjusted. For the long-term equity investment held by the acquirer before obtaining the control right of the acquiree, the relevant profits and losses, other comprehensive income and other changes in owner's equity that have been recognized from the later date between the date of obtaining the original equity and the date when the acquirer and the acquiree are under the same party's ultimately control to the acquisition date, shall be offset against the opening retained earnings or current profits and losses during the comparative statement period.

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.6 Accounting treatments for business combinations involving enterprises under common control and business combinations not involving enterprises under common control (Continued)

3.6.2 Business combinations involving enterprises not under common control

For business combinations involving enterprises not under common control, the consideration costs include acquisition-date fair value of assets transferred, liabilities incurred or assumed and equity securities issued by the acquirer in exchange for control of the acquiree. At the acquisition date, the acquired assets, liabilities and contingent liabilities of the acquiree are measured at their fair value. The acquiree's identifiable assets, liabilities and contingent liabilities, are recognised at their acquisition-date fair value.

Where the combination cost exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised as goodwill, and subsequently measured on the basis of its cost less accumulated impairment provisions. Where the combination cost is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised in profit or loss for the current period after reassessment.

Business combinations not under the same control are achieved through multiple transactions

In the consolidated financial statements, the sum of the consideration paid on the acquisition date and the fair value of the acquiree's equity held before the acquisition date on the acquisition date shall be recognized as the acquisition cost. For the equity of the acquiree already held, it shall be remeasured at its fair value on the acquisition date, and the difference between the fair value and its carrying amount shall be included in the current investment income. The equity of the acquiree already held before the acquisition date involves other comprehensive income and changes in other owner's equity, which are converted into current income on the acquisition date, except for other comprehensive income generated by changes in net liabilities or net assets caused by the acquiree's remeasurement of the defined benefit plan.



SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.6 Accounting treatments for business combinations involving enterprises under common control and business combinations not involving enterprises under common control (Continued)

3.6.3 Transaction costs for business combination

The overhead for the business combination, including the expenses for audit, legal services, valuation advisory, and other administrative expenses, are recorded in profit or loss for the current period when incurred. The transaction costs of equity or debt securities issued as the considerations of business combination are included in the initial recognition amount of the equity or debt securities.

3.7 Judgment criteria for control and consolidated financial statements

3.7.1 Judgment criteria for control

The scope of consolidated financial statements is based on control. Control exists when the Company has power over the investee; exposure, or rights to variable returns from its involvement with the investee and has the ability to affect its returns through its power over the investee. The Company will reassess when changes in relevant facts and circumstances result in changes to the relevant elements involved in the definition of control.

In determining whether to include a structured entity in the scope of consolidation, the Company evaluates whether to control the structured entity on the basis of a combination of all the facts and circumstances, including an assessment of the purpose and design for which the structured entity was established, the identification of the types of variable returns, and whether it assumes some or all of the variability of the returns through its participation in its related activities.

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.7 Judgment criteria for control and consolidated financial statements (Continued)

3.7.2 Basis of preparation of consolidated financial statements

The consolidated financial statements are prepared by the Company based on the financial statements of the Company and its subsidiaries and other relevant information. When preparing consolidated financial statements, the accounting policies and accounting periods of the subsidiaries should be consistent with those established by the Company, and all significant intra-company balances and transactions are eliminated.

Where a subsidiary or business was acquired during the reporting period, through a business combination involving enterprises under common control, the financial statements of the subsidiary or business are included in the consolidated financial statements as if the combination had occurred at the date that the ultimate controlling party first obtained control.

Where a subsidiary or business was acquired during the reporting period, through a business combination involving enterprises not under common control, the identifiable assets and liabilities of the acquired subsidiaries or business are included in the scope of consolidation from the date that control commences.

The portion of a subsidiary's equity that is not attributable to the parent is treated as non-controlling interests and presented separately in the consolidated balance sheet within shareholders' equity. The portion of net profit or loss of subsidiaries for the period attributable to non-controlling interests is presented separately in the consolidated income statement below the "net profit" line item. When the amount of loss for the current period attributable to the non-controlling shareholders of a subsidiary exceeds the non-controlling shareholders' share of the opening owners' equity of the subsidiary, the excess is still allocated against the non-controlling interests.



SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.7 Judgment criteria for control and consolidated financial statements (Continued)

3.7.3 Purchase of subsidiaries' non-controlling interests

The difference between the cost of long-term equity investment newly acquired due to the purchase of non-controlling interest and the share of net assets of the subsidiary continuously calculated from the purchase date or merger date according to the newly increased shareholding ratio, and the difference between the disposal price obtained as a result of partial disposal of the equity investment in the subsidiary without loss of control and the share of net assets continuously calculated since the purchase date or the merger date corresponding to the disposal of the long-term equity investment of the subsidiary, should be adjusted to the capital reserve in the consolidated balance sheet, with any excess adjusted to retained earnings.

3.7.4 Disposal of subsidiaries

When the Company loses control over a subsidiary because of disposing part of equity investment or other reasons, the remaining part of the equity investment is re-measured at fair value at the date when the control is lost. A gain or loss is recognised in the current period and is calculated by the aggregate of consideration received in disposal and the fair value of remaining part of the equity investment deducting the share of net assets in proportion to previous shareholding percentage in the former subsidiary since acquisition date and the goodwill.

Other comprehensive income related to the equity investment of the former subsidiary shall be accounted for on the same basis as the direct disposal of the relevant assets or liabilities of the former subsidiary at the time of loss of control, and other changes in owner's equity related to the former subsidiary under the equity method of accounting shall be transferred to current profit or loss at the time of loss of control.

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.8 Joint arrangement classification and accounting treatment for joint operation

A joint arrangement is an arrangement of which two or more parties have joint control. The Company classifies joint arrangements into joint operations and joint ventures.

3.8.1 Joint operations

A joint operation is a joint arrangement whereby the joint operators have rights to the assets, and obligations for the liabilities, relating to the arrangement.

The Company recognizes the following items relating to its interest in a joint operation, and account for them in accordance with relevant accounting standards:

- A. Its solely-held assets, and its share of any assets held jointly;
- B. Its solely-assumed liabilities, and its share of any liabilities assumed jointly;
- C. Its revenue from the sale of its share of the output arising from the joint operation;
- D. Its share of the revenue from the sale of the output by the joint operation;
- E. Its solely-incurred expenses, and its share of any expenses incurred jointly.

3.8.2 Joint ventures

A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement.

The Company adopts equity method under long-term equity investment in accounting for its investment in joint venture.



SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.9 Cash and cash equivalents

Cash comprises cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents include short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value.

3.10 Foreign currency transactions and translation financial statements in foreign currency

3.10.1 Foreign currency transactions

Foreign currency transactions are translated to the functional currency of the Company at the spot exchange rates on the dates of the transactions.

On the balance sheet date, foreign currency monetary items shall be translated at the spot exchange rate on the balance sheet date. The exchange difference arising from the difference between the spot exchange rate on the balance sheet date and the spot exchange rate upon initial recognition or the last balance sheet date will be recognised in profit or loss for the period. The foreign currency non-monetary items measured at historical cost shall still be measured by the functional currency translated at the spot exchange rate on the date of the transaction. Foreign currency non-monetary items measured at fair value are translated at the spot exchange rate on the date of determination of the fair value. The difference between the amounts of the functional currency before and after the translation will be recognised in profit or loss or other comprehensive income for the period based on the nature of the non-monetary items.

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.10 Foreign currency transactions and translation financial statements in foreign currency (Continued)

3.10.2 Translation of financial statements denominated in foreign currency

When translating the financial statements denominated in foreign currency of overseas subsidiaries, assets and liabilities on the balance sheet are translated at the spot exchange rate prevailing at the balance sheet date; equity items except for “retained profit” are translated at the spot exchange rates at the dates on which such items arose.

Income and expenses items in the income statement are translated at the prevailing spot exchange rate on the transaction date.

All items in the cash flow statements shall be translated at the prevailing spot exchange rate on the date that the cash flow transaction occurred. Effects arising from changes of exchange rate on cash shall be presented separately as the “effect of foreign exchange rate changes on cash and cash equivalents” item in the cash flow statements.

The differences arising from translation of financial statements shall be included in the “other comprehensive income in shareholders’ equity in the balance sheet.

When a foreign operation is disposed of and control is lost, all or a proportionate share of the foreign-currency translation differences related to the foreign operation, as shown under shareholders’ equity in the balance sheet, are transferred to profit or loss for the period in which the foreign operation is disposed of.



SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.11 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or an equity instrument of another enterprise.

3.11.1 Recognition and derecognition of financial instruments

A financial asset or a financial liability is recognized when the Company becomes one of the parties under a financial instrument contract.

Financial asset that satisfied any of the following criteria shall be derecognised:

- ① The contractual rights to receive the cash flows from the financial asset has terminated; or
- ① The financial asset has been transferred and meets the derecognition criteria for the transfer of financial asset as described below in “Transfer of financial assets”.

A financial liability (or a part thereof) is derecognised only when the present obligation is discharged in full or in part. If an agreement is entered between the Company (debtor) and a creditor to replace the existing financial liabilities with new financial liabilities, and the contractual terms of the new financial liabilities are substantially different from those of the existing financial liabilities, the existing financial liabilities shall be derecognised and the new financial liabilities shall be recognised.

Conventionally traded financial assets shall be recognised and derecognised at the trading date.

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.11 Financial instruments (Continued)

3.11.2 Classification and measurement of financial assets

The Company classifies financial assets according to the business model for managing the financial assets and characteristics of the contractual cash flows as follows: financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income, and financial assets measured at fair value through profit or loss.

Financial assets measured at amortized cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated at fair value through profit or loss:

- The Company's business model of managing the financial assets aims at collecting contractual cash flows;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to the initial recognition, the effective interest rate method is adopted to measure the amortized cost of such financial assets. Gains or losses arising from financial assets that are measured at amortized cost and are not part of any hedging relationship shall be recorded in the current profit or loss when the financial assets are derecognized, amortized according to the effective interest method or impaired.



SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.11 Financial instruments (Continued)

3.11.2 Classification and measurement of financial assets (Continued)

Financial assets measured at fair value through other comprehensive income

A financial asset is classified as measured at fair value through other comprehensive income if it meets both of the following conditions and is not designated at fair value through profit or loss:

- The Company's business model of managing the financial asset aims at both collecting contractual cash flows and selling the financial assets.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to the initial recognition, such financial assets are subsequently measured at fair value. The interest, impairment of credit losses or gain and exchange loss or gain calculated using the effective interest rate method are included in the current profit or loss, while other gains or losses are included in other comprehensive income. When derecognized, the accumulated gains or losses previously recorded in other comprehensive income shall be transferred out from other comprehensive income and recorded in the current profit or loss.

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.11 Financial instruments (Continued)

3.11.2 Classification and measurement of financial assets (Continued)

Financial assets measured at fair value through profit or loss

The Company classifies the financial assets other than those measured at amortised cost and measured at fair value through other comprehensive income as financial assets measured at fair value through profit or loss. Upon initial recognition, the Company irrevocably designates certain financial assets that are required to be measured at amortised cost or at fair value through other comprehensive income as financial assets measured at fair value through profit or loss in order to eliminate or significantly reduce accounting mismatch.

Upon initial recognition, such financial assets are measured at fair value. Except for those held for hedging purposes, gains or losses (including interests and dividend income) arising from such financial assets are recognised in the profit or loss for the current period.

The business model of managing financial assets refers to how the Company manages financial assets to generate cash flows. That is, the Company's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. The Company determines the business model for managing financial assets on the basis of objective facts and specific business objectives for managing financial assets determined by key management personnel.



SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.11 Financial instruments (Continued)

3.11.2 Classification and measurement of financial assets (Continued)

Financial assets measured at fair value through profit or loss (Continued)

The Company assesses the characteristics of contractual cash flow characteristics of financial assets to determine whether the contractual cash flows generated by the relevant financial assets on specified dates are solely payments of principal and interest on the principal amount outstanding. The principal refers to the fair value of the financial assets at the initial recognition. Interest includes consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks, costs and profits. In addition, the Company evaluates the contractual terms that may result in a change in the time distribution or amount of contractual cash flows from a financial asset to determine whether it meets the requirements of the above contractual cash flow characteristics.

All affected financial assets are reclassified on the first day of the first reporting period following the change in the business model where the Company changes its business model for managing financial assets; otherwise, financial assets shall not be reclassified after initial recognition.

Financial assets are measured at fair value at the time of initial recognition. For financial assets measured at fair value through profit or loss, relevant transaction costs are directly recorded into current profit or loss; for other classes of financial assets, the relevant transaction costs are included in the initial recognition amount. For accounts receivable arising from the sale of products or provision of services, which do not contain or do not take into account the material financing component, the Company is entitled to collect the consideration amount as expected as the initial recognition amount.

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.11 Financial instruments (Continued)

3.11.3 Classification and measurement of financial liabilities

At initial recognition, financial liabilities of the Company are classified as: financial liabilities measured at fair value through profit or loss, and financial liabilities measured at amortized cost. For financial liabilities not classified as measured at fair value through profit or loss, relevant transaction costs are included in the amount initially recognised.

Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated at fair value through profit or loss upon initial recognition. Such financial liabilities are subsequently measured at fair value, and the gains or losses from the change in fair value and the dividend or interest expenses related to the financial liabilities are included in the profit or loss of the current period.

Financial liabilities measured at amortized cost

Other financial liabilities are subsequently measured at amortised cost using the effective interest rate method, and the gains or losses arising from derecognition or amortisation are recognised in profit or loss for the current period.

Financial guarantee contract

Financial guarantee contracts do not belong to financial liabilities measured at fair value through profit or loss. They are measured at fair value at initial recognition and are subsequently measured at the higher of the amount of the impairment of credit losses determined in accordance with the expected credit loss model and the amount initially recognized less the cumulative amortisation.

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.11 Financial instruments (Continued)

3.11.3 Classification and measurement of financial liabilities

The distinction between financial liabilities and equity instruments

Financial liabilities refer to liabilities that meet one of the following conditions:

- ① A contractual obligation to pay in cash or other financial assets to other parties.
- ② A contractual obligation to exchange financial assets or financial liabilities with another party under potentially adverse conditions.
- ③ A non-derivative contract that has to be settled with or can be settled with the entity's own equity instruments in the future, under which the entity will deliver a variable number of its own equity instruments.
- ④ A derivative contract that has to be settled with or can be settled with the entity's own equity instruments in the future, except for a derivative contract in which a fixed number of its own equity instruments are to be exchanged for a fixed amount of cash or other financial assets.

An equity instrument is a contract that certifies ownership of the remaining interest in an entity's assets after all liabilities have been deducted.

If the Company cannot unconditionally avoid fulfilling a contractual obligation by paying cash or delivering other financial assets, such contractual obligation meets the definition of financial liabilities.

Where a financial instrument must or may be settled with the Company's own equity instruments, the Company's own equity instruments used to settle such instrument should be considered as to whether it is as a substitute for cash or other financial assets or for the purpose of enabling the holder of the instrument to be entitled to the remaining interest in the assets of the issuer after deducting all of its liabilities. For the former, it is a financial liability of the Company; for the latter, it is the Company's own equity instruments.

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.11 Financial instruments (Continued)

3.11.4 Fair value of financial instruments

For the determination of fair value of financial assets and financial liabilities, see Note 3.12.

3.11.5 Impairment of financial assets

On the basis of expected credit losses, the Company conducts impairment accounting treatment for the following items and recognises the allowance:

- Financial assets measured at amortized cost;
- Receivables and debt investments measured at fair value and accounted for in other comprehensive income;
- Contract assets as defined in the Accounting Standards for Business Enterprises No. 14 – Revenue;
- Lease receivables;
- Financial guarantee contracts (except for financial assets measured at fair value through profit or loss, transfer of financial assets that do not meet the conditions for derecognition or those caused by continuing involvement in transferred financial assets).



SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.11 Financial instruments (Continued)

3.11.5 Impairment of financial assets (Continued)

Measurement of expected credit losses

The term “expected credit losses” (ECLs) refers to the weighted average of the credit loss of a financial instrument weighted by the risk of default. Credit loss refers to the difference between all contractual cash flows in accordance with the contract and all the cash flows expected to receive, discounted at the original effective interest rate, that is, the present value of all cash shortfalls.

The Company takes into account reasonable and well-founded information such as past events, current conditions and forecasts of future economic conditions, and calculates the probability-weighted amount of the present value of the difference between the cash flows receivable from the contract and the cash flows expected to be received weighted by the risk of default.

The Company measures ECLs of financial instruments at different stages. If the credit risk of the financial instrument did not increase significantly upon initial recognition, it is at the first stage, and the Company makes provision for impairment based on the ECLs within the next 12 months; if the credit risk of a financial instrument increased significantly upon initial recognition but has not yet incurred credit impairment, it is at the second stage, and the Company makes provision for impairment based on the lifetime ECLs of the instrument; if the financial instrument incurred credit impairment upon initial recognition, it is at the third stage, and the Company makes provision for impairment based on the lifetime ECLs of the instrument.

For financial instruments with low credit risk at the balance sheet date, the Company assumes that the credit risk has not increased significantly upon initial recognition, and makes provision for impairment based on the ECLs within the next 12 months.

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.11 Financial instruments (Continued)

3.11.5 Impairment of financial assets (Continued)

Measurement of expected credit losses (Continued)

Lifetime ECLs represent the ECLs resulting from all possible default events over the expected life of a financial instrument. The 12-month ECLs are the ECLs resulting from possible default events on a financial instrument within 12 months (or a shorter period if the expected life of the financial instrument is less than 12 months) after the balance sheet date, and is a portion of lifetime ECLs.

The maximum period to be considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk, including renewal options.

The Company calculates interest income on the basis of the Gross carrying amount before impairment provisions and the effective interest rate for financial instruments at the first and second stages and with low credit risk. For financial instruments at the third stage, the interest income is calculated on the basis of the amortized cost of the Gross carrying amount less the impairment provision and the effective interest rate.



SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.11 Financial instruments (Continued)

3.11.5 Impairment of financial assets (Continued)

Accounts receivable and contract assets

When the credit risk characteristics are significantly different and the information of ECLs can be assessed at a reasonable cost, it would be estimated whether the credit risk of the relevant financial instrument has increased significantly since the initial recognition and measured the ECLs on an individual basis.

- A. Bills receivable
 - Bills receivable group 1: banker's acceptance
 - Bills receivable group 2: commercial acceptance bills
- B. Accounts receivable
 - Accounts receivables group: aging group
- C. Contract assets
 - Contract assets group: aging group

For the bills receivable and contract assets divided into groups, the Company calculates the expected credit loss through default risk exposure and the lifetime expected credit loss rate by referring to the historical credit loss experience, combining the current situation and the forecast of the future economic situation.

For the accounts receivable divided into groups, the Company refers to the historical credit loss experience and combines the current situation with the forecast of the future economic situation to compile a comparison table between the age of receivables/overdue days and the lifetime expected credit loss rate and to calculate the expected credit loss.

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.11 Financial instruments (Continued)

3.11.5 Impairment of financial assets (Continued)

Other receivables

The Company divides other receivables into several groups according to the credit risk characteristics, and calculates the expected credit losses on the basis of the groups which are determined as follows:

- Other receivables group: aging group

For other receivables divided into groups, the Company calculates the expected credit losses by default risk exposure and the expected credit losses rate over the next 12 months or the entire duration.

Long-term receivables

The Company's long-term receivables include long-term receivables from customers and repurchase payment under BT contract, etc.

According to the credit risk characteristics, the Company divides long term receivables into several groups. The expected credit loss is calculated on the basis of the groups which are determined as follows:

- Long-term receivables group: aging group

For receivables of engineering and service receivables, the Company refers to historic credit losses experience, combined with the current situation and forecast for the future economic situation, to calculate the expected credit losses by default risk exposure and the lifetime expected credit loss rate.

For other receivables beside mentioned above that are divided into groups, the expected credit losses are calculated by default risk exposure and the expected credit loss rate within the next 12 months or the entire duration.



SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.11 Financial instruments (Continued)

3.11.5 Impairment of financial assets (Continued)

Debt investment and other debt investment

For debt investment and other debt investment, the Company calculates the ECLs based on the default risk exposure and the ECLs rate within the next 12 months or the entire duration according to the nature of the investment and the various types of counterparties and risk exposures.

An assessment of a significant increase in credit risk

By comparing the risk of default of financial instruments on the balance sheet date with the risk of default on the initial recognition date, the Company determines the relative change of default risk within the expected duration of financial instruments, so as to evaluate whether the credit risk of financial instruments has significantly increased since the initial recognition.

In determining whether credit risk has increased significantly since the initial recognition, the Company considers reasonable and supportable information, including forward-looking information that can be obtained without unnecessary additional cost or effort. Information considered by the Company includes:

- The debtor fails to pay the principal and interest as due under the contract;
- A material deterioration, if any, of the external or internal credit rating of the financial instrument that has occurred or is expected to occur;
- A serious deterioration of the debtor's business results occurred or is expected to occur;
- A change in the existing or anticipated technological, market, economic or legal environment which will have a material adverse effect on the debtor's ability to repay the Company.

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.11 Financial instruments (Continued)

3.11.5 Impairment of financial assets (Continued)

An assessment of a significant increase in credit risk (Continued)

According to the nature of financial instruments, the Company evaluates whether credit risk increases significantly on the basis of individual financial instruments or a group of financial instruments. When assessing on the basis of a group of financial instruments, the Company may classify financial instruments based on common credit risk characteristics, such as overdue information and credit risk rating.

If overdue for more than 30 days, the Company determines that the credit risk of the financial instrument has increased significantly.

Credit-impaired financial assets

On the balance sheet date, the Company evaluates whether credit impairment has occurred in financial assets measured at amortized cost and debt investments measured at fair value through other comprehensive income. When one or more events which have an adverse effect on the expected future cash flows of a financial asset occur, the financial asset becomes a credit-impaired financial asset. Evidence of credit impairment of financial assets includes the following observable information:

- Major financial difficulties occur to the issuer or the debtor;
- A breach of contract by the debtor, such as a default or late payment of interest or principal;
- The Company, for economic or contractual considerations relating to the debtor's financial difficulties, gives concessions that the debtor would not have made under any other circumstances;
- The debtor is likely to go bankrupt or undergo other financial restructuring;
- The financial difficulties of the issuer or debtor result in the disappearance of an active market for the financial asset.



SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.11 Financial instruments (Continued)

3.11.5 Impairment of financial assets (Continued)

Presentation of ECLs

ECLs are remeasured at each balance sheet date to reflect changes in the financial instrument's credit risk upon initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss for the current period. For financial assets measured at amortised cost, the provisions of impairment are deducted from the carrying amount of the financial assets presented in the balance sheet; for debt investments at fair value through other comprehensive income, the Company makes provisions of impairment in other comprehensive income without reducing the carrying amount of the financial asset.

Write-off

The Gross carrying amount of a financial asset is directly written off to the extent that there is no realistic prospect of recovery of the contractual cash flows of the financial asset (either partially or in full). Such write-off constitutes derecognition of such financial asset. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

If a write-off of financial assets is subsequently recovered, the recovery is credited to profit or loss in the period in which the recovery occurs.

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.11 Financial instruments (Continued)

3.11.6 Transfer of financial assets

Transfer of financial assets refers to the transfer or delivery of financial assets to another party other than the issuer of such financial assets (the transferee).

If the Company transfers substantially all the risks and rewards of ownership of the financial asset to the transferee, the financial asset shall be derecognised. If the Company retains substantially all the risks and rewards of ownership of a financial asset, the financial asset shall not be derecognised.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, it accounts for the transaction as follows: if the Company does not retain control, it derecognises the financial asset and recognises any resulting assets or liabilities; if the control over the financial asset is not waived, the relevant financial asset is recognised according to the extent of its continuing involvement in the transferred financial asset and the relevant liability is recognised accordingly.

3.11.7 Offset of financial assets and financial liabilities

If the Company owns the legitimate rights of offsetting the recognised financial assets and financial liabilities, which are enforceable currently, and the Company plans to realise the financial assets or to clear off the financial liabilities on a net amount basis or simultaneously, the net amount of financial assets and financial liabilities shall be presented in the balance sheet upon offsetting. Otherwise, financial assets and financial liabilities are presented separately in the balance sheet without offsetting.



SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.12 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company measures the relevant asset and liability at fair value, based on the presumption that the orderly transaction to sell the asset or transfer the liability takes place either in the principal market for the relevant asset or liability, or in the absence of a principal market, in the most advantageous market for relevant the asset or liability. The principal or the most advantageous market must be a trading market accessible by the Company at the measurement date. The Company adopts the presumption that market participants would use when pricing the asset or liability in their best economic interest.

If there exists an active market for a financial asset or financial liability, the Company uses the quotation on the active market as its fair value. If the market for a financial instrument is inactive, the Company uses valuation technique to recognise its fair value.

Fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its best use or by selling it to another market participant that would use the asset in its best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs, and using unobservable inputs only if the observable inputs aren't available or impractical.

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.12 Fair value measurement (Continued)

Assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole. Level 1: based on quoted prices (unadjusted) in active markets for identical assets or liabilities obtainable at the measurement date. Level 2: observable inputs for the relevant asset or liability, either directly or indirectly, except for Level 1 input. Level 3: unobservable inputs for the relevant assets or liability.

At each balance sheet date, the Company reassesses assets and liabilities measured at fair value that are recognized in the financial statements on a recurring basis to determine whether transfers have occurred between fair value measurement hierarchy levels.

3.13 Inventories

3.13.1 Classification of inventories

Inventories include raw materials, work in progress, stock goods, 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.

3.13.2 Measurement method of cost of inventories

Inventories are initially measured at cost. Raw materials and finished goods are calculated using weighted average method.



SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.13 Inventories (Continued)

3.13.3 Recognition of net realisable value of inventories and provision for inventory impairment

At the balance sheet date, provision for inventory impairment is made when the cost is higher than the net realisable value.

Net realisable value of inventories refers to the amount of the estimated price of inventories less the estimated cost incurred upon completion, estimated sales expenses and taxes and levies. The realisable value of inventories shall be determined on the basis of definite evidence, purpose of holding the inventories and effect of after-balance-sheet-date events.

The Company usually make provision for inventory impairment based on categories of inventories. Provision for inventory impairment is made in accordance with the category of inventories for inventories with large quantities and low unit prices.

At the balance sheet date, in case the factors causing inventory impairment no longer exists, the original provision for inventory impairment shall be reversed.

3.13.4 Inventory stock taking system

The Company maintains a perpetual inventory system as its inventory stock taking system.

3.13.5 Amortization methods of low-value consumables and packaging materials

Low-value consumables are charged to profit or loss when they are used.

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.14 Long-term equity investments

Long-term equity investments include equity investments in subsidiaries and equity investments in joint ventures and associates. Associates of the Company are those investees that the Company imposes significant influence over.

3.14.1 Determination of initial investment cost

Long-term equity investments acquired through business combinations: for a long-term equity investment acquired through a business combination involving enterprises under common control, the investment cost shall be the absorbing party's share of the carrying amount of the owners' equity under the consolidated financial statements of the ultimate controlling party on the date of combination. For a long-term equity investment acquired through a business combination involving enterprises not under common control, the investment cost of the long-term equity investment shall be the cost of combination.

Long-term equity investments acquired through other means: for a long-term equity investment acquired by cash payment, the initial investment cost shall be the purchase cost actually paid; for a long-term equity investment acquired by issuing equity securities, the initial investment cost shall be the fair value of equity securities issued.

3.14.2 Subsequent measurement and recognition of profit or loss

Investments in subsidiaries shall be accounted for using the cost method. Except for the investments which meet the conditions of holding for sale, investments in associates and joint ventures shall be accounted for using the equity method.

For a long-term equity investment accounted for using the cost method, the cash dividends or profits declared by the investees for distribution shall be recognised as investment gains and included in profit or loss for the current period, except the case of receiving the actual consideration paid for the investment or the declared but not yet distributed cash dividends or profits which is included in the consideration.



SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.14 Long-term equity investments (Continued)

3.14.2 Subsequent measurement and recognition of profit or loss (Continued)

For a long-term equity investment accounted for using the equity method, where the initial investment cost exceeds the investor's interest in the fair value of the investee's identifiable net assets at the acquisition date, no adjustment shall be made to the investment cost of the long-term equity investment. Where the initial investment cost is less than the investor's interest in the fair value of the investee's identifiable net assets at the acquisition date, adjustment shall be made to the carrying amount of the long-term equity investment, and the difference shall be charged to profit or loss for the current period.

Under the equity method, investment gain and other comprehensive income shall be recognised based on the Company's share of the net profits or losses and other comprehensive income made by the investee, respectively. Meanwhile, the carrying amount of long-term equity investment shall be adjusted. The carrying amount of long-term equity investment shall be reduced based on the Group's share of profit or cash dividend distributed by the investee. In respect of the other movement of net profit or loss, other comprehensive income and profit distribution of investee, the carrying amount of long-term equity investment shall be adjusted and included in the capital reserves (other capital reserves). The Group shall recognise its share of the investee's net profits or losses based on the fair values of the investee's individual separately identifiable assets at the time of acquisition, after making appropriate adjustments thereto according to the accounting policies and accounting periods of the Company.

For additional equity investment made in order to obtain significant influence or common control over investee without resulted in control, the initial investment cost under the equity method shall be the aggregate of fair value of previously held equity investment and additional investment cost on the date of transfer. For investments in non-trading equity instruments that were previously classified as at fair value through other comprehensive income, the cumulative fair value changes associated with them that were previously included in other comprehensive income are transferred to retained earnings upon the change to the equity method of accounting.

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.14 Long-term equity investments (Continued)

3.14.2 Subsequent measurement and recognition of profit or loss (Continued)

In the event of loss of common control or significant influence over investee due to partial disposal of equity investment, the remaining equity interest after disposal shall be accounted for according to the Accounting Standard for Business Enterprises No. 22 – Recognition and measurement of Financial Instruments. The difference between its fair value and carrying amount shall be included in profit or loss for the current period. In respect of other comprehensive income recognised under previous equity investment using equity method, it shall be accounted for in accordance with the same accounting treatment for direct disposal of relevant asset or liability by investee at the time when equity method was ceased to be used. Movement of other owners' equity related to the previous equity investment shall be transferred to profit or loss for the current period.

In the event of loss of control over investee due to partial disposal of equity investment, the remaining equity interest which can apply common control or impose significant influence over the investee after disposal shall be accounted for using equity method. Such remaining equity interest shall be treated as accounting for using equity method since it is obtained and adjustment was made accordingly. For the remaining equity interest which cannot apply common control or impose significant influence over the investee after disposal, it shall be accounted for using the Accounting Standard for Business Enterprises No. 22 – Recognition and measurement of Financial Instruments. The difference between its fair value and carrying amount as at the date of losing control shall be included in profit or loss for the current period.

If the shareholding ratio of the Company is reduced due to the capital increase of other investors, and as a result, the Company loses the control of but still can apply common control or impose significant influence over the investee, the net asset increase due to the capital increase of the investee attributable to the Company shall be recognised according to the new shareholding ratio, and the difference with the original carrying amount of the long-term equity investment corresponding to the shareholding ratio reduction part that should be carried forward shall be recorded in the profit or loss for the current period; and then it shall be adjusted according to the new shareholding ratio as if equity method is used for accounting when acquiring the investment.

In respect of the transactions between the Company and its associates and joint ventures, the share of unrealised gain or loss arising from internal transactions shall be eliminated by the portion attributable to the Company. Investment gain or loss shall be recognised accordingly. However, any unrealised loss arising from internal transactions between the Company and an investee is not eliminated to the extent that the loss is impairment loss of the transferred assets.



SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.14 Long-term equity investments (Continued)

3.14.3 Basis for determining the common control and significant influence on the investee

Common control is the contractually agreed sharing of control over an arrangement, which relevant activities of such arrangement must be decided by unanimously agreement from parties who share control. When determining if there is any common control, it should first be identified if the arrangement is controlled by all the participants or the group consisting of the participants, and then determined if the decision on the arranged activity can be made only with the unanimous consent of the participants sharing the control. If all the participants or a group of participants can only decide the relevant activities of certain arrangement through concerted action, it can be considered that all the participants or a group of participants share common control on the arrangement. If there are two or more participant groups that can collectively control certain arrangement, it does not constitute common control. When determining if there is any common control, the relevant protection rights will not be taken into account.

Significant influence is the power of the investor to participate in the financial and operating policy decisions of an investee, but to fail to control or joint control the formulation of such policies together with other parties. When determining if there is any significant influence on the investee, the influence of the voting shares of the investee held by the investor directly and indirectly and the potential voting rights held by the investor and other parties which are exercisable in the current period and converted to the equity of the investee, including the warrants, stock options and convertible bonds that are issued by the investee and can be converted in the current period, shall be taken into account.

When the Company holds directly or indirectly through the subsidiary 20% (inclusive) to 50% of the voting shares of the investee, it is generally considered to have significant influence on the investee, unless there is concrete evidence to prove that it cannot participate in the production and operation decision-making of the investee and cannot pose significant influence in this situation. When the Company owns less than 20% of the voting shares of the investee, it is generally considered that it has not significantly influenced on the investee, unless there is concrete evidence to prove that it can participate in the production and operation decision making of the investee and can impose significant influence in this situation.

3.14.4 Method of impairment testing and impairment provision

For the method for making impairment provision for the investment in subsidiaries, associates and joint ventures, please refer to Note 3. 21.

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.15 Investment property

Investment property refers to real estate held to earn rentals or for capital appreciation, or both. The investment property of the Company includes leased land use rights, land use rights held for sale after appreciation, and leased buildings and construction.

Investment properties are initially measured at acquisition cost, and depreciated or amortized using the same policy as that for fixed assets or intangible assets.

For the impairment of the investment properties accounted for using the cost model, refer to Note 3. 21.

Gains or losses arising from the sale, transfer, retirement or disposal of an item of investment property are determined as the difference among the net disposal proceeds, the carrying amount of the item, related taxes and surcharges, and are recognised in profit or loss for current period.

3.16 Fixed assets

3.16.1 Recognition of fixed assets

Fixed assets represent the tangible assets held by the Company for use in production of goods, use in supply of services, rental or for administrative purposes with useful lives over one accounting year.

Fixed assets are recognised only when its related economic benefits are likely to flow to the Company and its cost can be reliably measured.

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.16 Fixed assets (Continued)

3.16.1 Recognition of fixed assets (Continued)

The Company's fixed assets are initially measured at the actual cost at the time of acquisition.

Subsequent expenditures incurred for a fixed asset are included in the cost of the fixed asset when it is probable that the associated economic benefits will flow to the Company and the related cost can be reliably measured. The cost of routine repairs of fixed assets that do not qualify as capitalised subsequent expenditure is charged to current profit or loss or included in the cost of the related assets in accordance with the beneficiary object when incurred. The carrying amount of the replaced part is derecognised.

3.16.2 Depreciation of fixed assets

The Company adopts the straight-line method for depreciation. Provision for depreciation will be started when the fixed asset reaches its expected usable state, and stopped when the fixed asset is derecognized or classified as a non-current asset held for sale. Without regard to the depreciation provision, the Company determines the annual depreciation rate by category, estimated useful lives and estimated residual value of the fixed assets as below:

Type	Estimated useful life of depreciation (years)	Estimated residual value rate %	Annual depreciation rate %
Plant and buildings	8-45	5.00	12.13-2.11
Machinery and equipment	8-20	5.00	12.13-4.75
Motor vehicles	5-14	5.00	19.40-6.79
Office equipment and others	4-10	5.00	24.25-9.50

Where, for the fixed assets for which impairment provision is made, to determine the depreciation rate, the accumulated amount of the fixed asset impairment provision that has been made shall be deducted.

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.16 Fixed assets (Continued)

3.16.3 The impairment test method and impairment provision method of the fixed assets are set out in Note 3. 21.

3.16.4 The Company will review the useful lives, estimated net residual value and depreciation method of the fixed assets at the end of each year.

When there is any difference between the useful lives estimate and the originally estimated value, the useful lives of the fixed asset shall be adjusted. When there is any difference between the estimated net residual value estimate and the originally estimated value, the estimated net residual value shall be adjusted.

3.16.5 Disposal of fixed assets

A fixed asset is derecognised on disposal or when it is expected that there shall be no economic benefit arising from using or after disposal. Where the fixed assets are sold, transferred, retired or damaged, the income received after disposal after deducting the carrying amount and related taxes are recognised in profit or loss for the current period.

3.17 Construction in progress

Construction in progress of the Company is recognised based on the actual construction cost, including all necessary expenditures incurred for construction projects, capitalised borrowing costs for the construction in progress before it has reached the working condition for its intended use, and other related expenses during the construction period.

A construction in progress is reclassified to fixed assets when it has reached the working condition for its intended use.

The method for impairment provision of construction in progress is set out in Note 3. 21.



SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.18 Borrowing costs

3.18.1 Recognition principle for the capitalisation of the borrowing costs

The borrowing costs incurred by the Company directly attributable to the acquisition, construction or production of a qualifying asset will be capitalised and included in the cost of relevant asset. Other borrowing costs will be recognised as expenses when incurred according to the incurred amount, and included in the profit or loss for the current period. When the borrowing costs meet all the following conditions, capitalisation shall be started:

- ① The capital expenditure has been incurred, which includes the expenditure incurred by paying cash, transferring non-cash assets or undertaking interest-bearing liabilities for acquiring, constructing or producing the qualifying assets;
- ② Borrowing costs have been incurred;
- ③ The acquisition, construction or production activity necessary for the asset to be ready for its intended use or sale has been started.

3.18.2 Capitalisation period of borrowing costs

When a qualifying asset acquired, constructed or produced by the Company is ready for its intended use or sale, the capitalisation of the borrowing costs shall discontinue. The borrowing costs incurred after a qualifying asset is ready for its intended use or sale shall be recognised as expenses when incurred according to the incurred amount, and included in the profit or loss for the current period.

Capitalisation of borrowing costs shall be suspended during periods in which the acquisition, construction or production of a qualifying asset is interrupted abnormally, when the interruption is for a continuous period of more than 3 months. The capitalisation of the borrowing costs shall be continued in the normal interruption period.

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.18 Borrowing costs (Continued)

3.18.3 Calculation methods for capitalisation rate and capitalised amount of the borrowing costs

Where funds are borrowed for a specific purpose, the amount of interest to be capitalised shall be the actual interest expense incurred on that borrowing for the period less any bank interest earned from depositing the borrowed funds before being used into banks or any investment income on the temporary investment of those funds. Where funds are borrowed for general purpose, the Company shall determine the amount of interest to be capitalised on such borrowings by applying a capitalisation rate to the weighted average of the excess amounts of cumulative expenditures on the asset over and above the amounts of specific-purpose borrowings. The capitalisation rate shall be the weighted average of the interest rates applicable to the general-purpose borrowings.

During the capitalisation period, exchange differences on a specific purpose borrowing denominated in foreign currency shall be capitalised. Exchange differences related to general-purpose borrowings denominated in foreign currency shall be included in profit or loss for the current period.

3.19 Intangible assets

3.19.1 Measure of intangible assets

Intangible assets of the Company include software, land use rights, patent rights, copyrights, franchise rights, etc.

The intangible asset is initially measured at cost, and its useful life is determined upon acquisition. If the useful life is finite, the intangible asset will be amortised over the estimated useful life using the amortisation method that can reflect the estimated realisation of the economic benefits related to the asset, starting from the time when it is available for use. If it is unable to reliably determine the estimated realisation, straight-line method shall be adopted for amortisation. The intangible assets with uncertain useful life will not be amortised.



SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.19 Intangible assets (Continued)

3.19.1 Measure of intangible assets (Continued)

The amortization method for intangible assets with finite useful lives is as follows:

Item	Useful life (Year)	Basis for determining useful life	Amortization method	Notes
Land use rights	50	Duration of title registration	Straight-line	–
Patent rights	6-8	Expected years of economic benefits	Straight-line	–
Software	10	Expected years of economic benefits	Straight-line	–
Copyrights	10-47	Expected years of economic benefits	Straight-line	–

The Company reviews the useful life and amortisation method of the intangible assets with finite useful life at the end of each year. If it is different from the previous estimates, the original estimates will be adjusted, and will be treated as a change in accounting estimate.

If it is estimated on the balance sheet date that certain intangible asset can no longer bring future economic benefit to the company, the carrying amount of the intangible asset will be entirely transferred into the profit or loss for the current period.

The impairment method for the intangible assets is set out in Note 3. 21.

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.19 Intangible assets (Continued)

3.19.2 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.

3.20 Research and development expenditure

The Company's research and development expenses are expenses directly related to the Company's research and development activities, including research and development personnel's salaries, direct costs, depreciation and long-term deferred expenses, design costs, equipment commissioning costs, amortization of intangible assets, outsourced R&D expenses, and other expenses. Among them, the salaries of research and development personnel are included in research and development expenses in accordance with the allocation of project labor hour. Equipment, production lines and sites shared by R&D activities and other production and operation activities are allocated to R&D expenses according to the proportion of labor hour and area.

Expenditure on an internal research and development project is classified into expenditure incurred during the research phase and expenditure incurred during the development phase.

Expenditure during the research phase is expensed when incurred.



SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.20 Research and development expenditure (Continued)

Expenditure during the development phase is capitalised if the product or process is technically and commercially feasible; the Company intends to complete the development; the intangible asset can generate economic benefits, including there is evidence that the products produced using the intangible asset has a market or the intangible asset itself has a market; if the intangible asset is for internal use, there is evidence that there is usage for the intangible asset; there is sufficient support in terms of technology, financial resources and other resources in order to complete the development and use or sell the intangible asset; and development costs can be measured reliably. Other development expenditure is recognised as an expense in the period in which it is incurred.

Research and development projects of the Company will enter into the development phase when they meet the above conditions, technical and economic feasibility research is finished and necessary approval of the project is obtained.

Capitalised expenditure on the development phase is presented as “development costs” in the balance sheet, and is transferred to intangible assets when the project is completed to its intended use.

Capitalisation conditions of specific R&D projects are:

- (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) The intangible asset can bring economic benefits into the flow;
- (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 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.21 Impairment of assets

Impairment of long-term equity investments in subsidiaries, associates and joint ventures, investment properties measured using a cost model, fixed assets, construction in progress, right-of-use assets, intangible assets, goodwill and others (Excluding inventories, deferred tax assets and financial assets) subsequently measured at cost is determined as follows:

The Company determines if there is any indication of asset impairment as at the balance sheet date. If there is any evidence indicating that an asset may be impaired, recoverable amount shall be estimated for impairment test. Goodwill arising from business combinations, intangible assets with an indefinite useful life and intangible assets not ready for use will be tested for impairment annually, regardless of whether there is any indication of impairment.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from the asset. The Company estimates the recoverable amount of an individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the Company shall determine the recoverable amount of the asset group to which the asset belongs. The determination of an asset group is based on whether major cash inflows generated by the asset group are independent of the cash inflows from other assets or asset groups.

When the recoverable amount of an asset or an asset group is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction amount is charged to profit or loss and an impairment provision is made accordingly.



SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.21 Impairment of assets (Continued)

For the purpose of impairment test of goodwill, the carrying amount of goodwill acquired in a business combination is allocated to the relevant asset groups on a reasonable basis from the acquisition date; where it is difficult to allocate to the related asset groups, it is allocated to the combination of related asset groups. The related asset groups or combination of asset groups are those which can benefit from the synergies of the business combination and are not larger than the reportable segments identified by the Company.

In the impairment test, if there is any indication that an asset group or a combination of asset groups related to goodwill may be impaired, the Company first tests the asset group or set of asset groups excluding goodwill for impairment, calculates the recoverable amount and recognises the corresponding impairment loss. An impairment test is then carried out on the asset group or combination of asset groups containing goodwill by comparing its carrying amount with its recoverable amount. If the recoverable amount is lower than the carrying amount, an impairment loss is recognised for goodwill.

An impairment loss recognised shall not be reversed in a subsequent period.

3.22 Long-term deferred expenses

The long-term prepaid expenses incurred by the Company shall be recognised based on the actual cost, and evenly amortised over the estimated benefit period. For the long-term prepaid expense that cannot benefit the subsequent accounting periods, its value after amortisation shall be entirely included in the profit or loss for the current period.

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.23 Employee benefits

3.23.1 Scope of employee benefits

Employee benefits refer to all forms of consideration or compensation given by the Company in exchange for service rendered by employees or for the termination of employment relationship. Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits. Benefits provided to the Company's spouse, children, dependents, family members of deceased employees or other beneficiaries are also part of the employee benefits.

Employee benefits are presented as "employee benefits payable" and "long-term employee benefits payable" in the balance sheet, respectively, according to liquidity.

3.23.2 Short-term staff remuneration

Employee wages or salaries actually incurred, bonuses, and social insurance contributions such as medical insurance, work injury insurance, maternity insurance, and housing fund, contributed at the applicable benchmarks and rates, are recognised as a liability as the employees provide services, with a corresponding charge to profit or loss or included in the cost of assets where appropriate.

3.23.3 Post-employment benefits

Post-employment benefit plans include defined contribution plans and defined benefit plans. Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into a separate fund and the Company has no future obligations for payment. Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Defined contribution plans

Defined contribution plans include basic pension insurance, and unemployment insurance, etc.

During the accounting period in which an employee provides service, the amount payable calculated according to the defined contribution plan is recognised as a liability and included in the profit or loss for the current period or the cost of relevant assets.

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.23 Employee benefits (Continued)

3.23.3 Post-employment benefits (Continued)

Defined benefit plans

For defined benefit plans, the actuarial valuation is conducted by an independent actuary on the annual balance sheet date, and the cost of providing benefits is determined using the expected cumulative benefit unit method. The employee benefits cost arising from the Company's defined benefit plan includes the following components:

- ① Service cost, including current service cost, past service cost, and any gain or loss on settlement. In particular, the current service cost refers to the increase in the present value of obligations of defined benefit plans arising from the service provided by staff in the current period; the past service cost refers to the increase or decrease in the present value of obligations of defined benefit plans related to the service of the staff in the previous period arising from the revision of defined benefit plans.
- ② Net interest on net liabilities or net assets of defined benefit plans, including interest income from the assets under the plans, interest expense arising from the obligations of defined benefit plans, and interest affected by asset caps.
- ③ Change in remeasurements of the net liabilities or net assets of defined benefit plans.

Unless other accounting standards require or allow employee benefit costs to be included in asset costs, the above item ① and ② will be recognized in the current profit and loss. Item ③ will be recognized in other comprehensive income and will not be transferred benefit plan is terminated, all the part originally recognized in other comprehensive income will be transferred to retained profit within the scope of equity.

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.23 Employee benefits (Continued)

3.23.4 Termination benefits

When the Company provides termination benefits to employees, employee benefits liabilities arising from termination benefits are recognised in profit or loss for the current period at the earlier of the following dates: when the Company cannot revoke unilaterally compensation for dismissal due to the cancellation of labour relationship plans and employee redundant proposals; the Company recognises cost and expenses related to payment of compensation for dismissal and restructuring.

For the early retirement plans, economic compensations before the actual retirement date were classified as termination benefits. During the period from the date of cease of render of services to the actual retirement date, relevant wages and contribution to social insurance for the employees proposed to be paid are recognized in profit or loss on a one-off basis. Economic compensation after the official retirement date, such as normal pension, is accounted for as post-employment benefits.

3.23.5 Other long-term employee benefits

Other long-term employee benefits provided by the Company to employees that meet the conditions for defined contribution plans are accounted for in accordance with the relevant provisions relating to defined contribution plans as stated above. If the conditions for defined benefit plans are met, the benefits shall be accounted for in accordance with the relevant provisions relating to defined benefit plans, but the “changes arising from the remeasurement of net liabilities or net assets of defined benefit plans” in the relevant employee benefits shall be included in the current profit and loss or the relevant costs of assets.



SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.24 Provisions

Obligations pertinent to the contingencies which satisfy the following conditions are recognised by the Company as provisions:

- (1) the obligation is a current obligation borne by the Company;
- (2) It is likely that an outflow of economic benefits from the Company will be resulted from the performance of the obligation; and
- (3) the amount of the obligation can be reliably measured.

The provisions shall be initially measured based on the best estimate for the expenditure required for the performance of the current obligation, after taking into account relevant risks, uncertainties, time value of money and other factors pertinent to the contingencies. If the time value of money has significant influence, the best estimates shall be determined after discounting the relevant future cash outflow. The Company reviews the carrying amount of the provisions on the balance sheet date and adjust the carrying amount to reflect the current best estimates.

If all or some expenses incurred for settlement of recognised provisions are expected to be borne by the third party, the compensation amount shall, on a recoverable basis, be recognised as asset separately, and compensation amount recognised shall not be more than the carrying amount of provisions.

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.25 Share-based payment and equity instruments

3.25.1 Classification of share-based payment

Share-based payment includes equity-settled share-based payment and cash-settled share-based payment.

3.25.2 Determination of fair value of equity instruments

The Company determines the fair value of equity instruments such as options granted for which an active market exists based on quoted prices in an active market. For equity instruments such as options granted for which no active market exists, the fair value is determined by using option pricing models and other methods. The option pricing model selected takes into account the following factors: A. the exercise price of the option; B. the life of the option; C. the current price of the underlying shares; D. the expected volatility of the share price; E. the expected dividends on the shares; and F. the risk-free interest rate during the life of the option.

3.25.3 Basis for recognizing the best estimate of a viable equity instrument

At each balance sheet date during the vesting period, the Company revises the number of equity instruments expected to be exercisable based on the best estimate of the latest available subsequent information, such as changes in the number of employees with exercisable rights. On the date of vesting, the final estimated number of exercisable equity instruments shall be the same as the actual number of exercisable equity instruments.

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.25 Share-based payment and equity instruments (Continued)

3.25.4 Accounting treatment related to the implementation, modification and termination of share-based payment plans

Equity-settled share-based payments are measured at the fair value of the equity instruments granted to employees. If the options are exercisable immediately after the grant, the related costs or expenses are recognized at the grant date based on the fair value of the equity instruments, with a corresponding increase in capital reserve. If the option is not exercisable until the completion of services within the vesting period or the fulfillment of specified performance conditions, at each balance sheet date during the vesting period, the services acquired during the period are recognized in the relevant cost or expense and capital reserve at the fair value of the equity instruments at the grant date, based on the best estimate of the number of equity instruments that will be exercisable. No further adjustments are made to the related costs or expenses recognized and to total owners' equity after the vesting date.

Cash-settled share-based payments are measured at the fair value of the Company's assumption of liabilities determined by calculations based on shares or other equity instruments. Where options are exercisable immediately after grant, the fair value of the liability assumed by the Company is recognized at the grant date in the relevant cost or expense, with a corresponding increase in the liability. For cash-settled share-based payments that become exercisable after the completion of services within the vesting period or the fulfillment of specified performance conditions, the services acquired during the period are recognized as a cost or expense and a corresponding liability at the amount of the fair value of the liability assumed by the Company at each balance sheet date during the vesting period, based on the best estimate of the circumstances under which the rights will become exercisable. At each balance sheet date prior to settlement of the related liability and at the date of settlement, the fair value of the liability is remeasured, and the change is recognized in profit or loss for the period.

When the Company modifies a share-based payment plan, if the modification increases the fair value of the equity instruments granted, an increase in services acquired is recognized accordingly to the increase in the fair value of the equity instruments; if the modification increases the number of equity instruments granted, the increase in the fair value of the equity instruments is recognized accordingly as an increase in services acquired. The increase in the fair value of equity instruments is the difference between the fair value of the equity instruments before and after the modification at the date of modification. If the modification reduces the total fair value of the share-based payment or otherwise modifies the terms and conditions of the share-based payment plan in a manner that is not favorable to the employee, the acquired services continue to be accounted for as if the change had never occurred, unless the Company cancels some or all of the equity instruments granted.

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.25 Share-based payment and equity instruments (Continued)

3.25.4 Accounting treatment related to the implementation, modification and termination of share-based payment plans (Continued)

If the granted equity instruments are cancelled during the vesting period (except for those cancelled due to non-market performance conditions that are not met by the conditions for exercisability), the Company treats the cancellation of the granted equity instruments as an acceleration of the exercise of the options, and the amount to be recognized during the remaining vesting period is immediately recognized in profit or loss and capital reserve is recognized. If the employees or other parties can choose to satisfy the non-option conditions but fail to do so during the vesting period, the Company treats the cancellation as a cancellation of the equity instruments granted.

3.25.5 Restricted shares

Under the Share Incentive Scheme, the Company grants restricted shares to the incentive recipients, who subscribe for the shares first, and if the unlocking conditions stipulated in the Share Incentive Scheme are not subsequently met, the Company repurchases the shares at a pre-agreed price. If the restricted shares issued to employees have fulfilled the registration and other capital increase procedures in accordance with the relevant regulations, on the date of grant, the Company recognizes share capital and capital reserve (share premium) based on the subscription monies received from employees; and also recognizes treasury stock and other payables in respect of the repurchase obligation.

3.26 Perpetual bonds and other financial instruments

3.26.1 Classification of financial liabilities and equity instruments

Financial instruments issued by the Company are classified as financial assets, financial liabilities or equity instruments on the basis of the substance of the contractual arrangements and the economic nature not only its legal form, together with the definition of financial asset, financial liability and equity instruments on initial recognition.



SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.26 Perpetual bonds and other financial instruments (Continued)

3.26.2 Accounting treatment of perpetual bonds

Financial instruments issued by the Company are initially recognised and measured in accordance with the financial instrument standards; thereafter, interest or dividends are accrued on each balance sheet date and accounted for in accordance with relevant specific ASBEs, i.e. to determine the accounting treatment for interest expenditure or dividend distribution of the instrument based on the classification of the financial instrument issued. For financial instruments classified as equity instruments, their interest expenses or dividend distributions are treated as profit distribution of the Company, and their repurchases and cancellations are treated as changes in equity; for financial instruments classified as financial liabilities, their interest expenses or dividend distribution are in principle accounted for with reference to borrowing costs, and the gains or losses arising from their repurchases or redemption are included in the profit or loss for the current period.

For the transaction costs such as fees and commissions incurred by the Company for issuing financial instruments, if such financial instruments are classified as debt instruments and measured at amortised cost, they are included in the initial measured amount of the instruments issued; if such financial instruments are classified as equity instruments, they are deducted from equity.

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.27 Revenue

3.27.1 General principles

The Company recognizes revenue when it satisfies a performance obligation in the contract, i.e. when the customer obtains control of the relevant goods or services.

Where a contract has two or more performance obligations, the Company allocates the transaction price to each performance obligation based on the percentage of respective unit price of goods or services guaranteed by each performance obligation, and recognises as revenue based on the transaction price that is allocated to each performance obligation.

If one of the following conditions is fulfilled, the Company performs its performance obligation within a certain period; otherwise, it performs its performance obligation at a point in time:

- ① when the customer simultaneously receives and consumes the benefits provided by the Company when the Company performs its obligations under the contract;
- ② when the customer is able to control the goods in progress in the course of performance by the Company under the contract;
- ③ when the goods produced by the Company under the contract are irreplaceable and the Company has the right to payment for performance completed to date during the whole contract term.

For performance obligations performed within a certain period, the Company recognises revenue by measuring the progress towards complete of that performance obligation within that certain period. When the progress of performance cannot be reasonably determined, if the costs incurred by the Company are expected to be compensated, the revenue shall be recognised at the amount of costs incurred until the progress of performance can be reasonably determined.

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.27 Revenue (Continued)

3.27.1 General principles (Continued)

For performance obligations performed at a point in time, the Company recognizes revenue at the point of time at which the customer obtains control of relevant goods or services. To determine whether a customer has obtained control of goods or services, the Company considers the following indications:

- ① The Company has the present right to receive payment for the goods or service, which is when the customer has the present payment obligations for the goods or service.
- ② The Company has transferred the legal title of the good to the customer, which is when the client possesses the legal title of the goods.
- ③ The Company has transferred physical possession of the goods to the customer, which is when the customer has physical possession of the goods.
- ④ The Company has transferred all of the substantial risks and rewards of ownership of the goods to the customer, which is when the customer obtains all of the substantial risks and rewards of ownership of the goods to the customer.
- ⑤ The customer has accepted the good or service.
- ⑥ Other information indicates that the customer has obtained control of the goods.

The Company's right to consideration in exchange for goods or services that the Company has transferred to customers (and such right depends on factors other than passage of time) is accounted for as contract assets, and contract assets are subject to impairment based on ECLs (see Note 3.11.6). The Company's unconditional right to receive consideration from customers (only depends on passage of time) is accounted for as accounts receivable. The Company's obligation to transfer goods or services to customers for which the Company has received or should receive consideration from customers is accounted for as contract liabilities.

Contract assets and contract liabilities under the same contract are presented on a net basis. Where the net amount has a debit balance, it is presented in "contract assets" or "other non-current assets" according to its liquidity. Where the net amount has a credit balance, it is presented in "contract liabilities" or "other non-current liabilities" according to its liquidity.

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.27 Revenue (Continued)

3.27.2 Specific methods

The specific methods for Revenue recognition of the Company's main business are as follows:

Construction contract

The construction contract between the Company and the client usually includes the obligation to perform engineering construction. Due to the client's control over the assets under construction during the company's performance process, the company recognizes them as performance obligations to be fulfilled within a certain period of time, and recognizes revenue based on the progress of performance, except for those where the progress of performance cannot be reasonably determined. The Company determines the performance progress of the services provided based on the cost incurred using the Input Method. When the progress of performance cannot be reasonably determined, if the company is expected to be compensated for the costs incurred, revenue shall be recognized based on the amount of costs incurred until the progress of performance can be reasonably determined.

Service providing contract

The service providing contracts between the Company and clients mainly involve performance obligations such as engineering design consulting. Due to the non-substitutability of the services provided by the company during the performance process, and the Company has the right to collect payment for the accumulated performance portion completed to date throughout the entire contract period, it shall be regarded as a performance obligation to be performed within a certain period of time, and recognizes revenue based on the Output Method, except for those where the progress of performance cannot be reasonably determined. When the progress of performance cannot be reasonably determined, if the company is expected to be compensated for the costs incurred, revenue shall be recognized based on the amount of costs incurred until the progress of performance can be reasonably determined.



SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.27 Revenue (Continued)

3.27.2 Specific methods (Continued)

Equipment manufacturing business

For the equipment manufacturing business of the company, the construction contract was regarded as a performance obligation to be performed within a certain period of time after evaluation and the revenue was recognized according to the performance progress within that period. On the balance sheet date, the contract performance progress shall be determined according to the proportion of the accumulative contract cost incurred to the total estimated contract cost, and the accumulative revenue to be recognized shall be calculated according to the estimated total contract revenue multiplied by the corresponding performance progress. The amount after deducting the accumulative recognized revenue in previous periods shall be recognized as the contract income of the current period. At the same time, the accumulative contract cost incurred after deducting the accumulative recognized cost in previous accounting periods shall be recognized as the contract cost of the current period. Other equipment manufacturing contracts that do not regarded as a performance obligation to be performed within a certain period of time after evaluation by the company shall be recognized as revenue when the completion is delivered to the customer.

3.28 Contract costs

Contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer.

Incremental costs of obtaining a contract are those costs that the Company incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained e.g. sales commission. The Company recognises the incremental costs of obtaining a contract with a customer as an asset if it expects to recover those costs. Other costs of obtaining a contract are expensed when incurred.

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.28 Contract costs (Continued)

If the costs incurred in fulfilling a contract are not within the scope of inventories or other ASBEs, the Company recognises an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- ① the costs relate directly to an existing contract or to a specifically identifiable anticipated contract, including direct labour, direct materials, allocations of overheads (or similar costs), costs that are explicitly chargeable to the customer and other costs that are incurred only because the Company entered into the contract;
- ② the costs generate or enhance resources of the Company that will be used in satisfying (or in continuing to satisfy) performance obligations in the future;
- ③ the costs are expected to be recovered.

Assets recognised for the incremental costs of obtaining a contract and assets recognised for the costs to fulfil a contract (the “assets related to contract costs”) are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate and recognised in profit or loss for the current period.

The Company recognises an impairment loss in profit or loss to the extent that the carrying amount of an asset related to contract costs exceeds:

- ① remaining amount of consideration that the Company expects to receive in exchange for the goods or services to which the asset relates;
- ② the cost estimated to be happened for the transfer of related goods or services.

The costs of contract performance recognised as assets, if the amortisation period is less than one year or a normal operating cycle upon the initial recognition, are presented as “Inventories” item, and if the amortisation period is more than one year or a normal operating cycle upon the initial recognition, are presented as “other non-current assets” item.

The contract obtaining costs recognised as assets, if the amortisation period is less than one year or a normal operating cycle upon the initial recognition, are presented as “other current assets” item, and if the amortization period is more than one year or a normal operating cycle upon the initial recognition, are presented as “other non-current assets” item.



SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.29 Government grants

A government grant is recognised when the grant will be received and that the Company will comply with the conditions attaching to the grant.

If a government grant is in the form of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of non-monetary asset, it is measured at fair value; if the fair value cannot be obtained in a reliable way, it is measured at the nominal amount of RMB1.

Government grants obtained for acquisition or construction of long-term assets or other forms of long-term asset formation are classified as government grants related to assets, while the remaining government grants are classified as government grants related to revenue.

Regarding the government grant not clearly defined in the official documents and can form long-term assets, the part of government grant which can be referred to the value of the assets is classified as government grant related to assets and the remaining part is government grant related to revenue. For the government grant that is difficult to distinguish, the entire government grant is classified as government grant related to revenue.

A government grant related to an asset is offset against the carrying amount of the related asset. A government grant that compensates the Company for expenses or losses already incurred is recognised as deferred income and offset against related expenses during the period of recognition of related expenses. If the grant is a compensation for related costs, expenses or losses to be incurred in subsequent periods, the grant shall be recognised as deferred income, and offset against related expenses over the periods in which the related costs, expenses or losses are recognised. A government grant measured at nominal amount is directly included in profit or loss for the current period. The Company adopts a consistent approach to the same or similar government grants.

A government grant related to daily activities is recognised in other gains or used to offset related costs relying on the essence of economic business; otherwise, recognised in non-operating income.

For the repayment of a government grant already recognised, if the carrying amount of relevant assets was written off at initial recognition, the carrying amount of the assets shall be adjusted; if there is any related deferred income, the repayment shall be offset against the carrying amount of the deferred income, and any excess shall be recognised in profit or loss for the current period; otherwise, the repayment shall be recognised immediately in profit or loss for the current period.

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.30 Deferred tax assets and deferred tax liabilities

Income tax comprises current income tax expense and deferred income tax expense, which are included in profit or loss for the current period as income tax expenses, except for deferred tax related to transactions or events that are directly recognised in owners' equity which are recognised in owners' equity, and deferred tax arising from a business combination, which is adjusted against the carrying amount of goodwill.

Temporary differences arising from the difference between the carrying amount of an asset or liability and its tax base at the balance sheet date of the Company shall be recognised as deferred income tax using the balance sheet liability method.

All the taxable temporary differences are recognised as deferred income tax liabilities except for those incurred in the following transactions:

- (1) The initial recognition of goodwill, and the initial recognition of an asset or liability in a transaction which is neither a business combination nor affects accounting profit or taxable profit (or deductible loss) when the transaction occurs;
- (2) The taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, and the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The Company recognises a deferred income tax asset for the carry forward of deductible temporary differences, deductible losses and tax credits to subsequent periods, to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, deductible losses and tax credits can be utilised, except for those incurred in the following transactions:

- (1) The transaction is neither a business combination nor affects accounting profit or taxable profit (or deductible loss) when the transaction occurs;
- (2) The deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, the corresponding deferred income tax asset is recognised when both of the following conditions are satisfied: it is probable that the temporary difference will reverse in the foreseeable future, and it is probable that taxable profits will be available in the future, against which the temporary difference can be utilised.



SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.30 Deferred tax assets and deferred tax liabilities (Continued)

At the balance sheet date, deferred income tax assets and deferred income tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, and their tax effect is reflected accordingly.

At the balance sheet date, the Company reviews the carrying amount of a deferred income tax asset. If it is probable that sufficient taxable profits will not be available in future periods to allow the benefit of the deferred tax asset to be utilised, the carrying amount of the deferred tax asset is reduced. Any such reduction in amount is reversed when it becomes probable that sufficient taxable profits will be available.

At the balance sheet date, deferred tax assets and deferred tax liabilities are presented as net amounts after offsetting when both of the following criteria are met:

- (1) The taxpayer of the Company has the legal right to net settlement of current tax assets and current tax liabilities;
- (2) Deferred tax assets and deferred tax liabilities are related to income taxes levied by the same tax collection authority on the same taxpayer within the Company.

3.31 Leases

3.31.1 Identification of leases

On the beginning date of the contract, the Company (as a lessee or lessor) assesses whether the customer in the contract has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use and has the right to direct the use of the identified asset throughout the period of use. If a contract conveys the right to control the use of an identified asset and multiple identified assets for a period of time in exchange for consideration, the Company identifies such contract as, or contains, a lease.

3.31.2 The Company as lessee

On the beginning date of the lease, the Company recognises right-of-use assets and lease liabilities for all leases, except for short-term lease and low-value asset lease with simplified approach.

The accounting policy for right-of-use assets is set out in Note 3.32.

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.31 Leases (Continued)

3.31.2 The Company as lessee (Continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the beginning date of the lease using the interest rate implicit in the lease. Where the interest rate implicit in the lease cannot be determined, the incremental borrowing rate is used as the discount rate. Lease payments include fixed payments and in-substance fixed payments, less any lease incentives receivable; variable lease payments that are based on an index or a rate; the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; payments for terminating the lease, if the lease term reflects the lessee exercising that option of terminating; and amounts expected to be payable by the lessee under residual value guarantees. Subsequently, the interest expense on the lease liability for each period during the lease term is calculated using a constant periodic rate of interest and is recognised in profit or loss for the current period. Variable lease payments not included in the measurement of lease liabilities are recognised in profit or loss for the period in which they actually arise.

Short-term lease

A short-term lease is a lease that, at the commencement date, has a lease term of 12 months or less, except for a lease that contains a purchase option.

The Company will record the lease payment amount of short-term lease into the cost of relevant assets or current profit or loss in each period of the lease term according to the straight-line method.

Leases of low value assets

A low-value asset lease is a lease that the value of a single leased asset is below RMB40 thousand when it is a new asset.

Lease payments on low-value asset leases are recognised on a straight-line basis over the lease term, and either included in the cost of the related asset or charged to profit or loss for the current period.

For a low-value asset lease, the Company chooses the above simplified approach based on the specific circumstances of each lease.



SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.31 Leases (Continued)

3.31.2 The Company as lessee (Continued)

Lease modifications

A lessee shall account for a lease modification as a separate lease if both: ① the modification increases the scope of the lease by adding the right to use one or more underlying assets; and ② the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the contract.

If a lease modification that is not accounted for as a separate lease, on the day of the lease modification, the Company re-allocates the consideration in the modified lease, re-determines the lease term, and re-measures the present value of lease liability according to the revised lease payments and revised discount rate.

For lease modifications that result in decrease in the lease scope or the lease term, the Company decreases the carrying amount of the right-of-use asset accordingly and recognizes in profit or loss of current period any gain or loss relating to the partial or full termination of the lease.

For all other lease modifications that result in remeasurement of lease liabilities, the Company makes a corresponding adjustment to the carrying amount of right-of-use asset.

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.31 Leases (Continued)

3.31.3 The Company as lessor

When the Company is a lessor, a lease is classified as a finance lease whenever the terms of the lease transfer substantially all the risks and rewards of asset ownership to the lessee. All leases other than financial leases are classified as operating leases.

Finance leases

Under finance leases, the Company accounts for finance lease receivables at the beginning of the lease term at the net lease investment, which is the sum of the unsecured residual value and the present value of the lease receipts outstanding at the commencement date of the lease, discounted at the interest rate implicit in the lease. The Company as lessor calculates and recognises interest income for each period of the lease term based on a fixed periodic interest rate. Variable lease payments acquired by the Company as lessor that are not included in the net measurement of lease investments are included in profit or loss for the period when they are actually incurred.

Derecognition and impairment of finance lease receivables are accounted for in accordance with the requirements under the Accounting Standard for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments and the Accounting Standards for Business Enterprises No. 23 – Transfer of Financial Assets.

Operating lease

Lease payments under operating leases are recognised in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in relation to operating leases are capitalised and amortised over the lease term on the same basis as rental income and recognised in profit or loss for the current period. The variable lease payments obtained in relation to operating leases that are not included in the lease payments are recognised in profit or loss in the period in which they actually incurred.



SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.31 Leases (Continued)

3.31.3 The Company as lessor (Continued)

Lease modifications

If an operating lease is modified, the Company will treat it as a new lease for accounting treatment from the effective date of the modification, and the amount of lease payments received in advance or receivable related to the lease before the modification will be regarded as the amount of new lease payments.

The Company will treat the finance lease modification as a separate lease if the following conditions are met: ① the modification increases the scope of the lease by adding the right to use one or more underlying assets; and ② the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the contract.

If the finance lease modification is not accounted for as a separate lease, the Company will deal with the modified lease under the following circumstances: ① If the modification takes effect on the commencement date of the lease, the lease will be classified as an operating lease, and the Company will treat it as a new lease from the effective date of the lease modification, and take the net investment in lease before the effective date of the lease modification as the carrying amount of the leased asset; ② If the modification takes effect on the commencement date of the lease, the lease will be classified as a finance lease, and the Company will conduct accounting treatment in accordance with the provisions of the “Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments” concerning the modification or renegotiation of the contract.

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.32 Right-of-use assets

3.32.1 Recognition conditions of right-of-use assets

The right-of-use assets are defined as the right to use the underlying assets in the lease term for the Company as a lessee.

On the commencement date of the lease term, right-of-use assets are initially measured at cost. The cost includes: the amount of the initial measurement of the lease liability; the lease payment made on or before the commencement date of the lease term, less any lease incentive received if any; the initial direct costs incurred by the lessee; whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease. The Company as a lessee recognises and measures the costs of demolition and restoration according to “Accounting Standards for Business Enterprises No.13 – Contingencies”, and subsequently adjusts for any remeasurement of lease liability.

3.32.2 Depreciation method of the right-of-use assets

The Company calculates depreciation on a straight-line basis. Right-of-use assets in which the Company as a lessee is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated over the remaining useful life. Otherwise, right-of-use assets are depreciated over the shorter of the lease term and its remaining useful life.

3.32.3 Methods of impairment testing and provision for impairment for right-of-use assets are set out in Note 3. 21.

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.33 Production safety expense

The Company makes appropriation to production safety fee 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.

Provisions for production safety expenses are included in the cost of related products or profit or loss of the current period and included in “special reserves” correspondingly.

When the provisions for production safety expenses and maintenance costs are utilised within the prescribed scope, if such production safety expenses are applied and related to revenue expenditures, specific reserve is directly offset. When fixed assets are incurred, they are included in the “construction in progress” item and transferred to fixed assets when the status of the assets is ready for intended use. They are then offset against specific reserve based on the amount included in fixed assets while corresponding amount is recognised in accumulated depreciation. Such fixed assets are no longer depreciated in subsequent periods.

3.34 Debt reorganization

3.34.1 The Company as debtor

Debt is derecognized when the present obligation of the debt is discharged, specifically, gains or losses related to debt restructuring are recognized when uncertainty about the process and outcome of executing the debt restructuring agreement is eliminated.

If a debt restructuring is carried out by settling the debt with an asset, the Company derecognizes the debt when the related asset and the debt settled meet the conditions for derecognition, and the difference between the carrying amount of the debt settled and the carrying amount of the asset transferred is recognized in profit or loss for the current period.

For debt restructuring by converting debt to equity instruments, the Company derecognizes the debt when the debt settled meets the conditions for derecognition. The Company initially recognizes an equity instrument at the fair value of the equity instrument. If the fair value of the equity instrument cannot be reliably measured, it is measured at the fair value of the debt settled. The difference between the carrying amount of the debt settled and the amount recognized for the equity instrument is recognized in profit or loss.

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.34 Debt reorganization (Continued)

3.34.1 The Company as debtor (Continued)

If debt restructuring is carried out by modifying other terms, the Company recognizes and measures the restructured debt in accordance with the provisions of ASBE No. 22, "Recognition and Measurement of Financial Instruments" and ASBE No. 37, "Presentation of Financial Instruments".

If debt restructuring is carried out by using multiple assets to settle debts or by combining them, the Company recognizes and measures equity instruments and restructured debts in accordance with the aforementioned methods, and the difference between the carrying value of the debts settled and the sum of the carrying value of the transferred assets and the recognized amounts of equity instruments and restructured debts is recognized in profit or loss for the current period.

3.34.2 The Company as creditor

Claims are derecognized when the contractual right to receive cash flows from the claims is terminated. Specifically, gains or losses related to debt restructuring are recognized when uncertainty about the process and outcome of debt restructuring agreements is eliminated.

For debt restructuring by means of settlement of debts by assets, the Company initially recognizes assets other than transferred financial assets at cost, of which the cost of inventories, including the fair value of the abandoned claims and other costs directly attributable to bringing the assets to their current location and condition, such as taxes, transportation, handling and insurance, etc., are measured at cost. The cost of an investment in an associate or joint venture includes the fair value of the relinquished claim and other costs such as taxes directly attributable to the asset. The cost of investment property, including the fair value of the relinquished claims and other costs such as taxes directly attributable to the asset. The cost of property, plant and equipment includes the fair value of the relinquished claim and other costs directly attributable to the asset, such as taxes, transportation, loading and unloading, installation, and professional services, incurred before the asset is brought to its intended useable condition. The cost of an intangible asset consists of the fair value of the relinquished claim and other costs directly attributable to taxes incurred to bring the asset to its intended use. The difference between the fair value and the carrying amount of the relinquished claims is recognized in profit or loss.

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.34 Debt reorganization (Continued)

3.34.2 The Company as creditor (Continued)

If a debt restructuring by way of conversion of debt to equity instruments results in the Company converting the debt to an equity investment in an associate or joint venture, the Company measures the initial investment cost of the debt at the fair value of the abandoned claim and other costs directly attributable to the asset, such as taxes. The difference between the fair value of the relinquished claim and the carrying amount is recognized in profit or loss.

If debt restructuring is carried out by modifying other terms, the Company recognizes and measures the restructured claims in accordance with the provisions of ASBE No. 22, "Recognition and Measurement of Financial Instruments".

For debt restructuring using multiple assets to settle debts or a combination of them, the Company first recognizes and measures the transferred financial assets and restructuring claims in accordance with the provisions of ASBE No. 22, "Recognition and Measurement of Financial Instruments", and then, in proportion to the fair value of each of the assets other than the transferred financial assets, the fair value of the waived claim. The fair value of each asset other than the transferred financial assets is then allocated to the net amount after deducting the recognized amounts of the transferred financial assets and restructuring claims, and the cost of each asset is determined separately on this basis in accordance with the aforementioned method. The difference between the fair value and the carrying amount of the abandoned claims is recognized in profit or loss.

3.35 Non-monetary asset exchange

Non-monetary asset exchange shall be 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 carrying amount is recorded in profit or loss.

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

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.36 Segment

The Company determines operating segments based on internal organizational structure, management requirements, and internal reporting systems, and determines reporting segments and discloses segment information based on operating segments.

Operating segments refer to the components 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 performances;
- (3) Financial conditions, operating results, cash flows and other relevant accounting information of the component are available.

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

3.37 Significant accounting policies and estimates

The Company conducts an ongoing evaluation of the significant accounting estimates and key assumptions used in the light of historical experience and other factors, including reasonable expectations of future events. Significant accounting estimates and key assumptions that are likely to result in the risk of a material adjustment in the carrying amount of assets and liabilities during the next fiscal year are set out below:

(1) Revenue recognition on engineering construction contract

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 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.37 Significant accounting policies and estimates (Continued)

(2) Receivable and contract asset impairment provision

The Company accounts for impairment of and makes impairment of credit losses 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 tax assets requires the Company to judge the possibility of obtaining future taxable income. The Company continuously reviews its judgment on deferred tax, and recognizes deferred 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 internal retirement benefits liabilities

Retirement and 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.

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.38 Changes in significant accounting policies and accounting estimates

3.38.1 Significant changes in accounting policies

- ① Interpretation of Accounting Standards for Business Enterprises No. 16

The Ministry of Finance issued the Interpretation of Accounting Standards for Business Enterprises No. 16 (Cai Kuai [2022] No. 31) (hereinafter referred to as “Interpretation No. 16”) in November 2022.

Interpretation No. 16 stipulates that for an individual transaction that is not a business combination, that affects neither accounting profit nor taxable income (or a deductible loss) at the time of the transaction, and that the initial recognition of assets and liabilities results in an equal amount of taxable temporary differences and deductible temporary differences, for taxable temporary differences and deductible temporary differences arising from the initial recognition of assets and liabilities, the corresponding deferred tax liabilities and deferred tax assets shall be recognized respectively at the time of transaction in accordance with the relevant provisions of Accounting Standards for Business Enterprises No. 18 – Income Tax. For the above transactions that occurred between the beginning of the earliest period for which the above provisions are first applied to the presentation of the financial statements and the implementation date of this Interpretation, the enterprise shall adjust the cumulative impact to the opening retained earnings and other relevant financial statement items of the earliest period for financial statements presentation in accordance with the above provisions. The above accounting treatment provisions shall come into effect on January 1, 2023.

If the lease liabilities and right-of-use assets recognized by the Company for leasing business, as well as the provisions and corresponding assets related to disposal obligations, result in taxable temporary differences and deductible temporary differences, adjustments shall be made in accordance with the provisions of Interpretation No. 16.



SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.38 Changes in significant accounting policies and accounting estimates (Continued)

3.38.1 Significant changes in accounting policies (Continued)

- ① Interpretation of Accounting Standards for Business Enterprises No. 16 (Continued)

The effect of the implementation of the above accounting policies on the consolidated balance sheet as at December 31, 2023 and the consolidated income statement for the year 2023 is as follows:

Consolidated balance sheet items (December 31, 2023)	Amounts affected
Deferred tax liabilities	508
Retained earnings	-388
Equity attributable to owners of the parent	-388
Non-controlling interests	-119

Continue:

Consolidated income statement items (for the year 2023)	Amounts affected
Income tax expenses	1,436
Net profit/(losses) attributable to owners of parent	-999
Net profit/(losses) attributable to owners of non-controlling interests	-437

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.38 Changes in significant accounting policies and accounting estimates (Continued)

3.38.1 Significant changes in accounting policies (Continued)

- ① Interpretation of Accounting Standards for Business Enterprises No. 16 (Continued)

The effect of the implementation of the above accounting policies on the consolidated balance sheet as at December 31, 2022 and the consolidated income statement for the year 2022 is as follows:

Consolidated balance sheet items (December 31, 2022)	Amounts before adjustments	Adjustment amounts	Amounts after adjustments
Deferred tax assets	1,016,977	930	1,017,907
Retained earnings	598,624	611	599,235
Equity attributable to owners of the parent	7,529,817	611	7,530,428
Non-controlling interests	2,925,243	317	2,925,560

Continue:

Consolidated income statement items (for the year 2022)	Amounts before adjustments	Adjustment amounts	Amounts after adjustments
Income tax expenses	80,098	44	80,142
Net profit/(losses) attributable to owners of parent	112,506	-48	112,458
Net profit/(losses) attributable to owners of non-controlling interests	92,371	4	92,375



SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.38 Changes in significant accounting policies and accounting estimates (Continued)

3.38.1 Significant changes in accounting policies (Continued)

- ① Interpretation of Accounting Standards for Business Enterprises No. 16 (Continued)

The effect of the implementation of the above accounting policies on the consolidated balance sheet as at January 1, 2022 is as follows:

Consolidated balance sheet items (January 1, 2022)	Amounts before adjustments	Adjustment amounts	Amounts after adjustments
Deferred tax assets	967,939	973	968,912
Retained earnings	614,643	660	615,303
Equity attributable to owners of the parent	7,534,716	660	7,535,376
Non-controlling interests	8,830,006	313	8,830,319

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.38 Changes in significant accounting policies and accounting estimates (Continued)

3.38.2 Changes in significant accounting estimates

Details and reasons for changes	Approval process	Applicable time point	Affected items	For the year ended 31 December 2023
An accounting estimate change was made to the expected credit losses of contract assets. After the change, if expected credit losses can be estimated 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 measures them for impairment and recognizes provision of impairment on an individual basis. For the rest of contract assets, expected credit losses are estimated and provision of impairment is recognized by aging on a collective basis at the corresponding proportion (consistent with the proportion of provision of impairment for accounts receivable).	Approved by the 13th meeting of the 4th Board of Directors of the Company	1 May 2023	Contract assets	-622,286
			Other non-current assets	-521,558
			Impairment losses on assets	-1,143,844
			Deferred tax assets	171,577



SECTION 12 FINANCIAL REPORT

4. TAXATION

4.1 Major types of taxes and respective tax rates

Tax type	Tax basis	Tax rate%
Value added tax (VAT)	Taxable value-added amount (the taxable amount is calculated based on the balance of taxable sales multiplied by the applicable tax rate after deducting the allowable input tax for the current period)	3, 5, 6, 9, 13
City maintenance and construction tax	The sum of VAT actually paid	1, 5, 7
Educational surcharge	The sum of VAT actually paid	2, 3
Enterprise income tax	Taxable income	25% (except overseas subsidiaries, preferential treatments as set out in Note 4. 2)

SECTION 12 FINANCIAL REPORT

4. TAXATION (CONTINUED)

4.1 Major types of taxes and respective tax rates (Continued)

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

Name of taxpayer	Income tax rate %
China Aluminum International Engineering Corporation Limited	15
Shenyang Aluminum and Magnesium Engineering and Research Institute Company Limited	15
Shenyang Boyu Technology Co., Ltd.	15
Shenyang Aluminum-Magnesium Technology Co., Ltd.	15
Beijing Autosky Science & Technology Co., Ltd.	15
Guiyang Aluminium Magnesium Design & Research Institute Co., Ltd.	15
Guiyang Zhenxing Al-Mg Science & Technology Industry Development Corp.,Ltd	15
Guizhou Chuangxin Light Metal Process & Equipment Engineering Research Center Company Ltd.	15
Guizhou Shunan Electro-mechanical Equipment Co., Ltd.	15
CINF Engineering Co., Ltd.	15
Huachu Intelligent Technology (Hunan) Co., Ltd.	15
China Nonferrous Metals Processing Technology Co., Ltd.	15
Luoyang Foyang Decoration Engineering Co., Ltd.	15
China Nonferrous Metal Changsha Survey and Design Institute Co., Ltd.	15
Shenzhen Changkan Reconnaissance Design Co., Ltd.	15
China Sixth Metallurgical Construction Co., Ltd.	15
LiuYe (Zhengzhou) Technology Heavy Industry Co., Ltd.	15
China Nonferrous Metals Industry's 12th Metallurgical Construction Co., Ltd.	15
China Aluminum International (Tianjin) Construction Co., Ltd.	15
Jiuye Construction Co., Ltd.	15
Jiuye Steel Structure Co., Ltd.	15
Zhengzhou Jiuye Sanwei Chemical Machinery Co., Ltd.	15
China Aluminum Shandong Engineering Technology Corporation Limited	15
Kunming Prospecting Design Institute Of China Nonferrous Metals Industry Co., Ltd	15
Kunming Engineering & Research Institute of Nonferrous Metallurgy Co., Ltd.	15
Shenyang Shengxin Construction Engineering Project Management Co., Ltd.	20
Hunan Changye Construction Drawing Examination Co., Ltd.	20
Hunan Huachu Project Management Co., Ltd.	20
Luoyang Jincheng Construction Supervision Co., Ltd.	20
Jiuye (Shaanxi) Construction Co., Ltd.	20
Shanxi Nonferrous Metal 12th Metallurgical Advanced Materials Co., Ltd.	20
Kunming Prospecting Institute Technology Development Company	20
Kunming Kehui Electric Co., Ltd.	20
Yunnan Jinji'an Construction Consulting Supervision Co., Ltd.	20
Mian County Jiuye Kindergarten	0

SECTION 12 FINANCIAL REPORT

4. TAXATION (CONTINUED)

4.1 Major types of taxes and respective tax rates (Continued)

Overseas taxpayers of the Company and their applicable income tax rates are set out below:

Name of taxpayer	Income tax rate %
China Nonferrous Metals Industry's 12th Metallurgical (Indonesia) Co., Ltd.	2.65
China Aluminum International Engineering (India) Private Limited	30.00
Chalieco Hong Kong Corporation Limited	16.50
Chalieco Malaysia Sdn. Bhd.	24.00
China Nonferrous Metals Kunming Prospecting Design Institute African Congo (Kinshasa) Company	15.00

4.2 Tax preferential treatments

4.2.1 Tax preferences applicable to high-tech companies

- 1) China Aluminum International Engineering Corporation Limited received the High-tech Enterprise Certificate on 18 October 2022 (Certificate number: GR202211000726, 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, and as a High-tech Enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for year 2023.
- 2) Shenyang Aluminum and Magnesium Engineering and Research Institute Company Limited received the High-tech Enterprise Certificate on 20 December 2023 (Certificate number: GR202321001685, 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, and as a High-tech Enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for year 2023.
- 3) 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, and as a High-tech Enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for year 2023.
- 4) Shenyang Aluminum-Magnesium Technology Co., Ltd. received the High-tech Enterprise Certificate on 20 December 2023 (Certificate number: GR202321002023, 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, and as a High-tech Enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for year 2023.

SECTION 12 FINANCIAL REPORT

4. TAXATION (CONTINUED)

4.2 Tax preferential treatments (Continued)

4.2.1 Tax preferences applicable to high-tech companies (Continued)

- 5) Beijing Autosky Science & Technology Co., Ltd. received the High-tech Enterprise Certificate on 1 December 2022 (Certificate number: GR202211004572, 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, and as a High-tech Enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for year 2023.
- 6) Guiyang Aluminium Magnesium Design & Research Institute Co., Ltd., as a High-tech Enterprise vigorously supported by the State, received the High-tech Enterprise Certificate on 19 December 2022 (Certificate number: GR202252000612, 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, and as a High-tech Enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for year 2023.
- 7) Guiyang Zhenxing Al-Mg Science&Technology Industry Development Corp., 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, and as a High-tech Enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for year 2023.
- 8) Guizhou Chuangxin Light Metal Process & Equipment Engineering Research Center 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, and as a High-tech Enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for year 2023.
- 9) Guizhou Shunan Electro-mechanical 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, and as a High-tech Enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for year 2023.

SECTION 12 FINANCIAL REPORT

4. TAXATION (CONTINUED)

4.2 Tax preferential treatments (Continued)

4.2.1 Tax preferences applicable to high-tech companies (Continued)

- 10) CINF Engineering Co., Ltd. received the High-tech Enterprise Certificate on 18 September 2021 (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, and as a High-tech Enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for year 2023.
- 11) Huachu Intelligent Technology (Hunan) Co., Ltd. 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, and as a High-tech Enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for year 2023.
- 12) China Nonferrous Metals Processing Technology Co., Ltd. received the High-tech Enterprise Certificate on 8 December 2023 (Certificate number: GR202341004338, 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, and as a High-tech Enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for year 2023.
- 13) Luoyang Foyang Decoration Engineering Co., Ltd. received the High-tech Enterprise Certificate on 22 November 2023 (Certificate number: GR202341001075, 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, and as a High-tech Enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for year 2023.
- 14) China Nonferrous Metal Changsha Survey and Design 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, and as a High-tech Enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for year 2023.

SECTION 12 FINANCIAL REPORT

4. TAXATION (CONTINUED)

4.2 Tax preferential treatments (Continued)

4.2.1 Tax preferences applicable to high-tech companies (Continued)

- 15) Shenzhen Changkan Reconnaissance Design Co., Ltd. received the High-tech Enterprise Certificate on 15 November 2023 (Certificate number: GR202344203700, 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, and as a High-tech Enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for year 2023.
- 16) China Sixth Metallurgical Construction Co., Ltd. of China Nonferrous Metals Industry received the High-tech Enterprise Certificate on 1 December 2022 (Certificate number: GR202241001733, 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, and as a High-tech Enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for year 2023.
- 17) Liuye (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, and as a High-tech Enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for year 2023.
- 18) China Nonferrous Metals Industry's 12th Metallurgical Construction Co., Ltd. received the High-tech Enterprise Certificate on 12 December 2022 (Certificate number: GR202214001133, 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, and as a High-tech Enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for year 2023.
- 19) China Aluminum International (Tianjin) Construction Co., Ltd. received the High-tech Enterprise Certificate on 19 December 2022 (Certificate number: GR202212002914, 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, and as a High-tech Enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for year 2023.

SECTION 12 FINANCIAL REPORT

4. TAXATION (CONTINUED)

4.2 Tax preferential treatments (Continued)

4.2.1 Tax preferences applicable to high-tech companies (Continued)

- 20) Jiuye Construction Co., Ltd. received the High-tech Enterprise Certificate on 3 November 2022 (Certificate number: GR202261000437, 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, and as a High-tech Enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for year 2023.
- 21) Jiuye Steel Structure Co., Ltd. received the High-tech Enterprise Certificate on 14 December 2022 (Certificate number: GR202261005406, 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, and as a High-tech Enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for year 2023.
- 22) Zhengzhou Jiuye Sanwei Chemical Machinery Co., Ltd. received the Hightech Enterprise Certificate on 8 December 2023 (Certificate number: GR202341003889, 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 year 2023.
- 23) China Aluminum Shandong Engineering Technology Corporation Limited 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, and as a High-tech Enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for year 2023.
- 24) Kunming Prospecting Design Institute Of China Nonferrous Metals Industry Co., Ltd 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, and as a High-tech Enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for year 2023.

SECTION 12 FINANCIAL REPORT

4. TAXATION (CONTINUED)

4.2 Tax preferential treatments (Continued)

4.2.1 Tax preferences applicable to high-tech companies (Continued)

- 25) Kunming Engineering & Research Institute of Nonferrous Metallurgy Co., Ltd. received the High-tech Enterprise Certificate on 18 November 2022 (Certificate number: GR202253001003, 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, and as a High-tech Enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for year 2023.

4.2.2 Tax preferences for small and micro enterprises

- 1) According to the Announcement of the Ministry of Finance and the State Administration of Taxation on the Tax Policies for Further Supporting the Development of Small and Micro Enterprises and Individual Entrepreneurs (Cai Shui (2023) No. 12): small and micro-profit enterprises are credited with 25% of their taxable income per annum and are subject to enterprise income tax at a tax rate of 20%.
- 2) The Company's subsidiaries, Shenyang Shengxin Construction Engineering Project Management Co., Ltd., Hunan Changye Construction Drawing Examination Co., Ltd., Hunan Huachu Project Management Co., Ltd., Luoyang Jincheng Construction Supervision Co., Ltd., Jiuye (Shaanxi) Construction Co., Ltd., Shanxi Nonferrous Metal 12th Metallurgical Advanced Materials Co., Ltd., Kunming Prospecting Institute Technology Development Company, Kunming Kehui Electric Co., Ltd., and Yunnan Jinji'an Construction Consulting Supervision Co., Ltd., are applicable to the aforesaid documents and will pay their taxable income at a preferential rate for FY2023.

4.2.3 Other corporate income tax benefits

- 1) The income of the Mian County Jiuye Kindergarten, which is a qualified non-profit organization, is exempted from corporate income tax.

4.2.4 VAT

- 1) According to the Circular of the Ministry of Finance and the State Administration of Taxation on the Inclusion of the Railway Transportation and Postal Industry in the Pilot Project of Changing Business Tax to Value-added Tax (Cai Shui [2013] No. 106), technology transfer income obtained by China Aluminum International Engineering Corporation Limited is exempted from value-added tax.

SECTION 12 FINANCIAL REPORT

4. TAXATION (CONTINUED)

4.2 Tax preferential treatments (Continued)

4.2.4 VAT (Continued)

- 2) According to the Circular of the Ministry of Finance and the State Administration of Taxation on the Inclusion of the Railway Transportation and Postal Industry in the Pilot Program for the Conversion of Business Tax to Value-added Tax (Cai Shui [2013] No. 106), technology transfer income obtained by China Nonferrous Metals Processing Technology Co., Ltd. is exempted from value-added tax.
- 3) According to the Notice on Value-added Tax Policy for Software Products (Cai Shui [2011] No. 100) issued by the Ministry of Finance and the State Administration of Taxation, Guiyang Zhenxing Al-Mg Science&Technology Industry Development Co., Ltd. is entitled to the preferential tax policy of immediate refund of value-added tax for the portion of the actual tax burden in excess of 3% on the sale of self-produced software.
- 4) According to the Notice on Value-added Tax Policy for Software Products (Cai Shui [2011] No. 100) issued by the Ministry of Finance and the State Administration of Taxation, Guizhou Chuangxin Light Metal Process & Equipment Engineering Research Center Co., Ltd. is entitled to the preferential tax policy of value-added tax on an immediate basis for the portion of the actual tax burden in excess of 3% on the sale of self-produced software.
- 5) China Nonferrous Metals Industry's 12th Metallurgical Construction Co., Ltd. obtained the filing of the general taxpayer's simplified method of levy determination on May 1, 2016, and according to the Circular of the Ministry of Finance and the State Administration of Taxation on the Pilot Project of Comprehensively Pushing Forward the Change of Business Tax to Value-added Tax (Cai Shui [2016] No. 36), it enjoyed the preferential policies of providing construction services for the A-supply project, providing construction and engineering services for the old project, and sales from May 1, 2016 onwards. real estate acquired before April 30, 2016, can choose the preferential policy of calculating according to the simplified tax method.
- 6) China Nonferrous Metals Industry's 12th Metallurgical Construction Co., Ltd. obtained the filing of tax exemption for cross-border taxable acts of general taxpayers in May 2017, and according to the Circular of the Ministry of Finance and the State Administration of Taxation on the Comprehensively Launching of the Pilot Project of Changing Business Tax to Value-added Tax (Caixian [2016] No. 36), the provision of construction services outside of China by domestic units and individuals may be exempted from the levy of value-added tax temporarily.

SECTION 12 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5.1 Cash and cash equivalents

Item	31 December 2023	31 December 2022
Cash on hand	1,359	4,051
Cash at banks	1,968,474	2,648,053
Deposits in Chinalco Finance	1,369,771	4,243,818
Other monetary funds	721,686	777,606
Total	4,061,290	7,673,528
Including: Total overseas deposits	218,783	115,590

Notes:

As at 31 December 2023, cash and cash equivalents included restricted cash of RMB721,686 thousand, including deposits at banks secured for bank guarantees and acceptance bills and frozen deposits.

Details of restricted cash are set out below:

Item	31 December 2023	31 December 2022
Bank's Acceptance Bill Deposit	344,099	283,585
Frozen Deposits	227,670	372,399
Letter of Guarantee Deposit	128,917	132,914
Letter of Credit Deposit	6,996	7,055
Other Deposit	14,004	20,211
Total	721,686	816,164

SECTION 12 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.2 Held-for-trading financial assets

Item	31 December 2023	31 December 2022
Fair value through profit and loss	700,506	–
Including: Structured deposits	700,506	–
Total	700,506	–

5.3 Bills receivable

Item	31 December 2023			31 December 2022		
	Gross carrying amount	Impairment of credit losses	Carrying amount	Gross carrying amount	Impairment of credit losses	Carrying amount
Bank acceptance bill	223,057	–	223,057	6,450	–	6,450

(1) The pledged bills receivable of the Company as at 31 December 2023

Item	Amount pledged as at 31 December 2023
Bank acceptance bills	1,000

(2) Outstanding endorsed or discounted bills that have not matured as at 31 December 2023

Item	Amount not-derecognized as at 31 December 2023
Bank acceptance bills	184,185

SECTION 12 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.4 Accounts receivable

(1) An aging analysis of accounts receivable is listed as follows:

Item	31 December 2023	31 December 2022
Within 1 year	7,439,141	8,438,721
1 to 2 years	3,651,554	4,020,153
2 to 3 years	2,916,821	2,843,202
3 to 4 years	2,304,217	906,802
4 to 5 years	718,319	900,733
More than 5 years	1,783,879	1,501,889
Subtotal	18,813,931	18,611,500
Less: Impairment of credit losses	3,699,181	3,346,461
Total	15,114,750	15,265,039

SECTION 12 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.4 Accounts receivable (Continued)

(2) Accounts receivable and impairment of credit losses by category are listed as follows:

Item	31 December 2023				
	Gross carrying amount		Impairment of credit losses		Carrying amount
	Amount	Percentage (%)	Amount	Expected credit loss rate (%)	
Impairment of credit losses on an individual basis	1,912,882	10.17	1,234,444	64.53	678,438
Impairment of credit losses on group basis	16,901,049	89.83	2,464,737	14.58	14,436,312
Including: Aging group	16,901,049	89.83	2,464,737	14.58	14,436,312
Total	18,813,931	100.00	3,699,181	19.66	15,114,750

Item	31 December 2022				
	Gross carrying amount		Impairment of credit losses		Carrying amount
	Amount	Percentage (%)	Amount	Expected credit loss rate (%)	
Impairment of credit losses on an individual basis	1,877,772	10.09	1,175,077	62.58	702,695
Impairment of credit losses on group basis	16,733,728	89.91	2,171,384	12.98	14,562,344
Including: Aging group	16,733,728	89.91	2,171,384	12.98	14,562,344
Total	18,611,500	100.00	3,346,461	17.98	15,265,039

SECTION 12 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.4 Accounts receivable (Continued)

- (3) Accounts receivable whose impairment of credit losses were assessed individually are listed as follows:

Entity	31 December 2023			Reasons
	Gross carrying amount	Impairment of credit losses	Expected credit loss rate (%)	
Company 1	481,725	289,035	60.00	Note
Company 2	212,855	78,641	36.95	Note
Company 3	102,186	10,219	10.00	Note
Company 4	99,651	99,651	100.00	Note
Company 5	94,341	28,542	30.25	Note
Others	922,124	728,356	78.99	Note
Total	1,912,882	1,234,444	64.53	-

Note: The Company recognizes impairment of credit losses for all or a portion of the amounts in conjunction with their expected recoverability.



SECTION 12 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.4 Accounts receivable (Continued)

(3) Accounts receivable whose impairment of credit losses were assessed individually are listed as follows: (Continued)

Entity	31 December 2022			Reasons
	Gross carrying amount	Impairment of credit losses	Expected credit loss rate (%)	
Company 1	481,762	289,057	60.00	Note
Company 6	236,668	142,001	60.00	Note
Company 2	212,855	78,641	36.95	Note
Company 3	162,443	81,221	50.00	Note
Company 4	107,906	107,906	100.00	Note
Others	676,138	476,251	70.44	Note
Total	1,877,772	1,175,077	62.58	–

Note: The Company recognizes impairment of credit losses for all or a portion of the amounts in conjunction with their expected recoverability.

SECTION 12 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.4 Accounts receivable (Continued)

- (4) Accounts receivable whose impairment of credit losses were assessed on aging group basis are listed as follows:

Item	31 December 2023		
	Gross carrying amount	Impairment of credit losses	Expected credit loss rate (%)
	Amount		
Within 1 year	7,329,175	38,635	0.50
1 to 2 years	3,566,708	356,671	10.00
2 to 3 years	2,676,281	535,256	20.00
3 to 4 years	1,932,405	579,721	30.00
4 to 5 years	574,964	230,084	40.00
More than 5 years	821,516	724,370	88.17
Total	16,901,049	2,464,737	14.58

Item	31 December 2022		
	Gross carrying amount	Impairment of credit losses	Expected credit loss rate (%)
	Amount		
Within 1 year	8,359,566	41,797	0.50
1 to 2 years	3,731,830	373,183	10.00
2 to 3 years	2,604,586	520,917	20.00
3 to 4 years	790,944	237,283	30.00
4 to 5 years	497,196	248,598	50.00
More than 5 years	749,606	749,606	100.00
Total	16,733,728	2,171,384	12.98

SECTION 12 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.4 Accounts receivable (Continued)

(5) Movements in impairment of credit losses for accounts receivable are listed as follows:

Item	Opening balance	Movement			Others	Closing balance
		Accrued	Recover/reverse (Decrease)	Written off (Decrease)		
Individual basis	1,175,077	366,382	280,965	29,928	3,878	1,234,444
Group:						
Aging group	2,171,384	295,775	-	2,422	-	2,464,737
Total	3,346,461	662,157	280,965	32,350	3,878	3,699,181

(6) Significant impairment of credit losses recovered or reversed in the current period are as follows:

Entity	Reason for reversal	Recovery method	Original basis for determining impairment of credit losses	Amount received or recovered
Company 6	The debt was recovered	Bank transfer	Individual basis	142,001
Company 3	The debt was recovered	Bank transfer	Individual basis	71,003
Company 7	The debt was recovered	Bank transfer	Aging group	38,625
Total	-	-	-	251,629

SECTION 12 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.4 Accounts receivable (Continued)

(7) Actual accounts receivable written off during the current period

Item	Amount
Actual accounts receivable written off	32,350

Significant accounts receivable written off

Item	Nature	Amount	Reason	Procedure	Whether arise from connected transactions or not?
Company 8	engineering receivables	29,350	Unrecoverable	Internal approval	No
Total	-	29,350	-	-	-

**SECTION 12 FINANCIAL REPORT****5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****5.4 Accounts receivable (Continued)**

- (8) As at 31 December 2023, accounts receivable from the five largest customers are listed as follows:

Entity	Gross carrying amount	Percentage in total accounts receivable (%)	Impairment of credit losses
Company 9	643,273	3.42	96,828
Company 10	481,725	2.56	289,035
Company 11	387,223	2.06	1,936
Company 12	297,227	1.58	93,987
Company 13	266,838	1.42	59,220
Total	2,076,286	11.04	541,006

SECTION 12 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.5 Financing receivables

Item	31 December 2023	31 December 2022
Bills receivable	453,487	690,553

(1) Bills receivable pledged by the Company as at 31 December 2023

Item	Amount pledged as at 31 December 2023
Bank acceptance bills	59,468
Total	59,468

(2) Bills receivable endorsed or discounted by the Company but not yet matured at the end of the period

Item	Amount derecognized as at 31 December 2023	Amount not derecognized as at 31 December 2023
Bank acceptance bills	863,007	–
Total	863,007	–

SECTION 12 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.6 Prepayments

(1) An aging analysis of prepayments is listed as follows:

Item	31 December 2023		31 December 2022	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	410,598	80.51	438,457	92.49
1 to 2 years	91,111	17.87	11,043	2.33
2 to 3 years	3,138	0.62	11,260	2.38
More than 3 years	5,147	1.00	13,298	2.80
Total	509,994	100.00	474,058	100.00

(2) Significant prepayments aged over 1 year are as follows:

Entity	Gross carrying amount	Percentage of total prepayments (%)	Impairment of credit losses
Company 1	21,128	4.14	–
Company 2	18,713	3.67	–
Total	39,841	7.81	–

SECTION 12 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.6 Prepayments (Continued)

(3) As at 31 December 2023, prepayments to the five largest suppliers are listed as follows:

Entity	Gross carrying amount as at 31 December 2023	Percentage of total prepayments (%)
Company 3	23,758	4.66
Company 4	21,649	4.24
Company 1	21,128	4.14
Company 2	18,713	3.67
Company 5	13,454	2.64
Total	98,702	19.35

5.7 Other receivables

Item	31 December 2023	31 December 2022
Interests receivable	4,830	2,685
Dividends receivable	21,462	8,125
Other receivables	2,573,031	3,599,509
Less: impairment of credit losses	1,247,202	1,132,874
Total	1,352,121	2,477,445

SECTION 12 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.7 Other receivables (Continued)

(1) Interests receivable

Item	31 December 2023	31 December 2022
Interests receivable	4,830	2,685
Less: Impairment of credit losses	–	–
Total	4,830	2,685

(2) Dividends receivable

Item	31 December 2023	31 December 2022
Chinalco Tendering Co., Ltd.	16,201	8,125
Sichuan Chuannan Subway Operating Ltd.	3,752	–
Chinalco Intelligent (Hangzhou) Security Science Resurach Institute Ltd.	1,021	–
Chinalco Eco-friendly Technology (Hunan) Ltd.	488	–
Subtotal:	21,462	8,125
Less: Impairment of credit losses	–	–
Total	21,462	8,125

SECTION 12 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.7 Other receivables (Continued)

(3) Other receivables

① An aging analysis of other receivables is listed as follows:

Item	31 December 2023	31 December 2022
Within 1 year	545,502	1,722,974
1 to 2 years	407,202	630,019
2 to 3 years	596,638	397,719
3 to 4 years	370,237	272,843
4 to 5 years	261,548	206,305
More than 5 years	391,904	369,649
Subtotal	2,573,031	3,599,509
Less: Impairment of credit losses	1,247,202	1,132,874
Total	1,325,829	2,466,635

SECTION 12 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.7 Other receivables (Continued)

(3) Other receivables (Continued)

- ② As at 31 December 2023 and 31 December 2022, gross carrying amount of other receivables categorized by nature is listed as follows:

Item	31 December 2023		Carrying amount
	Gross carrying amount	Impairment of credit losses	
Advance	1,147,541	711,690	435,851
Retention funds or deposits	1,146,102	395,371	750,731
Financing provided to Party A and its related parties	167,210	99,520	67,690
Reserve fund	22,946	3,640	19,306
Equity transfer payment	6,000	6,000	–
Others	83,232	30,981	52,251
Total	2,573,031	1,247,202	1,325,829

Item	31 December 2022		Carrying amount
	Gross carrying amount	Impairment of credit losses	
Advance	1,325,985	302,798	1,023,187
Retention funds or deposits	1,223,823	683,490	540,333
Equity transfer payment	768,946	16,045	752,901
Financing provided to Party A and its related parties	185,582	99,939	85,643
Reserve fund	25,870	5,951	19,919
Others	69,303	24,651	44,652
Total	3,599,509	1,132,874	2,466,635

SECTION 12 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.7 Other receivables (Continued)

(3) Other receivables (Continued)

③ Impairment of credit losses

Impairment of credit losses in the first stage as at 31 December 2023

Item	Gross carrying amount	Expected credit loss rate over the next 12 months (%)	Impairment of credit losses	Carrying amount
Impairment of credit losses on an individual basis	-	-	-	-
Impairment of credit losses on group basis	536,868	0.50	2,681	534,187
Aging group	536,868	0.50	2,681	534,187
Total	536,868	0.50	2,681	534,187

Impairment of credit losses in the second stage as at 31 December 2023

Item	Gross carrying amount	Lifetime expected credit loss rate (%)	Impairment of credit losses	Carrying amount
Impairment of credit losses on an individual basis	-	-	-	-
Impairment of credit losses on group basis	608,694	14.46	88,042	520,652
Aging group	608,694	14.46	88,042	520,652
Total	608,694	14.46	88,042	520,652

SECTION 12 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.7 Other receivables (Continued)

(3) Other receivables (Continued)

③ Impairment of credit losses (Continued)

Impairment of credit losses in the third stage as at 31 December 2023

Item	Gross carrying amount	Lifetime expected credit loss rate (%)	Impairment of credit losses	Carrying amount
Impairment of credit losses on an individual basis	932,938	85.50	797,636	135,302
Company 1	208,044	100.00	208,044	-
Company 2	207,229	100.00	207,229	-
Company 3	160,127	57.73	92,437	67,690
Company 4	55,065	100.00	55,065	-
Company 5	47,062	16.69	7,855	39,207
Others	255,411	88.88	227,006	28,405
Impairment of credit losses on group basis	494,530	72.56	358,843	135,687
Aging group	494,530	72.56	358,843	135,687
Total	1,427,468	81.02	1,156,479	270,989

SECTION 12 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.7 Other receivables (Continued)

(3) Other receivables (Continued)

③ Impairment of credit losses (Continued)

Impairment of credit losses in the first stage as at 31 December 2022

Item	Gross carrying amount	Expected credit loss rate over the next 12 months (%)	Impairment of credit losses	Carrying amount
Impairment of credit losses on an individual basis	–	–	–	–
Impairment of credit losses on group basis	1,676,562	0.50	8,383	1,668,179
Aging group	1,676,562	0.50	8,383	1,668,179
Total	1,676,562	0.50	8,383	1,668,179

Impairment of credit losses in the second stage as at 31 December 2022

Item	Gross carrying amount	Lifetime expected credit loss rate (%)	Impairment of credit losses	Carrying amount
Impairment of credit losses on an individual basis	–	–	–	–
Impairment of credit losses on group basis	467,675	13.20	61,739	405,936
Aging group	467,675	13.20	61,739	405,936
Total	467,675	13.20	61,739	405,936

SECTION 12 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.7 Other receivables (Continued)

(3) Other receivables (Continued)

③ Impairment of credit losses (Continued)

Impairment of credit losses in the third stage as at 31 December 2022

Item	Gross carrying amount	Lifetime expected credit loss rate (%)	Impairment of credit losses	Carrying amount
Impairment of credit losses on an individual basis				
Company 1	944,076	81.37	768,215	175,861
Company 2	212,158	93.40	198,158	14,000
Company 3	204,550	93.26	190,754	13,796
Company 4	173,127	53.39	92,437	80,690
Company 5	119,066	91.16	108,540	10,526
Company 5	45,854	17.13	7,855	37,999
Others	189,321	90.04	170,471	18,850
Impairment of credit losses on group basis				
Aging group	511,194	57.62	294,537	216,657
	511,194	57.62	294,537	216,657
Total	1,455,270	73.03	1,062,752	392,518

SECTION 12 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.7 Other receivables (Continued)

(3) Other receivables (Continued)

- ④ Movements in the impairment of credit losses of other receivables are listed as follows:

Item	Stage I Expected credit losses over the next 12 months	Stage II Lifetime expected credit losses (no credit impairment)	Stage III Lifetime expected credit losses (credit impaired)	Total
Balance as at 1 January 2023	8,383	61,739	1,062,752	1,132,874
Balance as at 1 January 2023 in the current period	-1,685	-22,116	23,801	-
- Transfer to Stage II	-1,685	1,685	-	-
- Transfer to Stage III	-	-23,801	23,801	-
Additions	-4,017	48,419	147,935	192,337
Recoveries or reversals	-	-	73,061	73,061
Written-off	-	-	524	524
Others	-	-	4,424	4,424
Balance as at 31 December 2023	2,681	88,042	1,156,479	1,247,202

**SECTION 12 FINANCIAL REPORT****5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****5.7 Other receivables (Continued)****(3) Other receivables (Continued)**

- ④ Movements in the impairment of credit losses of other receivables are listed as follows: (Continued)

Significant impairment of credit losses recovered or reversed in the current period are as follows:

Entity	Recovery method	Amount reversed or recovered
Company 4	Non-monetary recovery	64,002

- ⑤ Other receivables actually written off in the current period

Entity	Amount
Company 6	400
Company 7	124
Total	524

SECTION 12 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.7 Other receivables (Continued)

(3) Other receivables (Continued)

- ⑥ As at 31 December 2023, other receivables from the five largest customers are listed as follows:

Entity	Nature	Closing balance	Aging	Percentage in total other receivable (%)	Closing balance of impairment of credit losses
Company 1	Advance	208,044	1 to 2 years 2 to 3 years	8.09	208,044
Company 2	Advance	207,229	1 to 2 years 3 to 4 years	8.05	207,229
Company 3	Financing provided to Party A and its related parties	160,127	4 to 5 years More than 5 years	6.22	92,437
Company 8	Retention funds or deposits	139,771	More than 5 years	5.43	139,771
Company 9	Retention funds or deposits	107,505	Within 1 year 1 to 2 years	4.18	18,901
Total	-	822,676	-	31.97	666,382

SECTION 12 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.8 Inventories

(1) Classification of inventories

Item	Gross carrying amount	31 December 2023 Impairment for provision of inventories	Carrying amount
Raw materials	315,097	11,475	303,622
Work in progress	1,355,293	250,216	1,105,077
Finished goods	1,312,703	561,675	751,028
Turnover materials and spare parts	13,914	–	13,914
Properties under development	120,625	64,820	55,805
Total	3,117,632	888,186	2,229,446

Item	Gross carrying amount	31 December 2022 Impairment for provision of inventories	Carrying amount
Raw materials	284,540	3,497	281,043
Work in progress	1,331,030	110,782	1,220,248
Stock goods	1,485,891	431,998	1,053,893
Turnover materials and spare parts	13,013	–	13,013
Properties under development	291,757	5,000	286,757
Total	3,406,231	551,277	2,854,954

Note: As at 31 December 2023, the amount of property in inventories in the process of applying for and handling registration or transfer of the title certificates is RMB1,109,549 thousand.

SECTION 12 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.8 Inventories (Continued)

(2) Movements in the provision of inventories in current period are listed as follows:

Item	Opening balance	Additions		Decreases		Closing balance
		Provision	Others	Reversed or written-off	Others	
Raw materials	3,497	7,978	-	-	-	11,475
Work in progress	110,782	142,174	-	2,740	-	250,216
Stock goods	431,998	161,815	-	18,613	13,525	561,675
Properties under development	5,000	97,158	-	-	37,338	64,820
Total	551,277	409,125	-	21,353	50,863	888,186

SECTION 12 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.9 Contract assets

Item	31 December 2023		Carrying amount
	Gross carrying amount	Impairment of credit losses	
Engineering and construction contracting	7,454,658	1,403,306	6,051,352
Engineering design and consultancy	503,232	28,573	474,659
Equipment manufacturing	231,303	36,058	195,245
Total	8,189,193	1,467,937	6,721,256

Item	31 December 2022		Carrying amount
	Gross carrying amount	Impairment of credit losses	
Engineering and construction contracting	7,807,809	633,044	7,174,765
Engineering design and consultancy	463,295	12,716	450,579
Equipment manufacturing	251,635	15,421	236,214
Total	8,522,739	661,181	7,861,558

(1) Impairment of credit losses

Item	As at 31 December 2023				Carrying amount
	Gross carrying amount		Impairment of credit losses		
	Amount	Percentage (%)	Amount	Expected credit losses rate (%)	
Impairment of credit losses on an individual basis	1,082,333	13.22	461,855	42.67	620,478
Impairment of credit losses on a group basis	7,106,860	86.78	1,006,082	14.16	6,100,778
Including:					
Aging group	7,106,860	86.78	1,006,082	14.16	6,100,778
Total	8,189,193	100.00	1,467,937	17.93	6,721,256

SECTION 12 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.9 Contract assets (Continued)

(1) Impairment of credit losses (Continued)

Item	Gross carrying amount		As at 31 December 2022 Impairment of credit losses		Carrying amount
	Amount	Percentage (%)	Amount	Expected credit losses rate (%)	
Impairment of credit losses on an individual basis	1,613,361	18.93	526,331	32.62	1,087,030
Impairment of credit losses on a group basis	6,909,378	81.07	134,850	1.95	6,774,528
Including:					
Group 1: Contract assets not delivered to customers for using	6,554,184	76.90	32,753	0.50	6,521,431
Group 2: Contract assets delivered to customers for using	355,194	4.17	102,097	28.74	253,097
Total	8,522,739	100.00	661,181	7.76	7,861,558

SECTION 12 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.9 Contract assets (Continued)

(1) Impairment of credit losses (Continued)

Impairment of credit losses on an individual basis

Item	As at 31 December 2023			Reason
	Gross carrying amount	Impairment of credit losses	Expected credit losses rate (%)	
Project 1	168,772	151,895	90.00	Note
Project 2	160,268	160,268	100.00	Note
Project 3	56,381	5,638	10.00	Note
Project 4	30,610	29,940	97.81	Note
Project 5	29,660	29,660	100.00	Note
Others	636,642	84,454	13.27	Note
Total	1,082,333	461,855	42.67	-

Note: Impairment of credit losses were accrued in accordance with project execution and expected settlement.

Item	As at 31 December 2022			Reason
	Gross carrying amount	Impairment of credit losses	Expected credit losses rate (%)	
Project 6	297,212	20,253	6.81	Note
Project 7	168,772	151,895	90.00	Note
Project 8	164,653	164,653	100.00	Note
Project 3	54,923	5,492	10.00	Note
Project 9	45,704	4,570	10.00	Note
Others	882,097	179,468	20.35	Note
Total	1,613,361	526,331	32.62	-

Note: Impairment of credit losses were accrued in accordance with project execution and expected settlement.

SECTION 12 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.9 Contract assets (Continued)

(1) Impairment of credit losses (Continued)

Impairment of credit losses on a group basis

Aging group

Aging	As at 31 December 2023		
	Contract assets	Impairment of credit losses	Expected credit losses rate (%)
Within 1 year	3,970,419	20,012	0.50
1 to 2 years	1,297,530	129,753	10.00
2 to 3 years	658,067	131,613	20.00
3 to 4 years	340,726	102,218	30.00
4 to 5 years	195,607	78,243	40.00
More than 5 years	644,511	544,243	84.44
Total	7,106,860	1,006,082	14.16

Item	As at 31 December 2022		
	Contract assets	Impairment of credit losses	Expected credit losses rate (%)
Group 1: Contract assets not delivered to customers for using	6,554,184	32,753	0.50
Group 2: Contract assets delivered to customers for using	355,194	102,097	28.74
Total	6,909,378	134,850	1.95

**SECTION 12 FINANCIAL REPORT****5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****5.9 Contract assets (Continued)**

(2) **Movements in impairment of credit losses for contract assets are listed as follows:**

Item	Opening balance	Movement			Others (Decrease)	Closing balance
		Accrued	Reverse	Written-off		
Engineering and construction contracting	633,044	773,932	-	-	3,670	1,403,306
Engineering design and consultancy	12,716	15,857	-	-	-	28,573
Equipment manufacturing	15,421	20,637	-	-	-	36,058
Total	661,181	810,426	-	-	3,670	1,467,937

SECTION 12 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.10 Non-current assets due within one year

Item	31 December 2023	31 December 2022
Long-term receivables due within 1 year	171,605	396,417

5.11 Other current assets

Item	31 December 2023	31 December 2022
Deductible VAT input	380,250	436,770
Prepaid tax	188,599	39,630
Others	9,619	5,877
Total	578,468	482,277

SECTION 12 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.12 Long-term receivables

- (1) Gross carrying amount of long-term receivables categorized by nature is listed as follows:

Item	31 December 2023		Carrying amount	Discount rate range
	Gross carrying amount	Impairment of credit losses		
Repurchase payment under BT Contract	113,463	56,732	56,731	Note
Long-term receivables from customers	2,180,359	384,576	1,795,783	Note
Subtotal	2,293,822	441,308	1,852,514	–
Less: Current portion of long-term receivables due within one year	235,365	63,760	171,605	Note
Total	2,058,457	377,548	1,680,909	–

Item	31 December 2022		Carrying amount	Discount rate range
	Gross carrying amount	Impairment of credit losses		
Repurchase payment under BT Contract	226,930	57,299	169,631	Note
Long-term receivables from customers	2,335,668	364,908	1,970,760	Note
Subtotal	2,562,598	422,207	2,140,391	–
Less: Current portion of long-term receivables due within one year	463,595	67,178	396,417	Note
Total	2,099,003	355,029	1,743,974	–

Note: Discount in accordance with contractual interest rate.

SECTION 12 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.12 Long-term receivables (Continued)

- (2) Movements in the impairment of credit losses of long-term receivables for the current period are as follows:

Item	Impairment of credit losses
Amount as at 1 January 2023	355,029
Additions	22,519
Amount as at 31 December 2023	377,548

5.13 Long-term equity investments

- (1) Classification of long-term equity investment

Item	31 December 2022	Additions for the period	Reductions for the period	31 December 2023
Investment in joint ventures	62,883	4,940	–	67,823
Investment in associates	736,093	67,607	69,000	734,701
Subtotal	798,976	72,547	69,000	802,524
Less: Impairment provision	48,218	–	–	48,218
Total	750,758	72,547	69,000	754,306

SECTION 12 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.13 Long-term equity investments (Continued)

(2) Long-term equity investments breakdown

Investee	Investment cost	Opening balance	Increase in investment	Decrease in investment	Movements during this period					Closing balance	Closing balance of provision for impairment	
					Investment gain or loss recognised under equity method	OCI movements	Other equity movements	Cash dividends or profits declared	Loss allowance			Others
① Joint venture												
Shanghai Fengtong Equity Investment Fund Partnership (Limited Partnership)	79,200	62,883	-	-	4,940	-	-	-	-	-	67,823	-
Zhongji Sunward Technology Co., Ltd.	40,000	8,862	-	-	-19	-	-	-	-	-	8,843	-
	39,200	54,021	-	-	4,959	-	-	-	-	-	58,980	-
② Associates												
Zhuzhou Tanshao Crane Co., Ltd.	777,451	736,083	39,999	52,830	27,608	-	-1,600	14,569	-	-	734,701	48,218
Taikang Haowen construction Co., Ltd.	171,836	174,539	-	-	-114	-	-	-	-	-	174,425	-
Loudi Haichuang development construction Co., Ltd.	108,640	108,640	-	-	-	-	-	-	-	-	108,640	-
Fujian Nanlv Structure Technology Co., Ltd.	100,000	100,000	-	-	-	-	-	-	-	-	100,000	-
Others	50,000 346,975	53,080 239,824	- 39,999	52,830 -	1,378 26,344	- -	-1,638 38	- 14,569	- -	- -	351,636 48,218	- 48,218
Total	856,651	798,976	39,999	52,830	32,549	-	-1,600	14,569	-	-	802,524	48,218

Notes

- A. The name of Shanghai Fengtong Investment Management Partnership (Limited Partnership) was changed to Shanghai Fengtong Equity Investment Fund Partnership (Limited Partnership).
- B. The name of Chinaco Nanlv (Fujian) Aluminum Structure Technology Development Co., Ltd. was changed to Fujian Nanlv Structure Technology Co., Ltd..
- C. In 2015, the Company and Shanhe Intelligent Equipment Co., Ltd ("Shanhe Equipment") jointly established Zhongji Sunward Technology Co., Ltd. ("Zhongji Shanhe"), in which the Company holds 49% equity interest. Pursuant to the Articles of Association of Zhongji Shanhe, neither Shanhe Equipment nor the Company can decide the major business activities of Zhongji Shanhe alone, i.e., both parties need to unanimously agree in order to make such decisions, and thus the Company and Shanhe Equipment jointly control Zhongji Shanhe.

SECTION 12 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.14 Other equity instrument investments

(1) Details of other equity instrument investments

Item	31 December 2023	31 December 2022
Yunnan Huineng Power Sales Co., Ltd.	19,725	19,489
Guizhou Aerospace Wujiang Electro-mechanical Equipment Co., Ltd.	13,900	13,774
Yunnan Zhonghui Energy Co., Ltd	4,501	4,490
Shandong Yixing Carbon New Material Co., Ltd.	–	7,204
Others	11,122	12,210
Total	49,248	57,167

SECTION 12 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.14 Other equity instrument investments (Continued)

(2) Investment in other equity instruments at the end of the period

Item	Gains/losses in current period	Accumulated gains/losses as of 31 December 2023	Income from dividends recognized in the current period	Amount transferred from other comprehensive income to retained earnings	Reason for transfer in
Guizhou Aerospace Wujiang Electro- mechanical Equipment Co., Ltd.	127	3,928	16	- -	
Yunnan Huineng Power Sales Co., Ltd.	236	4,725	-	- -	
Yunnan Zhonghui Energy Co., Ltd	12	208	-	- -	
Shandong Yixing Carbon New Material Co., Ltd.	-7,204	-18,000	-	- -	
Others	-1,431	-45,242	444	- -	
Total	-8,260	-54,381	460	- -	

SECTION 12 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.15 Investment properties

Item	Plant and buildings	Land use rights	Total
I. Original Cost			
1. 1 January 2023	565,133	182,351	747,484
2. Increase	224,591	–	224,591
(1) Procurement	107,242	–	107,242
(2) Transfer from own-occupied real estate or inventory	117,349	–	117,349
3. Decrease	13,323	–	13,323
(1) Disposal	13,323	–	13,323
(2) Transfer to own-occupied real estate	–	–	–
4. 31 December 2023	776,401	182,351	958,752
II. Accumulated depreciation and amortization			
1. 1 January 2023	132,836	39,705	172,541
2. Increase	28,130	4,438	32,568
(1) Provision	19,101	4,438	23,539
(2) Transfer from own-occupied real estate or inventory	9,029	–	9,029
3. Decrease	13,323	–	13,323
(1) Disposal	13,323	–	13,323
(2) Transfer to own-occupied real estate	–	–	–
4. 31 December 2023	147,643	44,143	191,786
III. Provision for impairment			
1. 1 January 2023	–	–	–
2. Increase	–	–	–
3. Reductions for the period	–	–	–
4. 31 December 2023	–	–	–
IV. Carrying amount			
1. 31 December 2023	628,758	138,208	766,966
2. 1 January 2023	432,297	142,646	574,943



SECTION 12 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.16 Fixed assets

Item	31 December 2023	31 December 2022
Fixed assets	2,409,495	2,313,141
Fixed assets to be disposed of	–	–
Total	2,409,495	2,313,141

SECTION 12 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.16 Fixed assets (Continued)

(1) Fixed assets

① Fixed assets

Item	Plant and buildings	Machinery and equipment	Motor vehicles	Office equipment and others	Total
I. Original Cost					
1.1 January 2023	2,773,420	848,484	268,470	427,923	4,318,297
2. Increase	198,588	34,496	9,458	18,588	261,130
(1) Additions	1,035	28,356	6,712	15,749	51,852
(2) Transferred in from construction in progress	114,038	1,630	-	-	115,668
(3) Others	83,515	4,510	2,746	2,839	93,610
3. Decrease	23,163	46,132	17,709	11,416	98,420
(1) Disposals	9,187	35,018	15,909	8,932	69,046
(2) Others	13,976	11,114	1,800	2,484	29,374
4.31 December 2023	2,948,845	836,848	260,219	435,095	4,481,007
II. Accumulated depreciation:					
1.1 January 2023	810,466	649,807	212,667	328,183	2,001,123
2. Increase	78,119	31,592	12,810	26,710	149,231
(1) Provision	78,119	31,592	10,123	26,118	145,952
(2) Others	-	-	2,687	592	3,279
3. Decrease	21,299	34,315	16,351	10,877	82,842
(1) Disposals	14,139	31,266	14,849	8,472	68,726
(2) Others	7,160	3,049	1,502	2,405	14,116
4.31 December 2023	867,286	647,084	209,126	344,016	2,067,512
III. Provision for impairment					
1.1 January 2023	3,347	9	161	516	4,033
2. Increase	-	5,467	265	440	6,172
(1) Provision	-	5,467	265	440	6,172
3. Decrease	-	5,467	298	440	6,205
(1) Disposals	-	5,467	298	440	6,205
4.31 December 2023	3,347	9	128	516	4,000
IV. Carrying amount					
1.31 December 2023	2,078,212	189,755	50,965	90,563	2,409,495
2.1 January 2023	1,959,607	198,668	55,642	99,224	2,313,141



SECTION 12 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.16 Fixed assets (Continued)

(1) Fixed assets (Continued)

- ② Fixed assets in the process of applying for and handling registration or transfer of the title certificates

Item	Carrying amount	Reasons for failure to get certificate of ownership
Plant and Buildings	275,149	Processing

5.17 Construction in progress

Item	31 December 2023	31 December 2022
Construction in progress	76,590	195,715
Construction materials	-	-
Total	76,590	195,715

SECTION 12 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.17 Construction in progress (Continued)

(1) Construction in progress

① Details of construction in progress

Item	31 December 2023			31 December 2022		
	Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment	Carrying amount
Yue Liang Wan health project	41,809	-	41,809	148,982	-	148,982
Fuping Steel Structure Factory	-	-	-	9,093	-	9,093
Others	35,660	879	34,781	38,519	879	37,640
Total	77,469	879	76,590	196,594	879	195,715

SECTION 12 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.17 Construction in progress (Continued)

(1) Construction in progress (Continued)

② Movements of material construction in progress

Project	1 January 2023	Additions	Transferred out to fixed assets	Other decreases	Accumulated capitalized interest	Including: interest capitalized in the current period	31 December 2023
Yue Liang Wan health project	148,982	5,499	112,672	-	26,023	2,805	41,809
Fuping Steel Structure Factory	9,093	-	-	9,093	-	-	-
Others	38,519	2,661	2,995	2,524	-	-	35,660
Total	196,594	8,160	115,667	11,617	26,023	2,805	77,469

Project	Budget	Proportion of investment to budget %	Project progress	Sources of funding	Current interest capitalization rate %
Yue Liang Wan health project	498,000	88.14	88.14	Self-funding/loan	5.64
Fuping Steel Structure Factory	10,000	100.00	100.00	Self-funding	-
Others	-	-	-	-	-
Total	508,000	-	-	-	-

SECTION 12 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.18 Right-of-use assets

Item	Plant and buildings	Machinery and equipment	Total
I. Original Cost:			
1. 1 January 2023	38,196	516	38,712
2. Increase	43,351	–	43,351
(1) Additions	43,351	–	43,351
3. Decrease	31,930	516	32,446
(1) Transfer	31,930	516	32,446
4. 31 December 2023	49,617	–	49,617
II. Accumulated depreciation			
1. 1 January 2023	26,722	438	27,160
2. Increase	9,890	–	9,890
(1) Provision	9,890	–	9,890
3. Decrease	26,675	438	27,113
(1) Transfer	26,675	438	27,113
4. 31 December 2023	9,937	–	9,937
III. Provision for impairment			
1. 1 January 2023	–	–	–
2. Increase	–	–	–
3. Decrease	–	–	–
4. 31 December 2023	–	–	–
IV. Carrying amount			
1. 31 December 2023	39,680	–	39,680
2. 1 January 2023	11,474	78	11,552

SECTION 12 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.19 Intangible assets

(1) Intangible assets

Item	Land use right	Patent right	Software	Franchise right	Others	Total
I. Original Cost						
1. 1 January 2023	834,286	257,637	170,020	620,495	1,544	1,883,982
2. Increase	-	179	10,926	70,240	-	81,345
(1) Additions	-	179	10,729	-	-	10,908
(2) Others	-	-	197	70,240	-	70,437
3. Decrease	-	-	296	-	-	296
(1) Disposal	-	-	296	-	-	296
4. 31 December 2023	834,286	257,816	180,650	690,735	1,544	1,965,031
II. Accumulated amortization						
1. 1 January 2023	232,142	254,363	133,477	-	362	620,344
2. Increase	19,309	1,510	9,281	-	34	30,134
(1) Provision	19,309	1,510	9,281	-	34	30,134
3. Decrease	-	-	128	-	-	128
(1) Disposal	-	-	128	-	-	128
4. 31 December 2023	251,451	255,873	142,630	-	396	650,350
III. Provision for impairment						
1. 1 January 2023	-	-	-	-	-	-
2. Increase	-	-	-	-	-	-
3. Decrease	-	-	-	-	-	-
4. 31 December 2023	-	-	-	-	-	-
IV. Carrying amount						
1. 31 December 2023	582,835	1,943	38,020	690,735	1,148	1,314,681
2. 1 January 2023	602,144	3,274	36,543	620,495	1,182	1,263,638

SECTION 12 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.20 Development costs

Item	1 January 2023	Increase	Decrease	31 December 2023
Integrated management and control platform	3,823	–	–	3,823
Geotechnical data intelligence system development	–	755	–	755
Others	–	138	–	138
Total	3,823	893	–	4,716

5.21 Goodwill

(1) Original Cost

The name of the invested entity	1 January 2023	Additions for the period		Reductions for the period		31 December 2023
		Arising from business combination	Others	Disposal	Others	
China Nonferrous Metals Industry Huakun Engineering Construction Co., Ltd.	579	–	–	–	–	579
Kunming Kehui Electric Co., Ltd.	296	–	–	–	–	296
Total	875	–	–	–	–	875

**SECTION 12 FINANCIAL REPORT****5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****5.22 Long-term deferred expenses**

Item	1 January 2023	Increase	Decrease		31 December 2023
			Amortization	Others	
Rental cost of the underground garage of Twelfth Metallurgical Company	8,999	–	256	–	8,743
Site renovation costs Fuping Steel Structure	4,832	–	1,258	–	3,574
Factory	–	8,995	1,799	–	7,196
Others	29,395	30,256	45,475	–	14,176
Total	43,226	39,251	48,788	–	33,689

SECTION 12 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.23 Deferred tax assets and deferred tax liabilities

(1) Unoffset deferred tax assets and deferred tax liabilities

Item	31 December 2023		31 December 2022	
	Deductible/ taxable temporary differences	Deferred tax assets/ liabilities	Deductible/ taxable temporary differences	Deferred tax assets/ liabilities
Deferred tax assets:				
Retirement and termination benefits	459,706	86,030	492,690	95,641
Provision for impairment of credit losses and assets	5,936,163	1,019,812	4,240,079	825,051
Deductible tax losses	762,512	118,108	645,473	112,207
Changes in fair value of other equity instrument investments	21,025	3,154	19,639	3,317
Lease impact	-	-	19,126	2869
Changes in fair value of held-for-trading financial assets	-	-	6,195	930
Others	71,845	11,337	90,643	16,175
Subtotal	7,251,251	1,238,441	5,513,845	1,056,190
Deferred tax liabilities:				
Appreciation on asset from appraisal for business combinations involving entities not under common control	270,616	53,428	295,148	60,286
Changes in fair value of other equity instrument investment	3,558	589	3,801	570
Changes in fair value of held-for-trading financial assets	506	76	-	-
Lease impact	3,394	508	-	-
Others	495,337	49,802	496,754	49,675
Subtotal	773,411	104,404	795,703	110,531

SECTION 12 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.23 Deferred tax assets and deferred tax liabilities (Continued)

- (2) **Deferred tax assets and deferred tax liabilities that are presented at the net amount after offset:**

Item	Offset amount of deferred tax assets and liabilities at the end of the period	Deferred tax assets or liabilities after offset at the end of the period	Offset amount of deferred tax assets and liabilities at the end of last year	Deferred tax assets or liabilities after offset at the end of last year
Deferred tax assets	32,761	1,205,680	38,284	1,017,907
Deferred tax liabilities	32,761	71,643	38,284	72,247

- (3) **Deductible temporary differences and deductible tax losses for which deferred tax assets are not recognised are listed as follows:**

Item	31 December 2023	31 December 2022
Deductible temporary differences	2,551,062	2,099,783
Including: Provision for impairment of credit losses and assets	2,386,015	1,935,726
Changes in fair value of other equity instrument investment	42,918	35,087
Retirement and termination benefits	122,129	128,970
Deductible losses	3,253,026	2,598,393
Total	5,804,088	4,698,176

SECTION 12 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.23 Deferred tax assets and deferred tax liabilities (Continued)

- (4) Deductible losses, for which no deferred tax assets are recognized, will expire in the following years:

Year	31 December 2023	31 December 2022
2023	–	129,790
2024	90,222	90,222
2025	411,204	411,204
2026	350,689	350,689
2027	263,274	263,274
2028	358,171	60,713
2029	146,333	146,333
2030	761,139	761,139
2031	77,634	77,634
2032	307,395	307,395
2033	486,965	–
Total	3,253,026	2,598,393

5.24 Other non-current assets

Item	31 December 2023	31 December 2022
Long-term contract assets	684,033	784,228
Turnover materials	256,201	361,074
Prepayment for property purchased	54,581	54,592
Assets held for disposal	19,322	38,395
Others	1,919	68
Subtotal	1,016,056	1,238,357
Less: Provision for impairment	525,068	5,137
Total	490,988	1,233,220

SECTION 12 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.24 Other non-current assets (Continued)

- (1) Movements in impairment of credit losses for other non-current assets are listed as follows:

Item	Opening balance	Movement				Closing balance
		Accrued	Reverse	Written off (Decrease)	Others	
Long-term contract assets	5,137	496,338	-	-	-	501,475
Others	-	133,208	-	109,615	-	23,593
Total	5,137	629,546	-	109,615	-	525,068

5.25 Short-term loans

- (1) Short-term loans by category are listed as follows:

Item	31 December 2023	31 December 2022
Credit loans	1,336,851	4,133,817
Pledged loans	6,997	5,408
Guaranteed loans	-	45,000
Total	1,343,848	4,184,225

Note: As at 31 December 2023, the company obtained short-term loans amounting to RMB6,997 thousand by pledging accounts receivable with a carrying value of RMB6,997 thousand, as well as all the rights and interests and revenues under the contracts to which the accounts receivable belonged.

SECTION 12 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.26 Bills payable

Item	31 December 2023	31 December 2022
Commercial acceptance bills	–	367,568
Bank acceptance bills	3,837,044	3,028,769
Total	3,837,044	3,396,337

5.27 Accounts payable

Item	31 December 2023	31 December 2022
Within 1 year	8,606,023	9,290,049
1 to 2 years	2,428,404	1,250,872
2 to 3 years	495,913	700,544
More than 3 year	1,021,856	1,426,913
Total	12,552,196	12,668,378

Including: material accounts payable aged over 1 year

Item	31 December 2023	Reasons for non-repayment or non-carryover
Company 1	58,947	Payment conditions not satisfied yet
Company 2	35,904	Payment conditions not satisfied yet
Company 3	33,280	Payment conditions not satisfied yet
Company 4	31,861	Payment conditions not satisfied yet
Company 5	25,708	Payment conditions not satisfied yet
Total	185,700	–

SECTION 12 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.28 Receipts in advance

Item	31 December 2023	31 December 2022
Rental	1,613	–

5.29 Contract liabilities

Item	31 December 2023	31 December 2022
Engineering and construction contracting	2,531,889	2,439,508
Equipment manufacturing	1,017,718	718,864
Engineering design and consultancy	587,766	400,366
Total	4,137,373	3,558,738

Including: material contract liabilities aged over 1 year

Item	31 December 2023	Reasons for non-repayment or non-carryover
Company 1	122,573	Project not completed
Company 2	49,623	Project not completed
Company 3	46,047	Project not completed
Company 4	18,056	Project not completed
Company 5	16,036	Project not completed
Company 6	15,377	Project not completed
Total	267,712	–

SECTION 12 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.30 Employee compensation payables

Item	1 January 2023	Accrued	Paid	31 December 2023
Short-term employee benefits	130,137	2,172,048	2,143,491	158,694
Post-employment benefits – defined contribution plans	13,861	290,099	289,259	14,701
Termination benefits	66,508	70,504	76,329	60,683
Total	210,506	2,532,651	2,509,079	234,078

(1) Short-term employee compensation

Item	1 January 2023	Accrued	Paid	31 December 2023
Salaries, bonuses, and allowances	86,693	1,620,370	1,596,359	110,704
Employee welfare	–	118,548	118,548	–
Social insurance	3,977	154,587	152,649	5,915
Including: 1. Medical insurance and Maternity insurance	3,539	144,974	142,964	5,549
2. Work-related injury insurance	438	9,613	9,685	366
Housing fund	5,395	167,475	165,151	7,719
Union fund and employee education fund	29,605	42,067	40,658	31,014
Other short-term employee benefits	4,467	69,001	70,126	3,342
Total	130,137	2,172,048	2,143,491	158,694

SECTION 12 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.30 Employee compensation payables (Continued)

(2) Defined contribution plans

Item	1 January 2023	Accrued	Paid	31 December 2023
Post-employment benefits	13,861	290,099	289,259	14,701
Including: 1. Basic pension insurance	7,384	219,362	219,259	7,487
2. Unemployment insurance	1,016	9,059	9,133	942
3. Annuity	5,461	61,678	60,867	6,272
Total	13,861	290,099	289,259	14,701

5.31 Taxes payable

Item	31 December 2023	31 December 2022
Value added tax	87,659	102,519
Corporate income tax	34,166	79,142
Urban maintenance and construction tax	6,851	7,927
House property tax	2,723	1,172
Land use tax	1,405	1,136
Individual income tax	22,793	15,856
Educational surcharges (including local education surcharge)	4,785	5,427
Others	2,631	3,142
Total	163,013	216,321

5.32 Other payables

Item	31 December 2023	31 December 2022
Dividends payable	31,201	2,409
Other payables	1,508,476	1,875,892
Total	1,539,677	1,878,301

SECTION 12 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.32 Other payables (Continued)

(1) Dividends payable

Item	31 December 2023	31 December 2022
Ordinary share dividend	2,409	2,409
Dividends on perpetual bonds classified as equity instruments	28,792	–
Total	31,201	2,409

(2) Other payables

Item	31 December 2023	31 December 2022
Guarantees and deposits payable	730,470	1,126,517
Payables for advances	301,005	330,813
Temporary payment	222,528	210,735
Others	254,473	207,827
Total	1,508,476	1,875,892

Including: significant other payables with aging of more than 1 year

Entity	Closing balance	Reasons for non-repayment or non-carryover
Company 1	33,988	Payment conditions not satisfied yet
Company 2	19,310	Payment conditions not satisfied yet
Company 3	16,559	Payment conditions not satisfied yet
Company 4	12,730	Payment conditions not satisfied yet
Company 5	11,651	Payment conditions not satisfied yet
Total	94,238	–

**SECTION 12 FINANCIAL REPORT****5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****5.33 Non-current liabilities due within one year**

Item	31 December 2023	31 December 2022
Long-term loans due within one year	1,414,590	3,128,152
Lease liabilities due within one year	10,158	9,213
Total	1,424,748	3,137,365

5.34 Other current liabilities

Item	31 December 2023	31 December 2022
Pending VAT output	1,392,043	1,723,137
Endorsed or discounted Bills receivable but not yet matured	184,185	–
Total	1,576,228	1,723,137

SECTION 12 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.35 Long-term loans

Item	31 December 2023	31 December 2022
Credit loans	7,225,797	7,979,852
Guaranteed loans	368,624	405,300
Subtotal	7,594,421	8,385,152
Less: long-term loans due within one year	1,414,590	3,128,152
Total	6,179,831	5,257,000

Notes: As at 31 December 2023, the long-term loans rate range is 2.35% to 4.90%.

5.36 Lease liabilities

Item	31 December 2023	31 December 2022
Lease liabilities	39,506	20,333
Less: unrecognized financing expenses	3,220	2,586
Less: lease liabilities due within one year	10,158	9,213
Total	26,128	8,534

**SECTION 12 FINANCIAL REPORT****5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****5.37 Long-term payables**

Item	31 December 2023	31 December 2022
Special payables	1,069	1,480

(1) Special payables

Item	1 January 2023	Additions	Reductions	31 December 2023
Research funding for research and development of prototype of furnace- building robot for aluminum electrolysis cell lining	1,046	–	–	1,046
Others	434	460	871	23
Total	1,480	460	871	1,069

SECTION 12 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.38 Long-term employee compensation payables

Item	31 December 2023	31 December 2022
Post-employment benefits – net liabilities under defined benefit plan	496,124	583,558
Termination benefits	85,711	45,361
Subtotal	581,835	628,919
Less: Portion due within one year	60,683	66,508
Total	521,152	562,411



SECTION 12 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.38 Long-term employee compensation payables (Continued)

(1) Movements of defined benefit plan are listed as follows:

Present value of obligations of defined benefit plan

Item	31 December 2023	31 December 2022
I. Opening balance	628,919	681,001
II. Defined benefit cost included in current profit and loss	28,393	21,430
1. Current service cost	3,068	3,047
2. Past service cost	8,945	50
3. Net interest	16,380	19,040
4. Gains/(losses) excluded from other comprehensive income	–	–707
III. Defined benefit costs included in other comprehensive income	2,801	10,497
1. Actuarial gain	2,801	10,497
IV. Other changes	–78,278	–84,009
1. Benefits paid	–78,278	–84,009
V. Closing balance	581,835	628,919

SECTION 12 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.38 Long-term employee compensation payables (Continued)

(1) Movements of defined benefit plan are listed as follows: (Continued)

Net liabilities of defined benefit plan

Item	31 December 2023	31 December 2022
I. Opening balance	628,919	681,001
II. Defined benefit costs recognized in profit or loss for the period	28,393	20,501
III. Defined benefit costs recognized in other comprehensive income	2,801	11,425
IV. Benefits paid in the period	-78,278	-84,008
V. Closing balance	581,835	628,919

(2) The key actuarial assumptions

Item	31 December 2023	31 December 2022
Discount rate	2.75%	2.75%
Mortality rate	China Life Insurance Mortality Table (2010-2013)	China Life Insurance Mortality Table (2010-2013)
Annual increase rate of medical benefits	8.00%	8.00%
Annual growth rate of pension benefits for beneficiaries	4.50%	4.50%

SECTION 12 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.41 Other equity instruments

Outstanding financial instruments	Date of issuance	Stock interest rate or interest rate	Issue price	Quantity	Amount	Expiration date or renewal status	Conversion conditions	Conversion
Industrial Bank Renewable Trust Loan	FY 2022	Determined through listing pricing and centralized allocation	4.06	15,000	977,400	2+N years	N/A	N/A
Industrial Bank Renewable Trust Loan	FY 2022	Determined through listing pricing and centralized allocation	3.79	10,000	969,000	3+N years	N/A	N/A
Postal Savings Bank of China – 2023 First Medium Term Notes	FY2023	Determined through listing pricing and centralized allocation	100	15,000	1,497,600	2+N years	N/A	N/A
Postal Savings Bank of China – 2023 Second Medium Term Notes	FY2023	Determined through listing pricing and centralized allocation	100	13,000	1,297,920	2+N years	N/A	N/A
Total	-	-	-	53,000	4,741,920	-	-	-

Movements in preferred shares, perpetual bonds and other financial instruments outstanding at the end of the period:

Outstanding financial instruments	31 December 2022		Additions		Reductions		31 December 2023	
	Number	Book value	Number	Book value	Number	Book value	Number	Book value
Industrial Bank Renewable Trust Loan	15,000	1,464,685	-	-	5,000	487,285	10,000	977,400
Industrial Bank Renewable Trust Loan	10,000	969,000	-	-	-	-	10,000	969,000
Postal Savings Bank of China – 2023 First Medium Term Notes	-	-	15,000	1,497,600	-	-	15,000	1,497,600
Postal Savings Bank of China – 2023 Second Medium Term Notes	-	-	13,000	1,297,920	-	-	13,000	1,297,920
Total	25,000	2,433,685	28,000	2,795,520	5,000	487,285	48,000	4,741,920

SECTION 12 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.42 Capital reserves

Item	1 January 2023	Increase	Decrease	31 December 2023
Equity premium	910,049	–	–	910,049
Other capital reserves	9,208	37	20,505	–11,260
Total	919,257	37	20,505	898,789

5.43 Other comprehensive income

(1) Other comprehensive income attributable to the Company in the balance sheet:

Item	1 January 2023	Movements during the period		31 December 2023
		Net-of-tax amount attributable to the Company	Less: previously recognized amount transferred to retained earnings	
I. Items that will not be reclassified to profit or loss	55,766	–9,687	–	46,079
1. Remeasurement of net defined benefit plan	84,947	–2,996	–	81,951
2. Changes in fair value of other equity instrument investments	–29,181	–6,691	–	–35,872
II. Other comprehensive income reclassified into profit or loss	114,305	–7,484	–	106,821
1. Translation differences arising from translation of foreign currency financial statements	114,305	–7,484	–	106,821
Total other comprehensive income	170,071	–17,171	–	152,900

SECTION 12 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.43 Other comprehensive income (Continued)

(2) Other comprehensive income attributable to the Company in the income statement:

Item	Before-tax amount	Movements during the period				Net-of-tax amount attributable to the Company
		Less: previously recognized amount transferred to profit or loss	Less: income tax expense	Net-of-tax amount attributable to non-controlling interests	Net-of-tax amount attributable to the Company	
I. Items that will not be reclassified to profit or loss	-11,060	-	-2,009	636	-9,687	
1. Remeasurement of net defined benefit plan	-2,801	-	-703	898	-2,996	
2. Changes in fair value of other equity instrument investments	-8,259	-	-1,306	-262	-6,691	
II. Other comprehensive income reclassified into profit or loss	-7,484	-	-	-	-7,484	
1. Translation differences arising from translation of foreign currency financial statements	-7,484	-	-	-	-7,484	
Total other comprehensive income	-18,544	-	-2,009	636	-17,171	

SECTION 12 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.44 Special reserve

Item	1 January 2023	Increase	Decrease	31 December 2023
Production safety fee	219,378	219,549	219,947	218,980

5.45 Surplus reserve

Item	1 January 2023	Increase	Decrease	31 December 2023
Statutory surplus reserve	229,735	–	–	229,735

5.46 Retained earnings

Item	Amount incurred in the current period	Amount incurred in the previous period
Retained earnings as at 31 December 2022 (before adjustment)	599,235	794,977
Total adjustments for opening retained earnings (“+” for increase; “–” for decrease)	–	–179,673
Retained earnings as at 1 January 2023 (after adjustment)	599,235	615,304
Add: Net profits for the period attributable to shareholders of the Company	–2,657,963	112,458
Less: Appropriation for statutory surplus reserve	–	5,261
Interest payable on perpetual bonds	126,122	123,189
Others	–	77
Retained earnings as at 31 December 2023	–2,184,850	599,235

The impact of changes in accounting policies on retained earnings as at 1 January 2023 refer to Note 3.38.

SECTION 12 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.47 Operating revenue and operating costs

(1) Operating revenue and operating costs

Item	Amount incurred in the current period		Amount incurred in the previous period	
	Operating revenue	Operating Costs	Operating revenue	Operating Costs
Revenue from principal activities	22,098,434	20,199,825	23,421,699	20,469,622
Other operating activities	238,737	180,026	275,630	203,590
Total	22,337,171	20,379,851	23,697,329	20,673,212

(2) Operating revenue and operating costs by major segments

Major segments	Amount incurred in the current period		Amount incurred in the previous period	
	Revenue	Costs	Revenue	Costs
Principal activities:				
Engineering and construction contracting	16,887,260	16,175,085	18,540,289	16,655,965
Engineering survey, design and consultancy	2,759,062	1,875,413	2,618,018	1,857,299
Equipment manufacturing	2,452,112	2,149,327	2,401,123	2,100,629
Less: inter-segment elimination	-	-	137,731	144,271
Subtotal	22,098,434	20,199,825	23,421,699	20,469,622
Other operating activities:				
Sales of materials	70,828	64,705	124,014	98,411
Lease revenue	75,576	39,154	60,670	30,500
Others	92,333	76,167	102,153	77,698
Less: inter-segment elimination	-	-	11,207	3,019
Subtotal	238,737	180,026	275,630	203,590
Total	22,337,171	20,379,851	23,697,329	20,673,212

SECTION 12 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.47 Operating revenue and operating costs (Continued)

(3) Disaggregated information of operating income

① Operating revenue for the period by reporting segment

Segment	Amount incurred in the current period		
	Revenue from contracts with clients	Lease income	Total
Engineering and construction contracting	17,024,277	26,695	17,050,972
Engineering exploration, design and consultancy	2,773,351	20,738	2,794,089
Equipment manufacturing	2,463,967	28,143	2,492,110
Total	22,261,595	75,576	22,337,171

② Operating revenue for the period by revenue recognition time

Revenue recognition time	Amount incurred in the current period			Total
	Engineering and construction contracting	Engineering survey, design and consultancy	Equipment manufacturing	
Recognised at a point in time	-	-	1,476,830	1,476,830
Recognised over a period time	17,024,277	2,773,351	987,137	20,784,765
Total	17,024,277	2,773,351	2,463,967	22,261,595

SECTION 12 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.47 Operating revenue and operating costs (Continued)

(3) Disaggregated information of operating income (Continued)

③ Details of operating revenue

Item	Amount incurred in the current period	Amount incurred in the previous period
Operating revenue	22,337,171	23,697,329
Less: Revenue not related to principal activities	238,737	184,684
Operating revenue net of revenue not related to principal activities and revenue lacking commercial substance	22,098,434	23,512,645

5.48 Taxes and surcharges

Item	Amount incurred in the current period	Amount incurred in the previous period
House property tax	29,949	26,695
Urban maintenance and construction tax	24,664	31,272
Stamp tax	24,333	19,714
Land use tax	13,319	12,242
Educational surcharges	11,199	14,562
Local educational surcharges	7,475	9,832
Others	4,747	1,416
Total	115,686	115,733

Note: The criteria of taxes and surcharges accrued and paid refer to Note 4. Taxation.

**SECTION 12 FINANCIAL REPORT****5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****5.49 Selling and distribution expenses**

Item	Amount incurred in the current period	Amount incurred in the previous period
Employee compensation	105,548	87,815
Travel expenses	9,628	7,895
Business expense	6,118	5,398
External service expense	3,081	2,546
Bidding service expense	3,522	2,910
Rental expense	1,231	1,526
Sales service expense	1,163	7,895
Depreciation and amortization	1,012	626
Insurance expense	807	48
Warehousing and logistics	719	1,240
Others	8,265	1,374
Total	141,094	119,273

SECTION 12 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.50 General and administrative expenses

Item	Amount incurred in the current period	Amount incurred in the previous period
Employee compensation	723,475	700,635
Depreciation and amortization	111,307	99,928
Intermediary expenses	58,904	38,179
Office expenses	40,127	33,040
Travel expenses	33,017	22,604
Rental expense	28,039	31,849
Litigation expense	21,531	37,245
Business expenses	17,640	13,123
Repair expense	11,055	7,576
Utilities expense	10,606	9,303
Service expense	5,892	5,881
Publicity expense	4,507	1,142
Tax	2,507	2,144
Party development expenses	907	1,333
Others	65,219	65,095
Total	1,134,733	1,069,077

SECTION 12 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.51 Research and development expenses

Item	Amount incurred in the current period	Amount incurred in the previous period
Employee compensation	415,064	377,866
Raw materials and main materials	412,748	454,181
Outsourced R&D expenses	70,094	24,452
Depreciation and amortization	9,537	8,561
Auxiliary expense	3,222	2,836
Fuel and power	1,913	1,113
Other expenses	30,731	43,057
Total	943,309	912,066

5.52 Finance expenses

Item	Amount incurred in the current period	Amount incurred in the previous period
Total interest expense	422,358	497,018
Less: interest capitalization	23,801	3,793
Interest expense – Lease liability	1,141	661
Less: interest income	136,495	168,585
Exchange losses	233,996	611,295
Less: exchange gains	315,499	714,938
Handling charges	26,414	34,434
Interest expenses – Actuarial expense	16,380	17,404
Others	34,768	13,852
Total	259,262	287,348

SECTION 12 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.53 Other income

Item	Amount incurred in the current period	Amount incurred in the previous period
Income related	3,831	3,665

5.54 Investment income

Item	Amount incurred in the current period	Amount incurred in the previous period
Gain on long-term equity investment accounted for under the equity method	32,548	16,152
Investment income from disposal of long-term equity investments	7,231	121,357
Investment income during the holding period of other equity instrument investments	460	567
Gains/losses on derecognition of financial assets measured at amortized cost	–	16,532
Investment income from debt reorganization	–821	8,613
Others	–966	–
Total	38,452	163,221

5.55 Gains from change in fair value

Item	Amount incurred in the current period	Amount incurred in the previous period
Held-for-trading financial assets	506	–

SECTION 12 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.56 Impairment of credit losses

Item	Amount incurred in the current period	Amount incurred in the previous period
Impairment of credit losses on accounts receivable	-381,192	-456,452
Impairment of credit losses on other receivables	-119,274	165,894
Impairment of credit losses on long-term receivables	-19,100	-73,692
Total	-519,566	-364,250

5.57 Impairment losses on assets

Item	Amount incurred in the current period	Amount incurred in the previous period
Impairment losses on contract assets	-1,306,764	19,294
Impairment losses on inventories	-388,696	-43,165
Impairment losses on fixed assets	-6,172	-487
Other impairment losses	-133,208	-1,179
Total	-1,834,840	-25,537

5.58 Gains from assets disposal

Item	Amount incurred in the current period	Amount incurred in the previous period
Gains from disposals of fixed assets	-2,947	841
Gains from disposals of other non-current assets	974	-
Gains from disposals of intangible assets	6	-
Total	-1,967	841

SECTION 12 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.59 Non-operating income

Item	Amount incurred in the current period	Amount incurred in the previous period	Amount included in non-recurring gain or loss for the period
Approved unpayable balances	24,123	22,104	24,123
Income from fines	1,627	–	1,627
Income from liquidated damages	710	3,231	710
Others	6,755	6,109	6,755
Total	33,215	31,444	33,215

5.60 Non-operating expenses

Item	Amount incurred in the current period	Amount incurred in the previous period	Amount included in non-recurring gain or loss for the period
Compensation expenses	11,162	454	11,162
Penalty expenses	5,081	34,666	5,081
Loss on destruction and retirement of non-current assets	1,530	–	1,530
Reversal of written-off payables	1,169	–	1,169
Others	8,822	9,909	8,822
Total	27,764	45,029	27,764

SECTION 12 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.61 Income tax expenses

(1) Details of income tax expenses

Item	Amount incurred in the current period	Amount incurred in the previous period
Income tax expense for the year calculated according to the tax law and relevant regulations	75,328	129,799
Deferred income tax expense	-186,199	-49,657
Total	-110,871	80,142

(2) Reconciliation between income tax expenses and accounting profit is as follows:

Item	Amount incurred in the current period
Profits/losses before tax	-2,944,897
Expected income tax expenses at applicable tax rate	-441,735
Effect of different tax rates applied by subsidiaries	-49,982
Adjustment to income tax of previous years	5,927
Effect of gains or losses from joint ventures and associates accounted for using the equity method	-4,882
Effect of non-deductible costs, expenses and losses	25,301
Effect on opening balance of deferred tax due to changes in tax rate	-16
Effect of using the deductible temporary differences or deductible losses for which no deferred tax asset was recognized in the previous period	-18,486
Effect of deductible temporary differences or deductible losses for which no deferred tax asset was recognized this period	392,063
Effect of research and development expenses over-deduction	-19,061
Income tax expenses	-110,871

SECTION 12 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.62 Notes on cash flow statement

(1) Proceeds from other operating activities

Item	Amount incurred in the current period	Amount incurred in the previous period
Interest on demand deposits received	134,350	73,895
Government grants received related to income	39,231	50,655
Cash received for payment on behalf	–	54,234
Decrease in restricted cash	–	87,178
Others	6,446	55,505
Total	180,027	321,467

(2) Payment for other operating activities

Item	Amount incurred in the current period	Amount incurred in the previous period
Net imprests and transactions paid	176,118	451,980
R&D expense and intermediary fee paid	128,998	198,799
Office expense paid	46,245	149,523
Travel expense paid	33,017	68,577
Leasehold storage and logistics fees paid	29,989	–
Net repayment of provisional receipts	29,808	–
Bank handling fees paid	26,414	70,619
Litigation loss paid	21,531	8,303
Hospitality expense paid	17,640	18,061
Others	234,733	133,400
Total	744,493	1,099,262

**SECTION 12 FINANCIAL REPORT****5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****5.62 Notes on cash flow statement (Continued)****(3) Proceeds from other investing activities**

Item	Amount incurred in the current period	Amount incurred in the previous period
Others	–	7,648
Total	–	7,648

(4) Proceeds from other financing activities

Item	Amount incurred in the current period	Amount incurred in the previous period
Proceeds from bond issuance	2,800,000	2,500,000
Total	2,800,000	2,500,000

SECTION 12 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.62 Notes on cash flow statement (Continued)

(5) Payment for other financing activities

Item	Amount incurred in the current period	Amount incurred in the previous period
Payment of principal and interest of lease obligation	19,884	1,483
Perpetual bond issuance cost	24,880	2,898
Total	44,764	4,381

(6) Changes in liabilities arising from financing activities

Item	Opening balance	Change in Cash		Change in non-cash		Closing balance
		Cash inflow	Cash outflow	Interest accrued	others	
Short-term loans	4,184,225	2,728,516	5,569,225	332	-	1,343,848
Long-term loans	5,257,000	4,637,524	3,718,471	3,778	-	6,179,831
Long-term loans due within one year	3,128,152	-	1,727,352	13,790	-	1,414,590
Lease liability	8,534	-	19,884	1,141	38,619	26,128
Total	12,577,911	7,366,040	11,034,932	19,041	38,619	8,964,397

SECTION 12 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.63 Supplementary information on cash flow statement

(1) Supplementary information on cash flow statement

Item	Amount incurred in the current period	Amount incurred in the previous period
1. Reconciliation of net profit/loss to cash flows from operating activities:		
Net profit/loss	-2,834,026	204,831
Add: Impairment losses on assets	1,834,840	25,537
Impairment of credit losses	519,566	364,250
Depreciation of fixed assets	145,952	181,448
Depreciation of investment properties	23,539	-
Depreciation of right-of-use assets	9,890	12,873
Amortization of intangible assets	30,133	29,187
Amortization of long-term deferred expenses	48,788	72,866
Loss on disposal of fixed assets, intangible assets and other long-term assets (“-” for gains)	1,967	-841
Loss on scrapping of fixed assets (“-” for gains)	1,530	1,103
Loss on changes in fair value (“-” for gains)	-506	-
Finance expenses (“-” for income)	422,358	466,009
Investment loss (“-” for gains)	-38,452	-163,221
Decrease in deferred tax assets (“-” for increase)	-187,774	-48,993
Increase in deferred tax liability (“-” for decrease)	-605	1,364
Decrease in inventories (“-” for increase)	236,812	-336,697
Decrease in contract assets (“-” for increase)	329,876	-271,386
Decrease of operating receivables (“-” for increase)	713,788	1,032,837
Increase of operational payables (“-” for decrease)	-535,011	-1,046,299
Net cash flows from operating activities	722,665	524,870

SECTION 12 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.63 Supplementary information on cash flow statement (Continued)

(1) Supplementary information on cash flow statement (Continued)

Item	Amount incurred in the current period	Amount incurred in the previous period
2. Material investing and financing activities not requiring the use of cash:		
Conversion of debt into capital	–	–
Convertible bonds due within one year	–	–
New right-of-use assets in the current period	43,351	–
3. Net changes in cash and cash equivalents:		
Closing balance of cash	3,339,604	6,857,364
Less: Opening balance of cash	6,857,364	6,746,419
Add: Closing balance of cash equivalents	–	–
Less: Opening balance of cash equivalents	–	–
Net increase/decrease in cash and cash equivalents	–3,517,760	110,945

SECTION 12 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.63 Supplementary information on cash flow statement (Continued)

(2) Details of cash and cash equivalents

Item	31 December 2023	31 December 2022
1. Cash	3,339,604	6,857,364
Including: Cash in hand	1,359	4,051
Bank deposits available on demand	3,338,245	6,853,313
Other monetary funds available on demand	–	–
2. Cash equivalents	–	–
Including: Bond investments with a maturity of 3 months or less	–	–
3. Cash and cash equivalents as at 31 December 2023	3,339,604	6,857,364

5.64 Notes to statement of changes in shareholders' equity

- (1) Shareholders' contributions and decrease of capital for the period – other decrease of RMB7,753 thousand, including:
- ① Decrease of RMB6,151 thousand in the handling fee for the issuance of perpetual bonds originally included in the capital reserve of Chalico Hong Kong Corporation Limited due to the impact of the repayment of perpetual bonds;
 - ② Recognition of decrease in proportionate share of capital reserve of associates of RMB1,601 thousand.
- (2) Retained earnings

Other decrease of RMB126,121 thousand in retained earnings for the period is the impact of interest payments on perpetual bonds.

SECTION 12 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.65 Foreign currency translation

(1) Items in foreign currency

Item	Closing balance in foreign currency	Exchange rate	Closing balance translated into RMB
Cash and cash equivalents	–	–	877,221
Including: USD	97,898	7.0827	693,379
IDR	184,017,575	0.0005	92,009
INR	829,919	0.0851	70,626
VND	42,781,865	0.0003	12,835
MYR	4,892	1.54	7,533
SAR	221	1.8925	418
HKD	390	0.9062	354
EUR	5	7.8592	37
SGD	6	5.3772	30
Accounts receivable	–	–	2,081,612
Including: USD	248,462	7.0827	1,759,783
IDR	628,121,985	0.0005	289,564
VND	90,287,576	0.0003	26,797
MYR	1,606	1.54	2,474
INR	35,181	0.0851	2,994
Accounts payable	–	–	221,443
Including: USD	10,994	7.0827	77,865
IDR	267,991,593	0.0005	133,996
VND	30,892,565	0.0003	9,268
EUR	35	7.8592	271
INR	507	0.0851	43
Other accounts receivable	–	–	333,305
Including: USD	37,033	7.0827	262,293
IDR	141,505,262	0.0005	70,753
MYR	166	1.54	256
VND	11,283	0.0003	3
Other accounts payable	–	–	663
Including: USD	16	7.0827	111
IDR	901,887	0.0005	451
INR	1,187	0.0851	101

**SECTION 12 FINANCIAL REPORT****5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****5.65 Foreign currency translation (Continued)****(2) Foreign operations**

Significant foreign entity	Principal place of business	Local reporting currency	Selection basis
Chalieco Hong Kong Corporation Limited	Hong Kong, China	USD	Business income

5.66 Assets with restricted ownership or use rights

Item	Closing carrying amount	Reason for restriction
Cash and cash equivalents	721,686	Frozen deposit, Letter of credit deposit, Letter of guarantee deposit, Bank's acceptance bill deposit
Bills receivable	1,000	Pledged
Receivable financing	6,997	Pledged
Accounts receivable	59,469	Pledged

SECTION 12 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.67 Leases

(1) As the lessee

Item	Amount incurred in the current period
Interest expense of lease liability	1,141
Total cash outflows related to lease	49,154
Total	50,295

(2) As the lessor

For operating lease

Subsequent to balance sheet date	Closing balance
1st year	62,887
2nd year	63,760
3rd year	62,277
4th year	61,314
5th year	62,020
Total	312,258

SECTION 12 FINANCIAL REPORT

6. INTEREST IN OTHER ENTITIES

6.1 Interests in subsidiaries

(1) Material composition of the Company

Name	Business Type	Principal place of business	Place of incorporation	Business nature	Shareholding%		Acquisition method
					Direct	Indirect	
China Nonferrous Metals Processing Technology Co., Ltd.	1	Luoyang, Henan	High-tech Zone, Luoyang City	Technical development and equipment sales	92.35	-	2
China Sixth Metallurgical Construction Co., Ltd.	1	Zhengzhou, Henan	Huaine Road, Zhengzhou City	Construction projects	100.00	-	2
CINF Engineering Co., Ltd.	1	Changsha, Hunan	Furong District, Changsha City	Survey and design	100.00	-	2
Jiuye Construction Co., Ltd.	1	Xianyang, Shanxi	Weicheng District, Xianyang City, Shaanxi Province	Engineering construction	73.17	-	3
Shenyang Aluminum and Magnesium Engineering and Research Institute Company Limited	1	Shenyang, Liaoning	Heping District, Shenyang City	Engineering survey and design	100.00	-	1
China Nonferrous Metals Industry's 12th Metallurgical Construction Co., Ltd.	1	Taiyuan, Shanxi	Xinghualing District, Taiyuan City	Construction projects	100.00	-	2
China Nonferrous Metal Changsha Survey and Design Institute Co., Ltd.	1	Changsha, Hunan	Furong District, Changsha City	Survey and design	100.00	-	2
Guiyang Aluminium Magnesium Design & Research Institute Co., Ltd.	1	Guiyang, Guizhou	Guanshanhui District, Guiyang City	Design consultancy	100.00	-	1
Kunming Prospecting Design Institute Of China Nonferrous Metals Industry Co., Ltd	1	Kunming, Yunnan	Panlong District, Kunming City	Engineering survey and design	100.00	-	2
Kunming Engineering & Research Institute of Nonferrous Metallurgy Co., Ltd.	1	Kunming, Yunnan	Panlong District, Kunming City	Engineering survey and design	67.00	-	2

Note:

- 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.

SECTION 12 FINANCIAL REPORT

6. INTEREST IN OTHER ENTITIES (CONTINUED)

6.1 Interests in subsidiaries (Continued)

(2) Material non-wholly owned subsidiaries:

Name	Percentage of ownership interest held by non-controlling interests %	Profit or loss attributable to non-controlling shareholders during the period	Dividend declared to non-controlling shareholders during the period	Balance of non-controlling interests as at the end of the period
Jiuye Construction Co., Ltd.	26.83	-85,372	-	219,897
China Aluminum Shandong Engineering Technology Corporation Limited	40.00	-168,694	-	-106,714
Kunming Engineering & Research Institute of Nonferrous Metallurgy Co., Ltd.	33.00	-25,819	-	-11,921
China Nonferrous Metals Processing Technology Co., Ltd.	7.65	2,347	-	4,818

(3) Key financial information about material non-wholly owned subsidiaries:

Name	Current assets	Non-current assets	As at 31 December 2023			Total liabilities
			Total assets	Current liabilities	Non-current liabilities	
China Nonferrous Metals Processing Technology Co., Ltd.	1,099,704	1,078,512	2,178,216	1,514,017	62,408	1,576,425
Jiuye Construction Co., Ltd.	8,113,993	1,277,044	9,391,037	6,500,721	1,054,271	7,554,992
China Aluminum Shandong Engineering Technology Corporation Limited	576,092	125,971	702,063	971,496	16,000	987,496
Kunming Engineering & Research Institute of Nonferrous Metallurgy Co., Ltd.	432,963	100,031	532,994	237,722	115,632	353,354



SECTION 12 FINANCIAL REPORT

6. INTEREST IN OTHER ENTITIES (CONTINUED)

6.1 Interests in subsidiaries (Continued)

(3) Key financial information about material non-wholly owned subsidiaries: (Continued)

Name	Current assets	Non-current assets	As at 31 December 2022			Total liabilities
			Total assets	Current liabilities	Non-current liabilities	
China Nonferrous Metals Processing Technology Co., Ltd.	1,104,737	1,089,942	2,194,679	1,526,557	69,244	1,595,801
Jiuye Construction Co., Ltd.	8,467,088	1,173,144	9,640,232	7,181,416	261,659	7,443,075
China Aluminum Shandong Engineering Technology Corporation Limited	841,012	148,248	989,260	821,461	16,000	837,461
Kunming Engineering & Research Institute of Nonferrous Metallurgy Co., Ltd.	442,532	69,663	512,195	450,220	101,303	551,523

SECTION 12 FINANCIAL REPORT

6. INTEREST IN OTHER ENTITIES (CONTINUED)

6.1 Interests in subsidiaries (Continued)

(3) Key financial information about material non-wholly owned subsidiaries:
(Continued)

Name	Amount incurred in the current period			Cash flows from operating activities
	Operating revenue	Net profit	Total comprehensive income	
China Nonferrous Metals Processing Technology Co., Ltd.	1,268,163	21,959	21,368	302,425
Jiuye Construction Co., Ltd.	4,535,339	-343,879	-345,391	136,341
China Aluminum Shandong Engineering Technology Corporation Limited	357,039	-435,509	-435,509	-33,333
Kunming Engineering & Research Institute of Nonferrous Metallurgy Co., Ltd.	225,942	75,574	78,980	-59,063

Name	Amount incurred in the previous period			Cash flows from operating activities
	Operating revenue	Net profit	Total comprehensive income	
China Nonferrous Metals Processing Technology Co., Ltd.	951,055	16,413	15,952	92,188
Jiuye Construction Co., Ltd.	5,583,744	13,291	14,546	202,837
China Aluminum Shandong Engineering Technology Corporation Limited	534,149	-121,173	-121,173	40,378
Kunming Engineering & Research Institute of Nonferrous Metallurgy Co., Ltd.	287,377	115,389	110,299	162,442

SECTION 12 FINANCIAL REPORT

6. INTEREST IN OTHER ENTITIES (CONTINUED)

6.2 Changes in the scope of consolidation due to other reasons

Former subsidiaries no longer included in the scope of consolidation during the period

(1) Basic information of former subsidiaries

No.	Name	Place of incorporation	Business nature	Shareholding (%)	Voting rights (%)	Reason
1	Shanghai CHINALCO International Supply chain management Co., Ltd.	Pudong, Shanghai	Trading	70.00	70.00	Deregister
2	Chalieco Shandong Chemical Industry Co., Ltd.	Zibo, Shandong	Trading	100.00	100.00	Deregister
3	Chalieco Yunnan Aluminum Application Engineering Co., Ltd.	Qujing, Yunnan	Metal products	100.00	100.00	Deregister
4	Shanghai Chalieco Fengyuan Equity Investment Fund Partnership (Limited Partner)	Pudong, Shanghai	Equity investment	99.95	99.95	Deregister
5	Changsha Tongxiang construction Co., Ltd.	Changsha, Hunan	Construction	100.00	100.00	Deregister
6	Huachu High-tech (Hunan) Co., Ltd.	Xiangtan, Hunan	Technology research	100.00	100.00	Deregister
7	Chalieco 12MCC construction Co., Ltd.	Incheon, Korea	Construction	80.00	80.00	Equity transfer
8	China Nonferrous Metals Industry's Twelfth Metallurgical Chongqing Energy Savings Technology Co., Ltd.	Nanan, Chongqing	Contractual energy management	100.00	100.00	Deregister
9	Sixth metallurgical Xinjiang construction Co., Ltd.	Alaer, Xinjiang	Construction	100.00	100.00	Deregister

SECTION 12 FINANCIAL REPORT

6. INTEREST IN OTHER ENTITIES (CONTINUED)

6.2 Changes in the scope of consolidation due to other reasons (Continued)

(2) Financial position of subsidiaries sold during the period at the date of transfer

Item	Chalieco 12MCC construction Co., Ltd.	
	Sale date	31 December 2022
Current assets	26	4,833
Fix assets	4	4
Current liabilities	9,205	1,437
Shareholder's equity	-9,176	3,532

(3) Financial performance of subsidiaries sold during the period at the transfer date

Item	Chalieco 12MCC construction Co., Ltd.	
	31 December 2022 to sale date	Amount incurred in the current period
Operating revenue	—	—
Operating costs	—	—
Expenses for the period	-7,394	—
Operating profit/(losses)	-12,393	—
Profit/(losses) before income tax	-12,393	—
Income tax expenses	131	—
Net profit/(losses)	-12,524	—

SECTION 12 FINANCIAL REPORT

6. INTEREST IN OTHER ENTITIES (CONTINUED)

6.3 Interests in joint ventures or associates

(1) Material joint ventures or associates

Name	Principal place of business	Registration place	Business nature	Shareholding (%)		Accounting treatment of investments in joint ventures or associates
				Direct	Indirect	
① Joint ventures						
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 Associates						
Taikang Haowen construction Co., Ltd.	Henan	Henan	Building construction	-	47.50	Equity method
Loudi Haochuang development construction Co., Ltd.	Hunan	Hunan	Civil engineering construction	-	40.00	Equity method
Zhuzhou Tianqiao Crane Co., Ltd.	Hunan	Hunan	Manufacturing	3.80	-	Equity method

SECTION 12 FINANCIAL REPORT

6. INTEREST IN OTHER ENTITIES (CONTINUED)

6.3 Interests in joint ventures or associates (Continued)

(2) Key financial information of material joint ventures

Item	Shanghai Fengtong Equity Investment Fund Partnership (Limited Partnership)		Zhongji Sunward Technology Co., Ltd.	
	As at	As at	As at	As at
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Current assets	70,116	70,245	260,446	269,774
Non-current assets	-	-	10,711	11,534
Total assets	70,116	70,245	271,157	281,308
Current liabilities	10,550	11,511	151,342	171,061
Non-current liabilities	-	-	-	-
Total liabilities	10,550	11,511	151,342	171,061
Net assets	59,566	58,734	119,815	110,247
Adjustment:	-	-	-270	-
Carrying amount of equity investment in joint ventures	8,843	8,862	58,709	54,021
Fair value of equity investments with publicly quoted prices	-	-	-	-



SECTION 12 FINANCIAL REPORT

6. INTEREST IN OTHER ENTITIES (CONTINUED)

6.3 Interests in joint ventures or associates (Continued)

(2) Key financial information of material joint ventures (Continued)

Item	Shanghai Fengtong Equity Investment Fund Partnership (Limited Partnership)		Zhongji Sunward Technology Co., Ltd.	
	Amount incurred in the current period	Amount incurred in the previous period	Amount incurred in the current period	Amount incurred in the previous period
Operating revenue	-	-	173,134	294,095
Finance expenses	-24	-8	-530	626
Income tax expenses	-	-	-1,918	-1,638
Net profit	-167	102	10,120	8,210
Other comprehensive income	-	-	-	-
Total comprehensive income	-167	102	10,120	8,210
Dividends received from joint ventures during the year	-	-	-	-

SECTION 12 FINANCIAL REPORT

6. INTEREST IN OTHER ENTITIES (CONTINUED)

6.3 Interests in joint ventures or associates (Continued)

(3) Key financial information of material associates

Item	Taikang Haowen construction Co., Ltd.		Loudi Haochuang development construction Co., Ltd.		Zhuzhou Tianqiao Crane Co., Ltd.	
	As at 31 December 2023	As at 31 December 2022	As at 31 December 2023	As at 31 December 2022	Closing balance (third-quarter report)	As at 31 December 2022
Current assets	126,652	472,193	77,371	103,972	3,109,036	3,025,078
Non-current assets	735,077	456,595	613,842	588,088	1,003,549	1,130,539
Total assets	861,729	928,788	691,213	692,060	4,112,585	4,155,617
Current liabilities	-32,451	-25,392	21,413	19,260	1,618,709	1,592,388
Non-current liabilities	660,000	720,000	511,000	514,000	184,650	124,626
Total liabilities	627,549	694,608	532,413	533,260	1,803,359	1,717,014
Net assets	234,180	234,180	158,800	158,800	2,309,226	2,438,603
Company's share of net assets	108,640	108,640	100,000	100,000	174,424	174,538
Adjustments	-	-	-	-	-	-
Carrying amount of interests in associates	108,640	108,640	100,000	100,000	174,424	174,538
Fair value of investments in associates which have quoted market price	-	-	-	-	-	-

SECTION 12 FINANCIAL REPORT

6. INTEREST IN OTHER ENTITIES (CONTINUED)

6.3 Interests in joint ventures or associates (Continued)

(3) Key financial information of material associates (Continued)

Item	Taikang Haowen construction Co., Ltd.		Loudi Haochuang development construction Co., Ltd.		Zhuzhou Tianqiao Crane Co., Ltd.	
	Amount incurred in the current period	Amount incurred in the previous period	Amount incurred in the current period	Amount incurred in the previous period	Amount incurred in first three quarters (of fiscal year)	Amount incurred in the previous period
Operating revenue	-	-	-	-	948,987	1,586,342
Net profit	-	-	-	-	-12,333	35,854
Other comprehensive income	-	-	-	-	-95,087	-69,192
Total comprehensive income	-	-	-	-	-107,420	-33,338
Dividends received from associates during this period	-	-	-	-	-	-

7. GOVERNMENT GRANTS

7.1 Government grants recognized in deferred revenue

Item	1 January 2023	Increase	Decrease	31 December 2023
Tongchuan New District Urban Roads + Underground Comprehensive Pipeline Corridor Overall Package PPP Project	44,900	7,000	-	51,900
Policy support payments for the overall relocation of the Shandong subsidiary	16,000	-	-	16,000
Others	350	32,231	20,819	11,762
Total	61,250	39,231	20,819	79,662

SECTION 12 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.

8.1 Risk management objectives and policies

Main risks associated with the Company's financial instruments include credit risk, liquidity risk and market risk (including foreign exchange risk, interest rate risk and other price risks).

(1) Credit risk

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 cash flows 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 impairment of credit losses for unrecoverable receivables. See Notes 3.11 above for expected credit loss policies.

SECTION 12 FINANCIAL REPORT

8. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

8.1 Risk management objectives and policies (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.

(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.

a. Interest rate risk

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 arise from both recognized interest-bearing financial instruments and unrecognized financial instruments (e.g. certain loan commitments).

The Company's interest rate risk arises mainly from long-term interest-bearing debt such as long-term bank borrowings and bonds payable. Financial liabilities with floating interest rates expose the Company to cash flow interest rate risk, while financial liabilities with fixed interest rates expose the Company to fair value interest rate risk. The Company determines the relative proportions of fixed-rate and floating-rate contracts based on the prevailing market conditions and maintains an appropriate mix of fixed-rate and floating-rate instruments through regular reviews and monitoring.

SECTION 12 FINANCIAL REPORT

8. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

8.1 Risk management objectives and policies (Continued)

(3) Market risk (Continued)

a. Interest rate risk (Continued)

The Company closely monitors the impact of interest rate changes on the Company's interest rate risk. The Company does not currently have an interest rate hedging policy. However, management is responsible for monitoring interest rate risk and will consider hedging significant interest rate exposure when required. An increase in interest rates could increase the cost of new interest-bearing debt as well as interest expense on the Company's outstanding interest-bearing debt with floating interest rates and have a material adverse effect on the Company's financial results. Management will make timely adjustments based on the most recent market conditions, which may be in the form of interest rate swaps arranged to reduce interest rate risk.

For financial instruments held at the balance sheet date that expose the Company to fair value interest rate risk, the effect on net income and shareholders' equity in the sensitivity analysis above is the effect of re-measuring the above financial instruments at the new interest rate, assuming that the change in interest rates occurs at the balance sheet date. For floating rate non-derivative instruments held at the balance sheet date that expose the Company to cash flow interest rate risk, the impact on net profit and shareholders' equity in the above sensitivity analysis is the impact of the change in the above interest rates on interest expense or income estimated on an annualized basis. The analysis for the prior year was based on the same assumptions and methodology.



SECTION 12 FINANCIAL REPORT

8. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

8.1 Risk management objectives and policies (Continued)

(3) Market risk (Continued)

b. Exchange rate risk

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 exchange rate risk mainly comes from financial instruments denominated in foreign currencies other than the functional currency.

Exchange rate risk mainly represents the exposure of the Company's financial position and cash flows to fluctuations in foreign exchange rates. Except for the subsidiary established in Hong Kong which holds assets denominated in Hong Kong dollars, there is only a small amount of Hong Kong market investment business, and the proportion of foreign currency assets and liabilities held by the Company to the overall assets and liabilities is insignificant. Therefore, the Company considers that the exposure to exchange rate risk is not material.

8.2 Capital management

The capital management policies of the Company are made to ensure the continuous operation of the Company, in order to provide returns to shareholders and benefits to other stakeholders and to maintain the optimum capital structure for minimizing capital costs.

In order to maintain or adjust the capital structure, the Company may adjust dividends paid to shareholders, return capital to shareholders, issue new shares or dispose of assets to reduce its debts.

SECTION 12 FINANCIAL REPORT

8. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

8.2 Capital management (Continued)

The Company manages its 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 Short-term loans, Long-term loans due within one year and Bond payable due within one year, Bonds payable and Long-term loans) less cash and cash equivalents listed in Cash Flow Statement. Total capital includes shareholders' equity attributable to the parent company and non-controlling interest.

The Company monitors capital management by using the gearing ratio which is shown as follows:

Item	31 December 2023	31 December 2022
Short-term loans	1,343,848	4,184,225
Long-term loans due within one year	1,414,590	3,128,152
Long-term loans	6,179,831	5,257,000
Less: Cash and cash equivalents listed in Cash Flow Statement	3,339,604	6,857,364
Net debts	5,598,665	5,712,013
Total equity attributable to equity owners of the Company	7,254,500	10,455,988
Total capital	12,853,165	16,168,001
Gearing ratio	43.56%	35.33%

SECTION 12 FINANCIAL REPORT

9. FAIR VALUE

The level in which fair value measurement is categorised is determined by the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement. The levels are defined as follows:

Level 1 inputs: unadjusted quoted prices in active markets that are observable at the measurement date for identical assets or liabilities.

Level 2 inputs: inputs other than Level 1 inputs that are either directly or indirectly observable for underlying assets or liabilities.

Level 3 inputs: inputs that are unobservable for underlying assets or liabilities.

As at 31 December 2023, the assets and liabilities measured at fair value are listed as follows according to the above three levels:

Item	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
I. Recurring fair value measurement	–	–	1,203,241	1,203,241
Financing receivables	–	–	453,487	453,487
Financial assets classified as FVOCI	–	–	49,248	49,248
Financial assets classified as FVTPL	–	–	700,506	700,506

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 12 FINANCIAL REPORT

10. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

10.1 Information about the parent of the Company

Name	Registration place	Business nature	Registered capital (RMB0,000)	Shareholding percentage %	Percentage of voting rights %
Aluminum Corporation of China	PRC	Mineral resources (excluding oil and natural gas) development, nonferrous metal smelting and processing, related trading and engineering and technical services	2,520,000	76.50	76.50

The ultimate controlling party of the Company is Aluminum Corporation of China (which is owned and controlled by SASAC). On 31 December 2023, China Aluminum Group directly held 73.56% equity interest in the Company and indirectly held 2.94% equity interest in the Company through its subsidiary, Luoyang Institute. China Aluminum Group held in aggregate a 76.50% equity interest in the Company.

10.2 Information about the subsidiaries of the Company

For details about the material subsidiaries of the Company, refer to Note 6.1.

SECTION 12 FINANCIAL REPORT

10. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

10.3 Information about joint ventures and associates of the Company

For details about the material joint ventures and associates of the Company, refer to Note 6.3.

Other joint ventures or associates that had related-party transactions with the Company during the current period, or had balances resulting from related-party transactions with the Company in prior periods, are described below:

Name	Related party relationship
Yunnan Linshuang Expressway Co., Ltd.	An associate of the Company
Loudi Haochuang development construction Co., Ltd.	An associate of the Company
Yunnan Miyu Expressway Investment and Development Co., Ltd.	An associate of the Company
Yunnan Ningyong Expressway Co., Ltd.	An associate of the Company
Taikang Haowen construction Co., Ltd.	An associate of the Company
Yunnan Linyun Expressway Co., Ltd.	An associate of the Company
Sichuan Chuannan Rail Transit Operation Co., Ltd.	An associate of the Company
Tongchuan Zhaojin Cadre College Construction Operation Management Co., Ltd.	An associate of the Company
Guizhou Zhongcheng Education Construction Operation Management Co., Ltd.	An associate of the Company
Guizhou Tongye Construction Development Co., Ltd.	An associate of the Company
Luoyang Huazhong Aluminum Co., Ltd.	An associate of the Company
Chinalco Shituo Intelligent Technology Co., Ltd.	An associate of the Company
Jiangsu CNPT-Rabily Industrial Co., Ltd.	An associate of the Company
Qinghai Chinalco Industrial Services Co., Ltd.	An associate of the Company
Zhongji Sunward Technology Co., Ltd.	A joint venture of the Company

SECTION 12 FINANCIAL REPORT

10. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

10.4 Information about other related parties

Name	Related party relationship
Zunyi Aluminum Co., Ltd.	Ultimately controlled by the same parent
Zibo Dongshan Industrial Co., Ltd.	Ultimately controlled by the same parent
Zibo Dadi Real Estate Development Co., Ltd.	Ultimately controlled by the same parent
Chongqing Swa Construction Engineering Co.Ltd.	Ultimately controlled by the same parent
Chongqing Swa Mechanical & Electrical Equipment Engineering Co., Ltd.	Ultimately controlled by the same parent
Chongqing Guochuang Light Alloy Research Institute Co., Ltd.	Ultimately controlled by the same parent
Chinalco Shanxi Advanced Materials Co., Ltd.	Ultimately controlled by the same parent
Zhongzhou Branch of Aluminum Corporation of China Limited	Ultimately controlled by the same parent
Shanxi Chinalco Huarun Co., Ltd.	Ultimately controlled by the same parent
China Copper Tibet Mining Co., Ltd.	Ultimately controlled by the same parent
China Copper Mineral Resources Co., Ltd.	Ultimately controlled by the same parent
China Copper Huazhong Copper Co., Ltd.	Ultimately controlled by the same parent
China Copper Southeast Copper Co., Ltd.	Ultimately controlled by the same parent
China Copper (Shanghai) Copper Industry Co., Ltd	Ultimately controlled by the same parent
Chinalco Shanxi Advanced Materials Co., Ltd.	Ultimately controlled by the same parent
Chinalco Asset Management Co., Ltd.	Ultimately controlled by the same parent
Chinalco Capital Holdings Limited	Ultimately controlled by the same parent
Chinalco Zhongzhou Advanced Materials Technology Co., Ltd.	Ultimately controlled by the same parent
Chinalco Zhongzhou Aluminum Co., Ltd.	Ultimately controlled by the same parent
Chinalco Zhongzhou Mining Co., Ltd.	Ultimately controlled by the same parent
Chinalco Intelligence Copper Innovation Science & Technology (Yunnan) Co., Ltd.	Ultimately controlled by the same parent
Chinalco Intelligent Digital Dimension (Hangzhou) Engineering Design & Research Institute Co., Ltd.	Ultimately controlled by the same parent
Chinalco Intelligent Technology Development Co., Ltd.	Ultimately controlled by the same parent
Chalco Zhengzhou Nonferrous Metals Research Institute Co., Ltd.	Ultimately controlled by the same parent
Chinalco Information Technology Co., Ltd.	Ultimately controlled by the same parent
Chinalco Advanced Materials Co., Ltd.	Ultimately controlled by the same parent
Chinalco Southwest Aluminum Cold Rolled Strip Co., Ltd.	Ultimately controlled by the same parent
Chinalco Southwest Aluminum Sheet & Strip Co., Ltd.	Ultimately controlled by the same parent
Chalco Materials Co., Ltd.	Ultimately controlled by the same parent
Chalco Materials Supply & Marketing Co., Ltd.	Ultimately controlled by the same parent
Chinalco Logistics Group (Chongqing) Co., Ltd.	Ultimately controlled by the same parent

SECTION 12 FINANCIAL REPORT

10. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

10.4 Information about other related parties (Continued)

Name	Related party relationship
The Middle International Inland Port of China Aluminum Logistics Group Ltd.	Ultimately controlled by the same parent
Chinalco Logistics Group Co., Ltd.	Ultimately controlled by the same parent
Chinalco Logistics Group Southeast Asia International Land Port Co., Ltd.	Ultimately controlled by the same parent
Chinalco Investment Development Co., Ltd.	Ultimately controlled by the same parent
Chalco 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 Commercial Factoring Co., Ltd.	Ultimately controlled by the same parent
Chinalco Shanxi Aluminum Co., Ltd. (Xiaoyi aluminum ore)	Ultimately controlled by the same parent
Chinalco Shanxi Aluminum Co., Ltd.	Ultimately controlled by the same parent
Chalco Shandong Co., Ltd.	Ultimately controlled by the same parent
Chinalco Shandong Advanced Materials Co., Ltd.	Ultimately controlled by the same parent
Chinalco Shandong Advanced Materials Co., Ltd.	Ultimately controlled by the same parent
Chinalco Shandong Environment protection technology Co., Ltd.	Ultimately controlled by the same parent
Chalco Sapa Special Aluminum Materials (Chongqing) Co., Ltd.	Ultimately controlled by the same parent
Chinalco Lubrication Technology Co., Ltd.	Ultimately controlled by the same parent
Chinalco Ruimin Co., Ltd.	Ultimately controlled by the same parent
Chalco Aluminum & Electric Co., Ltd.	Ultimately controlled by the same parent
Chalco Qingdao Light Metal Co., Ltd.	Ultimately controlled by the same parent
China Aluminum Ningxia Energy Group Co., Ltd.	Ultimately controlled by the same parent
Chalco Neimenggu Resources Development Co., Ltd.	Ultimately controlled by the same parent
Minera China Ico Peru	Ultimately controlled by the same parent
Chinalco Luoyang Copper Co., Ltd.	Ultimately controlled by the same parent
Chinalco Luoyang Copper Processing Co., Ltd.	Ultimately controlled by the same parent
Chalco Mining Co., Ltd.	Ultimately controlled by the same parent
Chalco Mining Co., Ltd.	Ultimately controlled by the same parent
Chinalco Science and Technology Research Institute Co., Ltd.	Ultimately controlled by the same parent
Chinalco Group Shanxi Jiaokou Xinghua Science and Technology Co., Ltd.	Ultimately controlled by the same parent
Chinalco Group Shanxi Jiaokou Xinghua Science and Technology Co., Ltd.	Ultimately controlled by the same parent
Chinalco Environmental Protection and Energy Saving Group Co., Ltd.	Ultimately controlled by the same parent
China Copper Huazhong Copper Co., Ltd.	Ultimately controlled by the same parent
Chinalco Henan Aluminum Co., Ltd.	Ultimately controlled by the same parent
Chinalco Henan Luoyang Aluminum Processing Co., Ltd.	Ultimately controlled by the same parent
Chinalco Henan Luoyang Aluminum Foil Co., Ltd.	Ultimately controlled by the same parent
Chalco International Trade Co., Ltd.	Ultimately controlled by the same parent
Chalco International Trade Group Co., Ltd.	Ultimately controlled by the same parent

SECTION 12 FINANCIAL REPORT

10. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

10.4 Information about other related parties (Continued)

Name	Related party relationship
Chinalco Guangxi Nonferrous Rare Earth Development Co., Ltd.	Ultimately controlled by the same parent
Chinalco Industrial Service Co., Ltd.	Ultimately controlled by the same parent
Chinalco Innovation Development Investment Co., Ltd.	Ultimately controlled by the same parent
Chinalco Materials Application Research Institute Co., Ltd.	Ultimately controlled by the same parent
China Aluminum Insurance Brokerage (Beijing) Co., Ltd	Ultimately controlled by the same parent
China Aluminum Insurance Brokerage (Beijing) Co., Ltd	Ultimately controlled by the same parent
Chalco (Shanghai) Carbon Co., Ltd.	Ultimately controlled by the same parent
China Changcheng Aluminum Co., Ltd.	Ultimately controlled by the same parent
China Yunnan International Economic and Technical Cooperation Co., Ltd.	Ultimately controlled by the same parent
China Copper Industry Co., Ltd	Ultimately controlled by the same parent
Chalco Zunyi Alumina Co., Ltd.	Ultimately controlled by the same parent
Chalco Hong Kong Limited	Ultimately controlled by the same parent
Chalco Guinea Limited	Ultimately controlled by the same parent
Aluminum Corporation of China Limited	Ultimately controlled by the same parent
Zhengzhou Chinalco Construction and Development Co., Ltd.	Ultimately controlled by the same parent
Zhengzhou Yinjian Real Estate Co., Ltd.	Ultimately controlled by the same parent
Zhengzhou Aluminum & Magnesium Technology Co., Ltd.	Ultimately controlled by the same parent
Zhengzhou Aluminum City Labor Service Company	Ultimately controlled by the same parent
Yunnan Copper Real Estate Co., Ltd.	Ultimately controlled by the same parent
Yunnan Copper Real Estate Co., Ltd.	Ultimately controlled by the same parent
Yunnan Zhonghui Energy Co., Ltd.	Ultimately controlled by the same parent
Yunnan Yuntong Zinc Co., Ltd.	Ultimately controlled by the same parent
Yunnan Yunlv Zexin Aluminum Industry Co, Ltd	Ultimately controlled by the same parent
Yunnan Yunlv Yongxin Aluminum Industry Co, Ltd	Ultimately controlled by the same parent
Yunnan Yunlv Logistik investment Co, Ltd	Ultimately controlled by the same parent
Yunnan Yunlv Runxin Aluminum Industry Co, Ltd	Ultimately controlled by the same parent
Yunnan Yunlv Lvyuan Huibang Engineering Technology Co., Ltd.	Ultimately controlled by the same parent
Yunnan Yunlv Huixin Economic and Trade Co., Ltd.	Ultimately controlled by the same parent
Yunnan Yunlv Haixin Aluminum Co., Ltd.	Ultimately controlled by the same parent
Yunnan Yuanxin Carbon Co., Ltd.	Ultimately controlled by the same parent
Yunnan Yongchang Lead & Zinc Co., Ltd.	Ultimately controlled by the same parent
Yunnan Metallurgical Renda Information Technology Industry Co., Ltd.	Ultimately controlled by the same parent
Yunnan Metallurgical Kunming Heavy Industry Co., Ltd.	Ultimately controlled by the same parent
Yunnan Metallurgical Group Jinshui Property Management Co., Ltd.	Ultimately controlled by the same parent
Yunnan Metallurgical Group Co., Ltd.	Ultimately controlled by the same parent

SECTION 12 FINANCIAL REPORT

10. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

10.4 Information about other related parties (Continued)

Name	Related party relationship
Yunnan Wenshan Aluminum 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 Technology Development Co., Ltd.	Ultimately controlled by the same parent
Yunnan Copper Co., Ltd.	Ultimately controlled by the same parent
Yunnan Copper Senior Technical School	Ultimately controlled by the same parent
Yunnan Copper Real Estate Development Co., Ltd.	Ultimately controlled by the same parent
Yunnan Copper(Group) Co., Ltd.	Ultimately controlled by the same parent
Yunnan Copper (Group) Titanium Co., Ltd.	Ultimately controlled by the same parent
Yunnan Aluminium Co., Ltd.	Ultimately controlled by the same parent
Yunnan Lancang Lead Mining Co., Ltd.	Ultimately controlled by the same parent
Yunnan Keli Environmental Protection Co., Ltd.	Ultimately controlled by the same parent
Yunnan Jinsha Mining Co., Ltd.	Ultimately controlled by the same parent
Yunnan Jinding Zinc Industry Co., Ltd.	Ultimately controlled by the same parent
Yunnan Haoxin Aluminum Foil Co., Ltd.	Ultimately controlled by the same parent
Yunnan Diging Nonferrous Metals Co., Ltd.	Ultimately controlled by the same parent
Yunnan Diqing Mining Development Co., Ltd.	Ultimately controlled by the same parent
Yunnan Defu Environmental Protection Co., Ltd.	Ultimately controlled by the same parent
Yunnan Chuxiong Mining and Metallurgy Co., Ltd.	Ultimately controlled by the same parent
Yunnan Chihong Resource Comprehensive Utilization Co., Ltd.	Ultimately controlled by the same parent
Yunnan Chihong Zinc & Germanium Co., Ltd.	Ultimately controlled by the same parent
Yunnan Chihong International Germanium Co., Ltd.	Ultimately controlled by the same parent
Yuxi Yuntong Real Estate Development Co., Ltd.	Ultimately controlled by the same parent
Yuxi Mining Co, Ltd Dahongshan Copper mine	Ultimately controlled by the same parent
Yuxi Mining Co, Ltd	Ultimately controlled by the same parent
Yuxi Dahongshan Mining Co, Ltd	Ultimately controlled by the same parent
Yimen Copper Co., Ltd.	Ultimately controlled by the same parent
Yiliang Chihong Mining Co., Ltd.	Ultimately controlled by the same parent
Xinbaerhuyouqi Yishengyuan Mining Co., Ltd.	Ultimately controlled by the same parent
Xinbaerhuyouqi Rongda Mining Co., Ltd.	Ultimately controlled by the same parent
Southwest Aluminum (Group) Co., Ltd.	Ultimately controlled by the same parent
Southwest Aluminum (Group) Co., Ltd.	Ultimately controlled by the same parent
Southwest Aluminum (Group) Co., Ltd.	Ultimately controlled by the same parent
Xizang Xinhu Mining Co., Ltd.	Ultimately controlled by the same parent
Xizang Jinlong Mining Co., Ltd.	Ultimately controlled by the same parent
Northwest Aluminum Co., Ltd.	Ultimately controlled by the same parent

SECTION 12 FINANCIAL REPORT

10. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

10.4 Information about other related parties (Continued)

Name	Related party relationship
Northwest Aluminum Co., Ltd.	Ultimately controlled by the same parent
Suzhou New Changguang Thermal Energy Technology Co., Ltd.	Ultimately controlled by the same parent
Shanxi Chinalco Taiyue Advanced Materials Co., Ltd.	Ultimately controlled by the same parent
Shanxi Chalco Industry Service Co., Ltd.	Ultimately controlled by the same parent
Shanxi Advanced Materials Co., Ltd.	Ultimately controlled by the same parent
Shanxi 12th Metallurgical Asset Management Co., Ltd.	Ultimately controlled by the same parent
Shanxi Longmen Aluminum Co., Ltd.	Ultimately controlled by the same parent
Shanxi Jinzheng Construction Project Management Co., Ltd.	Ultimately controlled by the same parent
Shanxi Huaze Aluminum & Electrical Co., Ltd.	Ultimately controlled by the same parent
Shanxi Huaxing Aluminum Co., Ltd.	Ultimately controlled by the same parent
Shanxi Huasheng Aluminum Industry Co., Ltd.	Ultimately controlled by the same parent
Shandong Yixing Carbon New Material Co., Ltd.	Ultimately controlled by the same parent
Shandong Yixing Carbon New Material Co., Ltd.	Ultimately controlled by the same parent
Shandong Shanlv Environmental Advanced Materials Co., Ltd.	Ultimately controlled by the same parent
Shandong Aluminum Industry Vocational College	Ultimately controlled by the same parent
Shandong Aluminum Industry Co., Ltd.	Ultimately controlled by the same parent
Shandong Huayu Alloy Materials Co., Ltd.	Ultimately controlled by the same parent
Qujing Yunlv Yuxin Aluminum Co., Ltd	Ultimately controlled by the same parent
Qujing Tuoyuan Real Estate Development Co., Ltd.	Ultimately controlled by the same parent
Qinghai Hongxin Mining Co., Ltd.	Ultimately controlled by the same parent
Qingdao Boxin Aluminum Co., Ltd.	Ultimately controlled by the same parent
Pingguo Aluminum Co., Ltd.	Ultimately controlled by the same parent
Ningxia Yinxing Coal Industry Co., Ltd.	Ultimately controlled by the same parent
Ningxia Wangwa Coal Industry Co., Ltd.	Ultimately controlled by the same parent
Ningde Yuntong Real Estate Co., Ltd.	Ultimately controlled by the same parent
Neimengu Huayun Advanced Materials Co., Ltd.	Ultimately controlled by the same parent
Luoyang Nonferrous Metal Processing Design and Research Institute Co., Ltd	Ultimately controlled by the same parent
Longxi Northwest Aluminum Foil Co., Ltd.	Ultimately controlled by the same parent
Liangshan Mining Co., Ltd.	Ultimately controlled by the same parent
Lao Mining Services Ltd.	Ultimately controlled by the same parent
Lanzhou Aluminum Co., Ltd	Ultimately controlled by the same parent
Lanzhou Liancheng Aluminum Co., Ltd	Ultimately controlled by the same parent
Lasa Tianli Mining Co., Ltd.	Ultimately controlled by the same parent
Kunming Zhengji Real Estate Co., Ltd.	Ultimately controlled by the same parent
Kunming Metallurgical Research Institute Co., Ltd.	Ultimately controlled by the same parent

SECTION 12 FINANCIAL REPORT

10. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

10.4 Information about other related parties (Continued)

Name	Related party relationship
Jinlv Real Estate Development Co., Ltd.	Ultimately controlled by the same parent
Hunan Changkan Business Management Co., Ltd.	Ultimately controlled by the same parent
Hunan Changkan Trade and Commercial Development Co., Ltd.	Ultimately controlled by the same parent
Hulunbeier Chihong Mining Co., Ltd.	Ultimately controlled by the same parent
Honghe Yuntong Real Estate Development Co., Ltd.	Ultimately controlled by the same parent
Heqing Yixin Aluminum Co., Ltd.	Ultimately controlled by the same parent
Henan Zhongzhou Aluminum Construction Co., Ltd.	Ultimately controlled by the same parent
Henan Chinalco Equipment Co., Ltd.	Ultimately controlled by the same parent
Henan Chinalco Construction Engineering Co., Ltd.	Ultimately controlled by the same parent
Henan Changxing Industrial Co., Ltd.	Ultimately controlled by the same parent
Henan Changlv Industrial Service Co., Ltd.	Ultimately controlled by the same parent
Henan Changcheng Zhongxin Industry Co., Ltd.	Ultimately controlled by the same parent
Henan Changcheng IT Co., Ltd.	Ultimately controlled by the same parent
Henan Xinshang Technology Co., Ltd.	Ultimately controlled by the same parent
Henan Xinshang Environmental Protection Technology Co., Ltd.	Ultimately controlled by the same parent
Henan Jiuli Technology Co., Ltd.	Ultimately controlled by the same parent
Henan Huahui Nonferrous Engineering Design Co., Ltd.	Ultimately controlled by the same parent
Hejin Hongtai Fly Ash Development Co., Ltd.	Ultimately controlled by the same parent
Hangzhou Knight Valve Co., Ltd.	Ultimately controlled by the same parent
Harbin East Light Specialty Materials Co., Ltd.	Ultimately controlled by the same parent
Guizhou Light Alloy New Material Retreat to Park Project	Ultimately controlled by the same parent
Guizhou Huaren Advanced Materials Co., Ltd.	Ultimately controlled by the same parent
Guizhou Huajin Aluminum Co., Ltd.	Ultimately controlled by the same parent
Guiyang Aluminum & Magnesium Asset Management Co., Ltd.	Ultimately controlled by the same parent
Guangxi Chinalco Construction Supervision and Consulting Co., Ltd.	Ultimately controlled by the same parent
Guangxi Huasheng Advanced Materials Co., Ltd.	Ultimately controlled by the same parent
Gansu Hualu Aluminum Co., Ltd.	Ultimately controlled by the same parent
Fushun Aluminium Co., Ltd.	Ultimately controlled by the same parent
Northeast Light Alloy Co., Ltd.	Ultimately controlled by the same parent
Daxinganling Jinxin Mining Co., Ltd.	Ultimately controlled by the same parent
Chuxiong Dianzhong Nonferrous Metals Co., Ltd.	Ultimately controlled by the same parent
Chifeng Yuntong Non-Ferrous Metal Co., Ltd.	Ultimately controlled by the same parent
Chibi Changcheng Carbon Products Co., Ltd.	Ultimately controlled by the same parent
Chihong Industrial Development (Shanghai) Co., Ltd.	Ultimately controlled by the same parent

SECTION 12 FINANCIAL REPORT

10. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

10.4 Information about other related parties (Continued)

Name	Related party relationship
ChiHong Technology Engineering Co., Ltd.	Ultimately controlled by the same parent
Beijing Chalco United Property Management Co., Ltd.	Ultimately controlled by the same parent
Beijing Aluminum Energy Fresh Environmental Technology Co., Ltd.	Ultimately controlled by the same parent
Baotou Chinalco technology service development Co., Ltd.	Ultimately controlled by the same parent
Baotou Aluminium Co., Ltd.	Ultimately controlled by the same parent
China Ico Mining Corporation International Taiyuan China Nonferrous Metal Industry and 12th Metallurgical Real Estate Development Co., Ltd.	Ultimately controlled by the same parent
Yunnan Sotong Yunnan Aluminum Carbon Material Co., Ltd.	An associate of our parent
Sichuan Liwu Copper Mining Co., Ltd.	An associate of our parent
Yunnan Tianye Chemical Co., Ltd	An associate of our parent
Yunnan Simao Shanshui Copper Company Limited	An associate of our parent
Beida Medical Zibo Hospital Co., Ltd.	An associate of our parent
Baotou Sendu Carbon Co., Ltd.	An associate of our parent
Maguan Yunnan Copper and Zinc Industry Co., Ltd.	An associate of our parent
Yunnan Yunchuang Tender Co., Ltd.	An associate of our parent
Chalco Guizhou Industrial Service Co., Ltd.	An associate of our parent
Qinghai Haiyuan Aluminum Co., Ltd.	An associate of our parent
Henan Changcheng Logistics Co., Ltd.	An associate of our parent
China Rare Earth Group Co., Ltd.	An associate of our parent
Guangxi Hualei Advanced Materials Co., Ltd.	A joint venture of our parent
Chalco Zibo international trading Co., Ltd.	A joint venture of our parent
Chongqing Shangjiangchen Real Estate Co., Ltd.	A joint venture of our parent
Guangxi Huayin Aluminum Industry Co., Ltd.	A joint venture of our parent
Chinalco Industrial Service Technology Co., Ltd.	A joint venture of our parent

SECTION 12 FINANCIAL REPORT

10. RELATED PARTIES AND RELATED PARTY TRANSACTIONS
(CONTINUED)

10.5 Transactions with related parties

(1) Purchases/sales

① Purchase of goods/receiving of services

Related party	Nature of transaction	For the year ended 31 December 2023	
		Amount	Percentage to the same type of transaction (%)
Subsidiaries of China Aluminum Group	Purchase engineering, construction services	48,113	0.30
Subsidiaries of China Aluminum Group	Procurement of main materials and auxiliary materials	31,320	0.19
Subsidiaries of China Aluminum Group	Back-up service and other business	23,823	31.28
Associates of the Company	Purchase engineering design services	19,854	1.06
Associates of the Company	Back-up service and other business	84	0.11

Related party	Nature of transaction	For the year ended 31 December 2022	
		Amount	Percentage to the same type of transaction (%)
Subsidiaries of China Aluminum Group	Purchase engineering design services	53,172	0.32
Subsidiaries of China Aluminum Group	Procurement of main materials and auxiliary materials	37,977	0.23
Subsidiaries of China Aluminum Group	Back-up service and other business	12,186	15.68
Associates of the Company	Purchase engineering design services	9,203	0.06
Associates of the Company	Procurement of main materials and auxiliary materials	80	0.00
Associates of the Company	Back-up service and other business	112	0.14

Note: The pricing of related party transactions negotiated between the parties by reference to market price.

SECTION 12 FINANCIAL REPORT

10. RELATED PARTIES AND RELATED PARTY TRANSACTIONS
(CONTINUED)

10.5 Transactions with related parties (Continued)

(1) Purchases/sales (Continued)

② Sales of goods/rendering of services

Related party	Nature of transaction	For the year ended 31 December 2023	
		Amount	Percentage to the same type of transaction (%)
Associates of the Company	Provide engineering construction services	2,171,530	12.37
Subsidiaries of China Aluminum Group	Provide engineering construction services	1,927,824	11.42
Subsidiaries of China Aluminum Group	Provide engineering design services	584,150	21.17
Subsidiaries of China Aluminum Group	Provide equipment manufacturing and sales	193,213	7.88
Subsidiaries of China Aluminum Group	Back-up service and other business	30,766	12.89
Associates of the Company	Provide engineering design services	2,297	0.11

Related party	Nature of transaction	For the year ended 31 December 2022	
		Amount	Percentage to the same type of transaction (%)
Subsidiaries of China Aluminum Group	Provide engineering construction services	1,936,146	11.47
Subsidiaries of China Aluminum Group	Provide engineering design services	261,064	9.46
Subsidiaries of China Aluminum Group	Provide equipment manufacturing and sales	146,508	5.97
Subsidiaries of China Aluminum Group	Back-up service and other business	22,667	24.55
Associates of the Company	Provide engineering construction services	1,969,938	11.67
Associates of the Company	Back-up service and other business	1,419	1.54

Note: The pricing of related party transactions negotiated between the parties by reference to market price.

SECTION 12 FINANCIAL REPORT

10. RELATED PARTIES AND RELATED PARTY TRANSACTIONS
(CONTINUED)

10.5 Transactions with related parties (Continued)

(2) Leases

① As the lessor

Name of lessee	Name of lessor	Type of assets leased	Lease income recognized in the current period	Lease income recognized in the previous period
China Aluminum Great Wall Construction Co., Ltd.	China Aluminum Mining Co., Ltd.	Land	846	846
China Nonferrous Metal Changsha Survey and Design Institute Co., Ltd.	Chinalco Intelligent (Hangzhou) Safety Science Research Institute Co., Ltd.	Buildings	476	-
China Nonferrous Metal Changsha Survey and Design Institute Co., Ltd.	Chinalco Environmental Eco-Technology (Hunan) Co.	Buildings	608	-

Note: The pricing of related party transactions negotiated between the parties by reference to market price.

② As the lessee

Name of lessor	Name of lessee	Type of assets leased	Lease expenses recognized in the current period	Lease expenses recognized in the previous period
China Aluminum Shandong Co., Ltd	China Aluminum Shandong Engineering Technology Corporation Limited	Buildings	110	110
Luoyang Nonferrous Metal Processing Design and Research Institute Co., Ltd	China Nonferrous Metals Processing Technology Co., Ltd.	Buildings	-	868
Suzhou Nonferrous Metal Design and Research Institute Co., Ltd	China Nonferrous Metals Processing Technology Co., Ltd.	Buildings	-	379
Yunnan Metallurgical Group Co., Ltd.	Kunming Engineering & Research Institute of Nonferrous Metallurgy Co., Ltd.	Buildings	8,790	-
Hunan Changkan Trade and Commercial Development Co., Ltd.	China Nonferrous Metal Changsha Survey and Design Institute Co., Ltd.	Buildings	3,000	1,961
Zhuhai Changye Assets Management Co., Ltd.	CINF Engineering Co., Ltd.	Buildings	97	-

SECTION 12 FINANCIAL REPORT

10. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

10.5 Transactions with related parties (Continued)

(3) Guarantee

① As the guarantor

Guarantee holder	Amount of guarantee	Inception date of guarantee	Maturity date of guarantee	Guarantee expired (Y/N)
Yunnan Ningyong Expressway Co. Ltd	3,694,103	23 Dec 2019	23 Dec 2053	No
Yunnan Linyun Expressway Co. Ltd	2,507,310	23 Dec 2019	23 Dec 2053	No
Yunnan Linshuang Expressway Co. Ltd	1,851,552	6 May 2020	6 May 2054	No
Mian County Urban Rural Infrastructure Construction Co., Ltd	36,300	20 Oct 2015	19 Oct 2027	No

(4) Funding from related party

Related party	Amount of funding/deposit	Inception date	Maturity date	Interest rate	Interest expense/ interest income	Remarks
Funds received:						
Chinalco Finance Company Limited	2,679,000	28 Dec 2022 to 14 Sep 2023	16 Apr 2024 to 13 Sep 2026	2.70-4.18	120,631	Credit loan
Provide deposit service:						
Chinalco Finance Company Limited	1,369,771	-	-	0.525-1.755	15,795	Deposits at banks

(5) Remuneration of key management personnel

The Company has 13 key management personnel as of 31 December 2023, while 8 key management personnel as of 31 December 2022. Details about remuneration is as follows:

Item	For the year ended 31 December 2023	For the year ended 31 December 2022
Remuneration of key management personnel	6,537	6,575

SECTION 12 FINANCIAL REPORT

10. RELATED PARTIES AND RELATED PARTY TRANSACTIONS
(CONTINUED)

10.6 Receivables from and payables to related parties

(1) Receivables from related parties

Item	Related party	As at 31 December 2023		As at 31 December 2022	
		Gross carrying amount	Impairment of credit losses	Gross carrying amount	Impairment of credit losses
Accounts receivable	Subsidiaries of China Aluminum Group	1,218,217	181,780	1,330,437	195,204
Accounts receivable	Joint ventures of China Aluminum Group	76,743	2,053	116,173	3,221
Accounts receivable	Associates of China Aluminum Group	26,023	2,244	24,098	350
Accounts receivable	Associates of the Company	692,234	39,830	859,761	20,675
Other receivables	Subsidiaries of China Aluminum Group	115,219	29,036	108,178	20,100
Other receivables	Joint ventures of China Aluminum Group	998	214	800	145
Other receivables	Associates of China Aluminum Group	21,056	6,106	1,499	469
Other receivables	Associates of the Company	880	179	11,053	540
Prepayments	Subsidiaries of China Aluminum Group	9,768	-	2,711	-
Prepayments	Associates of the Company	195	-	1,809	-

(2) Payables to related parties

Item	Related party	As at	As at
		31 December 2023	31 December 2022
Accounts payable	Subsidiaries of China Aluminum Group	58,510	62,078
Accounts payable	Joint ventures of China Aluminum Group	6,525	-
Accounts payable	Associates of China Aluminum Group	147	-
Accounts payable	Associates of the Company	5,161	4,425
Other payables	Subsidiaries of China Aluminum Group	44,655	58,510
Other payables	Joint ventures of China Aluminum Group	6,525	6,525
Other payables	Associates of China Aluminum Group	147	147
Other payables	Associates of the Company	4,445	5,161

SECTION 12 FINANCIAL REPORT

10. RELATED PARTIES AND RELATED PARTY TRANSACTIONS
(CONTINUED)

10.7 Contract assets and contract liabilities of related parties

(1) Contract assets

Related party	As at 31 December 2023		As at 31 December 2022	
	Gross carrying amount	Impairment of credit losses	Gross carrying amount	Impairment of credit losses
Joint ventures of China				
Aluminum Group	15,191	1,984	5,238	1,760
Associates of China				
Aluminum Group	2,362	12	161	1
Associates of the Company	1,711,914	42,320	849,474	4,241
Subsidiaries of China				
Aluminum Group	356,441	47,305	786,220	40,966

(2) Contract liabilities

Related party	As at 31 December 2023	As at 31 December 2022
Subsidiaries of China Aluminum Group	590,382	378,243
Joint ventures of China Aluminum Group	29,132	12,949
Associates of the Company	6,702	222,791
Associates of China Aluminum Group	2,972	1,837



SECTION 12 FINANCIAL REPORT

11. COMMITMENTS AND CONTINGENCIES

11.1 Significant 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.

SECTION 12 FINANCIAL REPORT

11. COMMITMENTS AND CONTINGENCIES (CONTINUED)

11.1 Significant commitments (Continued)

As of balance sheet date, the Company has actually issued the letter of undertaking and provided credit enhancement as follows:

Ningyong Expressway was granted a credit line of RMB11 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 RMB8.619 billion, and the Company has provided credit enhancement for RMB3.694 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 RMB6.0 billion or 42.86% of the credit line. The bank has actually granted a loan of RMB5.85 billion, and the Company has provided credit enhancement for RMB2.507 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 RMB4.32 billion, and the Company has provided credit enhancement for RMB1.852 billion of the loan.

SECTION 12 FINANCIAL REPORT

11. COMMITMENTS AND CONTINGENCIES (CONTINUED)

11.2 Contingencies

(1) Contingent liabilities arising from pending arbitration and pending litigation and related financial impact

① The Company as the plaintiff

Plaintiff	Defendant	Cause	Amount claimed (RMB ten thousand)	Progress of the case
China Aluminum International Engineering Corporation Limited	Qingdao Xinfu Gongchuang Asset Management Co., Ltd., Shandong Real Estate Development Group Qingdao Company, LIANG Yongjian, WANG Xiaoning, Qingdao Liangyou Catering Co., Ltd.	Contract disputes	90,921.54	Arbitration suspended currently
China Sixth Metallurgical Construction Co., Ltd.	Xincai Development Investment Co., Ltd.	Construction project contract disputes	50,667.33	The case is currently in the first instance.
Jiuye Construction Co., Ltd.	Fujian Zhongnuo Anju Car Rental Co., Ltd.	Construction project contract disputes	37,340.16	The case is currently in the second instance.
China Sixth Metallurgical Construction Co., Ltd.	Egyptian Celluloid Industries Group Ltd.	Construction project contract disputes	20,547.30	The case is currently under arbitration.
Jiuye Construction Co., Ltd.	Hanzhong Aviation Intelligent New City Investment Group Co., Ltd. and Hanzhong Aviation Intelligent New City Sewage Treatment Plant	Construction project contract disputes	11,160.90	The case is currently in the first instance.
China Sixth Metallurgical Construction Co., Ltd.	Inner Mongolia Xinwang Renewable Resources Co., Ltd.	Construction project contract disputes	10,337.57	The case is currently in the second instance.

SECTION 12 FINANCIAL REPORT

11. COMMITMENTS AND CONTINGENCIES (CONTINUED)

11.2 Contingencies (Continued)

(1) Contingent liabilities arising from pending arbitration and pending litigation and related financial impact (Continued)

① The Company as the plaintiff (Continued)

Plaintiff	Defendant	Cause	Amount claimed (RMB ten thousand)	Progress of the case
China Sixth Metallurgical Construction Co., Ltd.	Hohhot Economic and Technological Development Zone Ruyi District Management Committee, Inner Mongolia Jinhang Real Estate Development Co., Ltd., Hohhot Economic and Technological Development Zone Boyuan Real Estate Development Co., Ltd., Hohhot Economic and Technological Development Zone Investment and Development Group Co., Ltd.	Construction project contract disputes	8,278.49	The case is currently under arbitration.
China Sixth Metallurgical Construction Co., Ltd.	Guizhou Hongcai Investment Group Co., Ltd., Guizhou Hongcai Real Estate Co., Ltd., Guizhou Hongcai Real Estate Development Co., Ltd.	Construction project contract disputes	7,361.68	The case is currently in the first instance.
China Sixth Metallurgical Construction Co., Ltd.	Xincai Lifeng Industrial Co., Ltd.	Construction project contract disputes	7,308.60	The case is currently in the second instance.
China Sixth Metallurgical Construction Co., Ltd.	Chaoyang Engineering and Construction Group Co., Ltd.	Construction project contract disputes	6,142.22	The case is currently in the second instance.
China Sixth Metallurgical Construction Co., Ltd.	Inner Mongolia Hengda Real Estate Co., Ltd.	Construction project contract disputes	5,208.36	The case is currently in the second instance.

SECTION 12 FINANCIAL REPORT

11. COMMITMENTS AND CONTINGENCIES (CONTINUED)

11.2 Contingencies (Continued)

(1) Contingent liabilities arising from pending arbitration and pending litigation and related financial impact (Continued)

② The Company as the defendant

Plaintiff	Defendant	Cause	Amount claimed (RMB ten thousand)	Progress of the case
Kunming Haokun Concrete Manufacturing Co., Ltd.	China Sixth Metallurgical Construction Co., Ltd., China Sixth Metallurgical Construction Co., Ltd. Yunnan Branch	Sale and purchase contract disputes	6,262.79	The case is currently in the first instance.
Baoji Huifeng Construction Engineering Co., Ltd.	Jiuye Construction Co., Ltd., Jiuye Construction Co., Ltd. Fifth Engineering Company, Baoji Disabled Persons' Federation	Construction project contract disputes	13,797.59	The case is currently in the first instance.
XU Lin	Guizhou Gui'an New District Administrative Committee, China Nonferrous Metals Industry's 12th Metallurgical Construction Co., Ltd., Gui'an New District University Town Landed Silver Project Development Co., Ltd., Fujian Henli Construction Group Co., Ltd.	Construction project contract disputes	5,778.87	The case is currently in the first instance.
Guizhou Huaren New Material Co., Ltd.	China Aluminum International Engineering Corporation Limited Guiyang Branch	Construction project contract disputes	14,523.36	The case is currently under arbitration.
China Nonferrous Metal Industry Xi'an Geotechnical Engineering Co., Ltd.	China Aluminum International Engineering Corporation Limited Shenyang Branch	Construction project contract disputes	7,539.50	The case is currently in the first instance.

SECTION 12 FINANCIAL REPORT

11. COMMITMENTS AND CONTINGENCIES (CONTINUED)

11.2 Contingencies (Continued)

(2) Contingent liabilities arising from guarantee provided to other entities and related financial effects

As at 31 December 2023, the Company provided guarantees for the following loans:

Name of the guaranteed entity	Guarantee	Amount	Period	Remarks
Yunnan Ningyong Expressway Co., Ltd.	Loan guarantee	3,694,103	23 Dec 2053	–
Yunnan Linyun Expressway Co., Ltd.	Loan guarantee	2,507,310	23 Dec 2053	–
Yunnan Linshuang Expressway Co., Ltd.	Loan guarantee	1,851,552	6 May 2054	–
Mian County Urban Rural Infrastructure Construction Co., Ltd	Loan guarantee	36,300	19 Oct 2027	–
Total	–	8,089,265	–	–

SECTION 12 FINANCIAL REPORT

12. POST BALANCE SHEET DATE EVENTS

As at 28 March 2024 (the date on which the report is approved by the Board of Directors), the Company has no other events after the balance sheet date to be disclosed.

13. OTHER SIGNIFICANT MATTERS

13.1 Segment reporting

For management purposes, the Company is organized into business units based on products and services with three reportable segments:

- (1) The engineering survey, design and consulting business segment focuses on mining, mineral processing and engineering design for the energy, chemical and environmental protection industries;
- (2) The engineering and construction contracting business segment focuses on metallurgical industry, municipal utilities and steel structures;
- (3) The Equipment Manufacturing segment focuses on 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.

(1) Segment profit or loss, assets and liabilities

At the end of current period	Engineering survey, design and consultancy	Engineering and construction contracting	Equipment manufacturing	Total
Operating revenue	2,794,089	17,050,972	2,492,110	22,337,171
Operating cost	1,941,880	16,272,921	2,165,050	20,379,851
Impairment losses on assets	3,947	1,616,219	214,674	1,834,840
Impairment of credit losses	65,901	335,091	118,574	519,566
Operating profits/(losses)	50,678	-2,759,380	-241,646	-2,950,348
Profit/(losses) before income tax	52,981	-2,754,400	-243,478	-2,944,897
Income tax expenses	-20,545	-145,254	54,928	-110,871
Net profit/(losses)	73,526	-2,609,146	-298,406	-2,834,026
Total assets	25,227,507	9,642,368	6,073,928	40,943,803
Total liabilities	13,925,113	16,496,502	3,267,688	33,689,303
Depreciation expense	71,423	71,525	34,923	177,871
Amortization expense	20,357	53,334	4,534	78,225

SECTION 12 FINANCIAL REPORT

13. OTHER SIGNIFICANT MATTERS (CONTINUED)

13.2 Auditor's remuneration

Auditor's remuneration	Amount incurred for the current period	Amount incurred for the previous period
Total	5,100	5,732

13.3 Directors' and supervisors' emoluments

(1) Directors' and supervisors' emoluments

Director/supervisor	Salary, subsidy, allowance and bonus				Contribution to social security and housing provident funds	Contribution to pension fund	Others	Total
	Fee	Basic salary	Subsidy, allowance	Bonus				
Directors								
LI Yinhua	-	234	-	457	152	35	3	881
LIU Jing	-	234	-	450	152	28	122	986
LIU Ruijing	-	234	16	373	152	35	1	811
ZHAO Hongmei	-	132	12	320	115	19	1	599
ZHANG Decheng	-	-	-	-	-	-	-	-
ZHOU Xinzhe	-	-	-	-	-	-	-	-
HU Zhenjie	-	-	-	-	-	-	-	-
ZHANG Wenjun	-	-	-	-	-	-	-	-
GUI Weihua	-	-	-	-	-	-	143	143
XIAO Zhixiong	-	-	-	-	-	-	143	143
TONG Pengfang	-	-	-	-	-	-	143	143
Subtotal	-	884	28	1,600	571	117	556	3,706
Supervisors								
LIN Ni	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-	-
Total	-	884	28	1,600	571	117	556	3,706

SECTION 12 FINANCIAL REPORT

13. OTHER SIGNIFICANT MATTERS (CONTINUED)

(2) Five highest paid individuals

Among the five highest paid individuals of the Company for the year, there are 3 directors. Their emoluments have been reflected in the emoluments of directors and supervisors. The emoluments paid to the remaining 2 persons during the year are as follows:

Item	Amount incurred for the current period
Salary, subsidy, allowance and bonus	992
Contribution to social security and housing provident funds	303
Retirement benefits	-
Others	-
Total	1,295

Among the emoluments of the above 5 persons paid for the year, all of them were paid within RMB1 million.

14. NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS

14.1 Accounts receivable

(1) An aging analysis of accounts receivable is listed as follows:

Aging	31 December 2023		31 December 2022	
	Gross Carrying amount	Impairment of credit losses	Gross Carrying amount	Impairment of credit losses
Within 1 year	740,762	8,037	435,729	25,560
1 to 2 years	246,928	35,215	132,266	2,612
2 to 3 years	116,267	2,024	120,337	34,119
More than 3 years	631,350	384,671	779,411	494,666
Total	1,735,307	429,947	1,467,743	556,957

SECTION 12 FINANCIAL REPORT

14. NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS
(CONTINUED)

14.1 Accounts receivable (Continued)

- (2) Accounts receivable and impairment of credit losses by category are listed as follows:

Type	31 December 2023				
	Gross carrying amount		Impairment of credit losses		Carrying amount
	Amount	Percentage (%)	Amount	Expected credit loss rate (%)	
Impairment of credit losses on an individual basis	529,276	30.50	336,586	63.59	192,690
Impairment of credit losses on group basis	1,206,031	69.50	93,361	7.74	1,112,670
Including:					
Aging group	913,699	52.65	93,361	10.22	820,338
Accounts receivable from subsidiaries	292,332	16.85	–	–	292,332
Total	1,735,307	100.00	429,947	24.78	1,305,360

Type	31 December 2022				
	Gross carrying amount		Impairment of credit losses		Carrying amount
	Amount	Percentage (%)	Amount	Expected credit loss rate (%)	
Impairment of credit losses on an individual basis	765,190	52.13	477,817	62.44	287,373
Impairment of credit losses on group basis	702,553	47.87	79,140	11.26	623,413
Including:					
Aging group	500,928	34.13	79,140	15.80	421,788
Accounts receivable from subsidiaries	201,625	13.74	–	–	201,625
Total	1,467,743	100.00	556,957	37.95	910,786

SECTION 12 FINANCIAL REPORT

14. NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS
(CONTINUED)

14.1 Accounts receivable (Continued)

- (2) **Accounts receivable and impairment of credit losses by category are listed as follows: (Continued)**

Impairment of credit losses on an individual basis:

Name	31 December 2023			Reasons
	Gross carrying amount	Impairment of credit losses	Expected credit loss rate (%)	
Company 1	481,725	289,035	60.00	Note
Company 2	32,678	32,678	100.00	Note
Company 3	14,873	14,873	100.00	Note
Total	529,276	336,586	–	–

Note: The Company accruals impairment of credit losses for all or a portion of the amounts in conjunction with their expected recoverability.

- (3) **Movements in impairment of credit losses for accounts receivable are listed as follows:**

Item	Opening balance	Accrued	Movement			Closing balance
			Recover/ (Decrease)	Written off (Decrease)	Others	
Individual basis	477,817	780	142,001	10	–	336,586
Group:	79,140	14,221	–	–	–	93,361
Portfolio of credit risk characteristics	79,140	14,221	–	–	–	93,361
Total	556,957	15,001	142,001	10	–	429,947

SECTION 12 FINANCIAL REPORT

14. NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS
(CONTINUED)

14.1 Accounts receivable (Continued)

- (4) As at 31 December 2023, accounts receivable from the five largest customers are listed as follows:

Entity	Carrying amount	Percentage in total accounts receivable (%)	Impairment of credit losses
Company 1	481,725	27.76	289,035
Company 4	387,223	22.31	1,936
Company 5	200,270	11.54	–
Company 6	195,445	11.26	11,102
Company 7	137,921	7.95	690
Total	1,402,584	80.82	302,763

14.2 Other receivables

Item	31 December 2023	31 December 2022
Interests receivable	356,888	346,631
Dividends receivable	786,857	660,029
Other receivables	4,596,794	5,719,653
Less: Impairment of credit losses	25,161	18,659
Total	5,715,378	6,707,654

(1) Interests receivable

Item	31 December 2023	31 December 2022
Entrusted loans	356,888	346,631
Less: Impairment of credit losses	–	–
Total	356,888	346,631

SECTION 12 FINANCIAL REPORT

14. NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS
(CONTINUED)

14.2 Other receivables (Continued)

(2) Dividends receivable

Investee	31 December 2023	31 December 2022	Reason for unrecovery	Impairment? (Y/N)
Dividends receivable within 1 year	147,009	166,375	–	–
Including:				
(1) China Nonferrous Metal Changsha Survey and Design Institute Co., Ltd.	5,524	–	Not paid yet	No
(2) China Aluminum International Investment Management (Shanghai) Co., Ltd.	10,335	6,000	Not paid yet	No
(3) Shenyang Aluminum and Magnesium Engineering and Research Institute Company Limited	53,480	68,000	Not paid yet	No
(4) CINF Engineering Co., Ltd.	48,197	45,020	Not paid yet	No
(5) China Aluminum International Technology Development Corporation Limited	1,978	1,640	Not paid yet	No
(6) Kunming Prospecting Design Institute of China Nonferrous Metals Industry Co., Ltd.	–	28,490	Not paid yet	No
(7) China Aluminum International Aluminum Application Engineering Co., Ltd.	5,550	3,500	Not paid yet	No
(8) Chinalco Southwest Construction Investment Co., Ltd.	13,869	3,370	Not paid yet	No
(9) Chinalco Tendering Co., Ltd.	8,076	8,125	Not paid yet	No
(10) China Aluminum International Yunnan Aluminum Application Engineering Co., Ltd.	–	2,230	Not paid yet	No

SECTION 12 FINANCIAL REPORT

14. NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS
(CONTINUED)

14.2 Other receivables (Continued)

(2) Dividends receivable (Continued)

Investee	31 December 2023	31 December 2022	Reason for unrecovery	Impairment? (Y/N)
Dividends receivable more than 1 year	639,848	493,654	–	–
Including:				
(1) China Nonferrous Metal Changsha Survey and Design Institute Co., Ltd.	10,375	10,375	Not paid yet	No
(2) China Aluminium Great Wall Construction Co., Ltd.	21,252	21,252	Not paid yet	No
(3) Jiuye Construction Co., Ltd.	144,168	144,168	Not paid yet	No
(4) Shenyang Aluminum and Magnesium Engineering and Research Institute Company Limited	109,866	41,866	Not paid yet	No
(5) CINF Engineering Co., Ltd.	61,027	16,007	Not paid yet	No
(6) Kunming Prospecting Design Institute Of China Nonferrous Metals Industry Co., Ltd	66,084	37,594	Not paid yet	No
(7) China Aluminum International Aluminum Application Engineering Co., Ltd.	–	6,812	Not paid yet	No
(8) China Sixth Metallurgical Construction Co., Ltd.	169,870	169,870	Not paid yet	No
(9) China Aluminum International Technology Development Corporation Limited	45,000	45,000	Not paid yet	No
(10) Chinalco Southwest Construction Investment Co., Ltd.	4,080	710	Not paid yet	No
(11) Chinalco Tendering Co., Ltd.	8,126	–	Not paid yet	No
Subtotal	786,857	660,029	–	–
Less: Impairment of credit losses	–	–	–	–
Total	786,857	660,029	–	–

SECTION 12 FINANCIAL REPORT

14. NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS
(CONTINUED)

14.2 Other receivables (Continued)

(3) Other receivables

① An aging analysis of other receivables is listed as follows:

Aging	31 December 2023	Impairment of credit losses	31 December 2022	Impairment of credit losses
Within 1 year	4,183,827	25	5,376,067	3,654
1 to 2 years	151,538	4,735	167,915	282
2 to 3 years	99,732	486	100,393	9,105
More than 3 years	161,697	19,915	75,278	5,618
Total	4,596,794	25,161	5,719,653	18,659

② Other receivables and impairment of credit losses by category are listed as follows:

Classified by impairment of credit losses method:

Type	31 December 2023				
	Gross carrying amount		Impairment of credit losses		Carrying amount
	Amount	Percentage (%)	Amount	Expected credit loss rate (%)	
Impairment of credit losses on an individual basis	-	-	-	-	-
Impairment of credit losses on group basis	4,596,794	100.00	25,161	0.55	4,571,633
Including:					
Aging group	105,871	2.30	25,161	23.77	80,710
Accounts receivable from subsidiaries	4,490,923	97.70	-	-	4,490,923
Total	4,596,794	100.00	25,161	0.55	4,571,633

SECTION 12 FINANCIAL REPORT

14. NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS
(CONTINUED)

14.2 Other receivables (Continued)

(3) Other receivables (Continued)

- ② Other receivables and impairment of credit losses by category are listed as follows:
(Continued)

Type	31 December 2022				
	Gross carrying amount		Impairment of credit losses		Carrying amount
	Amount	Percentage (%)	Amount	Expected credit loss rate (%)	
Impairment of credit losses on an individual basis	-	-	-	-	-
Impairment of credit losses on group basis	5,719,653	100.00	18,659	0.34	5,700,994
Including:					
Aging group	786,765	13.76	18,659	2.37	768,106
Accounts receivable from subsidiaries	4,932,888	86.24	-	-	4,932,888
Total	5,719,653	100.00	18,659	0.34	5,700,994

SECTION 12 FINANCIAL REPORT

14. NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS
(CONTINUED)

14.2 Other receivables (Continued)

(3) Other receivables (Continued)

- ② Other receivables and impairment of credit losses by category are listed as follows:
(Continued)

Impairment of credit losses on group basis:

Grouped items: Aging group

	31 December 2023			31 December 2022		
	Gross carrying amount	Percentage (%)	Impairment of credit losses	Gross carrying amount	Percentage (%)	Impairment of credit losses
Within 1 year	5,145	4.86	25	731,070	92.92	3,654
1 to 2 years	47,349	44.72	4,735	2,821	0.36	282
2 to 3 years	2,431	2.30	486	45,525	5.79	9,105
More than 3 years	50,946	48.12	19,915	7,349	0.93	5,618
Total	105,871	100.00	25,161	786,765	100.00	18,659

SECTION 12 FINANCIAL REPORT

14. NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS
(CONTINUED)

14.2 Other receivables (Continued)

(3) Other receivables (Continued)

- ② Other receivables and impairment of credit losses by category are listed as follows:
(Continued)

Grouped items: Other receivables from subsidiaries

Item	31 December 2023		31 December 2022	
	Gross carrying amount	Impairment of credit losses	Gross carrying amount	Impairment of credit losses
Accounts receivable from subsidiaries	4,490,923	–	4,932,888	–
Total	4,490,923	–	4,932,888	–

- ③ Impairment of credit losses

Impairment of credit losses in the first stage as at 31 December 2023

Item	Gross carrying amount	Expected credit loss rate over the next 12 months (%)	Impairment of credit losses	Carrying amount
Impairment of credit losses on an individual basis	–	–	–	–
Impairment of credit losses on group basis	4,143,249	–	25	4,143,224
Aging group	5,145	0.51	25	5,120
Accounts receivables from subsidiaries	4,138,104	–	–	4,138,104
Total	4,143,249	–	25	4,143,224

SECTION 12 FINANCIAL REPORT

14. NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS
(CONTINUED)

14.2 Other receivables (Continued)

(3) Other receivables (Continued)

③ Impairment of credit losses (Continued)

Impairment of credit losses in the second stage as at 31 December 2023

Item	Gross carrying amount	Lifetime expected credit loss rate (%)	Impairment of credit losses	Carrying amount
Impairment of credit losses on an individual basis	-	-	-	-
Impairment of credit losses on group basis	251,270	2.08	5,221	246,049
Aging group	49,780	10.49	5,221	44,559
Accounts receivables from subsidiaries	201,490	-	-	201,490
Total	251,270	2.08	5,221	246,049

Impairment of credit losses in the third stage as at 31 December 2023

Item	Gross carrying amount	Lifetime expected credit loss rate (%)	Impairment of credit losses	Carrying amount
Impairment of credit losses on an individual basis	-	-	-	-
Impairment of credit losses on group basis	161,697	12.32	19,915	141,782
Aging group	50,946	39.09	19,915	31,031
Accounts receivables from subsidiaries	110,751	-	-	110,751
Total	161,697	12.32	19,915	141,782

SECTION 12 FINANCIAL REPORT

14. NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS
(CONTINUED)

14.2 Other receivables (Continued)

(3) Other receivables (Continued)

③ Impairment of credit losses (Continued)

Impairment of credit losses in the first stage as at 31 December 2022

Item	Gross carrying amount	Expected credit loss rate over the next 12 months (%)	Impairment of credit losses	Carrying amount
Impairment of credit losses on an individual basis	–	–	–	–
Impairment of credit losses on group basis	5,136,425	0.07	3,654	5,132,771
Aging group	731,070	0.50	3,654	727,416
Accounts receivables from subsidiaries	4,405,355	–	–	4,405,355
Total	5,136,425	0.07	3,654	5,132,771

Impairment of credit losses in the second stage as at 31 December 2022

Item	Gross carrying amount	Lifetime expected credit loss rate (%)	Impairment of credit losses	Carrying amount
Impairment of credit losses on an individual basis	–	–	–	–
Impairment of credit losses on group basis	268,308	3.50	9,387	258,921
Aging group	48,345	19.42	9,387	38,958
Accounts receivables from subsidiaries	219,963	–	–	219,963
Total	268,308	3.50	9,387	258,921

SECTION 12 FINANCIAL REPORT

14. NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS
(CONTINUED)

14.2 Other receivables (Continued)

(3) Other receivables (Continued)

③ Impairment of credit losses (Continued)

Impairment of credit losses in the third stage as at 31 December 2022

Item	Gross carrying amount	Lifetime expected credit loss rate (%)	Impairment of credit losses	Carrying amount
Impairment of credit losses on an individual basis	–	–	–	–
Impairment of credit losses on group basis	75,277	7.46	5,618	69,659
Aging group	7,349	76.45	5,618	1,731
Accounts receivables from subsidiaries	67,928	–	–	67,928
Total	75,277	7.46	5,618	69,659

④ Movements in the impairment of credit losses of other receivables are listed as follows:

Impairment of credit losses	Stage I	Stage II	Stage III	Total
	Expected credit losses over the next 12 months	Lifetime expected credit losses (no credit impairment)	Lifetime expected credit losses (credit impaired)	
Balance as at January 1, 2023	3,654	9,387	5,618	18,659
Balance as at January 1, 2023				
in the current period	–237	–8,615	8,852	–
– Transfer to Stage II	–237	237	–	–
– Transfer to Stage III	–	–8,852	8,852	–
Additions	–3,392	4,449	5,445	6,502
Balance as at December 31, 2023	25	5,221	19,915	25,161

SECTION 12 FINANCIAL REPORT

14. NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS
(CONTINUED)

14.2 Other receivables (Continued)

(3) Other receivables (Continued)

- ⑤ As at 31 December 2023, other receivables from the five largest customers are listed as follows:

Entity	Nature	Closing balance	Aging	Proportion to total closing balance of other receivables (%)	Balance of impairment of credit losses
Company 1	Advance	34,766	1 to 2 years	0.76	3,477
Company 2	Advance	3,000	Exceed 5 years	0.07	3,000
Company 3	Retention funds or deposits	2,000	2 to 3 years	0.04	400
Company 4	Others	639	Within 1 year	0.01	3
Company 5	Advance	538	3-4 years	0.01	161
Total	-	40,943	-	0.90	7,041

SECTION 12 FINANCIAL REPORT

14. NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS
(CONTINUED)

14.3 Long-term equity investments

Item	31 December 2022	Additions for the period	Reductions for the period	31 December 2023
Investment in subsidiaries	7,621,405	1,336,107	305,400	8,652,112
Investment in joint ventures	8,862	-18	-	8,844
Investment in associates	243,705	14,459	8,076	250,088
Subtotal	7,873,972	1,350,548	313,476	8,911,044
Less: Impairment provision	294,977	92,970	-	387,947
Total	7,578,995	1,257,578	313,476	8,523,097

(1) Investment in subsidiaries

Investee	1 January 2023	Additions for the period	Reductions for the period	31 December 2023	Impairment provision in the current period	Impairment provision Closing balance
Guiyang Aluminium Magnesium Design & Research Institute Co., Ltd.	651,767	-	-	651,767	-	-
Shenyang Aluminum and Magnesium Engineering and Research Institute Company Limited	332,257	20,000	-	352,257	-	-
CINF Engineering Co., Ltd.	375,612	12,108	-	387,720	-	-
China Nonferrous Metals Industry's 12th Metallurgical Construction Co., Ltd.	1,255,781	700,000	-	1,955,781	-	-
Chalieco Trading Co., Ltd.	200,000	-	-	200,000	-	200,000
China Aluminum International (Tianjin) Construction Co., Ltd.	226,887	364,000	-	590,887	-	-
China Sixth Metallurgical Construction Co., Ltd.	1,203,000	-	-	1,203,000	-	-
China Nonferrous Metals Processing Technology Co., Ltd.	720,479	-	-	720,479	-	-

SECTION 12 FINANCIAL REPORT

14. NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS
(CONTINUED)

14.3 Long-term equity investments (Continued)

(1) Investment in subsidiaries (Continued)

Investee	1 January 2023	Additions for the period	Reductions for the period	31 December 2023	Impairment provision in the current period	Impairment provision Closing balance
Duyun Development Zone Tongda Construction Co., Ltd.	5,000	-	-	5,000	-	-
China Aluminum International Technology Development Corporation Limited	60,000	-	-	60,000	-	-
Wenzhou Tongrun Construction Co., Ltd.	18,000	-	17,400	600	-	-
China Aluminum International Yunnan Aluminum Application Engineering Co., Ltd.	78,000	-	78,000	-	-	-
Wenzhou Tonghui Construction Co., Ltd.	27,000	-	-	27,000	-	-
China Aluminum International Investment Management (Shanghai) Co., Ltd.	505,739	-	-	505,739	-	-
China Nonferrous Metal Changsha Survey and Design Institute Co., Ltd.	189,273	-	-	189,273	-	-
Changsha Tongxiang Construction Co., Ltd.	10,000	-	10,000	-	-	-
Chalieco Hong Kong Corporation Limited	65,572	-	-	65,572	-	-
China Aluminum International Engineering (India) Private Limited	5,942	-	-	5,942	-	-
Guangxi Tongrui Investment Construction Co., Ltd.	250,000	-	200,000	50,000	-	-
Jiuye Construction Co., Ltd.	623,170	-	-	623,170	-	-

SECTION 12 FINANCIAL REPORT

14. NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS
(CONTINUED)

14.3 Long-term equity investments (Continued)

(1) Investment in subsidiaries (Continued)

Investee	1 January 2023	Additions for the period	Reductions for the period	31 December 2023	Impairment provision in the current period	Impairment provision Closing balance
China Aluminum International Aluminum Application Engineering Co., Ltd.	144,500	-	-	144,500	-	-
Qingdao Xinfu Gongchuang Asset Management Co., Ltd.	9,000	-	-	9,000	-	-
China Aluminum Shandong Engineering Technology Corporation Limited	187,947	-	-	187,947	92,970	187,947
Kunming Prospecting Design Institute Of China Nonferrous Metals Industry Co., Ltd	263,458	100,000	-	363,458	-	-
Kunming Engineering & Research Institute of Nonferrous Metallurgy Co., Ltd.	-	140,000	-	140,000	-	-
Chinalco Southwest Construction Investment Co., Ltd.	213,020	-	-	213,020	-	-
Total	7,621,404	1,336,108	305,400	8,652,112	92,970	387,947

SECTION 12 FINANCIAL REPORT

14. NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

14.3 Long-term equity investments (Continued)

(2) Investment in joint ventures & associates

Investee	Investment cost	1 January 2023	Increase in investment	Decrease in investment	Movements during the year ended 31 December 2023					31 December 2023	Impairment provision Closing balance	
					Investment gain or loss recognised under equity method	OCI movements	Other equity movements	Cash dividends or profits declared	Loss allowance			Others
(1) Associates	230,836	243,705	-	-	14,460	-	-	8,077	-	-	250,088	-
Chiralco Shituo Intelligent Technology Co., Ltd.	9,000	1,519	-	-	-879	-	-	-	-	-	640	-
Chinalco Tendering Co., Ltd.	5,000	23,138	-	-	8,758	-	-	8,077	-	-	23,819	-
Yunnan Ningyong Expressway Co., Ltd.	15,000	12,481	-	-	-202	-	-	-	-	-	12,279	-
Yunnan Linyun Expressway Co., Ltd.	15,000	17,306	-	-	6,723	-	-	-	-	-	24,029	-
Yunnan Linshuang Expressway Co., Ltd.	15,000	14,722	-	-	174	-	-	-	-	-	14,896	-
Zhuzhou Tianqiao Crane Co., Ltd.	171,836	174,539	-	-	-114	-	-	-	-	-	174,425	-
(2) Joint venture	40,000	8,862	-	-	-18	-	-	-	-	-	8,844	-
Shanghai Fengtong Equity Investment Fund Partnership (Limited Partnership)	40,000	8,862	-	-	-18	-	-	-	-	-	8,844	-
Total	270,836	262,567	-	-	14,442	-	-	8,077	-	-	258,892	-

SECTION 12 FINANCIAL REPORT

14. NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS
(CONTINUED)

14.4 Operating revenue and operating costs

Major segments	For the year ended 31 December 2023		For the year ended 31 December 2022	
	Revenue	Costs	Revenue	Costs
Principal activities:				
Engineering and construction contracting	1,672,580	1,673,733	573,781	550,169
Engineering survey, design and consultancy	293,877	153,826	193,783	159,492
Equipment manufacturing	1,209	219	–	–
Subtotal	1,967,666	1,827,778	767,564	709,661
Other operating activities:				
Lease	35	–	73	–
Others	27,201	–	111,603	–
Subtotal	27,236	–	111,676	–
Total	1,994,902	1,827,778	879,240	709,661

14.5 Investment income

Item	For the year ended 31 December 2023	For the year ended 31 December 2022
Gain on long-term equity investment accounted for under the cost method	249,570	324,146
Gain on long-term equity investment accounted for under the equity method	14,440	7,687
Investment income during the holding period of debt investment	–	36
Others	138,442	16,532
Total	402,452	348,401

SECTION 12 FINANCIAL REPORT

15. SUPPLEMENTARY INFORMATION

15.1 Breakdown of non-recurring profit and loss for the period

Item	For the year ended 31 December 2023	Remarks
Gain or loss on disposal of non-current assets	-1,967	-
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)	20,819	-
Financing fee from non-financial enterprises recorded in profit or loss	35,452	-
Gains or losses on debt restructuring	-821	-
Reversal of impairment of credit losses for receivables and contract assets tested for impairment on an individual basis	354,025	-
Other non-operating income and expenses other than above items	5,451	-
Total non-recurring profit and loss	412,959	-
Less: The impact of income tax	40,385	-
Net non-recurring profit and loss	372,574	-
Less: The impact on non-controlling interests	20,199	-
Non-recurring profit and loss attributable to ordinary shareholders of the company	352,375	-

15.2 Net asset yield and earnings per share

Profit for the reporting period	Weighted average net assets yield (%)	Earnings per share	
		Basic	Diluted
Net profit attributable to ordinary shareholders	-41.87	-0.8982	-
Net profit attributable to ordinary shareholders net of non-recurring gain or loss	-47.42	-1.0173	-



SECTION 13 FIVE-YEAR PERFORMANCE SUMMARY

Expressed in RMB'000

Items	2023	2022	2021	2020	2019
Total assets	40,943,803	47,391,289	60,022,757	55,931,938	57,934,336
Total equity	7,254,500	10,455,057	16,364,723	15,649,079	15,550,969
Revenue	22,337,171	23,697,329	23,898,723	24,717,823	33,349,998
Profit before tax	-2,944,897	284,975	-936,420	-1,858,046	401,593
Earnings per share (RMB)	-0.90	0	-0.41	-0.72	0
Return on net assets (%)	-41.87	1.53	-6.51	-12.14	1.9

Chairman: LI Yihua

Date of submission approved by the Board: 28 March 2024

INFORMATION ON AMENDMENT

 Applicable Not applicable



中鋁國際工程股份有限公司
China Aluminum International Engineering Corporation Limited