



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



ANNUAL REPORT **2020**

IMPORTANT NOTES

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 therefor on a several and joint basis.

II. Absent Directors

Position of the absent Director	Name of the absent Director	Reason for the absence of the Director	Name of the proxy
Non-executive Director	LI Yihua	Other business endeavor	ZHANG Jian

III. WUYIGE Certified Public Accountants LLP issued a standard Auditor's Report without qualified opinion for the Company.

IV. WU Jianqiang, the Company's principal, ZHANG Jian, the accounting principal, and ZHANG Xiuyin, the accounting function's principal (the person in charge of the accounting function) undertake that: the financial report in this Annual Report is truthful, accurate and complete.

V. As audited by WUYIGE Certified Public Accountants LLP, the 2020 consolidated financial statements of the Company show that net profit attributable to shareholders of the listed company was RMB-1,976,138,436.83. As of 31 December 2020, undistributed profit of the parent company was RMB65,879,116.76. In order to ensure the continuous and stable operation of the Company and after taking into account of the operating plans and capital needs of the Company in 2021, the proposal for profit distribution in 2020 is that there will be no cash dividend distribution, nor will the capital reserves be capitalized or other forms of distribution.

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 NOTES

VII. Any Funds Occupied by the Controlling Shareholder or its Related Parties for Non-operating Purpose

None

VIII. Any Guarantee Provided for Any Third Party in Violation of Required Decision Procedures

None

IX. Whether 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

The Company mainly faces personnel health risk (COVID-19 risk), cash flow risk, business structure and transformation risk, overseas operation risk and PPP business risk. For details, please refer to “III. Discussion and Analysis of Future Development of the Company – (IV) Potential Risks” under “Section 5 Operating Results Discussion and Analysis” of this Report. Investor attention is drawn thereto.

XI. Others

☒ Applicable ☐ Not applicable

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

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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 (中鋁國際工程股份有限公司)
“Group”	the Company and its subsidiaries
“Chinalco”	Aluminum Corporation of China (中國鋁業集團有限公司), our controlling shareholder
“Luoyang Institute”	Luoyang Engineering & Research Institute for Nonferrous Metals Processing (洛陽有色金屬加工設計研究院有限公司), one of our promoters and shareholders
“State Council”	the State Council of the People’s Republic of China
“MIIT”	the Ministry of Industry and Information Technology of the PRC
“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
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“SSE Listing Rules”	the Rules Governing the Listing of Stocks on SSE
“Listing Rules of the Stock Exchange”	the Rules Governing the Listing of Securities on the Stock Exchange
“IFRS(s)”	the International Accounting Standards and their interpretation
“Board”	the board of directors of the Company
“Board of Supervisors”	the board of supervisors of the Company
“Audit Committee”	the audit committee of the Board
“Remuneration Committee”	the remuneration committee of the Board
“Risk Management Committee”	the risk management committee of the Board
“Strategy Committee”	the strategy committee of the Board
“Nomination Committee”	the nomination committee of the Board
“Chalco”	Aluminum Corporation of China Limited (中國鋁業股份有限公司), listed on New York Stock Exchange (stock code: ACH), SSE (stock code: 601600) and the Stock Exchange (stock code: 2600) and a subsidiary of Chinalco
“Chinalco Finance”	Chinalco Finance Company Limited (中鋁財務有限責任公司)
“SAMI”	Shenyang Aluminum & Magnesium Engineering & Research Institute Co., Ltd. (瀋陽鋁鎂設計研究院有限公司), a wholly-owned subsidiary of the Company
“GAMI”	Guiyang Aluminum & Magnesium Design Institute Co., Ltd. (貴陽鋁鎂設計研究院有限公司), a wholly owned subsidiary of the Company

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 73.5% 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 our Company
“Kunming Survey and Design Institute”	Kunming Survey and Design Institute Co., Ltd. of China Nonferrous Metals Industry (中國有色金屬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
“Chinalco Southwest Construction”	Chinalco Southwest Construction Investment Co., Ltd. (中鋁西南建設投資有限公司)
“Ninth Metallurgical Company”	Ninth Metallurgical Construction Co., Ltd., a subsidiary as to 62.5% 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 company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Shandong Engineering”	Chalco Shandong Engineering Technology Co., Ltd. (中鋁山東工程技術有限公司), a subsidiary as to 60% owned by the Company
“China Aluminum Equipment”	China Aluminum International Engineering Equipment Co., Ltd. (中鋁國際工程設備有限公司), a wholly-owned subsidiary of the Company
“China Aluminum Technology”	China Aluminum International Technology Development Co., Ltd. (中鋁國際技術發展有限公司), a wholly-owned subsidiary of the Company
“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)
“Chinalco Commercial”	Chinalco Commercial Factoring (Tianjin) Co., Ltd. (中鋁商業保理(天津)有限公司)
“Chinalco Finance Lease”	Chinalco Finance Lease Co., Ltd. (中鋁融資租賃有限公司)
“Renminbi” or “RMB”	the lawful currency of the PRC
“HK\$”	the lawful currency of Hong Kong

SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

I. CORPORATE INFORMATION

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

II. CONTACTS AND CONTACT INFORMATION

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

III. BASIC INFORMATION

Registered address of the Company	Building C, No. 99 Xingshikou Road, Haidian District, Beijing
Postal code for registered address of the Company	100093
Domestic office of the Company	Building C, No. 99 Xingshikou Road, Haidian District, Beijing
Postal code for domestic office of the Company	100093
Hong Kong Office of the Company	Room 4501, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong
Website of the Company	http://www.chalieco.com.cn
E-mail	IR-chalieco@chalieco.com.cn

SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

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

The Company's designated press media for information disclosure	China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily
CSRC designated website for Annual Report	www.sse.com.cn
Stock Exchange designated website for Annual Report	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

Share Class	Listed on	Stock Profile	
		Stock Abbreviation	Stock Code
A Share	The SSE	中鋁國際	601068
H Share	The Stock Exchange	CHALIECO	2068

VI. OTHER RELEVANT INFORMATION

Accounting firm engaged by the Company	Name	WUYIGE Certified Public Accountants LLP
	Office address	15F Xueyuan International Tower, No.1 Zhichun Road, Haidian District, Beijing
	Names of accountants who signed the report	XIE Qing, Shi Chenqi
Sponsor performing continuous supervision duties during the reporting period	Name	China Merchants Securities Co., Ltd.
	Office address	No. 111, Fuhuayuan Road, Futian Sub-district, Futian District, Shenzhen, Guangdong
	Names of the sponsor's representatives who signed the report	SHEN Tao, WANG Zhiwei
	Period of continuous supervision	From 31 August 2018 to 31 December 2020



SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

Legal advisor as to PRC laws	Name	Jia Yuan Law Office
	Office Address	F408, Ocean Plaza, 158 Fuxing Men Nei Street, Xicheng District, Beijing
Legal advisor as to overseas laws	Name	Clifford Chance
	Office Address	27th Floor, Jardine House, One Connaught Place, Central, Hong Kong
A Share Registrar of the Company	Name	China Securities Depository and Clearing Co., Ltd. Shanghai Branch
	Office Address	188 South Yanggao Road, Pudong New Area, Shanghai
H Share Registrar of the Company	Name	Computershare Hong Kong Investor Services Limited
	Office Address	Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong

SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

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

(I) Key Accounting Figures

Unit: '0000 Yuan Currency: RMB

Key Accounting Figures	2020	2019	Changes for this period as compared with the corresponding period of last year (%)	2018	
				After adjustment	Before adjustment
Operating revenue	2,302,595.10	3,105,979.16	-25.87	3,363,485.12	3,357,211.13
Operating income after deducting income from non-principal business and revenue that was not considered as commercial in nature	2,289,031.18	/	/	/	/
Net profit attributable to shareholders of the listed company	-197,613.84	3,485.26	-5,769.99	30,610.38	30,568.70
Net profit attributable to shareholders of the listed company net of non-recurring gain or loss	-210,738.12	-3,882.83	N/A	21,963.9	21,932.59
Net cash flow from operating activities	61,073.56	109,597.68	-44.27	56,488.63	57,096.58
	As at the end of 2020	As at the end of 2019	Changes for the end of this period as compared with the end of the corresponding period of last year (%)	As at the end of 2018	
				After adjustment	Before adjustment
Net assets attributable to shareholders of the listed company	873,307.42	1,132,205.99	-22.87	1,015,869.44	1,015,869.44
Total assets	5,451,402.43	5,599,946.31	-2.65	4,906,900.14	4,903,098.34

SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

(II) Key Financial Indicators

Key Financial Indicators	2020	2019	Changes for this period as compared with the corresponding period of last year (%)	2018	
				After adjustment	Before adjustment
Basic earnings per share (RMB/share)	-0.71	-0.02	N/A	0.08	0.08
Dilute earnings per share (RMB/share)	-	-	-	-	-
Basic earnings per share net of non-recurring gain or loss (RMB/share)	-0.76	-0.04	N/A	0.04	0.04
Weighted average return on net assets (%)	-28.78	-0.66	Down by 28.12 percentage points	2.84	2.84
Weighted average rate of return on net assets net of non-recurring gain or loss (%)	-30.58	-1.53	Down by 29.05 percentage points	1.67	1.67

Explanation of key accounting figures and financial indicators of the Company as at the end of the reporting period

✓Applicable □Not applicable

1. In 2020, the Group achieved operating revenue of RMB23.025951 billion, representing a decrease of 25.87% as compared with that of last year, mainly due to the fact that as affected by the COVID-19 epidemic in China and other foreign countries, though the Company gradually resumed operations since the end of March 2020 and has been actively promoting the resumption of work and production and expediting the construction progress, the overall scale of operating revenue and profitability still declined significantly as compared with the same period last year. At the same time, the trading business of the Company was under active transformation and its direction was shifting to centralized procurement of internal engineering equipment, which has led to a shrink in scale of our original business.
2. In 2020, the Company's net profit attributable to shareholders of listed companies was -1,976.1384 million, representing a decrease of 5,769.99% as compared with that of the corresponding period of last year. The Company's overall operating revenue and profitability dropped significantly compared with the previous year mainly due to the impact of the epidemics in China and other foreign countries; and the Company analyzed the carrying amount of assets as of 31 December 2020 in accordance with the "Accounting Standards for Business Enterprises" and the relevant provisions of the Company's accounting policies, and based on the principle of prudence, provision for impairment of assets of RMB1.625 billion was made. For details of the provision for impairment of assets, please refer to the announcement in relation to provision for impairment of assets for 2020 as disclosed by the Company on the same day as this annual report.

SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

3. In 2020, the net flow from operating activities was RMB610.7356 million, representing a decrease of 44.27% as compared with that of the corresponding period of last year, mainly due to the fact that landlords experienced financial strain as a result of the epidemic, the original payment schedule was delayed, and the net inflow dropped year-on-year.
4. In 2020, the Company's net assets attributable to shareholders of listed companies was RMB8,733.0742 million, representing a decrease of 22.87% as compared with that of the corresponding period of last year, mainly due to the sharp decline in the Company's operating results during the reporting period.

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 PRC 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 overseas accounting standards and under China Accounting Standards

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

IX. KEY FINANCIAL FIGURES BY QUARTERS IN 2020

	Unit: '0000 Yuan Currency: RMB			
	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	406,363.45	588,297.60	642,923.84	665,010.21
Net profit attributable to shareholders of the listed company	-7,133.74	-7,181.63	-3,588.45	-179,710.02
Net profit attributable to shareholders of the listed company net of non-recurring gain or loss	-10,158.54	-9,898.14	-6,376.60	-184,304.84
Net cash flow from operating activities	-159,741.93	3,047.84	26,388.28	191,379.37

SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

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

☐ Applicable ☒ Not applicable

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

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Non-recurring Profit or Loss	Amounts in 2020	Note (as applicable)	Amounts in 2019	Amounts in 2018
Gain or loss on disposal of non-current assets	10,691,841.44		-5,477,862.75	126,446,167.81
Tax return, reduction or exemption arising from ultra vires approval, without official approval document, or on an occasional basis				
Government subsidies recorded in current P&L (except government subsidies closely related to business operations granted continuously in a fixed amount or quota according to the unified national standards)	45,900,363.59		10,236,127.37	25,022,557.94
Financing fee income from non-financial enterprises recorded in current P&L	29,522,099.97		16,293,877.06	6,469,586.46
Gain arising from the acquisition of interests in a subsidiary, associate or joint ventures at an investment cost below the share in the fair value of net identifiable assets of the investee at the time of acquisition				
Gain or loss on non-monetary asset exchange			41,952,015.53	
Gain or loss on assets under discretionary investment or management				
Asset impairment provisions arising from force majeure factors such as natural disasters				
Gains or losses on debt restructuring	7,442,237.22		-3,012,041.80	-464,247.12
Restructuring costs, such as employee settlement cost and integration cost				
Gain or loss in excess of fair value arising from transactions at obviously unfair prices				

SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

Non-recurring Profit or Loss	Amounts in 2020	Note (as applicable)	Amounts in 2019	Amounts in 2018
Net profit or loss of a subsidiary arising from business combination under common control for the period from the beginning of the reporting period to the combination date			1,057,684.02	
Gains or losses on contingencies not related to normal operations of the Company				
Gains on investment in the fair value of the held-for – trading financial assets, derivative financial assets, held-for-trading financial liabilities and derivative financial liabilities held by the Company and investment income from disposal of held-for-trading financial assets, derivative financial assets, held-for-trading financial liabilities, derivative financial liabilities and other debt investments other than the valid hedging services related to the normal operating activities of the Company				11,745,615.62
Reversal of impairment provisions on receivables and contract assets tested for impairment individually	49,732,396.52		15,941,582.21	19,847,201.44
Gain or loss on entrusted loans				
Gain or loss on changes in the fair value of investment property subsequently measured at fair value				
Impact of non-off adjustments to current P&L as required by taxation and accounting laws and regulations				
Trustee fee income from entrusted operations				
Other non-operating revenue and expenses other than above items	55,052,402.32		10,372,058.59	–66,808,712.70
Other items falling within the definition of non-recurring gain or loss	–19,100,700.00			
Impact of minority interests	–13,621,092.18		3,544,429.16	–16,253,023.96
Impact of income tax	–34,376,787.06		–17,227,022.52	–19,540,286.67
Total	131,242,761.82		73,680,846.87	86,464,858.82



SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

XI. ITEMS MEASURED AT FAIR VALUE

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Item	Opening Balance	Ending Balance	Change in the Period	Impact on Profit for the current period
Other equity instrument investments	45,422,963.86	41,563,578.70	-3,859,385.16	2,010,196.92
Total	45,422,963.86	41,563,578.70	-3,859,385.16	2,010,196.92

XII. OTHERS

☐ Applicable ☒ Not applicable

SECTION 3 CHAIRMAN'S STATEMENT

Dear shareholders,

2020 was an eventful year, with both the Chinese economy and the world economy hit hard by the COVID-19 pandemic. In the same year, the 13th Five-year Plan was consummated, the fight against poverty achieved landmark success and SOEs embarked on a journey of reform – and innovation-driven development. Over the past year, Chalieco spared no effort to help prevent the spread of COVID-19 and resume operations as early as possible. Two priorities were proposed. One was about the protection of employees' life and health and workplace safety, and the other was reopening as planned in a safe manner and quick ramp-up. A dynamic employee database was built to take care of the health of every employee and their family members and the Company was coronavirus-free all throughout the year. Meanwhile, every effort made by the Company to mitigate problems and consolidate the foundation has paid off. That said, it is a pity that the Company's results of operations seem below par, owing to a combination of factors.

2021 marks the start of China's 14th Five-Year Plan, and the centenary of the Communist Party of China. It is also a decisive year in which Chalieco will muster new energy, make a successful comeback and renew its image. Chalieco will espouse globalization unswervingly and expand its global footprint and network. Meanwhile, being ready to seize any opportunity arising from the domestic circulation, Chalieco will capitalize on positive expectations for the recovering nonferrous metal industry and continually rising prices of some nonferrous metal markets, and continue to be a leading player and expand its share of the nonferrous metal market by right of its cutting-edge technologies. Meanwhile, the Company will proceed with reform and development and risk prevention in parallel, seek innovation-driven and technology-led growth, uphold value management and comprehensive improvement against the benchmark, promote good governance and compliance with the laws, lay a solid foundation and put its business on the right track.

WU Jianqiang
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS



SECTION 4 BUSINESS REVIEW (DIRECTORS' REPORT)

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

(I) Principal business and operation modes

The Company is a leading technology, engineering service and equipment provider in the nonferrous metals industry in China, capable of providing full business-chain integrated engineering solutions for various stages in nonferrous metals industry chain and other industries. The Company's businesses mainly include engineering design and consultancy, engineering and construction contracting, equipment manufacturing and equipment trading. In 2020, the Company continued to be among the China's Fortune 500 in 2020; meanwhile, in the 2020 "TOP 150 GLOBAL DESIGN FIRMS", "TOP 225 INTERNATIONAL DESIGN FIRMS", "TOP 250 GLOBAL CONTRACTORS" and "TOP 250 INTERNATIONAL CONTRACTORS" announced by the Engineering News-Record (ENR) Magazine in the US, the Company was shortlisted again and ranked at 94th, 163rd, 88th and 233rd, respectively.

1. Engineering design and consultancy business

Engineering 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 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.

SECTION 4 BUSINESS REVIEW (DIRECTORS' REPORT)



2. Engineering and construction contracting business

The Company's engineering and construction contracting business covers metallurgy industry, housing construction, highways, building materials, electricity, water conservancy, chemical industry, mining, municipal utilities, steel structure and other fields. The Company adopts a couple of engineering and construction contracting business modes, including EPC, EP, PC and project management contract. Meanwhile, the Company is exploring other engineering contracting modes such as PPP. 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.

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. The Company is a leading manufacturer of non-ferrous metal rolling mills in China.

SECTION 4 BUSINESS REVIEW (DIRECTORS' REPORT)



4. Trading business

Since 2013, under the guidance of relevant diversification strategy, in order to strengthen cost and risk control, the Company has adopted a centralized procurement approach, while appropriately adjusting and broadening its business scope. In establishing the centralized procurement platform, the Company has expanded the equipment and raw material trading business related to its principal operations, which is managed largely by China Aluminum Equipment.

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

The Company has long been engaging in survey, design and project contracting in the non-ferrous metal field. With technological innovation and industrialization as its core competitiveness, the Company has its business covering engineering survey and design and consultancy, engineering and construction, equipment manufacturing, trade and other fields, and has established a business model covering full industrial chain of “investment and financing-planning-design-engineering construction asset operation/industrial service”. Among them, the engineering and construction contracting business covers metallurgical industry, housing construction, highways and other fields, and adopts various business modes such as construction contracting and general engineering contracting (including EPC, EP, PC, etc.), of which the traditional construction contracting business, as a main business mode, accounts for 87% and 4% in EPC; By financing mode, the investment, finance and construction business accounts for 9%.

SECTION 4 BUSINESS REVIEW (DIRECTORS' REPORT)

1. The Company's engineering design and consultancy business involves compiling relevant technical data and provide technical services based on the engagement of owners, and to carry out engineering consultancy, design and survey services according to the design consultation process to ensure compliance with the requirements stipulated in the contract. Rights and obligations: based on the true and accurate basic information provided by the owner, we have the obligation to provide qualified technical products as agreed in the contract, and also have the right to collect service fees in a timely manner as agreed in the contract. Pricing mechanism: service fees are charged generally by reference to national fee rates for engineering survey and market conditions and based to specific conditions such as the complexity of the project. Relying on the Company's technical advantages in the non-ferrous metallurgy industry, this business brings a higher profit margin compared with engineering construction projects. As to payment terms in the contract, usually an advance payment of about 10%-20% is required, and the remaining amount is paid in installments according to the amount of work completed (as for engineering design business) or settled in full upon delivery of the consultation report (as for engineering consultancy business). The Company bears the risks associated with product design quality and progress pursuant to the contract. This business segment does not involve financing.
2. The Company's engineering and construction contracting business covers metallurgical industry, housing construction, highways, mines, municipal utilities and other fields. The Company adopts a number of business modes, including traditional contracting, EPC (including EP and PC), and investment-finance-build (including PPP), etc. Risks: Under the traditional contracting mode, the Company acts as a contractor and is responsible for project construction and equipment installation; Under the EPC mode, the Company takes charge of the whole design process, procurement of materials and equipment, construction, equipment installation and testing, and is liable to the proprietor for the quality, safety, on-time delivery and cost of the project. The main risk for the Company involves material difference not higher than a certain rate as agreed in the contract, while the proprietor assumes compliance risks of the project and ensures the availability of project funds; Under the PC mode, the Company undertakes the procurement and construction of the project according to the contract, and is liable for the quality, safety, progress and cost of the project. Pricing: through participating in competitive bidding, the Company will conduct detailed research on the proposed project in preparing the bid. Specifically, based on on-site visit as well as technical conditions, commercial conditions and other bidding regulations, the Company calculates the cost of items in the bill of quantities, and then adds proposed gross profit at a certain percentage to get the bid price. Payment collection: mainly project progress payments, settled and collected according to the monthly progress or milestones, and advance payment (if any) is collected according to the contract.

SECTION 4 BUSINESS REVIEW (DIRECTORS' REPORT)

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

(III) Industry overview

At the beginning of the epidemic in 2020, due to difficulties in logistics and transportation as well as labor shortages, the daily operations of non-ferrous metal production enterprises were severely frustrated. As the epidemic was gradually controlled, China vigorously pushed forward the resumption of work and production, the production of various industries has gradually recovered, the economy has gradually resumed growth, and the rigid demand for non-ferrous metals continued to grow. In 2020, aluminum industry in China continued to deepen supply-side structural reforms in face of the impact of COVID-19 and the complex international environment, thus the entire industry operated smoothly. According to statistics, the annual output of China's alumina, electrolytic aluminum, and aluminum were 73.13 million tonnes, 37.08 million tonnes and 57.79 million tonnes, representing year-on-year growth of 0.3%, 4.9%, and 8.6%, respectively. The additional alumina production capacity was mainly located in Guangxi and Guizhou, and the additional aluminum production capacity was mainly located in Yunnan. Since April, aluminum prices have gradually risen and hit a record high. At the same time, the aluminum industry continued to deepen supply-side structural reforms, strictly controlled the new production capacity of electrolytic aluminum, and strictly implemented capacity replacement. As a result, the industry operated well and the efficiency improved significantly.

SECTION 4 BUSINESS REVIEW (DIRECTORS' REPORT)

The impact of COVID-19 brought challenges and opportunities to the construction industry in China. It was also the embodiment of survival of the fittest, and also a reshuffle for the construction industry, thereby accelerating the transformation and development of the construction industry. In the early stage of the epidemic, the increase in labor costs and material prices and costs caused by the suspension of work and production severely affected the construction period and implementation costs of infrastructure and real estate projects, which had a greater impact on the construction industry. With the gradual control of the epidemic and the relevant policies promulgated by China, the construction industry has gradually recovered. The construction industry in China grew steadily last year, and the investment in fixed assets in China increased by 2.9% as compared with that of last year, of which infrastructure investment increased by 0.9% as compared with that of last year.

(IV) Contracts

During 2020, the Company entered into 6,175 contracts in total, the total amount of which was RMB39.588 billion. Details are as followings:

Type of Contracts	January to December in 2020	
	Number	Amount (RMB100 million)
Engineering survey, design and consultancy	4,500	21.96
Engineering construction	Industrial projects	712
	Civil buildings	279
	Highways and municipal works	82
Equipment manufacturing	602	11.03
Total	6,175	395.88

As of 31 December 2020, the amount of uncompleted contracts of the Company was RMB63.979 billion in aggregate, details of which are as followings:

Type of Contracts	As of 31 December 2020	
	Number	Amount (RMB100 million)
Engineering survey, design and consultancy	2,654	18.95
Engineering construction	Industrial projects	583
	Civil buildings	277
	Highways and municipal works	97
Equipment manufacturing	364	13.69
Total	3,975	639.79

SECTION 4 BUSINESS REVIEW (DIRECTORS' REPORT)

(V) Completed and uncompleted projects

The number, amount, location and major risks of completed and uncompleted projects for the reporting period are set forth below by business models:

1. Uncompleted

Business modes	Number of uncompleted contracts	Revenue (RMB100 million)	Location
Traditional engineering construction	1,413	138.36	Henan, Shanxi, Sichuan, etc.
EPC	52	6.11	Guangxi, Guizhou, Inner Mongolia, etc.
Investment-finance-building	8	16.29	Yunan, Tongchuan, Xi'an, Henan, etc.
Total	1,473	160.76	

2. Completed

Business modes	Number of completed contracts	Revenue (RMB100 million)	Location
Traditional engineering construction	1,446	16.91	Fujian, Gansu, Guangxi, Guangdong, etc.
EPC	19	1.03	Shandong, Yunnan, Guizhou, etc.
Investment-finance-building			
Total	1,465	17.94	

Completed projects of the Company mainly involves payment risk. Among uncompleted projects, the traditional construction contracting business mainly carries the risks of delayed settlement and delayed payment, the EPC mode mainly involves procurement risk, while the investment-finance-building mode mainly entails financing risk, the risk of the proprietor failing to buy back on schedule and operational risks associated with the operation period.

SECTION 4 BUSINESS REVIEW (DIRECTORS' REPORT)

II. MATERIAL CHANGES IN MAJOR ASSETS OF THE COMPANY DURING THE REPORTING PERIOD

☐Applicable ☒Not applicable

III. ANALYSIS OF CORE COMPETITIVENESS FOR THE REPORTING PERIOD

☒Applicable ☐Not applicable

(I) The Company boasts technical strength and R&D capabilities

The eight nonferrous metal design institutes that were under the former Ministry of Metallurgical Industry, namely, SAMI, GAMI, CINF and CNPT (that inherited the assets and business of Luoyang Institute), are under the Company. Moreover, the Company owns two widely recognized survey and design institutions in the industry, namely, China Nonferrous Metal Changsha Survey and Design Institute and Kunming Survey and Design Institute, and is able to provide project owners with a whole set of technical support and services across the entire nonferrous metal industry chain. In 2020, the Company stayed focused on the strategic arrangement for reform and development, implemented the technology-led strategy firmly, continued to build up its strength in advanced technologies and continual technical innovation, and brought into play its advantage in innovation by integration of scientific study and engineering to take a lead in technical innovation, strengthen its competitive strength, and provide new drivers to transformation and development of the Company.

1. The technical innovation platform supports capacity enhancement

Yunnan Key Lab for Geotechnical Engineering and Geologic Hazards proposed by Kunming Survey and Design Institute of the Group was established with approval. As of 31 December 2020, Chalico had six state-level engineering and technology research centers and technology centers, two national post-doctoral scientific research work stations, 14 province-level technology centers, 2 province-level expert and academician work stations, 1 province-level post-doctoral innovation and practice hub, and 2 province-level engineering labs. Meanwhile, the Company will continue to step up integration and consolidation of innovation platforms and resources, boost technical innovation and conversion of results, and further develop the abilities of technology platforms to support and serve main business lines of the Company and emerging markets.

SECTION 4 BUSINESS REVIEW (DIRECTORS' REPORT)

2. Technical innovation efforts bear more fruits

In 2020, the Company redoubled its efforts on intellectual property management and optimization, increased the number of invention patents as a percentage of the total, improved the quality of patents and promoted application of technical deliverables. In the year, the Company filed 317 domestic patent applications, including 157 invention patent applications, and 222 domestic patents and 12 international patents were granted. 37 province – or ministry-level construction methods were authorized. The Company led and participated in the drafting of 28 national and industrial standards or codes which have been officially promulgated. 34 works of the Company received science and technology awards in Liaoning, Hunan and Zhejiang and from the industry association, including 1 special prize, 8 first prizes, 15 second prizes and 10 third prizes. In addition, 35 new technologies developed by the Company were assessed and recognized by the industry association, and endorsed and strongly recommended by experts. Among them, 13 are the best in the world, 7 are advanced internationally and 15 are the best in China and in the industry.

The deliverables from the R&D and Application of Large-sized Gas Suspension Calciner for Alumina carried out by the SAMI have been converted into a collection of products and will be applied to the general contract project of alumina calciner located in Wanzhou, Chongqing. The Seven-point Feed Super Large Aluminum Electrolytic Cell Precise Regulation and Deep Energy Saving Assembly Technology developed by the Guiyang Institute has been successfully applied by many domestic enterprises and more importantly, has been exported and adopted by Hakin's Indonesia-based project, owing to its stability of running and best-in-class indicators, among other benefits. The Research on Oxygen-enriched Pulverized Coal Blowing Bath Smelting Technology and Equipment conducted by the CINF independently has been industrialized and applied to the reducing furnace of the lead system at Guangxi Nanfang Nonferrous Metal Co., Ltd and resulted in significant improvements in production indicators. The high-end aluminum alloy strip continuous annealing process and equipment of CNPT have been put into pilot production at Northeast Light Alloy Co., Ltd. The Production and Sales Management and Control System for Large Enterprises developed by Shandong Engineering has been adopted by a number of users.

3. A talent pool of high caliber is built

As of 31 December 2020, the Company had 3 state-level engineering survey and design masters, and 32 province- or ministry-level and nonferrous metal industry engineering survey and design masters. The Company had a total of 40 doctors, 1,521 masters and 2,214 high-level technical talents. In addition, 18 members of the Company were entitled to government allowances of the State Council.

SECTION 4 BUSINESS REVIEW (DIRECTORS' REPORT)

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

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

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

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

IV. OTHER DISCLOSURES (DISCLOSED AS REQUIRED BY THE LISTING RULES OF THE STOCK EXCHANGE)

(I) Principal business

The Group is principally engaged in engineering design and consultancy, 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 5 Operating Results Discussion and Analysis," and the Group's financial and operating conditions are also analyzed using key financial indicators. Please refer to "Section 6 Key Matters" of this report for details of key events affecting the Group and the corporate social responsibility and environmental protection issued of the Group during the year. For information on compliance with relevant laws and regulations that have a significant impact on the Group, please refer to "Section 10 Corporate Governance (Corporate Governance Report)" of this report.

SECTION 4 BUSINESS REVIEW (DIRECTORS' REPORT)

(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 Group and its employees. The Group upholds the principle of “people-oriented.” The development of the Company is “for people.” The products and services provided by the Company should meet the demand of “people” as possible as they can. The Company will keep on customer-oriented, keep abreast of the changes in market conditions, seek market development opportunities, and vigorously expand service areas and regions. The development of the Company is “dependent on people”. Employees are our most valuable assets and providers of products and services. Through the enhancement of employees’ knowledge, skills and abilities, we can continuously improve the quality of work and work standards and strengthen the overall competitiveness of the Company. The development of the Company is to “achieve success.” On the basis of the Company’s development, individual achieves all-round development, including fair career development opportunities, competitive remuneration system and harmonious interpersonal environment. Based on such an understanding, 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 conditions 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. In 2020, the cumulative number of employees who received trainings reached 12,546, of which 4,077 were operation and management personnel, 5,807 were engineering technicians, 697 were production and operation personnel, and 1,965 were service and other personnel.

The Company vigorously implements employee care projects to provide employees with fair career development opportunities, a competitive remuneration system and a harmonious interpersonal environment. The Company pursues harmony between internal and external environments, realizes the win-win situation among stakeholders, embodies the interests of employees and the return of Shareholders, and simultaneously takes into account short-term interests and long-term development. We care for health, safety and environmental affairs, and achieve win-win situation among all kinds of stakeholders. We take better understanding and attention into the production and living conditions of grassroots employees, promote the principle of “lifelong learning, healthy living”, commit to building staff relationships that are “warm as sunshine, open, simple and friendly”, and constantly strengthen the ideological guidance, democratic management and care to let employees feel care and assistance from organizations at all levels.

SECTION 4 BUSINESS REVIEW (DIRECTORS' REPORT)

2. The Group 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 Group and its suppliers. The Group insists on the principle of "selecting the best, retaining the excellence and eliminating the inferiors, cooperating for mutual benefits and mutual development" when managing suppliers through an e-commerce procurement platform, which 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 Group, 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. The Group underwent in-depth exchanges with local governments in cities such as Datong, Baoding and Huai'an on business cooperation, and established strategic partnership with enterprises including TJAD Group and China Gezhouba Group Company Limited on areas such as transport, municipality and aluminum applications to launch cooperation.
5. The Group's donation. The Group made charity and other donation totaling RMB0.38 million for the reporting period.

(IV) The Company's environmental policy and performance

For details, please refer to section 6 "Environmental Information" of this report.

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

None

(VI) Issuance of shares during the reporting period

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

(VII) Issuance of bonds by the Company during the reporting period

The Company redeemed the US\$350 million senior perpetual bonds issued in 2016 in January 2020; the Company rolled out 8 ultra-short-term financings of RMB1 billion in the inter-bank market in 2020; the Company redeemed the RMB500 million renewable corporate bonds issued in 2017 in March 2020.

SECTION 4 BUSINESS REVIEW (DIRECTORS' REPORT)

(VIII) Results

The audited results of the Company and its subsidiaries for the year ended 31 December 2020 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 2020 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 2020 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 5 “Operating Results Discussion and Analysis” 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 2020, the total share capital of the Company amounted to RMB2,959,066,667, which was divided into 2,959,066,667 shares (comprising 399,476,000 H Shares and 2,559,590,667 A Shares), with a nominal value of RMB1.00 each.

SECTION 4 BUSINESS REVIEW (DIRECTORS' REPORT)

(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 statement of income, except for the taxation relating to items recognized in other consolidated income or directly in equity, which is recognized in equity. In this case, the income tax is also recognized in other consolidated 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 and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It 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.

SECTION 4 BUSINESS REVIEW (DIRECTORS' REPORT)

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 2020. The applicable VAT rate for the modern service industry in 2020, 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 2020.

(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. According to 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 2020, the undistributed profit of the parent company amounted to RMB65,879,116.76.

(XIII) Events after the balance sheet date

There was no other significant subsequent event after 31 December 2020.

(XIV) Profit distribution and proposed dividend

For details, please refer to “I. Proposal for Profit Distribution to Ordinary Shareholders or for Converting Capital Reserve into Share Capital” under “Section 6 Key Matters” of this report.

SECTION 4 BUSINESS REVIEW (DIRECTORS' REPORT)

(XV) Purchase, redemption or sale of listed securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2020.

(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 was RMB980 million. As of 31 December 2019, our proceeds had been fully utilized. Such proceeds was 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 section 5 "Particulars of major customers and major suppliers" 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 2020 are set out in "(XXIV) 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 2020, the Group did not enter into any equity-linked agreements that would or could result in the issue of Shares by the Company.

SECTION 4 BUSINESS REVIEW (DIRECTORS' REPORT)

(XX) List of Directors, Supervisors and senior management

For details, please refer to “I. PARTICULARS OF CHANGES IN SHAREHOLDING AND EMOLUMENTS” under section 9 “Particulars of Directors, Supervisors, Senior Management and Employees” 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 of three years from 23 May 2017 (Mr. GUI Weihua was appointed in place of Mr. SUN Chuanyao as the independent non-executive Director on 27 February 2018 and the service contract commenced from 27 February 2018 and will end upon the date of the election of the next session of the Board; Mr. Wu Jianqiang was appointed as the executive Director of the Company on 16 April 2019 and the service contract commenced from 16 April 2019 and will end upon the date of election of the next session of the Board; Mr. LIU Jing was appointed as the executive Director of the Company on 25 February 2021 and the service contract commenced from 25 February 2021 and will end upon the date of the election of the next session of the Board); and (2) termination subject to the terms of each contract.

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 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 “I. PARTICULARS OF CHANGES IN SHAREHOLDING AND EMOLUMENTS” under section 9 “Particulars of Directors, Supervisors, Senior Management and Employees” 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.

SECTION 4 BUSINESS REVIEW (DIRECTORS' REPORT)

(XXIV) Directors' interests in competing business

During 2020, 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 "II. POSITIONS OF EXISTING AND RESIGNED DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT DURING THE REPORTING PERIOD" under section 9 "Particulars of Directors, Supervisors, Senior Management and Employees" 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 2020, 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 Hong Kong Stock Exchange 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 Stock Exchange.

(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 14 to the Listing Rules of the Stock Exchange. Save for the above, during the financial year of 2020 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).

SECTION 4 BUSINESS REVIEW (DIRECTORS' REPORT)

(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 body corporates, 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.

(XXXII) Substantial Shareholders' interests in Shares

For details, please refer to "III. PARTICULARS OF SHAREHOLDERS AND EFFECTIVE CONTROLLER" under section 7 "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 Stock Exchange by the Company that the Company would not use any proceeds from the Global Offering and any other fund raised through the Stock Exchange for any projects conducted in any sanctioned countries, or for compensation for losses of the Iran company due to the default of relevant Iran contracts, if any, by the Company (the "OFAC Undertakings"). 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 complied with the OFAC Undertakings during the reporting period and will continue to comply with the OFAC Undertakings in the normal course of business of the Company in future.

SECTION 4 BUSINESS REVIEW (DIRECTORS' REPORT)

(XXXIV) Management contracts

During 2020, 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) Connected transactions

For details, please refer to “XIV. Material Related-Party Transactions” under Section 6 “Key Matters” of this report.

(XXXVI) Compliance with Non-competition Agreement

For details, please refer to “XI. Explanation of Circumstances Where the Company Cannot Maintain the Ability to Operate Independently and Maintain Independence from Its Controlling Shareholder in Terms of Business, Personnel, Assets, Organizational Structure and Finance” under section 10 “Corporate Governance (Corporate Governance Report)” of this report.

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

As at the end of 2020, 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 “VI. Particulars of Employees of the Parent Company and Major Subsidiaries” under section 9 “Particulars of Directors, Supervisors, Senior Management and Employees” of this report.

(XXXIX) Corporate Governance (Corporate Governance Report)

For details, please refer to “II. Company's Compliance with the Corporate Governance Codes” under section 10 “Corporate Governance (Corporate Governance Report)” of this report.

(XL) Board diversification policy

For details, please refer to “VI. The Board” under section 10 “Corporate Governance (Corporate Governance Report)” of this report.

SECTION 4 BUSINESS REVIEW (DIRECTORS' REPORT)

(XLI) Compliance with major laws and regulations

For details, please refer to “III. Compliance With Major Laws and Regulations and Promoting the Construction of Corporate Legal Governance” under section 10 “Corporate Governance (Corporate Governance Report)” of this report.

(XLII) Promoting the Construction of Corporate Legal Governance

For details, please refer to “III. Compliance With Major Laws and Regulations and Promoting the Construction of Corporate Legal Governance” under section 10 “Corporate Governance (Corporate Governance Report)” of this report.

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

For details, please refer to “XV. Others” under section 10 “Corporate Governance (Corporate Governance Report)” of this report.

(XLIV) Audit Committee

The audit committee of the Company has reviewed the 2020 annual results and the consolidated financial statements for the year ended 31 December 2020 prepared in accordance with the China Accounting Standards for Business Enterprises of the Group.

(XLV) Auditor's remuneration

For details on the auditor's remuneration, see “VI. Information on Appointment and Removal of the Auditor” under Section 6 “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.

SECTION 4 BUSINESS REVIEW (DIRECTORS' REPORT)

(XLVII) Taxes on dividends

For details of the Company's cash dividend proposal for the reporting period, please refer to "I. Proposal for Profit Distribution to Ordinary Shareholders or for Converting Capital Reserve into Share Capital" under "Section 6 Key Matters" of this report.

Pursuant to 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.

The Company will withhold individual income tax at the rate of 10% if an individual shareholder of H shares is a resident of Hong Kong or Macao, or is a resident of other countries that have entered into a 10% tax treaty with the PRC on cash dividends distributed to them. 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), 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.

SECTION 5 OPERATING RESULTS DISCUSSION AND ANALYSIS

I. OPERATING RESULTS DISCUSSION AND ANALYSIS

Since 2020, the COVID-19 epidemic has spread globally, with confirmed cases in more than 200 countries and regions. Due to the impact of the epidemic across the world, the global economy suffered a severe recession. The trade flows between industry chains has been disrupted. International trade and investment have shrunk. The commodity market faced immense volatilities. Domestic consumption, investment, and exports declined; employment pressure increased significantly; enterprises faced more difficulties; and risks accumulated in the finance and other fields. However, China has coordinated the promotion of epidemic prevention and control, as well as economic and social development, and has taken no time to facilitate the resumption of work and production. It has introduced 90 policies and measures in 8 aspects, and implemented policies such as assisting enterprises to stabilize employment and reducing and exempting certain taxes. Such policies have benefited the broad masses of people, and have promptly and effectively facilitated the maintenance of supply, price stabilization and the resumption of work and production. China's economy has shown strong resilience and great potential.

Business Operations in 2020

For FY2020, the Company brought in operating revenue of RMB23,025.951 million, representing a drop of 25.87%; net profit attributable to equity owners of the Parent was RMB-1,976.1384 million, down 5,769.99%. As of the end of 2020, total assets of the Company were RMB54,514.0243 million, down 2.65%; owners' equity was worth RMB15,636.9127 million, up 1.57%; and the asset-to-liability ratio fell 1.19 percentage points from the beginning of the year to 71.32%.

The Company delivered weak performance and registered operating losses in 2020 for the first time since its inception, because of many factors, including COVID-19, and challenging domestic and global economic conditions. The Company has a number of problems. First, market development leaves much to be desired. New contract awards have dropped considerably and the contract conversion rate could be better. Second, the Company could have done better in risk prevention and control, as there was a high balance of receivables and inventories, and the Company was facing multiple litigations. Third, the Company does not have enough cutting-edge technologies and edge tools and the conversion rate of technologies could be better.

In spite of all the difficulties, the Company continued to drive reform and innovation and made some effective explorations into some new business and management fields.

1. Planning as a whole and making steady progress in project management

Organizing pandemic prevention & control and resumption of work and production carefully. From February 2020, the Company had the workers come back to work, provided necessary sanitation supplies and applied for policy support to clear all difficulties on site and ensure resumption of 200-plus projects that should be resumed. Meanwhile, the demand of all members for commodities in 2020 was summed up in advance and hedging was adopted to prevent the impact of fluctuations of commodity prices during the pandemic on the projects' financial performance.

SECTION 5 OPERATING RESULTS DISCUSSION AND ANALYSIS

Implement key projects in an orderly manner. The ALCASA project in Venezuela passed acceptance check and finished delivery; the projects in Guinea, Heqing, Huasheng and Wenshan went into production fully; construction of the Zhaotong project was completed; and the 1+3 expressways project in Yunnan was in progress. The Company and its members received 17 letters of commendation from SPIC, Baiyinhua, Chalieco Wenshan and Guinea, among other key project owners.

Improve project quality management continually. The Company was recognized for three National Prime-quality Projects in the year. To be more specific, the CEC·Xianyang 8.6-Generation Thin-film Transistor LCD Components project undertook by Ninth Metallurgical Company was honored with National Prime-quality Project, Gold Prize, the first top prize in project construction quality Chalieco has won since its inception; the Inner Mongolia Mengtai 900,000 tonne/year aluminium sheet and strip project designed by the SAMI and the industrialization and environment-friendly technical renovation project of lithium battery cathode materials for vehicles for which the CINF was the supervisor won the National Prime-quality Project award. The members also received 12 Prime-quality Project awards (construction category) at or above the province/ministry level; and delivered 75 excellent QC achievements at or above the province/ministry level, including 17 first prizes, 39 second prizes and 19 third prizes.

2. Taking multipronged actions to expand global market footprint

Seek a bigger share of the nonferrous metal market. All members of the Company were highly devoted to market development relating to the mining, beneficiation, smelting and processing of nonferrous metals, especially with a view of energy saving and environmental protection, and therefore had greater clout in the nonferrous metal industry. The SAMI tapped into the project contract, equipment assembly and technical service market with its leading technologies and was awarded a number of general contracts, including the alumina calciner located in Wanzhou, Chongqing. The Guiyang branch of the Company jumped at the market opportunities arising from new capacity built by new entrants and entered into engineering and design contracts for aluminum hydroxide and advanced material production project in Wenfeng.

Assign more weight to new business lines. The Company continued to give priority to the development of municipal utilities and grabbed a bigger share of the civilian facilities market. The Changkan Institute saw a double increase in geologic hazards and environmental protection contracts compared with last year. The Kunming Survey and Design Institute underscored the philosophy of “Three-dimensional Operation, Staff Engagement, Integrated Operation and Systematic Operation” and outperformed the annual target. New contracts awarded to Sixth Metallurgical Company and Twelfth Metallurgical Company combined amounted to more than RMB10 billion. A group of expressways and PPP projects in Yunnan were under development in full swing. In addition, the Company actively sought wider application of aluminum in engineering and was awarded seven aluminum overcrossing bridge contracts in the year, 5 of which have been put into use.

SECTION 5 OPERATING RESULTS DISCUSSION AND ANALYSIS

Achieve landmark success in international business development. First, a number of international contracts were signed. The headquarters of the Company and the SAMI collaborated efficiently and won the EPC contract for the one million tonnes/year metallurgical grade alumina project in Indonesia. The CINF was awarded the design contract for wet copper & cobalt smelting in Congo Kinshasa. Second, an international business network was put in place, consisting of Indonesia and Vietnam as the Southeast Asian hubs, Guinea and Congo Kinshasa as the African hubs, Kazakhstan and Tadjikistan as the hubs of the Russian-speaking region, Peru as the American hub and the EPS general contract project of the electrolytic aluminium factory at Portovesme, Italy as the European hub.

3. Strengthening innovation and producing a wealth of deliverables

In 2020, the Company stepped up technical innovation and the application of technical deliverables and built up technical innovation capacity. A number of technical projects won awards. (For details, please see “III. Core Competitive Strength Analysis During the Reporting Period” under Section IV “Business Overview (Directors’ Report)”.)

4. Improving operation quality with coordinated development

A material slash in receivables and inventories. The balance of receivables and inventories combined declined by RMB3.95 billion compared with the beginning of the year, marking a material success, thanks to the efforts to control receivables, shorten the settlement cycle of contracts and assets, strengthen project closing and collection in the system and tighten process monitoring, tracking, supervision and enforcement.

Optimized capital structure. The proportion of the Company’s long-term financing was adjusted to 64%, and the financing structure was more healthy and stable. The Company took advantages of the policy window to adjust its financing structure, reducing financing costs by approximately 50bp.

SECTION 5 OPERATING RESULTS DISCUSSION AND ANALYSIS

II. OPERATING OVERVIEW FOR THE REPORTING PERIOD

In 2020, the Company realized operating revenue of RMB23,025.951 million, representing a year-on-year decrease of 25.87%, and realized the total profit of RMB-1,824.7806 million, representing a year-on-year decrease of 629.27%; and realized net profit attributable to the parent company of RMB-1,976.1384 million, representing a year-on-year decrease of 5,769.99%.

(I) Principal Business Analysis

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

Unit: '0000 Yuan Currency: RMB

Item	Amount for the current period	Amount for the corresponding period of last year	Change in Percentage (%)
Operating revenue	2,302,595.10	3,105,979.16	-25.87
Operating cost	2,095,285.25	2,777,968.75	-24.57
Sales expense	9,636.16	12,544.75	-23.19
Administrative expense	103,781.97	106,694.42	-2.73
R&D expense	60,416.28	52,431.67	15.23
Financial expense	53,209.86	57,311.96	-7.16
Net cash flow from operating activities	61,073.56	109,597.68	-44.27
Net cash flow from investing activities	-416,264.78	-97,926.28	N/A
Net cash flow from financing activities	102,586.34	319,127.93	-67.85
Net profit	-185,639.75	22,252.48	-934.24

Results for 2020 dropped significantly from 2019, mainly because:

1. As affected by the COVID-19 epidemic at home and abroad, the Company commenced construction at the end of March successively. Although the Company has been actively pushing forward the resumption of work and production, and accelerating the construction progress, the overall operating income and profitability have dropped significantly as compared with that of the same period of last year; at the same time, the direction of the Company's trading business gradually shifted to centralized procurement of internal engineering equipment led to the reduction of the original business scale.
2. As affected by the epidemic, certain customers encountered difficulties in making payments, payment had been delayed. The Company has reassessed the expected credit loss of the receivables, and made relevant provision for impairment in accordance with the Company's accounting policies.

SECTION 5 OPERATING RESULTS DISCUSSION AND ANALYSIS

2. Revenue and cost analysis

✓Applicable □Not applicable

In 2020, the Company recorded operating revenue of RMB23,025.951 million, down 25.87% year-on-year. The Company's business covers engineering design and consultancy, engineering and construction contracting, equipment manufacturing and trading. In addition to the PRC, the Company also operates in countries and regions such as Vietnam, Venezuela, Indonesia, Saudi Arabia, Italy, etc.

(1). Principal business by sectors, products and regions

Unit: Yuan Currency: RMB

Principal business by sectors						
By sectors	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 design and consultancy	2,210,565,884.78	1,710,832,967.54	22.61	-5.98	10.05	Down by 11.27 percentage points
Engineering and construction contracting	17,869,639,907.74	16,375,018,575.87	8.36	-14.87	-12.93	Down by 2.04 percentage points
Equipment manufacturing	1,602,715,700.97	1,520,134,866.67	5.15	-20.07	-15.75	Down by 4.86 percentage points
Trading	1,589,019,470.35	1,578,018,121.04	0.69	-73.29	-72.96	Down by 1.22 percentage points
Inter-segment elimination	-245,990,005.98	-231,152,071.91				
Total	23,025,950,957.87	20,952,852,459.21	9	-25.87	-24.57	Down by 1.56 percentage points

**SECTION 5 OPERATING RESULTS DISCUSSION AND ANALYSIS**

Unit: Yuan Currency: RMB

By regions	Principal business by regions			Changes in	Changes in	Changes in
	Operating revenue	Operating cost	Gross margin (%)	operating revenue over the previous year (%)	operating cost over the previous year (%)	gross margin over the previous year (%)
PRC	22,262,640,515.62	20,443,427,441.88	8.17	-27.33	-25.62	Down by 2.12 percentage points
Other countries and regions	763,310,442.25	509,425,017.33	33.26	80.52	73.09	Up by 2.86 percentage points
Total	23,025,950,957.87	20,952,852,459.21	9.00	-25.87	-24.57	Down by 1.56 percentage points

SECTION 5 OPERATING RESULTS DISCUSSION AND ANALYSIS

Explanation of principal business by sectors, products, regions

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

Unit: Yuan Currency: RMB

Item	2020	2019	Growth rate (%)
Operating revenue	2,210,565,884.78	2,351,285,421.01	-5.98
Operating cost	1,710,832,967.54	1,554,605,246.18	10.05
Gross profit	499,732,917.24	796,680,174.83	-37.27
			Down by 11.27
Gross margin (%)	22.61	33.88	percentage points
Sales expense	50,789,344.74	67,860,612.38	-25.16
Administrative and R&D expense	575,586,487.41	554,226,205.69	3.85
Total profit	-298,468,445.76	69,353,396.54	-436.08

The engineering design and consulting segment recorded revenue of RMB2.211 billion in 2020, down by RMB141 million from 2019, which was mainly due to the impact of COVID-19, which led to the shrink in order quantity as a result of the significant decline in non-ferrous metal resource development business. Gross margin of this segment was 22.61%, down by 11.27% from 2019, mainly due to the decrease in revenue, yet the relatively fixed labor costs, etc. and the increase in outsourcing costs led to the decrease in gross margin.

SECTION 5 OPERATING RESULTS DISCUSSION AND ANALYSIS

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

Unit: Yuan Currency: RMB

Item	2020	2019	Growth rate (%)
Operating revenue	17,869,639,907.74	20,990,448,791.59	-14.87
Operating cost	16,375,018,575.87	18,806,637,473.16	-12.93
Gross profit	1,494,621,331.87	2,183,811,318.43	-31.56
			Down by 2.04
Gross margin (%)	8.36	10.40	percentage points
Sales expense	21,001,520.73	27,484,816.68	-23.59
Administrative and			
R&D expense	892,658,385.17	836,906,144.46	6.66
Total profit	-822,711,642.19	361,620,327.82	-327.51

The Company's revenue from engineering and construction contracting business was RMB17.870 billion in 2020, down by RMB3.121 billion from 2019, mainly due to the impact of the epidemic, the execution of the Company's projects under construction and the progressing of new projects were greatly restricted, and overseas projects were affected by the policies of countries where the projects were located, hence our workers could not travel to the site for construction. Gross margin of this segment was 8.36%, down by 2.04% from 2019, mainly due to the increase in prices of subcontracting and material costs.

SECTION 5 OPERATING RESULTS DISCUSSION AND ANALYSIS

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

Unit: Yuan Currency: RMB

Item	2020	2019	Growth rate (%)
Operating revenue	1,602,715,700.97	2,005,054,457.55	-20.07
Operating cost	1,520,134,866.67	1,804,419,689.68	-15.75
Gross profit	82,580,834.30	200,634,767.87	-58.84
Gross margin (%)	5.15	10.01	Down by 4.86 percentage points
Sales expense	16,251,957.34	19,241,613.52	-15.54
Administrative and R&D expense	161,208,831.87	173,564,092.76	-7.12
Total profit	-226,825,480.34	-37,671,452.44	N/A

The equipment manufacturing segment recorded revenue of RMB1.603 billion, down by RMB402 million from 2019, mainly due to the downturn of the non-ferrous metal industry, the number of orders decreased as compared with that of 2019, resulting in lower revenue. In 2020, the segment recorded a gross margin of 5.15%, down by 4.86% from 2019, mainly due to the increase in prices of raw materials such as steel.

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

Unit: Yuan Currency: RMB

Item	2020	2019	Growth rate (%)
Operating revenue	1,589,019,470.35	5,948,940,966.23	-73.29
Operating cost	1,578,018,121.04	5,835,405,681.32	-72.96
Gross profit	11,001,349.31	113,535,284.91	-90.31
Gross margin (%)	0.69	1.91	Down by 1.22 percentage points
Sales expense	8,318,791.61	12,149,688.08	-31.53
Administrative and R&D expense	25,209,683.99	39,546,532.72	-36.25
Total profit	-476,760,214.98	-48,662,032.19	N/A

SECTION 5 OPERATING RESULTS DISCUSSION AND ANALYSIS

In 2020, The Company's trading segment recorded revenue of RMB1.589 billion, down by RMB4.364 billion from 2019, mainly because the trading business was in a stage of active transition to further switch to centralized procurement of internal engineering equipment, and the original business scale shrank. In 2020, this segment realized a gross margin of 0.69%, down by 1.22%, as compared with that of last year.

(2). Analysis of production volume and sales volume

☐Applicable ☒Not applicable

(3). Cost analysis

Unit:'0000 Yuan Currency: RMB

		By sectors					
By sectors	Cost component	Amount for the period	Percentage of total cost for the period (%)	Amount for the corresponding period of last year	Percentage of total cost for the corresponding period of last year (%)	Percentage of change in the amount for the period as compared with the corresponding period of last year (%)	Description
Engineering design and consultancy	Labor, raw materials, etc., and (for survey business) significant outsourced labor cost	171,083.30	8.17	155,460.52	5.6	10.05	Cost increased mainly due to the increase in outsourced processing and subcontracting costs.
Engineering contracting	Subcontractor costs, labor costs, raw materials, machinery usage fees, etc.	1,637,501.86	78.15	1,880,663.75	67.7	-12.93	Cost decreased mainly because subcontracting cost and raw material cost decreased as revenue went lower.
Equipment manufacturing	Subcontractor costs, labor costs, raw materials, machinery usage fees, depreciation and amortization, etc.	152,013.49	7.26	180,441.97	6.5	-15.75	Cost decreased mainly because revenue from equipment manufacturing decreased.
Trading	External commodities	158,195.26	7.55	583,540.57	21.01	-72.89	Cost decreased mainly because trading business shrank significantly.
Inter-segment elimination		-23,115.21	-1.1	-22,138.06	-0.8	-	-
Total		2,095,285.25	100	2,777,968.75	100	-24.57	The decrease in operating cost was mainly due to the decrease in revenue.

SECTION 5 OPERATING RESULTS DISCUSSION AND ANALYSIS

(4). *Particulars of major customers and major suppliers*

☒Applicable ☐Not applicable

Sales to top five customers amounted to RMB3,953.8381 million, representing 17.17% of total sales for the year, among which sales to related parties amounted to RMB374.3011 million, representing 1.97% of total sales for the year.

Purchases from top five suppliers amounted to RMB1,029.9527 million, representing 4.9% of total purchases for the year, among which purchases from related parties amounted to RMB0 million, representing 0% of total purchases for the year.

Other particulars

None

SECTION 5 OPERATING RESULTS DISCUSSION AND ANALYSIS

3. Expense

☒Applicable ☐Not applicable

Sales expenses for the period amounted to RMB96.3616 million, down by 23.19% from the previous year, mainly due to the impact of the epidemic, travel expenses of sales personnel decreased;

Administrative expenses for the period amounted to RMB1,037.8197 million, down by 2.73% from the previous year. The main reason was that the Company actively strived for preferential policies in respect of the epidemic, and strived for social security exemptions, job stabilization/ epidemic prevention subsidies and other preferential exemptions, as a result, administrative expense decreased during the reporting period.

R&D expenses for the period amounted to RMB601.4628 million, up by 15.23% from the previous year. The main reason was that the Company continued to increase its research and development efforts for the year in order to improve its core competitiveness.

Financial expenses for the period amounted to RMB532.0986 million, down by 7.16% from the previous year, mainly due to the control of financing scale, adjustment of the financing structure, and reduction of financing costs during the reporting period.

4. R&D investments

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

☒Applicable ☐Not applicable

Unit: Yuan Currency: RMB

Expensed R&D investment for the period	604,162,835.37
Capitalised R&D investment for the period	38,720,549.37
Total R&D investment	642,883,384.74
Percentage of total R&D investment in operating revenue (%)	2.79
Number of R&D staff of the Company	2,286
Number of R&D staff in total headcount of the Company (%)	15.62
Percentage of capitalised R&D investment (%)	6.02

SECTION 5 OPERATING RESULTS DISCUSSION AND ANALYSIS

(2). *Description*

✓Applicable ☐Not applicable

The Company's activities centered on five directions in 2020, that is, solid, liquid, and gas waste containment, critical processes, technologies and devices in the nonferrous metal industry, big data services and intelligent manufacturing, integrated utilization of resources, and municipal utilities services. It implemented the technology-led strategy firmly, continued to build up its strength in advanced technologies and continual technical innovation, sought to tackle the most crucial challenges in sciences and technologies and further increased spending on R&D. The R&D budget covered, inter alia, the research on aluminum intended for use in construction and engineering, research and development of light and heavy nonferrous metal mining, beneficiation, smelting and processing technologies and critical equipment, research and development of big data platforms and intelligent devices, integrated utilization of resources and studies on environmental protection and disaster prevention & control. Key scientific research programs of the Company and its affiliates were identified for the year. Partnership with other enterprises and research institutes in the country was deepened. The Company undertook the project of core devices in intelligent aluminum electrolysis multifunctional units awarded by MIIT, and organized the research on pressurized leaching of copper sulfide concentrates, copper smelting and comprehensive utilization technologies, the characteristics of production and discharge of typical multi-source inorganic solid waste and resource properties, and other national major R&D programs and projects. The Company also implemented some national major programs, such as the research of whole tailings short-process, low-energy-density and precision preparation technologies, and the integration and demonstration of green mining technologies for deep-seated ore deposits. Other studies of significance carried out by the Company were precise identification, prevention and control technologies of safety hazards in aluminum cell line, the intelligent collaborative management and control platform for nonferrous metal processing workshops, the unmanned automated safety patrol system for critical hazards in mines, and critical technologies for large-sized high-elevation tailing pond disaster prevention and control. A number of important scientific research findings went through industrial evaluation, for example, high-humidity gas afterheat recovery and desulfurization & denitration integration technologies, optimized management and control technologies for aluminum cell coordinated coupling, high-elevation high-concentration long-haul pipeline conveyance technologies, critical technologies and equipment for multi-metal tin dross sulphurizing volatilization and simultaneous sulphur making, critical technologies in large-width aluminum strip bending and straightening units, and critical technologies in large-sized high-elevation tailing pond deep survey and disaster warning and mitigation evaluation. 21 company-level key scientific research projects were launched, including the research of high magnesium and zinc concentrate metallurgical technologies. In addition, the Company made tangible progress and produced critical deliverables in the development and application of the alumina enterprise intelligent production management system, research and development of zero waste water technologies for

SECTION 5 OPERATING RESULTS DISCUSSION AND ANALYSIS

copper processors, research on the application of black and stinky water pollution control technologies, and research & development and application of clean production processes, new technologies and equipment in copper smelting. In the days to come, the Company will maintain a R&D budget of reasonable size, remain at the leading edge of nonferrous metal mining, beneficiation, smelting and processing, environment monitoring and control, and seek to command core technologies and achieve breakthrough in emerging sectors.

5. Cash flow

☒Applicable ☐Not applicable

Cash flow of the Company is set out below:

Unit: '0000 Yuan Currency: RMB

Item	2020	2019	Change
Net cash flow from operating activities	61,073.56	109,597.68	-48,524.12
Net cash flow from investing activities	-416,264.78	-97,926.28	-318,338.50
Net cash flow from financing activities	102,586.34	319,127.93	-216,541.59

In 2020, net cash inflow from operating activities was RMB610.7356 million, down RMB485.2412 million year-on-year. In 2020, the Company further strengthened its cash budget management, through project settlement collection and the collection of the existing “accounts receivable and inventory”, and the use of payment methods such as supply chain financing, to match cash receipts and expenditures in an organized manner and realize net cash inflows from operating activities. However, as the impact of the epidemic led to the capital shortage of owners, the original collection plan was delayed, and the net inflow decreased year-on-year.

In 2020, net cash outflow from investing activities was RMB4,162.6478 million, up RMB3,183.385 million year-on-year, mainly because the Company started the construction of Miyu Expressway PPP project in 2019 and the construction entered the full-scale construction phase in 2020, and all investments in the project during the construction period were recorded in cash outflows from investing activities.

In 2020, net cash inflow from financing activities was RMB1,025.8634 million, down RMB2,165.4159 million year-on-year, mainly because the Company received RMB2.998 billion of capital invested by the government and other shareholders for Miyu PPP project. At the same time, the Company adjusted its financing structure and financing scale, and repaid 17 Zhong Gong Y1 perpetual bond of RMB500 million and certain loans from financial institutions..

SECTION 5 OPERATING RESULTS DISCUSSION AND ANALYSIS

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

☐Applicable ☒Not applicable

(III) Analysis of Assets and Liabilities

☒Applicable ☐Not applicable

1. Assets and liabilities

Unit: '0000 Yuan Currency: RMB

Item	Closing balance for the period	Percentage of the closing balance for the period to the total assets (%)	Closing balance for the previous period	Percentage of the closing balance for the previous period to the total assets (%)	Percentage of change in the closing balance for the period as compared with that of the previous period (%)	Description
Notes receivable	800.59	0.01	56,995.9	1.02	-98.6	Some of the notes receivable are adjusted to receivables financing according to the new accounting standards
Receivables financing	57,144.87	1.05	-	-	-	Adjusted from notes receivable to such item according to the new accounting standards
Prepayments	25,389.12	0.47	37,606.55	0.67	-32.49	The Company strictly controlled supplier credit lines, sped up settlement with suppliers, and reduced prepayments
Contract assets	728,033.61	13.35	1,300,831.22	23.23	-44.03	The Company achieved outstanding results in strengthening contract settlement, project progress settlement and completion settlement
Non-current assets due within one year	72,729.30	1.33	40,540.34	0.72	79.4	Due to the reclassification of long-term receivables due within one year of the Company during the reporting period
Right-of-use assets	1,250.07	0.02	2,698.64	0.05	-53.68	Due to the decrease in the Company's rented houses and other assets during the reporting period
Long-term unamortized expenses	4,958.18	0.09	2,713.83	0.05	82.7	Increase in long-term unamortized expenses of the Company for the reporting period

SECTION 5 OPERATING RESULTS DISCUSSION AND ANALYSIS

Item	Closing balance for the period	Percentage of the closing balance for the period to the total assets (%)	Closing balance for the previous period	Percentage of the closing balance for the previous period to the total assets (%)	Percentage of change in the closing balance for the period as compared with that of the previous period (%)	Description
Other non-current assets	801,077.34	14.69	344,537.95	6.15	132.51	Due to Yunnan Miyu Highway PPP project construction investment continued to increase during the period
Notes payable	174,659.62	3.2	95,726.62	1.71	82.46	Mainly due to the increase in the percentage of the Company's payment to suppliers by using notes
Other payables	222,948.38	4.09	497,914.09	8.89	-55.22	The redemption of the USD350 million perpetual bonds reclassified as other payables at the end of 2019
Non-current liabilities due within 1 year	47,705.08	0.88	87,294.61	1.56	-45.35	The Company's non-current liabilities due within 1 year reclassified from long-term borrowings decreased
Long-term borrowings	822,870.60	15.09	466,649.82	8.33	76.34	Long-term borrowings increased as the Company adjusted its financing structure during the reporting period
Lease liabilities	452.57	0.01	1,390.94	0.02	-67.46	The Company's assets such as the operating leased houses and equipment decreased, resulting in a decrease in lease payments
Deferred income	8,523.45	0.16	5,303.64	0.09	60.71	Mainly due to the increase in the receipt of government subsidies that have yet to reach the beneficial period during the reporting period

Other explanations

None

SECTION 5 OPERATING RESULTS DISCUSSION AND ANALYSIS

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

✓Applicable ☐Not applicable

Unit: Yuan Currency: RMB

Restricted assets	Closing book value	Reasons for restriction
Monetary funds	731,256,178.90	Frozen and pledged
Notes receivable	87,877,404.78	Pledged
Accounts receivable	751,240,633.17	Pledged
Fixed assets	15,753,063.46	Secured
Total	1,586,127,280.31	–

3. Other explanations

✓Applicable ☐Not applicable

1. Borrowings

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

Unit: '0000 Yuan Currency: RMB

Item	As at the end of 2020	As at the end of 2019	Change
Borrowings from banks and financial institutions	1,477,133.19	1,273,773.96	203,359.23
Short-term bonds	100,227.95	101,691.67	–1,463.72
Bonds payable due within one year	–	–	
USD perpetual bonds declared to be redeemed	–	251,125.76	–251,125.76
Total interest-bearing liabilities	1,577,361.14	1,626,591.38	–49,230.24
Less: cash and cash equivalents (excluding restricted cash)	654,999.49	912,049.55	–257,050.06
Net interest-bearing liabilities	922,361.65	714,541.84	207,819.81

SECTION 5 OPERATING RESULTS DISCUSSION AND ANALYSIS

As of 31 December 2020, the Company had outstanding borrowings of RMB15,773.6114 million (among which the borrowings from banks and other financial institutions were RMB14,771.3319 million, Ultra-short-term financing bonds were RMB1,002.7795 million), representing a decrease of RMB492.3024 million from RMB16,265.9138 million as at 31 December 2019. As at the end of 2020, net interest-bearing liabilities (interest-bearing liabilities less cash and cash equivalents) amounted to RMB9,223.6165 million, representing an increase of RMB2,078.1981 million from RMB7,145.4184 million in 2019.

The Company's asset-liability ratio was 71.32% as at the end of 2020, representing a decrease of 1.19 percentage point as compared to 72.51% as at the end of 2019. The Company's asset-liability ratio was calculated based on the ratio of total liabilities to total assets.

(2) *Pledge of assets*

As of 31 December 2020, the Company pledged property, plant and equipment of RMB15.7531 million to obtain short-term loans of RMB20 million, and pledged trade receivables and notes receivable of RMB839.118 million to obtain short-term loans of RMB321.2771 million and long-term loans of RMB45.9635 million.

(3) *Contingent liabilities*

As of 31 December 2020, the Company did not have any material contingent liabilities.

(VI) Industry operating information analysis

☒ Applicable ☐ Not applicable

The Group's business mainly covers engineering design and consultancy, engineering and construction contracting, equipment manufacturing and trading. Based on the CSRC Guidelines for Classification of Listed Companies by Industry (2012 Amendment) the result of classification of listed companies by industry released by the CSRC, the Group operates in the construction industry. Analysis of operating information by sector is set out below:

Analysis of operating information on the construction industry

1. *Projects completed and accepted during the reporting period*

☒ Applicable ☐ Not applicable

SECTION 5 OPERATING RESULTS DISCUSSION AND ANALYSIS

Unit: '0000 Yuan Currency: RMB

Segment	Survey, design and consultancy	Industrial projects	Civil buildings	Highways and municipal work	Equipment manufacturing	Total
Number of projects	2,741	213	123	20	114	3,211
Total amount	138,563.42	439,659.64	436,754.51	63,937.30	68,755.83	1,147,670.70

✓Applicable ☐Not applicable

Unit: '0000 Yuan Currency: RMB

Project location	Number of projects	Total amount
Home	3,194	1,142,379.75
Abroad	17	5,290.95
including:		
Southeast Asia	2	2,913.50
Middle East	1	1,158.30
North Africa	4	537.00
Oceania	1	370.00
Central and Southern Africa	9	312.15
Total	3,211	1,147,670.70

Other explanation

☐Applicable ✓Not applicable

SECTION 5 OPERATING RESULTS DISCUSSION AND ANALYSIS

2. Projects in progress during the reporting period

✓Applicable ☐Not applicable

Unit: '0000 Yuan Currency: RMB

Segment	Survey, design and consultancy	Industrial projects	Civil buildings	Highways and municipal work	Equipment manufacturing	Total
Number of projects	2,956	527	264	82	323	4,152
Total amount	414,314.90	4,169,532.13	4,385,940.74	3,027,231.61	183,551.51	12,180,570.89

✓Applicable ☐Not applicable

Unit: '0000 Yuan Currency: RMB

Project location	Number of projects	Total amount
Home	4,092	11,000,258.65
Abroad	60	1,180,312.24
including:		
Southeast Asia	14	699,195.99
America	1	255,904.00
North Africa	8	106,016.73
Europe	1	71,750.00
Central and Southern Africa	20	42,151.01
Middle East	4	1,000.19
Other regions	12	4,294.32
Total	4,152	12,180,570.89

Other explanation

✓Applicable ☐Not applicable

SECTION 5 OPERATING RESULTS DISCUSSION AND ANALYSIS

(1) Suspension, Interruption and Termination

The Company was performing all projects properly during the reporting period, except 102 partially suspended or terminated projects because of default of the investors, among other reasons. The total value of these projects was RMB3.48 billion, including 6 construction projects to the amount of RMB3.122 billion, 91 prospecting, design and consulting projects to the amount of RMB0.327 billion and 5 equipment manufacturing projects to the amount of RMB31 million.

Unit: '0000 Yuan Currency: RMB

No.	Project Name	Contract Type	Contract Value	Contract Status	Reason
1	The VENALUM project in Venezuela	EPC	277,857.00	Partially Suspended	The U.S. imposed sanction on Venezuela and the payment/collection channel was closed
2	1#, 2#, 3#, multi-purpose buildings, shopping street, basement (No. 1 plot) and basement (No. 2 plot), Palm Cove Century Town	Construction	15,000.00	Terminated	The owner defaulted on the contract in effect and the Company has lodged a claim
3	Foundation pit support of No. 11 plot, in the urban village redevelopment project of Xishan District	Construction	7,089.25	Suspended	The owner failed to finish land expropriation
4	No. 2/3 buildings and westward expansion project of Binxi CBD	Construction	7,000.00	Terminated	Following delinquency in payment for use of the Company's fund, the Company terminated the project to stop loss timely
5	Foundation pit support and slope treatment design-construction of The Sage's Hill development project (senior living communities)	Construction	4,450.50	Suspended	The owner has not completed all the required development procedures
6	The East Gobi molybdenum ore 30000t/d mining and beneficiation project	Prospecting, Design and Consulting	4,000.00	Suspended	A drop in molybdenum price
7	The 100kt/a electric zinc smelting project of Huili County Huixin Lead and Zinc Smelting Co., Ltd	Prospecting, Design and Consulting	3,870.00	Suspended	Problems found in environmental impact assessment
8	Phase I 200kt/a zinc and lead combined smelting and integrated resource utilization project of Tibet Hengkun Smelting Co., Ltd.	Prospecting, Design and Consulting	3,180.00	Suspended	Problems found in environmental impact assessment

SECTION 5 OPERATING RESULTS DISCUSSION AND ANALYSIS

No.	Project Name	Contract Type	Contract Value	Contract Status	Reason
9	The low-grade zinc-bearing impurities comprehensive recovery demonstration project of Baiyin Nonferrous Group Co., Ltd	Prospecting, Design and Consulting	2,780.00	Suspended	Failure to pass environmental impact assessment
10	Others	–	22,778.77	Suspended	–
Total		–	348,005.52	–	–

Note: Contracts are classified into the following types, Prospecting, Design and Consulting, Construction, and Equipment Manufacturing.

3. Major projects under construction

☒ Applicable ☐ Not applicable

Unit: '0000 Yuan Currency: RMB

Project Name	Business Model	Project Value	Construction Period	Percentage of Completion	Revenue Recognized in the Reporting Period	Revenue Recognized Since Inception	Cost Incurred in the Reporting Period	Cost Incurred Since Inception	Cumulative Collection as of the end of the Reporting Period	Project Progress As Expected	Payment Progress As Expected
					Period	Period	Period	Period	Period		
Nilang-Yongsheng Project	PPP	411,178.00	48 months	61.32%	92,234.31	231,193.42	70,657.45	168,401.29	195,014.92	Yes	Yes
Miyu Project	PPP	1,064,763.00	48 months	21.63%	167,564.62	211,329.12	137,479.15	171,959.22	189,378.63	Yes	Yes
Qidian Sci&Tech Park, Xianyang	EPC	327,360.00	48 months	49.52%	5,246.46	28,331.98	5,083.83	25,498.78	9,800.00	No ⁽¹⁾	No ⁽¹⁾
Mempawah Alumina Project, Indonesia	EPC	344,994.00	31 months	4.18%	14,412.49	14,412.49	11,561.29	11,561.29	37,868.02	Yes	Yes

Note 1: Due to the poor financial situation of Party A and the inadequate financing, the construction period of Xianyang Qidian Sci&Tech Park project is currently delayed and phased payment can not be made.

Other information

☐ Applicable ☒ Not applicable

SECTION 5 OPERATING RESULTS DISCUSSION AND ANALYSIS

4. Cumulative new contract awards during the reporting period

☒ Applicable ☐ Not applicable

During the reporting period, 6,157 new contracts were awarded, with a combined value of RMB39.588 billion.

5. Orders on hand as of the end of the reporting period

☒ Applicable ☐ Not applicable

As at the end of the reporting period, all orders at hand were worth RMB63.979 billion. Among the total, the combined value of those contracts that were signed but were yet to commence construction was RMB16.985 billion, and the portion of CIPs that was yet to be completed was worth RMB47.084 billion.

Other information

☐ Applicable ☒ Not applicable

6. Other information

☒ Applicable ☐ Not applicable

(1) Main projects under financing contract mode

Unit: '00 million Yuan Currency: RMB

No.	Project Name	Total Investment	Ownership Note 1	Investment in the Reporting Year Note 2	Total Investment Since Inception Note 2	Progress
1	Yunnan Miyu Expressway	230.51	53.8%	75.35	114.84	On schedule

Note 1: According to the requirements and the provisions of the contract for the construction of Yunnan Miyu Expressway, the Company, together with Chinalco Southwest Construction, Sixth Metallurgical Company, Kunming Survey and Design Institute, subsidiaries of the Company, and members of other consortiums, will make a total investment of no more than RMB2.765 billion in Miyu Company, the project vehicle, in the form of capital increase. Upon completion of the investment, the Company, together with Chinalco Southwest Construction, Sixth Metallurgical Company, Kunming Survey and Design Institute, will have a combined 53.8% stake in Miyu Company. RMB1.288 billion has been invested as scheduled to date.

Note 2: Investment in the reporting year and the total investment since inception refer to the amounts of Jian'an and other investments completed by the project company in 2020 and as of the end of 2020, respectively.

SECTION 5 OPERATING RESULTS DISCUSSION AND ANALYSIS

(2) Qualifications obtained during the reporting period

During the reporting period, Chaliece held 225 qualifications, encompassing prospecting, design, construction, costing and supervision. Among them, there are 2 Grade A comprehensive qualifications for prospecting, 11 Grade A qualifications for design, 16 Grade A special qualifications, 3 extra-grade qualifications for general contract and 23 Level-1 qualifications. All qualifications are in use properly and all conditions required to maintain the qualifications are sound. A list of qualifications newly obtained in 2020 is provided as follows:

Name of Company	Name of Qualification	Content of Qualification	Certificate No.	Issued on	Expire on
SAMI	Qualification for Design	Grade B engineering design of thermal power generation for the power industry (including design of conventional island of nuclear power plant), Grade B engineering design of chemical engineering for the chemical, petrochemical and pharmaceutical industries, Grade B engineering design of urban gas supply	A221002489	2020/12/2	2025/4/15
SAMI	Qualification as Construction Enterprise	Level 3 general contract for mechanical and electrical engineering construction, level 3 general contract for building construction	D321140211	2020/7/2	2025/7/2

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

For details, refer to analysis of composition of construction project revenue in Section 5 “Principal business by sectors, products and regions” of this report.

SECTION 5 OPERATING RESULTS DISCUSSION AND ANALYSIS

(4) Composition analysis of construction project cost for the recent three years

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

Unit: '0000 Yuan Currency: RMB

Cost composition	2020		2019		2018	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Subcontractor cost	911,959.50	55.69	1,038,429.55	55.22	1,063,413.58	55.24
Material and equipment cost	636,271.23	38.86	703,907.63	37.43	751,993.48	37.78
Labor cost	24,253.41	1.48	32,109.85	1.71	30,226.92	1.57
Other	65,017.72	3.97	106,216.71	5.65	104,123.37	5.41
Total	1,637,501.86	100	1,880,663.75	100	1,949,757.35	100

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

- ① Subcontracting cost, material and equipment cost accounted for about 93% in aggregate and 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, which accounted for a relatively low proportion of the total cost.

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 50% 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 10.23%, 10.4% and 8.36% for 2018 to 2020 respectively.

SECTION 5 OPERATING RESULTS DISCUSSION AND ANALYSIS

The Company strictly prohibits subcontracting by subcontractors and illegal subcontracting, and has carried out special inspections to ensure no subcontracting by subcontractors. In order to strengthen subcontractor quality management, the Company has established a relatively sound internal control system for subcontractor selection, and has adopted an admission mechanism to select subcontractors on a merit basis. Subcontractors are required to establish an effective quality management system and strictly implement the “Three Inspections” system, and adopt various measures such as grading inspection, special inspection and quality assessment to impose overall quality supervision and control over subcontracted projects. During the reporting period, the Company’s engineering construction quality was generally under control and no quality incident at critical level or above occurred.

Through process control, the Company supervises subcontractors’ performance in various aspects including progress, quality and safety, and timely completes the rectification of defects, sorts out completion documents, and on this basis ensures smooth completion acceptance. In terms of settlement with subcontractors, subcontractors are required to submit applications and relevant settlement data as agreed in the contract. Relevant timely confirms relevant data and conditions of the project and makes payment to subcontractors in strict accordance with prescribed procedures. During the reporting period, the project completion acceptance and settlement proceeded normally as agreed in the contract.

(5) Particulars of financing arrangements

At the end of the reporting period, the balance of financing through debt and equity instruments stood at RMB20.727 billion, including RMB15.773 billion in debt financing and RMB4.953 billion in equity financing. Total financing amount decreased by RMB990 million or 4.56% as compared with that of the end of 2019, mainly because the Company redeemed the US\$350 million senior perpetual bonds issued in 2016 and the Company’s Yunan Miyu Highway project increased financing of RMB1.128 billion.

In terms of debt financing, the Company redeemed the US\$350 million senior perpetual bonds issued in 2016 in January 2020; the Company rolled out 8 ultra-short-term financings of RMB1 billion in the inter-bank market in 2020; the Company redeemed the RMB500 million renewable corporate bonds issued in 2017 in March 2020.

SECTION 5 OPERATING RESULTS DISCUSSION AND ANALYSIS

(6) Quality control system, execution standards, control measures, and overall evaluation

The Company attached great importance to quality work. In 2020, with the Company's quality control system functioning normally and engineering quality generally under control, there was no major or above quality incident all year round. The Company strictly implemented the national, industrial and local quality standards at all levels, and continuously improved its quality management through strengthening on-site quality management, creating benchmark projects, and promoting engineering excellence, to ensure the stability and order of the Company's quality work.

(7) Operation of workplace safety system

In 2020, the Company earnestly implemented the strategic plan of the CPC Central Committee on safe production and ecological civilization construction based on the principle of "strengthening the foundation, focusing on key points, and making up for weak links". By carrying out programs such as positive incentives and leadership assurance, the Company implemented list signing and performance evaluation under the principle of "one position with two responsibilities" for safety and environmental protection to effectively take on its responsibilities for workplace safety; the Company continuously facilitated the construction and effective operation of the CAHSE system and the hierarchical risk management and control system, furthering refined safety management; through comprehensive safety training and stronger safety supervision and inspection, the Company continuously enhanced safety management, personnel capacity building and risk control. In 2020, the Company enjoyed effectively operating workplace safety systems and stable production safety, with no material production safety incidents occurring all year round.

SECTION 5 OPERATING RESULTS DISCUSSION AND ANALYSIS

(V) Investment Analysis

1. Overall analysis of equity investments

☒Applicable ☐Not applicable

As at 31 December 2020, the balance (original value) of long-term equity investment of the Company was RMB889.5285 million, an increase of RMB108.0885 million or 13.83% from the beginning of the year, of which the provision for impairment of long-term equity investment was RMB48.2186 million, an increase of RMB37.0853 million over RMB11.1332 million at the beginning of the year.

(1) Major equity investments

☐Applicable ☒Not applicable

(2) Significant non-equity investments

☐Applicable ☒Not applicable

(3) Financial assets measured at fair value

☒Applicable ☐Not applicable

Unit: Yuan Currency: RMB

Item	Closing Balance	Opening Balance
Investment in Guizhou Aerospace Wujiang Electromechanical Equipment Co., Ltd.	15,489,065.86	14,067,464.80
Other	26,074,512.84	31,355,499.06
Total	41,563,578.70	45,422,963.86

(VI) Disposal of significant assets and equity

☐Applicable ☒Not applicable

SECTION 5 OPERATING RESULTS DISCUSSION AND ANALYSIS

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

✓Applicable ☐Not applicable

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

Unit: '0000 Yuan Currency: RMB

Company name	Business scope	Total assets	Net assets	Operating income	Net profit
SAMI	Engineering survey and design	128,879.47	61,735.99	57,113.68	2,267.33
GAMI	Engineering survey and design	215,711.11	63,481.48	47,960.83	-9,153.00
Changsha Institute	Engineering survey and design	257,945.36	102,932.68	123,311.02	1,922.02
CNPT	Engineering design and equipment manufacturing	200,163.20	4,641.39	83,527.09	-7,332.78
CINF	Engineering survey and design	119,771.24	37,403.43	98,914.77	897.50
Kunming Survey and Design Institute	Engineering survey and design	119,713.15	38,418.96	134,063.76	4,210.60
Sixth Metallurgical Company	Building and construction	1,219,094.95	259,501.42	822,871.79	-22,665.75
Ninth Metallurgical Company	Building and construction	866,287.49	101,235.80	461,397.30	14,111.28
Twelfth Metallurgical Company	Building and construction	453,573.26	39,163.06	142,531.55	-57,411.86
Chalieco (Tianjin) Construction Co., Ltd.	Building and construction	178,370.54	15,489.41	85,205.41	-9,839.93
Shandong Engineering	Building and construction	131,287.94	34,826.62	63,420.52	-4,876.76
China Aluminum Equipment	Trading and equipment procurement	204,820.48	-21,608.82	155,644.61	-44,852.99

SECTION 5 OPERATING RESULTS DISCUSSION AND ANALYSIS

(VIII) Particulars of structured entities controlled by the Company

☐Applicable ☒Not applicable

III. DISCUSSION AND ANALYSIS OF FUTURE DEVELOPMENT OF THE COMPANY

(I) Industry landscape and trend

☒Applicable ☐Not applicable

During the “14th Five-year Plan” period, the nonferrous metal industry will move from expansion-centric to optimization of the stock, containment of increase and active downsizing, from input of low-cost resources and elements to innovation-driven quality and efficiency improvement, high-quality growth, green growth and intelligent growth. Hence, the target market of the industry will undergo profound changes and the focus will shift from increase to the stock, from new construction to relocation, technical renovation, industrial upgrade and technical services.

Tangible changes are also seen in the business model, professional services, technical requirements, inter alia, of the construction industry in China. These changes and trends coincide with the macro economic, social and technological background of our country. China is in great demand for investments in new energy, high-speed rail, water conservancy and urban infrastructure, as reflected in regional integrated development, traffic infrastructure, underground pipeline colligate, Sponge City, urban design, and urban ecology and environment restoration. After property development and urban residence redevelopment over these years, the shortage of residence has been resolved and differentiated demand, quality demand and derivative services, precision demand, diffused demand will emerge and form a new market. The national economic development strategy is shifting from high-speed growth to green, intelligent, quality growth, creating enormous market potential for intelligent factory, intelligent manufacturing, environmental control and industrial information services of the Company. The COVID-19 pandemic is a powerful spur to the fulfillment of these demand. As the supply-side structural reform moves ahead, the traditional industries are being restructured and optimized constantly and giving rise to new opportunities to the construction market. Inter-country industry migration and optimization and roll-out of “the Belt and Road Initiative” also create new opportunities for construction enterprises to expand their international footprint.

SECTION 5 OPERATING RESULTS DISCUSSION AND ANALYSIS

(II) Development strategy of the Company

☒Applicable ☐Not applicable

Led by high-quality development and technologies, and based on engineering construction, the Company provides full industrial-chain service for the nonferrous metal industry; driven by innovation, the Company will make full use of the technologies of intelligent manufacturing and intelligent construction, serves the nonferrous metal industry and gradually expand the ferrous metal business, while ensuring its technological advantages in the nonferrous metal industry; being market-oriented, the Company will consolidate and focus on its market-leading edge in the traditional nonferrous metal industry while improving the profit and scale of emerging business and overseas business; taking green development as the keynote, the Company will vigorously promote the aluminum application in engineering, actively expands energy-saving and ecological industries for new drivers of profit growth; taking capital operation as the link, the Company will form closer relations with local governments, and actively participate in the national and local urban infrastructure construction; the Company will stick to the Belt and Road Initiative, go further in overseas market exploration, and promote its international competitiveness and brand awareness.

(III) Business plan

☒Applicable ☐Not applicable

Business outlook for 2021

In 2021, the Company will focus on both reform and development and risk prevention and control, maintain a leading position in technology through innovation, carry out value management to comprehensively benchmark against market leaders, and apply corporate governance in accordance with law for proper business operations. RMB58 billion of new contracts are expected to be signed.

1. Highlight value creation and create a new development pattern

Reform the mind. To create a new pattern of high-quality development, adhere to value creation-oriented goals, build a value management system, and enhance sustainable profitability of the Company.

Promote full-factor benchmarking and carry out value management. Benchmarking against advanced enterprises in the industry, with the main goal of rising ROE, establish the value management system, and effectively address its problem of “three-low, one-high” through all-round benchmarking of institutional mechanism, resource allocation, business model, market expansion, project management, and risk prevention and control. To optimize resource allocation and leverage value elements to achieve ROE close to that of market leaders; improve quality and efficiency and reduce cost and expense ratio.

SECTION 5 OPERATING RESULTS DISCUSSION AND ANALYSIS

2. Actively deepen the reform and achieve high-quality development

Accelerate the implementation of the reform program. On top of the pilot program of the Group's state-owned capital investment company and the demonstration program of CINF, we will carry out all-round and comprehensive reform, and complete organizational and personnel optimization of the headquarters' organization and personnel on time to satisfactory level.

Strengthen strategic leadership. To scientifically formulate the "14th Five-Year Plan" of the Company to outline the reform blueprint of the Company for a longer period of time; According to the "14th Five-Year Plan", we will formulate and improve specific implementation plan and specialized reform plan, and carefully select the "reform test field" and explore boldly in the market-oriented mechanism and other aspects.

Strengthen human cost control. To strengthen human cost control. To set a linkage mechanism that closely links total wages and profitability, ensuring that "wages rise when profit rises and fall when profit falls"; enhance management and assessment of the remuneration of the members of the Group; spend more efforts to reduce redundant staff to increase labor productivity.

3. Eliminate loss and achieve profit target

Resolutely achieve the profit target. With regard to production, we will vigorously implement the "two systems" for projects, raise the awareness of performance, further reinforce payment settlement and collection, strictly control the increase of "accounts receivable and contract assets", and actively recover overdue payments. To ensure the performance of a number of key projects including Yunnan 1+3 highway project, Indonesia alumina project, Baiyinhu high-precision aluminum strip project. With regard to financial management, we will strengthen financing control and further adjust the financing structure; prevent and control the impact of exchange rate changes on operating performance. In terms of cost reduction and efficiency improvement, we will strengthen the control of all-factor cost.

Explore the market by all means. To focus closely on the development strategy of technology + Internationalization, actively develop strategic customers, provide customers with value-added services by means of "low-cost competition and high-quality management", and ensure at least RMB58 billion of new contracts signed for the year.

Further optimize business landscape. To focus on increasing the market share of non-ferrous engineering construction, selectively undertake infrastructure and civil engineering projects, accelerate the research and development of aluminum products for municipal and transportation purpose, accelerate the development of overseas markets and increase the proportion of revenue from overseas operations.

SECTION 5 OPERATING RESULTS DISCUSSION AND ANALYSIS

4. Strengthen technology innovation and play a leading role

Strengthen science and technology leadership. To maintain its leading position in core technology of non-ferrous metals, and create a series of “killer” technologies in smart manufacturing, smart construction and comprehensive utilization of resources, so as to explore the market with technology.

Take advantage of the platform. To make full use of the synergy of the “government, industry, academia, research and application” of the technology platform to initiate government-sponsored science and technology projects, and carry out key projects to tackle our own technology shortcomings.

Accelerate the transformation of achievements. To rely on industrialisation and engineering technology to fully promote technological achievements. To actively get involved in the formulation of industry norms and standards, and get a better say in the industry’s technical development through standard setting.

5. Strengthen risk prevention and control and promote legal corporate governance

Strengthen total process risk control. To strictly adhere to the criteria for project undertaking to ensure that all projects undertaken can be completed and generate profits. To clarify responsibilities of each person and closely follow the principle of “whoever incurs the risk should be accountable for and address the same.”

Carry out operations in compliance with law. To establish an integrity blacklist database and adopt model contract texts; establish and improve the project risk control process, establish dynamic management of major cases and supervisory mechanisms; strengthen assessment and evaluation, and hold the main responsible person accountable for promoting the rule of law.

SECTION 5 OPERATING RESULTS DISCUSSION AND ANALYSIS

6. Promote quality management and improve operational quality

Improve design and construction quality. To improve the development of the design of quality management system, benchmark against the practices and experiences of advanced enterprises at home and abroad, and strive to improve the quality of design to create excess value for owners. To improve the level of excellence of projects, and by targeting provincial and ministerial-level quality awards, ramp up efforts of the Company and its members to promote their image as quality brands, so as to better explore the non-ferrous and civil markets.

Strengthen supervision over performance. To strengthen process planning, promote the normalization of performance measurement and ownership confirmation, and lock in our benefits in the process in a timely manner. To explore the all-round use of BIM technology in cost control and reinforce the management of bulk material procurement. To strengthen the control of key overseas and domestic projects including Yunnan Expressway, Baiyinhua, Pan County, Fangnan City, Indonesia project and Italy project to fully comply with the owner's requirements.

Improve safety and environmental protection management. To conscientiously adopt the "One Post with Dual Accountabilities" mechanism for safety and environment protection, assign safety offices and arrange for senior officers to cover production units; establish and improve the CAHSE management system and risk grading and control system; carry out safety risk deposit evaluation; strengthen safety training, and enhance safety control of subcontractors; promote the special three-year production safety program, and improve potential safety risk identification and prevention and control system. To continuously consolidate the foundation of safety and environmental protection management and improve the level of safety and environmental protection management.

(IV) Potential risks

☒ Applicable ☐ Not applicable

The Company is exposed to, inter alia, personnel health risk (COVID-19 risk), liquidity risk, business structure and transformation risk, international operational risk and PPP business risk in the normal course of operations.

1. Personnel Health Risk (COVID-19 Risk)

Amid the global outbreak and spread of COVID-19, the Company and its project teams (including international project teams) are exposed to health risk in the course of production and construction because of possible unavailability of sufficient sanitation supplies and movement of people. Some international project teams may have difficulty in human resources management and virus control, and fail to keep the staff members well protected owing to poor awareness among the staff and lousy pandemic prevention and control actions.

SECTION 5 OPERATING RESULTS DISCUSSION AND ANALYSIS

2. Liquidity Risk

The Company may be unable to use its funds efficiently and have longer Days Sales Outstanding if the credit rating of any project owner is inadequate, any project owner causes delay in settlement or defaults on payment, or the financial condition of any project owner deteriorates, and as a result, the Company fails to recover its working capital in a timely manner. The unavailability of sufficient financing may also have adverse impact on the expansion plans and growth prospect of the Company.

3. Business Structure and Transformation Risk

Overcapacity of the nonferrous metal industry has adverse impact on the traditional design, construction, installation and equipment manufacturing business of the Company. New projects and investments are dwindling, while competition is increasingly intense. Enterprises see their profit margins shrinking and their traditional advantages are losing ground. In emerging business sectors such as PPP and international general contract, the Company has a number of problems, like lack of experience, shortage of talent, gap in institutions and policies and poor supply chain. The business structure and transformation risk has occurred among members of the Company to varying degrees. This has moderate impact on the Company's strategic goal. Financially, it puts a drag on profit growth of the Company in the short run. With intensifying competition, declining profit margins and the development bottleneck, the Company needs badly to innovate the traditional operational model and seek new business opportunities. The change of business mix may pose risks relating to diversification of market, strategy and industrial mix, and management matched to such change.

4. International Operational Risk

The uncertainties associated with internal and external factors will have impact on the Company's ability to achieve its business goal. International operational risk is reflected in political risk, economic risk, investment decision-making risk, business credit risk, management risk, legal risk, cultural and religion-related risk, and technical risk, as well as risk events such as political instability, wars and riots, coups and terrorist attacks in the countries where the projects are located. These pose numerous uncertainties to project implementation and may force a project to stop, and as a result undermine the results of international operations.

SECTION 5 OPERATING RESULTS DISCUSSION AND ANALYSIS

5. PPP Business Risk

Capital risk in PPP business model directly affects factors such as insufficient project returns, fee changes, government policies, and delays in approvals; upon the completion of infrastructure, it needs to be operated and maintained for a certain period of time, and the operating cost directly affects the project investment return rate; the cash income from infrastructure operations is insufficient for payment in respect of financial risks arising from debts and interests, resulting in the failure in the advancement of PPP projects; there is risk that the project fails to be completed within the agreed construction period, which will increase the investment cost, and, at the same time, delay the output time, and the expected benefits of the project will be difficult to realize; if incidents regarding quality or safety happen during the construction period, it will inevitably cause unnecessary economic losses and at the same time affect the progress of the project.

To prevent all kinds of risks, the Company has put in place a set of well-thought-out internal controls, embedded risk management in every business process, identified critical control points in the processes, mapped out detailed controls, documented critical process controls, assigned responsibilities for all risks and critical control points and combined these with daily work to control risk factors and key elements. The Company makes sure all risks are under control by placing strict control over key steps such as feasibility study, planning, review, approval and decision-making, tightening process control and risk evaluation, and doing well in post-risk countermeasures and contingency plans.

(V) Other

☐Applicable ☒Not applicable

IV. 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 6 KEY MATTERS

I. PROPOSAL FOR PROFIT DISTRIBUTION TO ORDINARY SHAREHOLDERS 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.

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;

SECTION 6 KEY MATTERS

- (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.

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 2020

As audited by WUYIGE Certified Public Accountants LLP, the 2020 consolidated financial statements prepared of the Company showed that net profit attributable to shareholders of the listed company was RMB-1,976,138,436.83; as of 31 December 2020, the undistributed profit of the parent company was RMB65,879,116.76. 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 2021 business plan and capital requirements, and formulated the 2020 profit distribution plan as follows: The Company will not distribute cash dividend, nor convert capital reserve to the share capital and conduct other forms of distribution.

SECTION 6 KEY MATTERS

(II) Plan or proposal for dividend distribution to ordinary shareholders, or plan or proposal for converting capital reserve into share capital of the Company for the recent three years (including the reporting period)

Unit: Yuan Currency: RMB

Year of profit distribution	Bonus shares per 10 shares (shares)	Dividends per 10 shares (RMB) (tax inclusive)	Number of shares converted from capital reserve per 10 shares (shares)	Amount of cash dividends (tax inclusive)	Net profit attributable to ordinary shareholders of the listed company on the consolidated statement for the year of profit distribution	Percentage in net profit attributable to ordinary shareholders of the listed company on the consolidated statement (%)
2020	0	0	0	0	-1,976,138,436.83	0
2019	0	0.036	0	10,652,640.00	34,852,562.55	30.56
2018	0	0.31	0	91,706,106.49	305,687,021.63	30.00

(III) Share buyback in cash included in cash dividends☐ Applicable ☒ Not applicable**(IV) If the Company has positive profit for 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

SECTION 6 KEY MATTERS

II. PERFORMANCE OF COMMITMENTS

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

✓Applicable ☐Not applicable

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

SECTION 6 KEY MATTERS

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

(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

☐Realized ☐Not realized ☒Not applicable

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

☐Applicable ☒Not applicable

III. MISAPPROPRIATION OF FUNDS DURING THE REPORTING PERIOD AND DEVELOPMENTS IN RECOVERY

☐Applicable ☒Not applicable

IV. EXPLANATION OF THE COMPANY 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

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

☐Applicable ☒Not applicable

SECTION 6 KEY MATTERS

(III) Communication with the former auditor

☐Applicable ☒Not applicable

(IV) Other descriptions

☐Applicable ☒Not applicable

VI. APPOINTMENT AND REMOVAL OF AUDITOR

Unit: Yuan Currency: RMB

Current appointment

Name of domestic auditor	WUYIGE Certified Public Accountants LLP
Remuneration of domestic auditor	4,804,000
Years of service of domestic auditor	5
Name of overseas auditor	/
Remuneration of overseas auditor	/
Years of service of overseas auditor	/

	Name	Remuneration
Internal control auditor	WUYIGE Certified Public Accountants LLP	742,000
Financial advisor	/	N/A
Sponsor	/	N/A

Explanation of appointment and removal of the auditor

☒Applicable ☐Not applicable

In view of the fact that Company's A shares got listed on SSE on 31 August 2018, in order to improve the efficiency of information disclosure, save the cost of information disclosure and the cost of financial statements preparation, on 27 November 2019, the Board proposed that the Company prepare the financial report for 2019 and onwards solely under the China Accounting Standards for Business Enterprises and that the Company terminate the appointment of PKF Hong Kong Limited as the international auditor of the Company at the same time. On 30 December 2019, the Company convened an extraordinary general meeting to consider and approve the above matters.

SECTION 6 KEY MATTERS

Explanation on change in the auditor during the auditing period

☐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

VIII. CIRCUMSTANCE IN WHICH THE COMPANY FACES DE-LISTING AND REASONS

☐Applicable ☒Not applicable

IX. BANKRUPTCY AND REORGANIZATION RELATED ISSUES

☐Applicable ☒Not applicable

X. 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

SECTION 6 KEY MATTERS

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

✓Applicable ☐Not applicable

Summary and type of the issue

Reference

Dispute arising from engineering construction contract between Sixth Metallurgical Company, a wholly-owned subsidiary of the Company, Huimin Advanced Materials Co., Ltd., Huimin Huihong Advanced Materials Co., Ltd. and Zouping County Huicai Advanced Materials Technology Co., Ltd.

For details, please refer to the Company's Announcement No. Pro 2019-091, Announcement No. Pro 2019-092 and Announcement No. Pro 2020-010 issued by the Company on the designated media for information disclosure on 30 November 2019 and 24 January 2020

Dispute arising from engineering construction contract between Sixth Metallurgical Company, a wholly-owned subsidiary of the Company, and Guizhou Guian Real Estate Investment Co., Ltd.

For details, please refer to the Company's Announcement No. Pro 2019-050, Announcement No. Pro 2019-094, Announcement No. Pro 2020-011, Announcement No. Pro 2020-052 and Announcement No. Pro 2020-058 issued by the Company on the designated media for information disclosure on 17 July 2019, 13 December 2019, 23 February 2020, 20 August 2020 and 29 September 2020

Dispute arising from the contract between the Company's Guiyang Branch and Qinghai West Hydropower Co., Ltd.

For details, please refer to the Company's Announcement No. Pro 2019-071, Announcement No. Pro 2019-096, Announcement No. Pro 2020-001 and Announcement No. Pro 2020-013 issued by the Company on the designated media for information disclosure on 17 October 2019, 19 December 2019, 5 January 2020 and 11 March 2020

Dispute arising from engineering construction contract between Ninth Metallurgical Company, a controlling subsidiary of the Company, and Gree Electric (Zhengzhou) Co., Ltd.

For details, please refer to the Company's Announcement No. Pro 2019-024, Announcement No. Pro 2020-014 and Announcement No. Pro 2021-010 issued by the Company on the designated media for information disclosure on 18 April 2019, 12 March 2020 and 10 February 2021

SECTION 6 KEY MATTERS

Summary and type of the issue

Disputes arising from engineering construction contract between Chang Cheng Construction, a wholly-owned subsidiary of our wholly-owned subsidiary Sixth Metallurgical Company and Changge Hongji Weiye Real Estate Development Co., Ltd.

Disputes arising from contracting contract between Guiyang Aluminum and Magnesium Design Institute Construction Contracting Co., Ltd., a wholly-owned subsidiary of our wholly-owned subsidiary Guiyang Institute, Guizhou Huada Real Estate Development Co., Ltd., Jiang Ronghua and Jiang Jianhua

Disputes arising from engineering construction contract between Sixth Metallurgical, a wholly-owned subsidiary of the Company, and Kaiyang County Ronghe City Development Investment Co., Ltd.

Dispute arising from guarantee contract between Guiyang Aluminum and Magnesium Design Institute Construction Contracting Co., Ltd., a wholly-owned subsidiary of our wholly-owned subsidiary Guiyang Institute, Xixiu District Urban Investment Development Co., Ltd. of Anshun City, Guizhou and Huada Real Estate Development Co., Ltd.

Dispute arising from contract between the Company, Qingdao Xinfu, Qingdao Liangyou Catering Co., Ltd., Shandong Real Estate Development Group Qingdao Company, Liang Yongjian and Wang Xiaoning

Reference

For details, please refer to the Company's Announcement No. Pro 2019-032, Announcement No. Pro 2020-005, Announcement No. Pro 2020-0056 and Announcement No. Pro 2021-009 issued by the Company on the designated media for information disclosure on 8 May 2019, 11 January 2020, 10 September 2020 and 10 February 2021

For details, please refer to the Company's Announcement No. Pro 2018-028, Announcement No. Pro 2019-055, Announcement No. Pro 2019-061, Announcement No. Pro 2020-009 and Announcement No. Pro 2020-063 issued by the Company on the designated media for information disclosure on 26 December 2018, 8 August 2019, 11 September 2019, 23 January 2020 and 24 November 2020

For details, please refer to the Company's Announcement No. Pro 2020-002 issued by the Company on the designated media for information disclosure on 4 January 2020

For details, please refer to the Announcement No. Pro 2020-035 issued by the Company on 3 June 2020 on the designated media for information disclosure

For details, please refer to the Company's Announcement No. Pro 2020-036 issued by the Company on the designated media for information disclosure on 6 June 2020

SECTION 6 KEY MATTERS

Summary and type of the issue

Dispute arising from engineering construction contract between Twelfth Metallurgical Company, a wholly-owned subsidiary of the Company, and China National Aviation Fuel Northern Storage and Transportation Co., Ltd.

Dispute arising from engineering construction contract between Henan Taixing Real Estate Co., Ltd. and Sixth Metallurgical Company, a wholly-owned subsidiary of the Company

Dispute arising from contract between Shanghai China Aluminum International Supply Chain Management Co., Ltd., the controlling company of China Aluminum Equipment, a wholly-owned subsidiary of the Company, and Shanghai Golden Elephant Aluminium Co., Ltd.

Dispute arising from engineering construction engineering construction contract between Sixth Metallurgical Company, a wholly-owned subsidiary of the Company, and Henan Zhongfu Industrial Co., Ltd.

Dispute arising from engineering construction contract between Henan Xinchangcheng Construction Engineering Co., Ltd and Xinyang Jieming Earthwork and Stonework Construction Co., Ltd., and Sixth Metallurgical Company, a wholly-owned subsidiary of the Company, was deemed as the third party

Dispute arising from engineering construction contract between Seventh Metallurgical Civil Engineering Co., Ltd., Guiyang Institute and Guiyang Aluminum and Magnesium Design Institute Construction Contracting Co., Ltd., the wholly-owned subsidiaries of the Company

Reference

For details, please refer to the Announcement No. Pro 2020-037 issued by the Company on 6 June 2020 on the designated media for information disclosure

For details, please refer to the Company's Announcement No. Pro 2020-038, No. Pro 2020-040, Announcement No. Pro 2020-051 and Announcement No. Pro 2020-069 issued on the designated media for information disclosure on 11 June 2020, 19 June 2020, 14 August 2020 and 31 December 2020

For details, please refer to the Announcement No. Pro 2020-047 issued by the Company on 31 July 2020 on the designated media for information disclosure

For details, please refer to the Announcement No. Pro 2020-049 and Announcement No. Pro 2021-006 issued by the Company on 7 August 2020 and 27 January 2021 on the designated media for information disclosure

For details, please refer to the Announcement No. Pro 2020-050 issued by the Company on 7 August 2020 on the designated media for information disclosure

For details, please refer to the Announcement No. Pro 2020-053 issued by the Company on 20 August 2020 on the designated media for information disclosure

SECTION 6 KEY MATTERS

Summary and type of the issue

Dispute arising from engineering construction contract between China National Aviation Fuel Northern Storage and Transportation Co., Ltd. and Twelfth Metallurgical Company, a wholly-owned subsidiary of the Company

Dispute arising from engineering construction contract between the Guiyang Branch of the Company and Guizhou Huaren Advanced Materials Co., Ltd.

Dispute arising from engineering construction contract between Sixth Metallurgical Company, a wholly-owned subsidiary of the Company, and Inner Mongolia Hengda Real Estate Co., Ltd.

Dispute arising from engineering construction contract between Tianjin Construction, a wholly-owned subsidiary of the Company, and Shanxi Tongde Aluminum Industry Co., Ltd.

Reference

For details, please refer to the Announcement No. Pro 2020-060 issued by the Company on 13 October 2020 on the designated media for information disclosure

For details, please refer to the Announcement No. Pro 2020-062 issued by the Company on 20 October 2020 on the designated media for information disclosure

For details, please refer to the Announcement No. Pro 2020-065 issued by the Company on 9 December 2020 on the designated media for information disclosure

For details, please refer to the Announcement No. Pro 2021-003 issued by the Company on 21 January 2021 on the designated media for information disclosure

SECTION 6 KEY MATTERS

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

✓Applicable □Not applicable

Unit: '0000 Yuan Currency: RMB

During the reporting period:

Plaintiff (Applicant)	Defendant (Respondent)	Party with several and joint liability	Litigation or Arbitration	Basic information of litigation (arbitration)	Amount concerning litigation (arbitration)	Whether estimated liability arose from the litigation (arbitration) and amount	Current status of the litigation (arbitration)	Results of trial of litigation (arbitration) and effects thereof	Enforcement of judgment of litigation (arbitration)
Zhejiang Tianzeng Construction Co., Ltd. Mianchi Branch	China Aluminum Zhongzhou Mining Co., Ltd., China Aluminum Zhongzhou Mining Co., Ltd. Sanmenxia Branch	China Aluminum International Engineering Corporation Limited (third party)	Litigation	Dispute over construction engineering contract	6,100	No	Judgment handed down	Note 1	Case closed
China Mining Construction Group Ltd. Mianchi Branch	China Aluminum Zhongzhou Mining Co., Ltd., China Aluminum Zhongzhou Mining Co., Ltd. Sanmenxia Branch	China Aluminum International Engineering Corporation Limited (third party)	Litigation	Dispute over construction engineering contract	12,900	No	Hearing	Note 2	None
Shandong Real Estate Development Company Qingdao Company	Qingdao Xinfu Gongchuang Asset Management Company Limited	China Aluminum International Engineering Corporation Limited, Liang Yongjian, Wang Xiaoning (third party)	Litigation	Dispute over contract	35,000	No	Hearing	Note 3	None
Sixth Metallurgical Construction Company of China Nonferrous Metals Industry	Shougang Jingtang Iron and Steel Corporation Limited	None	Litigation	Dispute over construction engineering contract	22,384.2	No	Hearing	Note 4	None
Ninth Metallurgical Construction Co., Ltd.	Shaanxi Huangling Coking Coal Chemical Industry Company Co., Ltd.	None	Litigation	Dispute over construction engineering contract	6,869	No	Judgment handed down	Note 5	Executed
China Nonferrous Metals Industry's 12th Metallurgical Construction Co., Ltd.	Anhui Wante Investment Development Co., Ltd., Anhui Wante Investment Development Co., Ltd. Liu'an Branch	None	Litigation	Dispute over construction engineering contract	21,173	No	Judgment handed down	Note 6	Executed
Ninth Metallurgical Construction Co., Ltd.	Baoji Kaicheng Real Estate Co., Ltd.	None	Litigation	Dispute over construction engineering contract	5,799.40	No	Judgment handed down	Note 7	Executed

SECTION 6 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)
Chalieco (Tianjin) Construction Co., Ltd.	Tianjin Jinghai County Tianzi Yangguang Environmental Protection Co., Ltd., Tianzi Environmental Protection Investment Holdings Co., Ltd., Tianzi Environmental Protection Equipment Manufacturing (Tianjin) Co., Ltd., Gao Weihua	Tianjin Zijinshan Environmental Protection Industry Investment Co., Ltd., Tianjin Wuging District Tianzi Environmental Protection Co., Ltd., Huazhiyuan International Trade (Tianjin) Co., Ltd., Tianzi Environmental Protection Industry Development Co., Ltd.	Litigation	Dispute over construction engineering contract	17,669.55	No	Hearing	Note 8	None

Note 1: In December 2020, the court ruled to dismiss the lawsuit of Zhejiang Tianzeng Construction Co., Ltd. Mianchi Branch.

Note 2: In December 2020, the ruling was to revoke the ruling of the first instance, and the Sanmenxia Intermediate People's Court was appointed to hear the case.

Note 3: The courts of the first instance and the second instance ruled that the jurisdictional objection raised by Chalieco sustained, and ruled to reject the lawsuit of Shandong Real Estate Development Company Qingdao Company. In December 2020, Shandong Real Estate Development Company Qingdao Company applied to the Supreme People's Court for a retrial.

Note 4: On 22 March 2021, the Higher People's Court of Hebei Province ordered a retrial and ruled that Shougang Jingtang Iron and Steel Corporation Limited shall pay approximately RMB39 million together with the interests to Sixth Metallurgical Company, and rejected other claims raised by Sixth Metallurgical Company and the counterclaim of Shougang Jingtang Iron and Steel Corporation Limited.

Note 5: In March 2019, the two parties reached a settlement that Shaanxi Huangling Coking Coal Chemical Industry Company Co., Ltd. shall pay Ninth Metallurgical Company RMB64 million in installments. As of now, Shaanxi Huangling Coking Coal Chemical Industry Company Co., Ltd. has performed its obligations under the mediation statement.

Note 6: In December 2020, case was closed upon debt settlement with properties.

Note 7: In November 2020, case was closed upon execution.

Note 8: In December 2020, the retrial of the first instance ruled that Tianzi Environmental Protection Investment Holdings Co., Ltd. shall pay RMB68.87 million and interest of RMB4.18 million to Tianjin Construction, and Huazhiyuan International Trade (Tianjin) Co., Ltd. shall assume joint liabilities within the range of RMB46.29 million. Both parties appealed and are currently in the second instance.

(III) Other description

☐ Applicable ☒ Not applicable

SECTION 6 KEY MATTERS

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

☐Applicable ☒Not applicable

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

☒Applicable ☐Not applicable

During the reporting period, the Company, and its controlling shareholder and effective controller were in good credit conditions and did not have any bad credit conditions, such as failure to perform any effective judgment of the court and failure to pay any significant amounts of debts when due.

XIII. SHARE OPTION INCENTIVE PLAN, EMPLOYEE STOCK OPTION PLAN OR OTHER EMPLOYEE INCENTIVE MEASURES AND THEIR IMPACT

(I) Incentives disclosed in provisional announcements and with no subsequent development or change

☐Applicable ☒Not applicable

(II) Incentives not disclosed in provisional announcements or with subsequent development

Particulars of share option incentives

☐Applicable ☒Not applicable

Other description

☐Applicable ☒Not applicable

Particulars of employee stock option plan

☐Applicable ☒Not applicable

Other incentive measures

☐Applicable ☒Not applicable

SECTION 6 KEY MATTERS

XIV. SIGNIFICANT CONNECTED TRANSACTIONS

Significant related party transactions of the Group during the year ended 31 December 2020 are set out in note “11 RELATED PARTIES AND THEIR TRANSACTIONS” to the financial statements. Some of the above related party transactions also constitute connected transactions as prescribed in Chapter 14A under the Listing Rules of the Stock Exchange and are subject to reporting, annual review, announcement and the independent shareholders’ approval (if necessary) in accordance with the requirements of Chapter 14A under the Listing Rules of the Stock Exchange. The aforementioned related party transactions have complied with the requirements of Chapter 14A under the Listing Rules of the Stock Exchange. Particulars of them are as follow:

- (I) Non-exempt one-off connected transactions (disclosed as per requirements of the Listing Rules of the Stock Exchange)**
- (II) Non-exempt continuing connected transactions (disclosed as per requirements of the Listing Rules of the Stock Exchange)**

The Group conducted certain connected transactions during the year which constituted non-exempt continuing connected transactions under Chapter 14A of the Listing Rules of the Stock Exchange.

The annual caps and actual transaction amount of such continuing connected transactions for 2020 are set out in the following table:

Events of connected transactions	Connected persons	Annual cap for 2020 (RMB'0000)	Actual transaction amount for 2020 (RMB'0000)
1. Provision of engineering services by the Group	Chinalco	700,000	329,340.86
2. Provision of commodities by the Group	Chinalco	80,000	44,256.83
3. Provision of general services by the Group	Chinalco	10,000	270.97
4. Provision of general services to the Group	Chinalco	16,000	3,719.76
5. Provision of commodities to the Group	Chinalco	100,000	4,602.10
6. Provision of financial services to the Group – deposit services	Chinalco Finance	280,000	279,747.10
7. Provision of factoring facility services to the Group	Chinalco Commercial	100,000	14,000
8. Provision of financial services such as financial leasing to the Group	Chinalco Finance Lease	100,000	–

SECTION 6 KEY MATTERS

1. Provision of engineering services by the Group

The Company entered into an engineering service general agreement with Chinalco on 30 October 2019, pursuant to which, the Group could provide engineering services, including 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.

The initial term of the engineering service general agreement commenced from 1 January 2020 and shall expire on 31 December 2022, 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, Chinalco and its subsidiaries are the connected persons of the Company. During the reporting period, the annual cap of this continuing connected transaction for 2020 was RMB7,000 million and the actual transaction amount was RMB3,293.4086 million.

Material connected transactions for engineering services in 2020 are as follows:

Unit: '0000 Yuan Currency: RMB

Name of related party	Content of connected transaction	Pricing principle	Transaction amount	Percentage in similar transactions (%)
Guangxi Huasheng Advanced Materials Co., Ltd.	The provision of engineering services	Market price	53,390.92	16.21
Honghe Yuntong Real Estate Development Co., Ltd.	The provision of engineering services	Market price	34,434.71	10.46
Yunnan Wenshan Aluminum Co., Ltd.	The provision of engineering services	Market price	31,999.20	9.72
Chalco Shandong Co., Ltd.	The provision of engineering services	Market price	29,505.15	8.96
Yunnan Jinding Zinc Industry Co., Ltd.	The provision of engineering services	Market price	20,242.04	6.15

SECTION 6 KEY MATTERS

2. Provision of commodities by the Group

The Company entered into a general sale and purchase agreement of commodities with Chinalco on 30 October 2019, pursuant to which, the Group could provide products of the Group to Chinalco and/or its associates from time to time as portion of our equipment manufacturing business. These products mainly include the equipment, raw materials and commodities required for the production and operation of Chinalco.

The initial term of the general sale and purchase agreement of commodities commenced from 1 January 2020 and shall expire on 31 December 2022, 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 Stock Exchange, Chinalco and its subsidiaries are the connected persons of the Company. During the reporting period, the annual cap of this continuing connected transaction for 2020 was RMB800 million and the actual transaction amount was RMB442.5683 million.

3. Provision of general services by the Group

The Company entered into a general agreement of general services with Chinalco on 30 October 2019, 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.

The initial term of the general agreement of general services commenced from 1 January 2020 and shall expire on 31 December 2022, 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 agreement of general services.

Chinalco is the controlling shareholder of the Company. Pursuant to the Listing Rules of the Stock Exchange, Chinalco and its subsidiaries are the connected persons of the Company. During the reporting period, the annual cap of this continuing connected transaction for 2020 was RMB100 million and the actual transaction amount was RMB2.7097 million.

SECTION 6 KEY MATTERS

4. Provision of general services to the Group

The Company entered into a general agreement of general services with Chinalco on 30 October 2019, 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.

The initial term of the general agreement of general services commenced from 1 January 2020 and shall expire on 31 December 2022, 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 agreement of general services.

Chinalco is the controlling shareholder of the Company. Pursuant to the Listing Rules of the Stock Exchange, Chinalco and its subsidiaries are the connected persons of the Company. During the reporting period, the annual cap of this continuing connected transaction for 2020 was RMB160 million and the actual transaction amount was RMB37.1976 million.

5. Provision of commodities to the Group

The Company entered into a general sale and purchase agreement of commodities with Chinalco on 30 October 2019, 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.

The initial term of the general sale and purchase agreement of commodities commenced from 1 January 2020 and shall expire on 31 December 2022, 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 Stock Exchange, Chinalco and its subsidiaries are the connected persons of the Company. During the reporting period, the annual cap of this continuing connected transaction for 2020 was RMB1,000 million and the actual transaction amount was RMB46.0210 million.

SECTION 6 KEY MATTERS

6. Provision of financial services to the Group

The Company entered into a financial services agreement with Chinalco Finance on 27 August 2018, pursuant to which, Chinalco Finance shall provide financial services to the Group, including deposit services, settlement services, credit services and other financial services. The term of this financial services agreement commenced from 26 November 2018 to 31 December 2021.

The general terms are as follow:

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

The interest rates for deposits on the deposit services to be offered 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 group companies for deposits with the same type during the same period;

Providing favourable interest rate for loans, which shall not be higher than the benchmark interest rate for loans published uniformly by the People's Bank of China from time to time for loans with the same type and term, and not higher than the interest rate charged by major commercial banks in the PRC for the loans with the same type during the same period;

The fees charged for the provision of other financial services will comply with the fee standards prescribed by the People's Bank of China or China Banking and Insurance Regulatory Commission for such type of services, and shall be no higher than the fee rate charged by major commercial banks in the PRC for the same type of financial services;

During the effective period of this agreement, the daily deposit balance (including any interest accrued thereon) shall not exceed RMB2.8 billion.

Chinalco is the controlling shareholder of the Company, and Chinalco Finance is the wholly-owned subsidiary of Chinalco. Pursuant to the Listing Rules of the Stock Exchange, Chinalco Finance is the connected person of the Company. Chinalco Finance undertakes to provide high-quality and efficient financial services to the Company and to timely notify the Company of certain agreed events in order to safeguard the financial assets of the Company and to adopt proper mitigation measures. In respect of the deposit services, the daily deposit balance (including any interest accrued thereon) for the Group with Chinalco Finance shall not exceed RMB2.8 billion (including any interest accrued thereon) during the term of the financial services agreement. The Company shall enter into a separate contract in respect of deposit services, settlement services, credit services and other financial services with Chinalco Finance to stipulate the specific matters for the provision of these services.

SECTION 6 KEY MATTERS

During the reporting period, the cap of daily deposit balance of the deposit services under this continuing connected transaction for 2020 was RMB2,800 million and the actual maximum daily deposit balance was RMB2,797.471 million.

7. Provision of factoring services to the Group

The Company entered into the factoring cooperation framework agreement with Chinalco Commercial on 28 March 2019. 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 one or more factoring services including factoring facility, sales subsidiary ledger management, accounts receivable collection, credit investigation and evaluation, credit risk controls and bad debt guarantees. According to the anticipated conditions of business development, the Company planned to enter into a new factoring agreement with the factoring company to specify an annual cap on factoring facility limit and total amount of the expenses occurred of RMB1 billion for 2019 to 2021. The factoring service agreement has a term commencing on 18 June 2019 and ending on 31 December 2021.

Chinalco is the controlling Shareholder of the Company. Pursuant to the Listing Rules of the Stock Exchange, Chinalco and its subsidiaries are the connected persons of the Company. Chinalco Commercial is the wholly-owned subsidiary of Chinalco Capital, the wholly-owned subsidiary of Chinalco, and thus the connected persons of the Company. During the reporting period, the annual cap of this continuing connected transaction for 2020 was RMB1,000 million and the actual transaction amount was RMB140 million.

8. Provision of financial services such as financial leasing to the Group

The Company entered into the finance leasing cooperation framework agreement with Chinalco Finance Lease on 30 October 2019, pursuant to which, Chinalco Finance Lease will provide the Group with financial services such as finance leasing. According to the agreement, the services provided by Chinalco Finance Lease to the Group include the provision of leasing services, investment and financing consulting services, and accounts receivable management services to the Group. The agreement is valid for three years from the date when the ordinary resolution on the entering into of the finance leasing cooperation framework agreement at the general meeting on 30 December 2019 was passed and signed by the parties. During the effective period of the agreement, Chinalco Finance Lease and the Group reached the intention of cooperation with a scale of RMB1 billion. Such facility was a revolving facility, that is, at any point in the effective period of the finance leasing cooperation framework agreement, the balance of finance leasing and other financial services (including leasing business, investment and financing consulting services and accounts receivable management) obtained by the Group from Chinalco Finance Lease was no more than RMB1 billion.

SECTION 6 KEY MATTERS

Chinalco is the controlling Shareholder of the Company. Pursuant to the Listing Rules of the Stock Exchange, Chinalco and its subsidiaries are the connected persons of the Company. Chinalco Finance Lease is a subsidiary of Chinalco Capital Holdings Limited, a subsidiary of Chinalco, and thus the connected persons of the Company. During the reporting period, the annual cap of this continuing connected transaction for 2020 was RMB1,000 million and the actual transaction amount was RMB0 million.

The independent non-executive Directors of the Company had reviewed each of the above continuing 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.

The Company has engaged an external auditor to report on the Group's continuing connected transactions in accordance with the Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" 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. The Company has provided a copy of the said letter to the Stock Exchange. 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.

SECTION 6 KEY MATTERS

- (4) With respect to the aggregate amount of each of the continuing connected transactions set out above, nothing has come to the auditor's attention that would cause the auditor to believe that such continuing connected transactions have exceeded the maximum aggregate annual cap formulated by the Company.

For the above connected transactions, the Directors also confirmed that the Company had complied with the disclosure requirements of Chapter 14A of the Listing Rules of the Stock Exchange.

(III) Related-party transactions related to daily operations

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

☐Applicable ☒Not applicable

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

☐Applicable ☒Not applicable

3. **Events not disclosed in provisional announcements**

☐Applicable ☒Not applicable

(IV) Related-party transactions from acquisition and disposal of assets or equity interests

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

☐Applicable ☒Not applicable

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

☐Applicable ☒Not applicable

SECTION 6 KEY MATTERS

3. Events not disclosed in provisional announcements

☐Applicable ☒Not applicable

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

☐Applicable ☒Not applicable

(V) Material related-party transactions in joint external investments

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

☐Applicable ☒Not applicable

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

☐Applicable ☒Not applicable

3. Events not disclosed in provisional announcements

☐Applicable ☒Not applicable

(VI) Amounts due to or from related parties

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

☐Applicable ☒Not applicable

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

☐Applicable ☒Not applicable

SECTION 6 KEY MATTERS

3. Events not disclosed in provisional announcements

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Related parties	Relationships with related parties	Funds provided to related parties			Funds provided to the listed company by related parties		
		Opening balance	Amount incurred	Closing balance	Opening balance	Amount incurred	Closing balance
Aluminum Corporation of China	Parent				2,000,000,000	-2,000,000,000	-
Challeco Finance Company Limited	Wholly-owned subsidiary of the parent				801,000,000	474,000,000	1,275,000,000
China Aluminum Commercial Factoring (Tianjin) Co., Ltd.	Wholly-owned subsidiary of the parent				438,500,000	-298,500,000	140,000,000
Total					3,239,500,000	-1,824,500,000	1,415,000,000

Reasons for the formation of amounts due to or from related parties	Amounts provided by related parties to the listed company represented entrusted loans, loans and factoring facility
Impact of amounts due to or from related parties on the Company	No material impact

(VII) Other

☐ Applicable ☒ Not applicable

XV. MATERIAL CONTRACTS AND THEIR PERFORMANCE

(I) Custody, contracting and leasing

1. Custody

☐ Applicable ☒ Not applicable

2. Contracting

☐ Applicable ☒ Not applicable

3. Leasing

☐ Applicable ☒ Not applicable

SECTION 6 KEY MATTERS

(II) Guarantees

✓Applicable □Not applicable

Unit: '0000 Yuan Currency: RMB

Guarantor	Relation of the guarantor to the listed company	Guaranteed party	Guarantees provided for external parties (except those for subsidiaries)										Related party guarantee or not	Related relationship
			Guaranteed amount	Date of guarantee (agreement signing date)	Commencement date	Ending date	Type of guarantee	Guarantee performed or not	Overdue or not	Overdue amount	Counter guaranteed or not			
Hanzhong Ninth Metallurgical Construction Co., Ltd.	Controlling subsidiary	Mian County Urban and Rural Infrastructure Construction Co., Ltd.	6,360	2015/10/20	2015/10/20	2027/10/19	General guarantee	No	No	0	No	No		
Ninth Metallurgical Construction Co., Ltd.	Controlling subsidiary	Mian County Urban and Rural Infrastructure Construction Co., Ltd.	2,800	2013/1/7	2013/1/7	2023/1/6	General guarantee	No	No	0	No	No		
China Aluminum International Engineering Corporation Limited	Headquarters	Yunnan Ningyong Expressway Co., Ltd.	25,716	2019/12/18	2019/12/30	2047/10/30	General guarantee	No	No	0	No	No		
China Aluminum International Engineering Corporation Limited	Headquarters	Yunnan Ningyong Expressway Co., Ltd.	21,430	2019/12/18	2020/3/31	2047/10/30	General guarantee	No	No	0	No	No		
China Aluminum International Engineering Corporation Limited	Headquarters	Yunnan Ningyong Expressway Co., Ltd.	21,430	2019/12/18	2019/10/31	2047/10/30	General guarantee	No	No	0	No	No		
China Aluminum International Engineering Corporation Limited	Headquarters	Yunnan Ningyong Expressway Co., Ltd.	30,002	2019/12/19	2019/10/31	2047/10/30	General guarantee	No	No	0	No	No		
China Aluminum International Engineering Corporation Limited	Headquarters	Yunnan Ningyong Expressway Co., Ltd.	4,286	2020/7/2	2020/9/28	2045/9/27	General guarantee	No	No	0	No	No		
China Aluminum International Engineering Corporation Limited	Headquarters	Yunnan Ningyong Expressway Co., Ltd.	8,572	2020/7/2	2020/9/28	2045/9/27	General guarantee	No	No	0	No	No		
China Aluminum International Engineering Corporation Limited	Headquarters	Yunnan Ningyong Expressway Co., Ltd.	8,572	2020/7/2	2020/9/28	2045/9/27	General guarantee	No	No	0	No	No		
China Aluminum International Engineering Corporation Limited	Headquarters	Yunnan Linyun Expressway Co., Ltd.	8,572	2019/12/18	2020/6/18	2047/10/30	Joint liability guarantee	No	No	0	No	No		
China Aluminum International Engineering Corporation Limited	Headquarters	Yunnan Linyun Expressway Co., Ltd.	34,288	2019/12/18	2019/10/31	2047/10/30	Joint liability guarantee	No	No	0	No	No		
China Aluminum International Engineering Corporation Limited	Headquarters	Yunnan Linyun Expressway Co., Ltd.	17,144	2019/12/18	2020/8/27	2048/8/26	Joint liability guarantee	No	No	0	No	No		
China Aluminum International Engineering Corporation Limited	Headquarters	Yunnan Linyun Expressway Co., Ltd.	4,286	2020/9/28	2020/9/28	2047/9/27	General guarantee	No	No	0	No	No		
China Aluminum International Engineering Corporation Limited	Headquarters	Yunnan Linyun Expressway Co., Ltd.	8,572	2020/9/28	2020/10/20	2048/10/19	General guarantee	No	No	0	No	No		
China Aluminum International Engineering Corporation Limited	Headquarters	Yunnan Linyun Expressway Co., Ltd.	4,286	2020/9/28	2020/9/25	2045/9/25	General guarantee	No	No	0	No	No		
China Aluminum International Engineering Corporation Limited	Headquarters	Yunnan Linshuang Expressway Co., Ltd.	9,429.2	2020/5/6	2018/1/23	2047/10/30	General guarantee	No	No	0	No	No		

SECTION 6 KEY MATTERS

Guarantees provided for external parties (except those for subsidiaries)													
Guarantor	Relation of the guarantor to the listed company	Guaranteed party	Guaranteed amount	Date of guarantee (agreement signing date)	Commencement date	Ending date	Type of guarantee	Guarantee performed or not	Overdue or not	Overdue amount	Counter guaranteed or not	Related party guarantee or not	Related relationship
China Aluminum International Engineering Corporation Limited	Headquarters	Yunnan Linshuang Expressway Co., Ltd.	8,572	2020/5/6	2018/3/23	2047/10/30	General guarantee	No	No	0	No	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Yunnan Linshuang Expressway Co., Ltd.	8,572	2020/5/6	2019/2/14	2047/10/30	General guarantee	No	No	0	No	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Yunnan Linshuang Expressway Co., Ltd.	2,143	2020/5/6	2019/5/23	2047/10/30	General guarantee	No	No	0	No	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Yunnan Linshuang Expressway Co., Ltd.	10,715	2020/5/6	2019/9/5	2047/10/30	General guarantee	No	No	0	No	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Yunnan Linshuang Expressway Co., Ltd.	17,144	2020/5/6	2019/11/7	2047/10/30	General guarantee	No	No	0	No	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Yunnan Linshuang Expressway Co., Ltd.	12,858	2020/5/6	2020/1/7	2047/10/30	General guarantee	No	No	0	No	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Yunnan Linshuang Expressway Co., Ltd.	4,286	2020/10/12	2020/11/4	2043/11/3	General guarantee	No	No	0	No	No	
Cumulative amount of guarantees provided during the reporting period (excluding those for subsidiaries)													214,191.82
Total balance of guarantees at end of the reporting period (A) (excluding those for subsidiaries)													280,035.20
Guarantees provided by the Company and its subsidiaries to subsidiaries													
Cumulative amount of guarantees provided for subsidiaries during the reporting period													666,500.00
Total balance of guarantees provided for subsidiaries at end of the reporting period (B)													834,700.00
Total amount of guarantees provided by the Company (including those provided for subsidiaries)													
Total amount of guarantees (A+B)													1,114,735.20
Ratio of total amount of guarantees to net assets of the Company (%)													178.80%
Including:													
Amount of guarantees provided for shareholders, effective controller and their related parties (C)													0
Amount of guarantees provided directly or indirectly to secure debts of the guaranteed with a assets-liabilities ratio over 70% (D)													547,500
Total amount of guarantees in excess of 50% of net assets (E)													648,760.00
Total of the above three types of guarantees (C+D+E)													1,196,260.00
Explanation on the potential joint liability arising from the immature guarantees													
Explanation on the guarantees										The amount of external guarantee is the actual amount of the bank loan			

SECTION 6 KEY MATTERS

(III) Particulars of cash under discretionary management

1. Wealth under discretionary management

- (1) Overview of wealth under discretionary management

☐Applicable ☒Not applicable

Other information

☐Applicable ☒Not applicable

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

☐Applicable ☒Not applicable

Other information

☐Applicable ☒Not applicable

- (3) Provision for impairment of wealth under discretionary 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

SECTION 6 KEY MATTERS

3. Other information

☐Applicable ☒Not applicable

(IV) Other material contracts

☐Applicable ☒Not applicable

XVI. EXPLANATIONS OF OTHER KEY MATTERS

☒Applicable ☐Not applicable

Epidemic prevention and anti-epidemic work of the Company

2020 was an extraordinary year, during which, we encountered a rare COVID-19 epidemic in history. Under the strong leadership of the Central Committee of the Communist Party of China, the entire nation was united to fight against the epidemic. The Company fully implemented the requirements for epidemic prevention and control, acted promptly and made careful deployment, coordinated the tasks of epidemic prevention and control, as well as the resumption of work and production, and contributed to winning the battle against the epidemic.

Fighting the epidemic through preventative measures is an obligation for everyone. After the outbreak, in order to ensure the implementation of various tasks, Chalieco established a leading group for the prevention of COVID-19 with main leaders in charge and the participation of all members, and set up a leading group office. Various departments and units responded quickly, and arranged full deployment accordingly. All levels of the Company assumed responsibilities of epidemic prevention and control. In light of the epidemic prevention and control, Chalieco also promptly organized research on the resumption of work by construction companies and project departments after the holiday, and coordinated the commencement of epidemic prevention and control, as well as operation and production. In face of the challenges from the epidemic, Chalieco bit the bullets to get through such difficulties. It attached equal importance to the prevention and control of the pandemic and work and production resumption, established a three-level management system for epidemic prevention and control, and resumption of work and production, formulated and issued the "Implementation Plan for the Prevention and Control of COVID-19 at Construction Sites" (《施工現場新冠肺炎防控工作實施方案》), the "Opinions on Guidance Regarding Accelerating the Resumption of Work and Production of Projects Under Construction" (《關於加快在建項目復工複產的指導意見》), etc., to enhance the organization and management of production and operation under the premise of preventing and controlling the epidemic. The Company endeavored to protect its key projects, and delegated detailed production and management work at different grades and levels. At the same time, various enterprises actively combined their own advantages to carry out informatization and technological application development to push forward safe resumption of work and production. As of the end of March 2020, the resumption of work and production of over 200 projects of the Company have all taken place, which received extensive attention from local governments and the media.

SECTION 6 KEY MATTERS

Chalieco effectively guaranteed the safety and physical and mental health of employees, established personnel standing books and personal health files, and strictly implemented the “daily report” and “zero report” system to accurately record the agendas and health status of employees. The Company actively procured and distributed anti-epidemic supplies for employees, conducted mental health consultation for employees, promoted and popularized knowledge of epidemic prevention and control, so as to build a line of defense for the life safety and physical and mental health of employees. During the year, among over 15,000 employees of the Company, none of them were infected.

In response to the actual development of the epidemic overseas, the Company issued the “Notice on Giving Full Play to Party Organizations’ Fighting Fortress and Party Members’ Exemplary Role in the Prevention and Control of COVID-19 Overseas” 《關於在境外新冠肺炎疫情防控中發揮黨組織戰鬥堡壘和黨員先鋒模範作用的通知》 and the “Notice of the Trade Union of Chalieco on Caring for Overseas Employees During the Period of Epidemic Prevention and Control” 《中鋁國際工會關於在疫情防控期間關心關愛海外員工的通知》. It paid close attention to the life safety of overseas personnel, actively prepared anti-epidemic supplies and adjusted emergency plans, and purchased personal accident insurance for all 427 overseas employees. Meanwhile, we cared for and provided trouble-shooting services to the families of overseas employees in a timely manner, so as to calm the worries of overseas employees.

As COVID-19 spread across the world, some overseas partners were short of epidemic prevention supplies. Chalieco and its members reached out in time to donate masks, protective clothing and other anti-epidemic supplies to relevant companies in Venezuela, Indonesia, Italy, France, South Korea, etc., which evidenced the mutual assistance and determined cooperation between Chalieco and its overseas partners.

XVII. PARTICULARS ON EFFORTS REGARDING POSITIVE PERFORMANCE OF SOCIAL RESPONSIBILITY

(I) Poverty alleviation efforts of the listed company

☒ Applicable ☐ Not applicable

1. Targeted poverty alleviation plan

☒ Applicable ☐ Not applicable

2020 was the year to achieve the goal of building a well-off society in an all-round way, and it was the year to end the war to overcome poverty, however, during which, the epidemic raged. The task of consolidating the results of poverty alleviation and preventing the return to poverty was relatively heavy. The Company and its members actively responded to General Secretary, Xi Jinping’s general requirements on “Policies, responsibilities, assistance and governance should continue after poverty alleviation”. According to the actual situation of the Company’s poverty alleviation work, the Company has improved the long-term assistance mechanism after poverty alleviation, and steadily improved the four villages that have already achieved poverty alleviation. The Company was determined to contribute for poverty alleviation.

SECTION 6 KEY MATTERS

2. Overview of targeted poverty alleviation efforts for the year

☒Applicable ☐Not applicable

In 2020, the four villages designated for assistance by the four tier-2 subsidiaries, including CNPT, Changkan Institute, CINF and Guiyang Institute, have all been lifted out of poverty. The 408 households and 1,581 people from the remaining villages that were registered as poor households have all been lifted out of poverty, and the Company's poverty alleviation work is basically in the stage of consolidation and improvement. In order to further consolidate the results of poverty alleviation and ensure that the remaining poor households get rid of poverty on time, the Company and its members continued to adopt a developmental assistance method that combines "blood transfusion" with "hematopoiesis", and focused on "hematopoiesis" to facilitate various tasks to consolidate the results of poverty alleviation. The Company and its members deployed 4 temporary cadres in total. Three working teams including 9 people were stationed in the villages. RMB446,500 of various kinds was directly invested in those villages, and so were materials worth RMB27,000. They helped targeted poverty alleviation counties introduce a supportive capital of RMB5.112 million and RMB112,000 worth of social donations. They purchased RMB2.0396 million worth of agricultural products from the poverty-stricken areas and assisted them in selling RMB356,000 worth of agricultural products. 4 people received vocational skill education in each round of training. The Company also encouraged the Party members, leading cadres and employees to donate RMB3,000 and awarded student grant of RMB30,000 in total.

3. Achievements in targeted poverty alleviation

☒Applicable ☐Not applicable

Unit: '0000 Yuan Currency: RMB

Indicators	Quantity and details
I. Overview	
Specifically: 1. Funds	44.65
2. Materials (equivalent in cash)	2.7
3. Number of registered poverty-stricken people lifted out from poverty	4

SECTION 6 KEY MATTERS

Indicators	Quantity and details
II. Investment by item	
1. Poverty alleviation through industrial development	
Specifically: 1.1 Type of poverty alleviation program through industrial development	☒ Poverty alleviation through agricultural and forestry industry ☐ Poverty alleviation through tourism ☐ Poverty alleviation through e-commerce ☐ Poverty alleviation through assets income ☐ Poverty alleviation through science and technology ☐ Others
1.2 Number of poverty alleviation programs through industrial development (program)	2
1.3 Funds invested in poverty alleviation programs through industrial development	16
1.4 Number of registered poverty-stricken people receiving help lifted out from poverty (person)	0
2. Poverty alleviation through employment transfer	
Specifically: 2.1 Funds invested in vocational skill training	0.5
2.2 Number of people receiving vocational skill training (person/time)	102
2.3 Number of registered poverty-stricken people receiving help in employment (person)	22
3. Poverty alleviation through relocation	
Specifically: 3.1 Number of relocated people receiving help in employment (person)	5
4. Poverty alleviation through education	
Specifically: 4.1 Funds invested in supporting poverty-stricken students	1.85
4.2 Number of subsidized poverty-stricken students	72
4.3 Funds invested in improving educational resources in poverty-stricken areas	0
5. Poverty alleviation in health domains	
Specifically: 5.1 Funds invested in medical and health resources in poverty-stricken areas	2.3
6. Fallback security	

SECTION 6 KEY MATTERS

Indicators	Quantity and details
Specifically: 6.1 Funds invested in helping “the left-behind elderly, children and women”	2
6.2 Number of “the left-behind elderly, children and women” getting help (person)	40
6.3 Funds invested in helping the poverty-stricken disabled	0
6.4 Number of the poverty-stricken disabled getting help (person)	0
7. Other programs	
Specifically: 7.1 Number of program (program)	6
7.2 Investment amount	24.7
7.3 Number of registered poverty-stricken people receiving help lifted out from poverty (person)	4
7.4. Description of other programs	For village renovation, road maintenance, establishing village committee office, assistance in the construction of a multi-functional zone with the theme of party building, visiting and comforting people in poverty-stricken areas

III. Awards Received (content, rank)

Guiyang Institute was rated as an excellent supporting enterprise in the state and an excellent supporting enterprise in the county. Guiyang Xinyu Construction Supervision Company, a wholly-owned subsidiary of Guiyang Institute, was rated as an excellent assistance unit in the county, and Li Tong, a member of expatriate personnel, was rated as an excellent assistance cadre in the county

The poverty alleviation team of Changkan Institute was rated excellent in the annual assessment organized by the Organization Department of Hunan Provincial Party Committee
CNPT won the first place in the data entry quality evaluation of the Luoyang Smart Poverty Alleviation System in 2020

SECTION 6 KEY MATTERS

4. Subsequent targeted poverty alleviation plan

☒Applicable ☐Not applicable

“Being lifted out of poverty is not an end in itself but the starting point of a new life and a new pursuit”. The Company and its affiliated companies will continue to consolidate the results of poverty alleviation, ensure that every household has a way to get rich, every village has their own distinguishing industries, thereby increasing people’s income and achieving continued collective economy growth, and further pursuing poverty alleviation.

(II) Corporate social responsibility

☒Applicable ☐Not applicable

Please refer to the Environmental, Social and Governance Report of China Aluminum International Engineering Corporation Limited disclosed at the SSE website (<http://www.sse.com.cn>) and the website of the Stock Exchange (www.hkex.com.hk) for details of the Company’s works of fulfillment of social responsibility.

(III) Environmental Information

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

☐Applicable ☒Not applicable

2. Explanation of environmental protection information of companies not on the watch list of key pollutant discharging units

☒Applicable ☐Not applicable

Chalieco adhered to the guidance of Xi Jinping’s ecological civilization thought, thoroughly implemented the new development concept, and strictly abided by the national environmental protection laws and regulations. The Company continued to deepen its internal environmental protection work, discharged various pollutants in compliance with laws and regulations, strengthened the prevention and control of pollution at the front line of production and construction, and earnestly fulfilled the main responsibility for environmental protection among enterprises.

SECTION 6 KEY MATTERS

The first is to thoroughly study and implement Xi Jinping's thoughts on ecological civilization and the decisions and deployments of the Party Central Committee, the State Council and the Ministry of Ecology and Environment. The Company shall actively carry out the study and promotion of Xi Jinping's new thoughts on ecological civilization construction, and carry out in-depth integration of Xi Jinping's ecological civilization thoughts and business, thereby achieving consistent learning, promotion, guidance and application.

The second is to continuously strengthen the construction of the environmental management system, implement the risk management and control system by level, formulate annual internal audit and external audit work plans, and organize the implementation according to the plan. The Company underwent the construction of the CAHSE management system in a comprehensive manner, conscientiously drew inferences about the problems discovered in the audit process, and earnestly carried out work of "learning by analogy" thereby striving to achieve continuous improvement and steady enhancement of system operation.

The third is to strive to improve the level of essential environmental protection work and strengthen source control. Each design company of the Company carried out design work in strict accordance with environmental protection standards and regulations, and timely updated the standards implemented during the design process to ensure that the designs of products fulfill environmental protection requirements. The Company encouraged design companies to strengthen the design optimization of energy-saving and emission-reduction technical solutions in the design process, and carry out research on new technologies and new manufacturing processes. Moreover, the Company actively advocated the research and development of new technologies, new materials and new products, and promoted and facilitated environmental protection work in a comprehensive manner.

The fourth is to strengthen the management and control of noise, sewage, waste, dust, and exhaust gas during construction and production, and strictly comply with the requirements of the local government regarding the project to equip with environmental protection equipment and facilities such as dust and noise reduction equipment, spray facilities, water trucks, fog machines, and dust monitoring devices. The Company set up fences and access control systems to achieve complete sealing management. It planned and managed the construction site by partition, and paved both permanent and temporary road surface, so that the road in the site area was completely hardened. Before the excavation of each part of the project, a fog machine was used to reduce dust. The muck was transported to the designated location, and the loess and muck accumulation area were exposed on site. Dust nets were laid to ensure that the waste residue was fully covered. The Company sprinkled the work sites to reduce dust, so that the cleaning of the sprinkling sweeping was completely cleaned. The muck transportation vehicles used airtight containers so that the materials were completely sealed and transported. The Company set up car-wash pools, car-wash stations and other devices at the entrance and exit of the sites to ensure that the vehicles were completely cleaned.

SECTION 6 KEY MATTERS

In 2020, the overall environmental protection situation of Chalieco was promising. There were no sudden environmental incidents and no major administrative penalties in respect of environmental protection. The environmental protection awareness among leading cadres at all levels and all employees has been continuously improved. Each company has made significant improvements in environmental protection system construction, environmental risk management and control, solid waste control, and environmental protection investment.

3. Reason why companies not on the watch list did not disclose environmental information

☐Applicable ☒Not applicable

4. Explanation of subsequent development or changes of environmental information disclosed in the reporting period

☐Applicable ☒Not applicable

(IV) Other information

☐Applicable ☒Not applicable

XVIII. PARTICULARS OF CONVERTIBLE BONDS OF THE COMPANY

☐Applicable ☒Not applicable

SECTION 7 CHANGES IN ORDINARY SHARES AND SHAREHOLDERS

I. CHANGES IN ORDINARY SHARE CAPITAL

(I) Changes in ordinary shares

1. Table of changes in ordinary shares

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

2. Explanation of changes in ordinary shares

☐ Applicable ☒ Not applicable

3. Impact (if any) of changes in ordinary 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 of restricted shares

☐ Applicable ☒ Not applicable

SECTION 7 CHANGES IN ORDINARY SHARES AND SHAREHOLDERS

II. SECURITIES OFFERING AND LISTING

(I) Securities issuing during the reporting period

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

(II) Changes in total number of ordinary shares and shareholder 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

SECTION 7 CHANGES IN ORDINARY SHARES AND SHAREHOLDERS

III. PARTICULARS OF SHAREHOLDERS AND EFFECTIVE CONTROLLER

(I) Structure of share capital and public float (required to be disclosed under the Listing Rules of the Stock Exchange)

1. Structure of share capital

As of 31 December 2020, 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 RMB1.00 each.

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 Latest Practicable Date prior to the publication of this annual report was in compliance with the requirements under the Listing Rules of the Stock Exchange.

(II) Total number of shareholders

Total number of ordinary shareholders as of the end of reporting period	36,732
Total number of ordinary shareholders at end of the last month immediately preceding the disclosure date of the Annual Report	37,935
Total number of shareholders of preferred shares with voting right reinstated as of the end of reporting period	N/A
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	N/A

SECTION 7 CHANGES IN ORDINARY SHARES AND SHAREHOLDERS

(III) Table of Shareholding by top 10 shareholders and top 10 holders of circulating shares (or unrestricted shareholders) as of the end of the reporting period

Unit: Share

Shareholder name (full name)	Changes in reporting period	Shareholding of top 10 shareholders		Number of restricted shares held	Pledged or frozen shares		
		Number of shares held at end of the year	Percentage (%)		Status of shares	Number	Nature of shareholder
Aluminum Corporation of China	0	2,176,758,534	73.56	2,176,758,534	Nil	0	State-owned legal person
Hong Kong Securities Clearing Company Nominees Limited	0	399,476,000	13.50	0	Unknown	/	Other
Luoyang Engineering & Research Institute for Nonferrous Metals Processing	0	86,925,466	2.94	86,925,466	Nil	0	State-owned legal person
Hong Kong Securities Clearing Company Limited	7,666,648	11,159,090	0.38	0	Nil	0	Other
RUAN Meixia	3,280,274	8,550,000	0.29	0	Nil	0	Domestic natural person
GU Jing	-223,500	2,563,300	0.09	0	Nil	0	Domestic natural person
Agricultural Bank of China Limited – CSI 500 Exchange-traded and Open-ended Index Securities Investment Fund	-1,190,700	1,967,769	0.07	0	Nil	0	Other
HUANG Zhigang	1,900,000	1,900,000	0.06	0	Nil	0	Domestic natural person
Vanguard Investment Australia Ltd – Vanguard Emerging Markets Stock Index Fund (Exchange)	0	1,830,300	0.06	0	Nil	0	Other
LIU Shao	1,464,000	1,644,000	0.06	0	Nil	0	Domestic natural person

SECTION 7 CHANGES IN ORDINARY SHARES AND SHAREHOLDERS

Shareholding of top 10 shareholders not subject to selling restrictions			
Shareholder name	Number of shares held in circulation not subject to selling restrictions	Class and number of shares	
		Class	Number
Hong Kong Securities Clearing Company Nominees Limited	399,476,000	Overseas listed foreign shares	399,476,000
Hong Kong Securities Clearing Company Limited	11,159,090	Renminbi ordinary shares	11,159,090
RUAN Meixia	8,550,000	Renminbi ordinary shares	8,550,000
GU Jing	2,563,300	Renminbi ordinary shares	2,563,300
Agricultural Bank of China Limited – CSI 500 Exchange-traded and Open-ended Index Securities Investment Fund	1,967,769	Renminbi ordinary shares	1,967,769
HUANG Zhigang	1,900,000	Renminbi ordinary shares	1,900,000
Vanguard Investment Australia Ltd. – Vanguard Emerging Markets Stock Index Fund (Exchange)	1,830,300	Renminbi ordinary shares	1,830,300
LIU Shao	1,644,000	Renminbi ordinary shares	1,644,000
MA Bo	1,503,500	Renminbi ordinary shares	1,503,500
LIN Xing	1,186,300	Renminbi ordinary shares	1,186,300

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

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

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

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

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

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

Not applicable.

Note: H shares held by Hong Kong Securities Clearing Company Nominees Limited were held on behalf of multiple clients, and A shares held by Hong Kong Securities Clearing Company Limited were held on behalf of multiple clients. At the end of the reporting period, Hong Kong Securities Clearing Company Nominees Limited held 399,476,000 shares of the Company, and details on pledge or freeze of shares were unknown.

SECTION 7 CHANGES IN ORDINARY SHARES AND SHAREHOLDERS

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

☒ Applicable ☐ Not applicable

Unit: Share

No.	Restricted shareholder name	Number of restricted shares held	Restricted shares admitted for trading		Restriction conditions
			Admitted listing date	Number of additional shares admitted for listing	
1	Aluminum Corporation of China	2,176,758,534	31 August 2021	0	Three years from the date of A share listing, and two years from expiration of the lock-up period
2	Luoyang Engineering & Research Institute for Nonferrous Metals Processing	86,925,466	31 August 2021	0	Three years from the date of A share listing, and two years from expiration of the lock-up period

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

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 indirectly held through its subsidiary Yunnan Aluminum International Company Limited (雲鋁國際有限公司). Chinalco and its subsidiaries held a total of 2,283,179,000 shares of the Company, including 2,263,684,000 A shares and 19,495,000 H shares, accounting for 77.16% of the total share capital of the Company.

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

☐ Applicable ☒ Not applicable

SECTION 7 CHANGES IN ORDINARY SHARES AND SHAREHOLDERS

(V) Shareholdings and short positions of substantial shareholders in the Company as disclosed under Hong Kong SFO

As at 31 December 2020, 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:

Name of Shareholder	Class of Shares	Capacity	Number of Shares/ underlying Shares Held (Share)	Percentage of shareholding in relevant class of Shares (%) (Note 1)	Percentage of shareholding in total share capital (%)
Chinalco	A share	Beneficiary owner/ Interest of controlled corporation	2,263,684,000 (Long position) (Note 2)	88.44	76.50
The Seventh Metallurgical Construction Corp. Ltd.	H share	Beneficiary owner	69,096,000 (Long position)	17.30	2.34
CNMC Trade Company Limited	H share	Beneficiary owner	59,225,000 (Long position)	14.83	2.00
Leading Gain Investments Limited	H share	Nominee of another person (other than passive trustee)	29,612,000 (Long position)	7.41	1.00
China XD Group	H share	Beneficiary owner	29,612,000 (Long position)	7.41	1.00
Yunnan Tin (Hong Kong) Yuan Xing Company Limited	H share	Beneficiary owner	29,612,000 (Long position)	7.41	1.00
Global Cyberlinks Limited	H share	Beneficiary owner	20,579,000 (Long position)	5.15	0.70

Note 1. The percentage is calculated by dividing number of relevant class of Shares in issue of the Company as at 31 December 2020 by total number of Shares.

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

SECTION 7 CHANGES IN ORDINARY SHARES AND SHAREHOLDERS

IV. PARTICULARS OF CONTROLLING SHAREHOLDER AND EFFECTIVE CONTROLLER

(I) Controlling shareholder

1 Legal person

☒ Applicable ☐ Not applicable

Name **Aluminum Corporation of China**

Principal or legal representative YAO Lin

Incorporated on 21 February 2001

Principal business Bauxite mining (restricted to the mining of Maochang bauxite in Guizhou by China Aluminum, up to 30 December 2038); Dispatching labors required by overseas engineering projects that are commensurate with its strength, scale and performance. Operating and managing state-owned assets and state-owned equities; Production and sales of aluminum, copper, rare earth and related non-ferrous metal minerals, smelting products, processed products and carbon products; Engaged in survey and design, engineering construction general contracting, and construction and installation; Equipment manufacturing; Technical development and technical services; Import and export business. (The enterprises independently chooses business items and carry out business activities according to law; Engaged in business activities subject to approval according to law only after the approval is obtained by relevant authorities; Not allowed to engage in business activities prohibited and restricted by industrial policies of the city.)

SECTION 7 CHANGES IN ORDINARY SHARES AND SHAREHOLDERS

Name	Aluminum Corporation of China
Equity in other domestic or overseas listed companies during the reporting period	As of 31 December 2020, Chinalco had equity interests in the following domestic or overseas listed companies other than the Company: 1. Chinalco directly held 29.67% equity in Chalco (listed on SSE, the Stock Exchange and New York Stock Exchange; SSE stock code 601600, Stock Exchange stock code 02600, and New York Stock Exchange stock code ACH). Chinalco indirectly held 40.23% equity in Ningxia Yinxing Energy Co., Ltd. (Shenzhen Stock Exchange listed company, stock code 000862) through China Aluminum Ningxia Energy Group Limited, a subsidiary of Chalco. 2. Chinalco indirectly held 37.51% equity in Yunnan Copper Co., Ltd. (Shenzhen Stock Exchange listed company, stock code 000878) through its subsidiary Yunnan Copper (Group) Co., Ltd. 3. Chinalco indirectly held 35.48% and 10.04% equity in Yunnan Aluminum Co., Ltd. (Shenzhen Stock Exchange listed company, stock code 000807) respectively through its subsidiaries Yunnan Metallurgical Group Limited and Chalco. 4. Chinalco indirectly held 38.19% equity in Yunnan Chihong Zinc Germanium Co., Ltd. (SSE listed company, stock code 600497) through its subsidiary Yunnan Metallurgical Group Limited.
Other information	None
2 Natural person	
☐ Applicable ☒ Not applicable	
3 Special explanation in case the Company does not have a controlling shareholder	
☐ Applicable ☒ Not applicable	

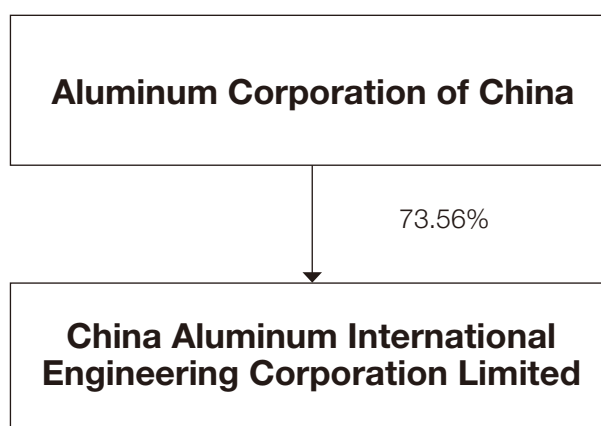
SECTION 7 CHANGES IN ORDINARY SHARES AND SHAREHOLDERS

4 Index of information regarding change in controlling shareholder during the reporting period and the date

☐ Applicable ☒ Not applicable

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

☒ Applicable ☐ Not applicable



(II) Effective controller

1 Legal person

☒ Applicable ☐ Not applicable

The Company's effective controller 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 an effective controller

☐ Applicable ☒ Not applicable

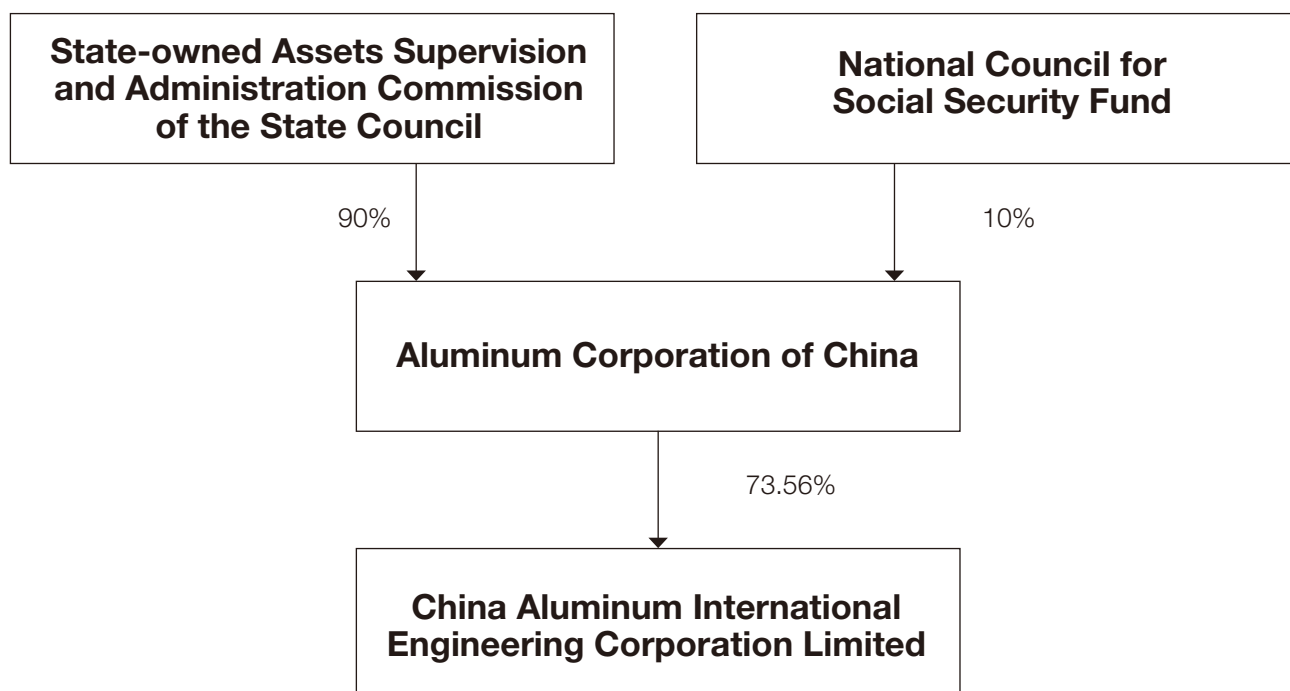
4 Index of information regarding change in effective controller during the reporting period and the date

☐ Applicable ☒ Not applicable

SECTION 7 CHANGES IN ORDINARY SHARES AND SHAREHOLDERS

5 Chart of property rights and shareholding structure between the Company and its effective controller

☒ Applicable ☐ Not applicable



6 Effective controller's control over the Company through trust or other asset management means

☐ Applicable ☒ Not applicable

(III) Other information on controlling shareholder and effective controller

☐ Applicable ☒ Not applicable

V. OTHER CORPORATE SHAREHOLDERS WITH 10% OR MORE SHAREHOLDING

☐ Applicable ☒ Not applicable

SECTION 7 CHANGES IN ORDINARY SHARES AND SHAREHOLDERS

VI. DESCRIPTION ON RESTRICTIONS ON REDUCING SHAREHOLDING

☐ Applicable ☒ Not applicable

VII. ARRANGEMENT OF PRE-EMPTIVE RIGHTS AND SHARE OPTIONS

There are no requirements for pre-emptive rights under the Articles of Association and the PRC laws which would require the Company to offer new Shares on a pro-rata basis to existing Shareholders.



SECTION 8 PARTICULARS OF PREFERRED SHARES

☐ Applicable ☒ Not applicable

SECTION 9 PARTICULARS OF DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

I. PARTICULARS OF CHANGES IN SHAREHOLDING AND EMOLUMENTS

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

✓Applicable ☐Not applicable

Unit: Share

Name	Position (Note)	Gender	Age	Starting date of term	Termination date of term	Number of shares held at beginning of the year	Number of shares held at end of the year	Change in number of shares held during the year	Reason for change	Emoluments before tax received from the Company for the reporting period (RMB'0000)	Received compensation from related party of the Company or not
WU Jianqiang	Chairman, executive Director	Male	56	16 April 2019	Re-elected/removed at the general meeting	0	0	0	N/A	60.11	No
WANG Jun	Former non-executive Director	Male	50	23 May 2017	20 January 2021	0	0	0	N/A	0	Yes
LI Yihua	Non-executive Director	Male	42	23 May 2017	Re-elected/removed at the general meeting	0	0	0	N/A	0	Yes
LIU Jing	Executive director President	Male	52	25 February 2021 20 January 2021	Re-elected/removed at the general meeting	0	0	0	N/A	0	No
ZONG Xiaoping	Former executive Director, president	Male	52	23 May 2017	15 June 2020	0	0	0	N/A	28.42	No
WU Zhigang	Former executive Director, vice president	Male	60	23 May 2017	20 January 2021	0	0	0	N/A	54.94	No
ZHANG Jian	Executive Director, secretary to the Board, financial director	Male	49	23 May 2017	Re-elected/removed at the general meeting	0	0	0	N/A	48.66	No
GUI Weihua	Independent non-executive Director	Male	70	27 February 2018	Re-elected/removed at the general meeting	0	0	0	N/A	14.29	No
CHEUNG Hung Kwong	Independent non-executive Director	Male	53	23 May 2017	Re-elected/removed at the general meeting	0	0	0	N/A	14.29	No
FU Jun	Independent non-executive Director	Male	49	23 May 2017	Re-elected/removed at the general meeting	0	0	0	N/A	14.29	No
FAN Guangsheng	Chairman of the board of supervisors and the employee supervisor of the board of supervisors	Male	54	26 March 2019	Re-elected/removed at the general meeting	0	0	0	N/A	62	No
OU Xiaowu	Supervisor	Male	56	23 May 2017	Re-elected/removed at the general meeting	0	0	0	N/A	0	Yes
LI Wei	Supervisor	Male	50	23 May 2017	Re-elected/removed at the general meeting	0	0	0	N/A	0	Yes
WANG Yonghong	Vice president	Male	57	9 October 2018	Re-elected/removed at the general meeting	0	0	0	N/A	56.56	No
LIU Ruiping	Vice president	Male	53	9 October 2018	Re-elected/removed at the general meeting	0	0	0	N/A	62.02	No
MA Ning	Vice president	Male	57	20 January 2021	Re-elected/removed at the general meeting	0	0	0	N/A	0	No
BI Xiaoge	Vice president	Male	53	9 October 2018	Re-elected/removed at the general meeting	0	0	0	N/A	52.95	No
Total	/	/	/	/	/	0	0	0	/	468.53	/

SECTION 9 PARTICULARS OF DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

The Company has received annual confirmations from each independent non-executive Director as to their independence pursuant to Rule 3.13 of the Listing Rules of the Stock Exchange and believes that each independent non-executive Director is independent from the Company.

Name	Main work experience (Biographies of Directors, supervisors and senior management)
WU Jianqiang	aged 56, is the chairman, Party secretary, executive director, member and chairman of Risk Management Committee, member of the Nomination Committee and member and chairman of the Strategy Committee of the Company. He is assistant to the general manager of Aluminum Corporation of China (中國鋁業集團有限公司). He is an excellent senior engineer and Ph.D. graduate in economics. He worked as the dispatcher, director of Dispatching Room, assistant of the factory director and deputy director of Shanxi Aluminum Factory (山西鋁廠), deputy general manager of Shanxi Branch of Chalco (中國鋁業山西分公司), deputy general manager and party secretary of Shanxi Huaze Aluminum and Electricity Co., Ltd (山西華澤鋁電有限公司), chairman, general manager, and Party secretary of Shanxi Huasheng Aluminum Co., Ltd (山西華聖鋁業有限公司), general manager of Guangxi Branch of Chalco (中國鋁業廣西分公司), vice president, president, director, and deputy party secretary of China Copper Industry Co., Ltd (中國銅業有限公司), deputy general manager and general manager of Copper Business Division of Aluminum Corporation of China (中國鋁業公司), general manager of Copper Business Division of Chinalco (中鋁集團銅事業部), president, director, and deputy party secretary of Yunnan Copper Industry (Group) Co., Ltd (雲南銅業(集團)有限公司), chairman, director, party secretary of Yunnan Copper Co., Ltd. (雲南銅業股份有限公司), chairman of China Aluminum Mineral Resources Co., Ltd. (中鋁礦產資源有限公司), etc.

SECTION 9 PARTICULARS OF DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Name	Main work experience (Biographies of Directors, supervisors and senior management)
WANG Jun	aged 50, was a non-executive Director, and a member of the Audit Committee and Remuneration Committee of the Company during the reporting period. He is a senior accountant with a master's degree. He has been accredited the SIFM qualification certificate and obtained the qualification of Chartered Institute of Management Accountants (CIMA) and has also been admitted to the National Training Program for Accounting Army Leading Backup (全國會計領軍(後備)人才培養工程). He has worked in Chinalco as the general representative of the Peru office and has served in various positions, including the executive Director, the chief financial officer and the secretary to the Board of the Company; the chief financial officer and the manager of the finance department of China Aluminum Mineral Resources Co., Ltd. (中鋁礦產資源有限公司); a director of China Aluminum Insurance Broker (Beijing) Co. Ltd (中鋁保險經紀(北京)股份有限公司); a director of Chinalco Asset Management Company (中鋁資產經營管理公司); a supervisor of Chalco; and the deputy chief accountant, the director of the finance department and the director of capital operation department of Chinalco (中鋁集團), the chairman of the board of supervisors of China Rare Earth Holdings Limited (中國稀有稀土股份有限公司), a director of Chinalco Capital Holdings Limited (中鋁資本控股有限公司), etc. Mr. WANG is the chief financial officer, the secretary of board (company secretary) of Chalco (中國鋁業). He is also a director and the president of Aluminum Corporation of China Overseas Holdings Limited (中鋁海外控股有限公司), a director of Chinalco Finance Company Limited, the legal representative, chairman of the board, manager of directors of Beijing National Aluminum Investment Management Co. Ltd. (北京國鋁投資管理有限公司), a member of investment decision making committee of Beijing China Adjustment Chalco Copper Industry Development Fund (Limited Partnership) (北京國調中鋁銅產業發展基金(有限合夥)), a director of Dongfang Yuanjing Company (東方遠景公司) and a director of Yangguang Yuanjing Company (陽光遠景公司). Mr. WANG Jun resigned as an executive Director, a member of the Audit Committee and the Remuneration Committee of the Company on 20 January 2021 due to work delegation. Upon resignation, Mr. WANG Jun no longer holds any position in the Company.

SECTION 9 PARTICULARS OF DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Name	Main work experience (Biographies of Directors, supervisors and senior management)
LI Yihua	aged 42, is currently the non-executive Director of the Company and a member of the Risk Management Committee of the Board. He is an economist with a master's degree in business administration. He has worked as the project manager in Yunnan Huawei Hengye Investment Company (雲南華文恒業投資公司) and has served as the director of legal affairs department and deputy head of investment and development department in Yunnan Sino-platinum Metals Co., Ltd. (雲南貴研鎢業股份有限公司), 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 for 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 of the legal department of Chinalco (中鋁公司), the director of the legal affairs department in Chinalco (中鋁集團), and a general manager of capital operation department of Chinalco (中鋁集團). Mr. LI is a general manager, deputy party secretary of Chinalco Assets Operation and Management Co., Ltd (中鋁資產經營管理有限公司), a director of China Aluminum International Trading Corporation Limited (中鋁國際貿易有限公司), a director of Aluminum Corporation of China Iron Ore Holdings Limited (中鋁鐵礦控股有限公司), and a 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).

SECTION 9 PARTICULARS OF DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Name	Main work experience (Biographies of Directors, supervisors and senior management)
LIU Jing	aged 52, is currently an executive Director, president, deputy party secretary of the Company. He is a senior engineer, graduated from the university with a bachelor degree in engineering. He had been 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; 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) Mr. LIU Jing is also concurrently a director of Aluminum Corporation of China Iron Ore Holdings Limited (中鋁鐵礦控股有限公司).
ZONG Xiaoping	aged 52, was the executive Director, the president, the deputy Party secretary and the member of Strategy Committee of the Company during the reporting period. He is an excellent senior engineer with a master's degree in business administration. He served as the responsible person for project technology and project manager, the deputy director in chief engineer office, deputy general manager and the general manager of the Third Construction Company of East China Sea Development and Construction Corporation of China State Construction Eighth Engineering Corporation Limited (中國建築第八工程局有限公司東海開發建設總公司第三建築公司); the general manager of Guangzhou Branch of China State Construction Eighth Engineering Corporation Limited (中國建築第八工程局有限公司廣州分公司); the deputy general manager in the headquarter of southwest region of China State Construction Engineering Corporation Limited (中國建築股份有限公司); and the executive director and legal representative of China Construction Aluminum Advanced Material Co., Ltd. (中建鋁新材料有限公司), etc. Mr. ZONG Xiaoping has resigned as an executive Director, president, deputy party secretary, a member of Strategy Committee and authorized representative of the Company under Rule 3.05 of the Listing Rules on 15 June 2020 due to work delegation. Upon resignation, Mr. ZONG Xiaoping no longer holds any position in the Company.

SECTION 9 PARTICULARS OF DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Name	Main work experience (Biographies of Directors, supervisors and senior management)
WU Zhigang	aged 60, was the executive Director and the vice president of the Company during the reporting period. He is a senior engineer with a college degree. Mr. WU served as the deputy manager of Machinery Engineering Company in Sixth Metallurgical Construction Company of China Nonferrous Metals Industry Co., Ltd. (中國有色金屬工業第六冶金建設公司機械化工程公司), the chief deputy manager and the standing deputy manager of its Hainan Branch, the deputy general manager and the general manager in Sixth Metallurgical Construction Company of China Nonferrous Metals Industry Co., Ltd. and an executive director and the general manager of Sixth Metallurgical Company, as well as the executive director of the China Aluminum International Investment Management (Shanghai) Co., Ltd. (中鋁國際投資管理(上海)有限公司), etc. Mr. WU Zhigang resigned as an executive Director and vice president of the Company on 20 January 2021 as he has reached his retirement age. Upon resignation, Mr. WU Zhigang no longer holds any position in the Company.
ZHANG Jian	aged 49, is currently the executive Director, the chief financial officer, the secretary to the Board and the Company secretary of the Company. 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) and the chief legal adviser of the Company., etc. Mr. ZHANG is also the director of the Chinalco Finance Company Limited.

SECTION 9 PARTICULARS OF DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Name	Main work experience (Biographies of Directors, supervisors and senior management)
GUI Weihua	aged 70, is currently the independent non-executive Director of the Company, the member and the chairman of the Remuneration Committee, the member of the Nomination Committee, and the member of Strategy Committee. 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 also served as a director of Changsha Wuhua Technology Development Co., Ltd. (長沙伍華科技開發有限公司), and an independent non-executive director of China Nerin Engineering Co.,Ltd. (中國瑞林工程技術有限公司).
CHEUNG Hung Kwong	aged 53, is currently the independent non-executive Director of the Company, the member and the chairman of Audit Committee. He is a member of the American Institute of Certified Public Accountants and a chartered financial analyst qualified by the CFA Institute. Mr. CHEUNG obtained master postgraduate qualification and served as a manager of the transaction service department/audit department of PricewaterhouseCoopers. He served as the chief financial officer of the Boto Company Limited (寶途集團), and the chief financial officer, company secretary and joint authorized representative of the Kaisa Group Holdings Ltd. (佳兆業集團控股有限公司). Mr. CHEUNG also served as a vice president of Ganglong China Property Group Limited.

SECTION 9 PARTICULARS OF DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Name	Main work experience (Biographies of Directors, supervisors and senior management)
FU Jun	aged 49, is the currently independent non-executive Director of the Company, the member of Risk Management Committee, the member of the Audit Committee, the member of the Remuneration Committee, the member and the chairman Nomination Committee. He is a Professor with a doctoral degree of law. Mr. FU went on an exchange and interviewed with Harvard University as a senior visiting scholar of Fulbright (福布賴特高級訪問學者). He served as a teaching assistant and associate professor in University of International Business and Economics (對外經濟貿易大學), and an independent non-executive director of CCB Principal Asset Management Co., Ltd. (建信基金管理有限責任公司). He is a professor of the Law School of University of International Business and Economics (對外經濟貿易大學); an arbitrator of China International Economic and Trade Arbitration Commission (中國國際經濟貿易仲裁委員會), an arbitrator of South China International Economic and Trade Arbitration Commission (Shenzhen Court of International Arbitration) (華南國際經濟貿易仲裁委員會 (深圳國際仲裁院)), an arbitrator of Guangzhou Arbitration Commission (廣州仲裁委員會), an arbitrator of Shanghai International Economic and Trade Arbitration Commission (Shanghai International Arbitration Center) (上海國際經濟貿易仲裁委員會 (上海國際仲裁中心)), an arbitrator of Beijing Arbitration Commission (北京仲裁委員會), an arbitrator in Ningbo Arbitration Commission (寧波仲裁委員會), and an arbitrator in Wenzhou Arbitration Commission (溫州仲裁委員會). Mr. FU is the deputy secretary general and permanent member of Institute of International Economic Law under China Law Society (中國法學會國際經濟法學研究會), the deputy director of the Professional Committee of the International Financial Law under China Law Society (中國法學會國際金融法專業委員會), an executive director of China Banking Law Society (中國銀行法學研究會), an independent director of Top Score Fashion Co., Ltd. (天創時尚股份有限公司), an independent director of Shandong Geo-Mineral Co., Ltd. (山東地礦股份有限公司), an independent director of Beijing Electronic Zone Investment and Development Group Co., Ltd. (北京電子城投資開發集團股份有限公司) and an independent director of Kailuan Energy Chemical Co., Ltd. (開灤能源化工股份有限公司).

SECTION 9 PARTICULARS OF DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Name	Main work experience (Biographies of Directors, supervisors and senior management)
FAN Guangsheng	aged 54, is currently the chairman of Supervisory Board and employee representative Supervisor of the Company, deputy Party secretary and the secretary to discipline inspection commission. He is a senior engineer with a master's degree in business administration. Mr. FAN served as a technician of the design management office, the deputy secretary of the Communist Youth League, and deputy director of the Party Committee Office in Qinghai Aluminum Factory (青海鋁廠), the director of the Party Committee Office, the assistant to the general manager, the director of the manager office, the deputy Party secretary, the secretary to discipline inspection commission, and the chairman of the labor union of Qinghai Aluminum Co., Ltd. (青海鋁業有限責任公司), the deputy Party secretary, the secretary to discipline inspection commission, and the chairman of the labor union of the Qinghai Branch of Chalco (中國鋁業青海分公司), the Party secretary, the secretary to discipline inspection commission, and the chairman of the labor union of the Northwest Aluminum Processing Branch of Chalco (中國鋁業西北鋁加工分公司), the Party secretary, the secretary to discipline inspection commission, and the chairman of the labor union of Northwest Aluminum Processing Factory (西北鋁加工廠), the Party secretary, the chairman of the labor union, the general manager, and the director of Shanxi Huaxing Aluminum Co., Ltd. (山西華興鋁業有限公司), and the member of Shanxi Work Promotion Office of Chalco (中鋁山西工作推進辦公室), etc
OU Xiaowu	aged 56, is currently the Supervisor of the Company. He is a senior auditor with a bachelor's degree in economics. Mr. OU served as the director of 1st division of the audit department in China Nonferrous Metals Industry Corporation (中國有色金屬工業總公司), the deputy director of the finance department and audit department of China Copper Lead Zinc Group Corporation (中國銅鉛鋅集團公司), the director of the finance department (audit department) in Chinalco, a supervisor, general manager of the finance department of Chalco (中國鋁業), the chairman of the supervisory board of China Aluminum Insurance Broker (Beijing) Co – Ltd (中鋁保險經紀(北京)股份有限公司), the director, supervisor and chief financial officer of China Copper Co., Ltd. (中國銅業有限公司), and the supervisor of Guangxi Huayin Aluminum Co., Ltd. (廣西華銀鋁業有限公司), the deputy chief auditor and the general manager of the audit department of Chinalco (中鋁集團), a supervisor 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). Mr. OU is currently the deputy party secretary and secretary of the disciplinary committee of Aluminum Corporation of China Limited, and is also the supervisor of Chalco Energy Co., Ltd. (中鋁能源有限公司), and the chairman of the supervisory board of Qinghai Yellow River Hydropower Renewable Aluminum Co., Ltd. (青海黃河水電再生鋁業有限公司).

SECTION 9 PARTICULARS OF DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Name	Main work experience (Biographies of Directors, supervisors and senior management)
LI Wei	aged 50, is currently the Supervisor of the Company. He obtained a master's degree in law and served in various positions, including the probation deputy division head of the 2nd Factory of Beijing Coal Corporation (北京市煤炭總公司), the discipline inspector of the Research Office under the Integrated Inspection Office of the Discipline Commission of the Communist Party of China (director-level), the office director of the Accredited Institution of the Integrated Inspection Office (director-level), the director of the 2nd division of seconded cadres of organization department, the deputy director of the department of discipline inspection and supervision (inspection office) of Chinalco, the regional center director (Southwest region) of discipline inspection and supervision. Mr. LI is the deputy head of the department of discipline inspection of the Party Committee of Chinalco (中鋁集團).
WANG Yonghong	aged 57, is currently the vice president and the safety officer of the Company. He is an excellent 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, etc. Mr. WANG is also the director of Chalco Tendering Company Limited (中鋁招標有限公司) and non-independent director of Zhuzhou Tianqiao Crane Co., Ltd. (株洲天橋起重機股份有限公司).

SECTION 9 PARTICULARS OF DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Name	Main work experience (Biographies of Directors, supervisors and senior management)
LIU Ruiping	aged 53, is currently the vice president of the Company. He is an excellent senior engineer with a postgraduate 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); and the senior manager, deputy general manager and general manager of the Investment Management Department of Chalco. Mr. LIU is also the executive director and the Party secretary of Twelfth Metallurgical Company, and the executive director of Shanxi 12th Metallurgical Asset Management Co., Ltd. (山西十二冶資產管理有限公司).
MA Ning	aged 57, is currently the vice president of the Company. He is a senior engineer with excellent performance, graduated from the university with a bachelor degree in engineering. He had been 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; 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 party committee and executive director of Sixth Metallurgical Company. Mr. MA Ning is also concurrently the party secretary, executive director and general manager of Shenyang Aluminum & Magnesium Engineering & Research Institute Co., Ltd. (瀋陽鋁鎂設計研究院有限公司), and a party secretary and executive director of Guiyang Aluminum & Magnesium Design Institute Co., Ltd. (貴陽鋁鎂設計研究院有限公司).

SECTION 9 PARTICULARS OF DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Name	Main work experience (Biographies of Directors, supervisors and senior management)
BI Xiaoge	aged 53, is currently the vice president of the Company. He is a senior engineer and graduated from Party School of the Central Committee. He served as 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 the legal representative 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) (Beijing Zichen Investment & Development Co., Ltd. (北京紫宸投資發展有限公司)), etc. Mr. BI is also the legal representative and executive director of China Aluminum Technology.

Other information

☐Applicable ☒Not applicable

(II) Share incentives granted to Directors and senior management during the reporting period

☐Applicable ☒Not applicable

SECTION 9 PARTICULARS OF DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

II. POSITIONS OF EXISTING AND RESIGNED DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT DURING THE REPORTING PERIOD

(I) 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
WU Jianqiang	China Aluminum Group Limited	Assistant to general manager	Mar 2020	–
LI Yihua	China Aluminum Group Limited	General manager of capital operation department	Nov 2019	Oct 2020
OU Xiaowu	China Aluminum Group Limited	Deputy chief auditor	Mar 2015	Oct 2020
		General manager of the audit department	Nov 2019	Oct 2020
LI Wei	China Aluminum Group Limited	Deputy head of the discipline inspection and supervision team	Apr 2019	–
Explanation of positions at the shareholder	None			

SECTION 9 PARTICULARS OF DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

(II) 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
LIU Jing	Aluminum Corporation of China Iron Ore Holdings Limited	Director	Aug 2019	–
ZONG Xiaoping	China Construction Aluminum Advanced Material Co., Ltd.	Legal representative, chairman	Aug 2015	Apr 2020
WU Zhigang	China Aluminum International Investment Management (Shanghai) Co., Ltd.	Executive Director	Nov 2018	Jan 2021
ZHANG Jian	Chinalco Finance Company Limited	Director	Feb 2016	–
LI Yihua	China Aluminum International Trading Corporation Limited	Director	Sep 2015	–
	Aluminum Corporation of China Iron Ore Holdings Limited	Director	Oct 2018	–
	China Aluminum Group High-end Manufacturing Co., Ltd.	Director	Sep 2019	–
	Chinalco Assets Operation and Management Co., Ltd	General manager, deputy party secretary	Oct 2020	–
WANG Jun	Aluminum Corporation of China Overseas Holdings Limited	Director, president	Nov 2015	–
	Dongfang Yuanjing Company	Director	Dec 2015	–
	Yangguang Yuanjing Company	Director	Dec 2015	–
	Chinalco Finance Company Limited	Director	Nov 2015	–
	Chinalco Capital Holdings Limited	Director	Dec 2015	Jan 2021
	China Rare Earth Holdings Limited	Chairman of the board of supervisors	Jun 2016	Jan 2021
	Beijing National Aluminum Investment Management Co. Ltd.	Legal representative, chairman, manager	Jun 2017	–
	Beijing China Adjustment Chalco Copper Industry Development Fund (Limited Partnership)	Member of investment decision making committee	Jun 2017	–
	Aluminum Corporation of China Limited	Chief financial officer and the secretary of board	Jan 2019	–
OU Xiaowu	Aluminum Corporation of China Limited	Supervisor	Aug 2019	Oct 2020
	China Copper Co. Ltd	Supervisor	Feb 2019	Oct 2020
	China Aluminum Group High-end Manufacturing Co., Ltd.	Supervisor	Sep 2019	Oct 2020
	Qinghai Yellow River Hydropower Renewable Aluminum Co., Ltd.	Chairman of the board of supervisors	Oct 2012	–
	Chalco Energy Co., Ltd.	Supervisor	May 2011	–
	Aluminum Corporation of China Limited	Deputy party secretary, secretary of the disciplinary committee	Oct 2020	–

SECTION 9 PARTICULARS OF DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Position holder's name	Other entity's name	Position at other entity	Term starting date	Term ending date
GUI Weihua	Changsha Wuhua Technology Development Co., Ltd.	Director	May 2002	–
	China Nerin Engineering Co., Ltd.	Independent non-executive Director	Jun 2018	–
	Ganglong China Property Group Limited	Vice president	May 2020	–
CHEUNG Hung Kwong	Top Score Fashion Co., Ltd.	Independent Director	May 2018	–
FU Jun	Shandong Geo-Mineral Co., Ltd.	Independent Director	May 2019	–
	Beijing Electronic Zone Investment and Development Group Co., Ltd.	Independent Director	Jun 2019	–
	Kailuan Energy Chemical Co., Ltd.	Independent Director	Feb 2021	–
WANG Yonghong	Chalco Tendering Company Limited	Director	Jul 2019	–
	Zhuzhou Tianqiao Crane Co., Ltd.	Non-independent Director	Nov 2019	–
LIU Ruiping	Twelfth Metallurgical Company Shanxi 12th Metallurgical Asset Management Co., Ltd.	Party secretary, executive Director	May 2018	–
MA Ning	SAMI	Executive Director	Jan 2019	–
	GAMI	Party secretary, executive Director, general manager	Feb 2019	–
		Party secretary, executive Director	Feb 2021	–
BI Xiaoge	China Aluminum Technology	Legal representative, executive	Oct 2018	–
	China Aluminum International Yunnan Aluminum Application Engineering Co., Ltd. ⁽¹⁾ (Beijing Zichen Investment & Development Co., Ltd.)	Director		
		Legal representative, executive	Mar 2020	Dec 2020
Explanation of positions at other entities	None.			

Note:

1. Beijing Zichen Investment & Development Co., Ltd. changed its name to China Aluminum International Yunnan Aluminum Application Engineering Co., Ltd. on 10 October 2020.

SECTION 9 PARTICULARS OF DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

III. EMOLUMENTS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

☒ Applicable ☐ Not applicable

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

Based on the market level and the compensation strategy of Chinalco, the Company's human resources department puts forward the compensation package for directors, supervisors and senior management, which is subject to the approval of Remuneration Committee and then to the consideration of the Board. Specifically, the remuneration of senior management is determined by the Board, and the remuneration of Directors and supervisors is subject to the approval of the Board and then to the general meeting for consideration and approval.

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

Based on the development strategy, corporate culture and the remuneration strategy of Chinalco, the Company determines the remuneration of Directors, supervisors and senior management by reference to the remuneration level of identical positions at comparable companies (scale, industry, nature, etc.) and taking into account the Company's annual operating performance, the performance of Directors and supervisors and the performance assessment results of senior management.

Actual payment of remuneration to Directors, supervisors and senior management

The Company pays remuneration to Directors, supervisors and senior management in full and on time every month based on the remuneration standards for Directors, supervisors and senior management determined by the general meeting and the Board.

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

Total remuneration paid to Directors, supervisors and senior management of the Company was RMB4.6853 million for 2020.

SECTION 9 PARTICULARS OF DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

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

☒ Applicable ☐ Not applicable

Name	Position	Change	Reason for change
ZONG Xiaoping ⁽¹⁾	Executive Director, member of Strategy Committee of the Board, president	Resignation	Work adjustment
WANG Jun ⁽²⁾	Non-executive Director, member of the audit committee and remuneration committee of the Board	Resignation	Work delegation
WU Zhigang ⁽²⁾	Executive Director, vice president	Resignation	Retirement
LIU Jing ⁽³⁾	President	Appointment	Appointed by the Board
LIU Jing ⁽⁴⁾	Executive Director	Election	Elected
MA Ning ⁽³⁾	Vice president	Appointment	Appointed by the Board

Note 1: Mr. ZONG Xiaoping has resigned as an executive Director, deputy party secretary, president, a member of Strategy Committee of the Board and an authorized representative of the Company under Rule 3.05 of the Listing Rules of the Stock Exchange on 15 June 2020 due to work delegation. Upon resignation, Mr. ZONG Xiaoping no longer holds any position in the Company. For details, please refer to the announcements of the Company as disclosed in designated media.

Note 2: Mr. WANG Jun has resigned as an non-executive Director, a member of audit committee and remuneration committee of the Company on 20 January 2021 due to work delegation. Upon resignation, Mr. WANG Jun no longer holds any position in the Company. Mr. WU Zhigang has resigned as an executive Director and vice president of the Company on 20 January 2021 as he has reached his retirement age. Upon resignation, Mr. WU Zhigang no longer holds any position in the Company. For details, please refer to the announcements of the Company as disclosed in designated media.

Note 3: On 20 January 2021, the 37th meeting of the third session of the Board of the Company has considered and passed the resolution on Appointment of Senior Management Personnel of the Company, and appointed Mr. Liu Jing as the president of the Company and appointed Mr. MA Ning as the vice president of the Company for a term commencing from the date when the decision of the Board was made until the date of election for the next session of the Board. For details, please refer to the announcements of the Company as disclosed in designated media.

Note 4: The 37th meeting of the third session of the Board of the Company has considered and passed the resolution on Nominating a Candidate for Director of the Company's Board, and nominated Mr. LIU Jing as a candidate for executive Director of the Company's third session of the Board. The Company convened the first extraordinary general meeting in 2021 on 25 February 2021, and elected Mr. LIU Jing as an executive Director of the Company's third session of the Board for a term commencing from the date of election of the extraordinary general meeting until the conclusion of the third session of the Board of the Company. For details, please refer to the announcements of the Company as disclosed in designated media.

SECTION 9 PARTICULARS OF DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

V. DETAILS ON PUNISHMENTS IMPOSED BY SECURITIES REGULATORY AUTHORITIES DURING LAST THREE YEARS

☒ Applicable ☐ Not applicable

On 8 December 2017, Mr. SUN Chuanyao, then independent Director of the Company, received the “Decision on Administrative Penalty” ([2017] No. 97) issued by the CSRC. During his tenure as an independent director of Harbin Electric Corporation Jiamusi Electric Machine Co., Ltd. (哈爾濱電氣集團佳木斯電機股份有限公司) (stock abbreviation: Jiamusi Electric (佳電股份), stock code: 000922), the CSRC imposed a warning and a penalty of RMB70,000 on Mr. SUN Chuanyao, who was then an independent director of Jiamusi Electric, on the grounds of information disclosure in violation of laws and regulations. Mr. SUN Chuanyao resigned as an independent Director of the Company on 27 February 2018.

SECTION 9 PARTICULARS OF DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

VI. PARTICULARS OF EMPLOYEES OF THE PARENT COMPANY AND MAJOR SUBSIDIARIES

(I) Employees

Number of existing employees of the parent company	122
Number of existing employees of major subsidiaries	14,511
Total number of existing employees	14,633
Number of resigned and retired employees born expenses by the parent company and major subsidiaries	15,491

By profession

Profession	Number of employees
Operational management personnel	4,541
Engineering technicians	8,061
Production personnel	1,743
Logistics service personnel	288
Total	14,633

By level of education

Level of education	Number of employees (person)
Doctoral degree	40
Master's degree	1,521
Undergraduate degree	7,824
Associate degree	2,760
Other	2,488
Total	14,633

SECTION 9 PARTICULARS OF DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

(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 backbone employees.

(III) Retirement and employees benefit scheme

Details of the Group’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 Group 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 innovation of the potential and devotion of employees.

SECTION 9 PARTICULARS OF DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

(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

VII. OTHER

☐Applicable ☒Not applicable

SECTION 10 CORPORATE GOVERNANCE (CORPORATE GOVERNANCE REPORT)

I. PARTICULARS IN RELATION TO CORPORATE GOVERNANCE

✓ Applicable ☐ Not applicable

During the reporting period, the Company continuously standardized its corporate governance and improved its corporate system in strict accordance with the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, relevant regulations of the CSRC and other regulatory authorities, as well as relevant requirements of SSE and the Stock Exchange. The general meeting, the Board of Directors and its special committees and Board of Supervisors operated in accordance with laws and regulations and in an effective manner. The Company exercises its authority pursuant to the requirements under Rule D.3.1 of the Corporate Governance Code. The work of information disclosure and investor relations gradually strengthened, and the level of corporate governance further improved.

(I) Complete and perfect the system of corporate governance structure

The Company pays attention to the capital market-related laws and regulations newly promulgated and implemented by the state and regulatory authorities, closely follows the policies, and combines the Company's actual conditions to timely revise the relevant corporate governance system documents to maintain the legitimacy, operability and advancement of the corporate governance system. The Company perfected its modern corporate governance system with equal rights and responsibilities and effective checks and balances. In 2020, the Company revised the relevant provisions of the Articles of Association accordingly in accordance with the requirements under the relevant operation practices and the requirements of the Reply of the State Council on the Adjustment of the Provisions Applicable to the Notice Period of Convening General Meetings of Shareholders and Other Matters Applicable to the Companies Listed Abroad (Guo Han [2019] No. 97) (《國務院關於調整適用在境外上市公司召開股東大會通知期限等事項規定的批覆》(國函[2019]97號)). The revised Articles of Association substantially shortened the notice period of the general meeting, improved the Company's efficiency in organizing meetings, and saved meeting costs.

(II) Give full play to the important role of Three Meetings

The Company further facilitated the implementation of "Three Meetings and One Level", which the Company must not only pay attention to the top level, but also push forward effective strategy control and resource allocation. It is also necessary to know the limit, do a good job in risk control, audit and supervision, and play a key role in setting the direction and discussing major issues for the Company to achieve "true participation and legitimate decision-making". We actively explored and established the governance culture of Three Meetings. In 2020, the Company convened 7 Board meetings, reviewed and approved 36 proposals; convened 5 meetings of the board of supervisors, reviewed and approved 13 proposals; convened 1 annual general meeting, 1 A share class meeting and 1 H share class meeting, and approved 16 resolutions, 2 resolutions and 2 resolutions, respectively.

SECTION 10 CORPORATE GOVERNANCE (CORPORATE GOVERNANCE REPORT)

(III) Complete information disclosure in accordance with laws and regulations

The Company strictly abides by information disclosure laws and regulations, and always insists on “telling the truth and legitimate accounting”. It transformed the institutional requirements of securities laws and regulations into its own internal driving force for active and standardized disclosure, and built a normative foundation. The Company’s disclosure form conformed to easy-to-read, concise and clear disclosure principles, and the Company enhanced the readability and understandability of information from users’ perspective to further improve the quality of information disclosure. During the year, the Company drafted and issued more than 200 information disclosure documents such as announcements and circulars.

(IV) Enhance investor and media relationship management

The Company respects investors. It enhanced its investor relations management, promptly responded to investor demands, innovated and expanded investor communication channels, actively participated in the “Investor Collective Reception Day” in the jurisdiction, set up investor hotline, properly handled investor issues, and optimized investment return mechanism.

The Company attaches great importance to public opinion management and crisis management. It promptly responded to market concerns and to media queries, objectively accepted public opinion supervision, and strove to participate in and optimize public opinion ecological establishment. The Company responded to 44 questions on Shanghai Stock Exchange e-interaction throughout the year, held one results briefing, and held one investor reception day.

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

☐ Applicable ☒ Not applicable

SECTION 10 CORPORATE GOVERNANCE (CORPORATE GOVERNANCE REPORT)

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 Stock Exchange. During the year ended 31 December 2020, the Company has complied with all code provisions (excluding provision A.2.1) set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules of the Stock Exchange, and adopted in its best practice proposed in which as appropriate.

(II) Risk Management and Internal Control of the Company

The Company aims to strengthen the development of the internal control systems, ensure that its operation and management are in compliance with relevant laws and regulations, safeguard its assets, maintain the authenticity and completeness of financial reports and related information, enhance operating efficiency and effect as well as facilitate its corporate development strategies. Achieving the vision and mission of becoming “a competitive technology and service provider in the international market” is the ultimate goal of the Company to develop such internal control systems.

The Company has attached prime importance to internal control. An internal control system covering the headquarters of the Company and each branch and subsidiary has been established to safeguard the investments of Shareholders and the assets of the Company. Based on the Requirements of Application Guidelines for Internal Control of SASAC (國資委內部控制應用指引要求) and COSO framework's Five Components, the internal control system includes five aspects, namely internal environment, risk assessment, control activities, information and communications, and supervision. On the level of the Company, the internal control system includes internal environment, risk assessment, information and communications, and internal supervision, which involves a total of 98 control standards, while on the process level, the internal control system includes 16 processes and 500 control standards in total. There are a total of 598 control standards at both company level and process level.

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 dedicated to establishing effective internal control systems, and implementing and supervising internal control. 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. The Board continues to monitor the risk management and internal control systems of the Company. In 2020, 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.

SECTION 10 CORPORATE GOVERNANCE (CORPORATE GOVERNANCE REPORT)

The Company conducted 2 internal control tests in 2020 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 Measures on Auditing and Administration of Internal Control of China Aluminum International Engineering Corporation Limited (《中鋁國際工程股份有限公司內部控制審計管理辦法》), the Measures on Assessment and Management of Corporate Risks of China Aluminum International Engineering Corporation Limited (《中鋁國際工程股份有限公司企業風險評估管理辦法》), the Measures on Assessment, Control and Administration of Risk Management of China Aluminum International Engineering Corporation Limited (《中鋁國際工程股份有限公司風險管理測評及監控管理辦法》), the Implementation of Articles of the Decision-making System on “Three Important Matters and One Big Concern” of Chaliece (《中鋁國際「三重一大」決策制度實施細則》), the Measures on Administration for the Appointment of Intermediaries of China Aluminum International Engineering Corporation Limited to Conduct Auditing (《中鋁國際工程有限責任公司委託中介機構審計管理辦法》), the Regulations on Documentation for Internal Auditing of China Aluminum International Engineering Corporation Limited (《中鋁國際工程股份有限公司內部審計檔案工作規範》) 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.

In terms of organizational structure, the Company has established the department of legal affairs and risk control which is responsible for risk management, evaluation on internal control, audit for construction projects, review of economic responsibilities and other specific audit works. 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 2020, 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 Stock Exchange. The Board considers that the risk management and internal control of the Company is in effective operation according to its assessment.

SECTION 10 CORPORATE GOVERNANCE (CORPORATE GOVERNANCE REPORT)

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 president 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 2020 and as at the date of publication of this report, the Company continues to have comprehensive internal control and risk management systems including corporate governance, operations, investment, finance and administration and human resources. Such internal control and risk management systems are in full effect.

In 2020, the Company adopted the following measures to implement risk management and internal control:

Based on the practical situation in operations, the Company collected relevant information internally and externally and systematically sorted out business and management flows. It carried out in-depth analysis on every risk event in the risk event database from the perspectives including policies, systems and implementation, organizational responsibilities, human resources, finance and daily operations. Through reorganization, identification and screening of risk events, the annual risk event database was eventually established. Each department of the Company determined the significant risks of the Company after comprehensive rating upon prudent investigation and assessment. Corresponding preventive measures against significant risks were formulated by the Company under the regular monthly supervision by the responsible department. The Company summarized the monitoring of significant risk on a monthly, quarterly and annual basis, and reported to Chinalco the risk management statement.

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.

SECTION 10 CORPORATE GOVERNANCE (CORPORATE GOVERNANCE REPORT)

Pursuant to the arrangement of assessments on internal control system by Chinalco, the Company conducts a total of 2 internal control assessments each year, in which the annual and interim internal control are assessed respectively. The department of legal affairs and risk control formed inspection teams to carry out independent reviews on internal control of member companies selected and required rectification measures to be made by individual member in need. In 2020, the Board has obtained the approval 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 2021, the Board and the Audit Committee have heard and discussed the 2020 internal control assessment report of the Company while the Board and the Risk Management Committee have heard and discussed the 2020 risk assessment report and compliance report 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.

III. 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 2020.

The Company continues to review its current systems and procedures, emphasizes and strives to comply with the Company Law of the People's Republic of China, the Contract Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Listing Rules of the SSE and of the Stock Exchange, 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 ensures a 100% legal review for contracts, regulatory systems and major decisions of its subsidiaries. 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.

SECTION 10 CORPORATE GOVERNANCE (CORPORATE GOVERNANCE REPORT)

(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 corporates 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 Company-involved number of lawsuits. The Company focuses its risk management on major sectors by integrating audits and monitoring resources. It also strengthens management and control of major segments such as construction projects and does its utmost to prevent corruption risk.

4. GENERAL MEETING

Session of meeting	Convening date	Websites designated for disclosure of resolutions	Resolutions disclosing date (A Share/H Share)
The 2019 annual general meeting, the first A Share class meeting of 2020 and the first H Share class meeting of 2020 of China Aluminum International Engineering Corporation Limited	23 June 2020	www.sse.com.cn www.hkexnews.hk	24 June 2020 23 June 2020

Particulars of the general meeting

✓ Applicable ☐ Not applicable

On 23 June 2020, the Company convened the 2019 annual general meeting, the first A Share class meeting of 2020 and the first H Share class meeting of 2020. 16 resolutions including the Board of Directors' work report for 2019, the Board of Supervisors' work report for 2019, the financial report for 2019, the profits distribution plan for 2019 were considered and approved at the 2019 annual general meeting. 2 resolutions, namely the amendments to the Articles of Association and the amendments to the Rules of Procedures for the Shareholders' General Meeting, were considered and approved at the first A share class meeting of 2020 and the first H share class meeting of 2020.

SECTION 10 CORPORATE GOVERNANCE (CORPORATE GOVERNANCE REPORT)

V. COMMUNICATIONS WITH SHAREHOLDERS

The Company chronically, highly and continuously maintains and develops 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 annual general 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 Hong Kong Stock Exchange opens for securities trading).

Two or more Shareholders individually or collectively holding more than ten percent (ten percent inclusive) of the outstanding Shares of the Company carrying voting rights may, by written requisition(s) stating the object of the meeting, require the Board to convene an extraordinary general meeting or a class Shareholders' meeting. The Board shall as soon as practicable within two months after the receipt of such written requisition(s) proceed to convene the extraordinary general meeting or class Shareholders' meeting. The shareholdings referred to above shall be calculated as at the date of the delivery of the written requisition(s).

Where the Board fails to issue notice of convening meeting within thirty days upon receipt of the above-written requisition(s) Shareholder(s) individually or collectively holding more than ten percent (ten percent inclusive) of the outstanding Shares of the Company carrying voting rights are entitled to request by written requisition(s) the Supervisory Board to convene the extraordinary general meeting or class Shareholders' meeting. The Supervisory Board may convene the meeting on their own accord within four months upon the Board having received such request. In case the Supervisory Board does not convene and hold meetings, Shareholder(s) individually or collectively holding more than ten percent of the Shares for 90 consecutive days may convene meetings on their own accord. The convening procedures shall as much as possible be equivalent to those of for meeting convened by the Board.

SECTION 10 CORPORATE GOVERNANCE (CORPORATE GOVERNANCE REPORT)

(II) Enquires of and Communication with 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 have been set out in the circular previously dispatched to the Shareholders.

VI. THE BOARD

(I) Composition of the Board

As of the reporting date, the Board consisted of 7 directors, including 3 executive directors, 1 non-executive directors and 3 independent non-executive directors.

The profile details of the Directors as at the date of this report are set out Section 9 "Particulars of Directors, Supervisors, Senior Management and Employees" 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 adequate number of duly qualified independent non-executive Directors as per requirements of the CSRC, the SSE and the Listing Rules of the Stock Exchange. Since the Listing of the Company, the Board has been in compliance with the requirements of the Listing Rules of the Stock Exchange 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 Rules 3.10(1) and (2) of the Listing Rules of the Stock Exchange. 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 Listing Rules of the Stock Exchange. The Company, therefore, considered all independent non-executive Directors to be in compliance with the independence requirements as set out in the Listing Rules of the Stock Exchange.

SECTION 10 CORPORATE GOVERNANCE (CORPORATE GOVERNANCE REPORT)

As of the reporting date, the list of members of the Company's Board of Directors is as follows:

Name	Position in the Company	Date of Appointment
Directors		
WU Jianqiang	Chairman and executive Director	16 April 2019
WANG Jun ⁽¹⁾	Non-executive Director	23 May 2017
LI Yihua	Non-executive Director	23 May 2017
LIU Jing ⁽³⁾	Executive Director	25 February 2021
ZONG Xiaoping ⁽²⁾	Executive Director	23 May 2017
WU Zhigang ⁽¹⁾	Executive Director	23 May 2017
ZHANG Jian	Executive Director	9 June 2015
GUI Weihua	Independent non-executive Director	27 February 2018
CHEUNG Hung Kwong	Independent non-executive Director	23 May 2017
FU Jun	Independent non-executive Director	23 May 2017

Notes:

- (1) Mr. Wang Jun has resigned as an executive Director and a member of the audit committee and remuneration committee of the Company on 20 January 2021 due to work delegation. Mr. Wu Zhigang has reached his retirement age and has resigned as an executive Director and vice president of the Company on 20 January 2021.
- (2) Mr. Zong Xiaoping has resigned as an executive Director and a member of Strategy Committee and president of the Company, as well as authorized representative of the Company under Rule 3.05 of the Listing Rules of the Stock Exchange on 10 June 2020 due to work delegation.
- (3) The 37th meeting of the third session of the Board of the Company has considered and passed the resolution on Nominating a Candidate for Director of the Company's Board, and nominated Mr. LIU Jing as a candidate for executive Director of the Company's third session of the Board. The Company convened the first extraordinary general meeting in 2021 on 25 February 2021, and elected Mr. LIU Jing as an executive Director of the Company's third session of the Board for a term commencing from the date of election of the extraordinary general meeting until the conclusion of the third session of the Board of the Company. For details, please refer to the announcements of the Company as disclosed in designated media.

Pursuant to the latest amendments and requirement of the Corporate Governance Code and the Corporate Governance Report in the Listing Rules of the Stock Exchange, the Company prepared the Board Diversification Policy of China Aluminum International Engineering Corporation Limited (《中鋁國際工程股份有限公司董事會成員多元化政策》) and submitted the same to the Nomination Committee for consideration and approval.

SECTION 10 CORPORATE GOVERNANCE (CORPORATE GOVERNANCE REPORT)

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

The rights and duties of the Board 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 president (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 no 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 are for a term of three years.

(IV) Postponement of the Renewal of the Board of Directors and Board of Supervisors

The term of the third session of the Board of Directors and Board of Supervisors of the Company expired on 22 May 2020. Given that the nomination of candidates for the new session of the Board of Directors and Board of Supervisors of the Company has not been completed, in order to ensure the continuity of the work of the Board of Directors and Board of Supervisors of the Company, the renewal of such boards will be postponed, and the terms of office of various committees and senior management of the Board of Directors will be extended accordingly. The Company will complete the renewal of the Board of Directors and Board of Supervisors as soon as possible, and timely perform the corresponding information disclosure obligations.

All personnel of the third session of the Board of Directors, the third session of the Board of Supervisors and senior management personnel of the Company will continue to perform their duties in accordance with the relevant laws and regulations and the relevant provisions under the Articles of Association before the completion of the renewal. The postponement of the renewal of the Board of Directors and Board of Supervisors of the Company will not affect its normal operations.

SECTION 10 CORPORATE GOVERNANCE (CORPORATE GOVERNANCE REPORT)

(V) Corporate Governance Functions

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.

(VI) 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.

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.

SECTION 10 CORPORATE GOVERNANCE (CORPORATE GOVERNANCE REPORT)

VII. DUTY PERFORMANCE OF DIRECTORS

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

Director's name	Independent director or not	Number of required attendances at the Board meeting of the year	Attendance at the Board meeting				Failing to attend the meeting in person for two consecutive times or not	Attendance at the general meeting
			Number of attendance in person	Number of attendances by communication means	Number of attendances by proxy	Number of absences		Number of attendances at the general meeting ⁽²⁾
WU Jiangqiang	No	7	7	5	0	0	No	1
ZONG Xiaoping ⁽¹⁾	No	3	3	2	0	0	No	N/A
WU Zhigang	No	7	7	5	0	0	No	1
ZHANG Jian	No	7	7	5	0	0	No	1
WANG Jun	No	7	7	5	0	0	No	0
LI Yihua	No	7	7	5	0	0	No	1
GUI Weihua	Yes	7	7	5	0	0	No	1
CHEUNG Hung Kwong	Yes	7	7	5	0	0	No	0
FU Jun	Yes	7	7	5	0	0	No	1

Note 1: Mr. Zong Xiaoping has resigned as an executive Director and a member of Strategy Committee and president of the Company, as well as authorized representative of the Company under Rule 3.05 of the Listing Rules of the Stock Exchange on 10 June 2020 due to work delegation. Therefore, he was not required to attend the general meeting of the Company on 25 June 2020.

Note 2: General meetings herein are counted as 1 meeting as the annual general meeting in 2019, the first A share class meeting in 2020 and the first H share class meeting in 2020 of the Company are all held on 23 June 2020.

Explanation of failure to attend the Board meeting for two consecutive times

☐ Applicable ☒ Not applicable

Number of Board meetings held during the year	7
Including: number of onsite meetings	0
Number of meetings through communication means	5
Number of meetings both onsite and through communication means	2

(II) Independent Directors' objections to relevant matters

☐ Applicable ☒ Not applicable

SECTION 10 CORPORATE GOVERNANCE (CORPORATE GOVERNANCE REPORT)

(III) Other information

✓ Applicable ☐ Not applicable

1. Directors' Training

During 2020, all Directors participated in continuous professional development to develop and refresh their knowledge and expertise so as to ensure their continuous contribution to the Board when informed and necessary. The details of training for all Directors are as follows:

Name	Position	Training time	Training content
WU Jianqiang	Chairman and executive Director	7 hours	including compliance of listed company and corporate governance
WANG Jun ⁽¹⁾	Non-executive Director	16 hours	advanced seminar for secretary to the board of A+H companies in China organized by the Hong Kong Institute of Chartered Secretaries
LI Yihua	Non-executive Director	7 hours	including compliance of listed company and corporate governance
ZONG Xiaoping ⁽²⁾	Executive Director	7 hours	including compliance of listed company and corporate governance
WU Zhigang ⁽¹⁾	Executive Director	7 hours	including compliance of listed company and corporate governance
ZHANG Jian	Executive Director	36.5 hours	trainings including advanced seminar for secretary to the board of A+H companies in China organized by the Hong Kong Institute of Chartered Secretaries
GUI Weihua	Independent non-executive Director	15 hours	Subsequent training for independent Director of listed company
CHEUNG Hung Kwong	Independent non-executive Director	7 hours	including compliance of listed company and corporate governance
FU Jun	Independent non-executive Director	15 hours	Subsequent training for independent Director of listed company

Note 1: Mr. Wang Jun has resigned as an executive Director and a member of the audit committee and remuneration committee of the Company on 20 January 2021 due to work delegation. Mr. Wu Zhigang has reached his retirement age and has resigned as an executive Director and vice president of the Company on 20 January 2021.

Note 2: Mr. Zong Xiaoping has resigned as an executive Director and a member of Strategy Committee and president of the Company, as well as authorized representative of the Company under Rule 3.05 of the Listing Rules of the Stock Exchange on 10 June 2020 due to work delegation.

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2. Independence of the independent non-executive Directors

Each of the independent non-executive Directors has met the requirement on independence guidelines set out in Rule 3.13 of the Listing Rules of the Stock Exchange and has provided to the Company the requisite annual confirmation as to his independence. None of the independent non-executive Directors of the Company has any business with or significant financial interests in the Company or its subsidiaries, and accordingly the Company considered that all the independent non-executive Directors continue to be independent.

VIII. CHAIRMAN AND PRESIDENT

The roles of chairman and president (i.e. chief executive officer under relevant provisions of the Listing Rules of the Stock Exchange) 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 president.

The chairman of the Company is Mr. WU Jianqiang. As at 15 June 2020, Mr. Zong Xiaoping, the president of the Company, resigned as the president of the Company due to work delegation. The 34th meeting of the third session of the Board of the Company agreed to authorize the regular meeting of the office of the president of the Company (the president's office meeting) to perform the duties of the president as stipulated in the "Company Law" and the "Articles of Association" as well as the functions and powers authorized by the general meeting and the Board prior to the appointment of the president by the Board in accordance with the "President's Working Rules of China Aluminum International Engineering Corporation Limited". The Company held the 37th meeting of the third session of the Board on 20 January 2021 and appointed Mr. LIU Jing as the president of the Company.

SECTION 10 CORPORATE GOVERNANCE (CORPORATE GOVERNANCE REPORT)

IX. DISCLOSURE OF IMPORTANT OPINIONS AND RECOMMENDATIONS AND DETAILS ON OBJECTIONS (IF ANY) FROM THE SPECIAL COMMITTEES UNDER THE BOARD DURING THE REPORTING PERIOD

✓ Applicable ☐ Not applicable

There are 5 special committees under the Board, namely the Audit Committee, Remuneration Committee, Nomination Committee, Risk Management Committee and Strategy Committee, which carefully review and consider professional proposals and give play to professional functions of the Board.

(I) Audit Committee

The Audit Committee consists of three Directors, namely: Mr. CHEUNG Hung Kwong (independent non-executive Director), Mr. WANG Jun and Mr. FU Jun (independent non-executive Director). Mr. CHEUNG Hung Kwong serves as the chairman.

Audit Committee is given the function of corporate governance of the Company. The main duties of Audit Committee include: to direct the construction of internal corporate control mechanism, and to examine and assess the compliance and effectiveness of significant operation activities of the Company; to make recommendations to the Board in respect of engaging or replacement of intermediaries such as accounting firms as well as their remuneration; to review the Company's financial information and its disclosure, to review the significant financial system of the Company and its implementation, to oversee the financial operations position, to oversee the truthfulness of the financial reports and the effectiveness of the implementation of financial reporting procedures by the management, and to make suggestions to the Board; to make recommendations to the Board in respect of appointment or removal of person-in-charge of its internal audit department; to supervise the formulation and implementation of its internal auditing system; to assess and supervise the completeness of the corporate auditing system and the effectiveness of its operations; to supervise the independence and objectivity of external audit firm, auditing procedures and work, and to maintain good communications with the Supervisory Board as well as internal and external audit firms, to review external audit report; to review, supervise and reflect on the Company's financial controls, internal control and risk management systems, and to provide advice and recommendations in respect of the completeness and comprehensiveness of the Company's internal control systems and the risk management systems; to review the self-evaluation reports on internal control; to review concern required by the Company and raised by the employees in respect of the misconduct during financial reporting; and to supervise the rectification and improvement of material issues. The Audit Committee exercises its authority pursuant to the requirements under Rule D.3.1 of the Corporate Governance Code.

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During the reporting period, the Audit Committee convened five meetings in total, which has reviewed and considered 14 resolutions, particulars of which are as follows:

The fourteenth meeting of the Audit Committee of the third session of the Board was held on 28 March 2020, at which the resolution on the Announcement of Annual Results and the Annual Report of the Company for 2019 (《關於審議公司2019年度業績公告和年度報告的議案》), the resolution on the Report on Final Accounts of the Company for 2019 (《關於審議公司2019年度財務決算報告的議案》), the resolution on the Report on Operating Plan of the Company for 2020 (《關於審議公司2020年度經營計劃報告的議案》), the resolution on Profit Distribution and Dividend Distribution Plan of the Company for 2019 (《關於審議公司2019年度利潤分配及股息派發方案的議案》), the resolution on the Special Report on the Deposit and Actual Use of the Company's Proceeds (《關於審議公司募集資金存放與實際使用情況的專項報告的議案》), the resolution on Internal Entrusted Loans of the Company in 2020 (《關於審議2020年度公司內部委託貸款的議案》), the resolution on the Company's Reappointment of Auditors (《關於審議公司續聘審計師的議案》), the resolution on the Audit Fees of the 2019 Annual Financial Statements of the Company (《關於審議公司2019年年度財務報表審計等費用的議案》), the resolution on Evaluation Report on Internal Control of the Company for 2019 (《關於審議公司2019年內部控制評價報告的議案》) and the resolution on Audit Report on Internal Control of the Company for 2019 (《關於審議公司2019年內部控制審計報告的議案》) were considered and passed.

The fifteenth meeting of the Audit Committee of the third session of the Board was held on 21 April 2020, at which the resolution on the First Quarter Report of the Company of 2020 (《關於審議公司2020年第一季度報告的議案》) was considered and passed.

The sixteenth meeting of Audit Committee of the third session was held on 3 August 2020, at which the resolution on the Audit Fees of the 2020 Interim Report of the Company (《關於審議公司2020年中報審閱費用的議案》) was considered and passed.

The seventeenth meeting of Audit Committee of the third session was held on 25 August 2020, at which the resolution on the 2020 Interim Report of the Company (《關於審議公司2020年半年度報告的議案》) was considered and passed.

The eighteenth meeting of Audit Committee of the third session was held on 26 October 2020, at which the resolution on the 2020 Third Quarterly Report of the Company (《關於審議公司2020年第三季度報告的議案》) was considered and passed.

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The attendance of the meetings is as follows:

Name	Position	Number of	Attendance
		Meetings Attended/Held	
CHEUNG Hung Kwong	Chairman of the Audit Committee	5/5	100%
WANG Jun ⁽¹⁾	Member of the Audit Committee	5/5	100%
FU Jun	Member of the Audit Committee	5/5	100%

Note 1: Mr. Wang Jun has resigned as an executive Director and a member of the audit committee and remuneration committee of the Company on 20 January 2021 due to work delegation.

(II) Remuneration Committee

The Remuneration Committee consists of three Directors, namely: Mr. GUI Weihua (independent non-executive Director), Mr. WANG Jun and Mr. FU Jun (independent non-executive Director). Mr. GUI Weihua serves as the chairman.

The Company has adopted the model, in which the Remuneration Committee makes recommendation to the Board in order to determine the remuneration packages of executive Directors and senior management.

The main duties of the Remuneration Committee include: to make recommendations to the Board 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 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 in respect of the remuneration of non-executive Directors; to assess the performance of the executive Directors, approve the terms in the service contract with the executive Directors and to review and approve performance-based remuneration with reference to corporate objectives as approved by the Board from time to time; 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 such compensation is otherwise fair and reasonable and not excessive for the listed company; to review and approve

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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 such compensation payment is otherwise reasonable and appropriate; to ensure that no Director or any of his/her associates is involved in determining his/her own remuneration.

During the reporting period, the Remuneration Committee of the third session of the Board convened 1 meeting, at which 2 resolutions were reviewed and considered. The third meeting of the Remuneration Committee of the third session of the Board was convened on 27 March 2020 in Beijing, at which the resolution on the remuneration of the Directors for 2020 of the Company (《關於審議公司2020年度董事薪酬的議案》) and the resolution on the remuneration of the senior management for 2020 of the Company (《關於審議公司2020年度高級管理人員薪酬的議案》) were considered and passed.

The attendance of the meeting is as follows:

Name	Position	Number of Meetings	
		Attended/Held	Attendance
GUI Weihua	Chairman of the Remuneration Committee	1/1	100%
WANG Jun ⁽¹⁾	Member of the Remuneration Committee	1/1	100%
FU Jun	Member of the Remuneration Committee	1/1	100%

Note 1: Mr. Wang Jun has resigned as an executive Director and a member of the audit committee and remuneration committee of the Company on 20 January 2020 due to work delegation.

(III) Nomination Committee

The Nomination Committee consists of three Directors, namely: Mr. WU Jianqiang, Mr. GUI Weihua (independent non-executive Director) and Mr. FU Jun (independent non-executive Director). Mr. FU Jun serves as the chairman.

The main duties of the Nomination Committee include: to review the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and make recommendation to the Board regarding any proposed changes in order to promote the corporate strategy of the Issuer; to widely search for and identify individuals who are suitable to become a member of the Board and the president of the Company (may extend to the senior management of the Company, where necessary, the same below), to examine and make recommendations to the Board on the election of individuals nominated for Directors and the president; to assess the independence of the independent non-executive Directors; to examine the selection criteria and procedure for the Directors and the president and make recommendations in this regard; to make recommendations to the Board on matters relating to the appointment or reappointment of Directors or the president and succession plans for Directors (including the chairman) or the president; to seek independent professional advice, if necessary, in order to perform its duties.

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In accordance with the requirements of relevant laws and regulations and the Articles of Association, the Nomination Committee shall examine the selection criteria and procedures and the terms of office for the proposed Directors with reference to the Company's actual condition. Any resolution made in this regard shall be filed and submitted to the Board for consideration, approval and implementation. Detailed procedures are as follows: the Committee shall communicate with the relevant departments of the Company to examine the Company's demand for new Directors and to prepare the written proposal; carry out an extensive search for candidates of Directors within the Company, its holding company or other companies; seek consents from proposed candidates for the nomination, otherwise he/she shall not be put on the list of candidates of Directors; upon consideration and approval at the general meeting or Board meeting, carry out other work in relation to holding office in accordance with the resolutions of the general meeting or Board meeting.

The Nomination Committee considered that the composition of members of the Board during the reporting period was in compliance with the requirement of the "Board Diversification Policy".

During the reporting period, the Nomination Committee did not convene any meeting. The Nomination Committee conscientiously performed its duties in accordance with the "Company Law", "Articles of Association", "Rules of Procedure of Nomination Committee of Directors" and the relevant laws and regulations, and reviewed the structure, number of members and composition of the Board (including skills, knowledge and experience) by circulating relevant documents and other forms.

(IV) Risk Management Committee

The Risk Management Committee consists of three Directors, namely: Mr. WU Jianqiang, Mr. LI Yihua and Mr. FU Jun (independent non-executive Director). Mr. WU Jianqiang serves as the chairman.

The main duties of Risk Management Committee include: to consider judgment standard or mechanism for material business decisions, material risks, events and 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; to examine, approve or verify the matters related to investment, financing and external transactions contracts submitted by the president pursuant to the authority granted by the Board; to handle other matters entrusted by the Board.

During the reporting period, the Risk Management Committee of the third session of the Board convened 2 meetings and has reviewed and considered 3 resolutions, details of which are as follows:

The third meeting of Risk Management Committee of the third session was held on 30 March 2020, at which: the resolution on the compliance with the OFAC undertakings in 2019 (《關於2019年度公司遵守OFAC承諾的議案》) and the resolution on the overall risk management of the Company for 2019 (《關於審議公司2019年全面風險管理工作的議案》) were considered and passed.

The fourth meeting of Risk Management Committee of the third session was held on 24 August 2020, at which: the resolution on the Interim Report on Legal Work of China Aluminum International Engineering Corporation Limited in 2020 (《關於審議<中鋁國際工程股份有限公司2020年法治工作年中報告>的議案》) was considered and passed.

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The attendance of the meetings is as follows:

Name	Position	Number of Meetings	Attendance
		Attended/Held	
WU Jianqiang	Chairman of the Risk Management Committee	2/2	100%
LI Yihua	Member of the Risk Management Committee	2/2	100%
FU Jun	Member of the Risk Management Committee	2/2	100%

(V) Strategy Committee

The Strategy Committee consists of three Directors, namely Mr. WU Jianqiang, Mr. ZONG Xiaoping and Mr. GUI Weihua (independent non-executive Director). Mr. Wu Jianqiang serves as the chairman.

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

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During the reporting period, Strategy Committee of the third session convened one meeting, at which 2 resolutions were considered with details as follows:

On 27 March 2020, the second meeting of Strategy Committee of the third session was convened, at which:

The resolution on requesting the general meeting to grant the Board the general mandate to issue shares (《關於提請股東大會授予董事會發行股份一般性授權的議案》), and the resolution on general mandate in respect of issuance of domestic and overseas debt financing instruments of the Company (《關於公司發行境內外債務融資工具一般性授權的議案》) were considered and adopted.

The attendance of the meeting is set out below:

Name	Position	Number of Meetings Attended/Held	Attendance
WU Jianqiang	Chairman of the Strategy Committee	1/1	100%
ZONG Xiaoping ⁽¹⁾	Member of the Strategy Committee	0	—
GUI Weihua	Member of the Strategy Committee	1/1	100%

Note 1: Mr. Zong Xiaoping has resigned as a Director, president, a member of the Strategy Committee and a member of the Risk Management Committee on 15 June 2020 due to work delegation.

X. EXPLANATION OF RISKS IDENTIFIED BY THE BOARD OF SUPERVISORS

☐ Applicable ☒ Not applicable

SECTION 10 CORPORATE GOVERNANCE (CORPORATE GOVERNANCE REPORT)

XI. EXPLANATION OF CIRCUMSTANCES WHERE THE COMPANY CANNOT MAINTAIN THE ABILITY TO OPERATE INDEPENDENTLY AND MAINTAIN INDEPENDENCE FROM ITS CONTROLLING SHAREHOLDER IN TERMS OF BUSINESS, PERSONNEL, ASSETS, ORGANIZATIONAL STRUCTURE AND FINANCE

☐ Applicable ☒ Not applicable

In case of competition with its controlling shareholder, the Company should have countermeasures, work progress and subsequent work plan

☒ Applicable ☐ Not applicable

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 the 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 the agreement on an annual basis.

In June 2016, Chinalco submitted the commitment letter in relation to competitions and has committed, as required by Chalieco, that the businesses of Henan Huahui Nonferrous Engineering Design Co., Ltd. and Kunkan 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.

In September 2017, the commitment letter submitted by Chinalco mainly contains: (1) Henan Huahui Nonferrous Engineering Design Co., Ltd., CHALCO Shanxi Industry Service Co., Ltd., Henan Zhongzhou Aluminum Construction Co., Ltd., Yuxi Feiya Mining Industry Development Management Co., Ltd. and Shanxi Aluminum Plant Design Institute Co., Ltd. (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

SECTION 10 CORPORATE GOVERNANCE (CORPORATE GOVERNANCE REPORT)

Corporation Limited". (4) If in breach of the aforesaid commitments occurs, 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 Company until the elimination of the event of breach of this commitment.

During the reporting period, the independent non-executive Directors had reviewed the implementation of the non-competition agreement and confirmed that Chinalco had been in full compliance with the agreement and there was no breach by Chinalco. During the reporting period, there is no breach of the aforesaid agreement or commitment by Chinalco.

XII. ESTABLISHMENT AND EXECUTION OF ASSESSMENT MECHANISM AND INCENTIVE MECHANISM FOR SENIOR MANAGEMENT DURING THE REPORTING PERIOD

☒ Applicable ☐ Not applicable

Based on the market level and the Company's remuneration strategy, the Company's human resources department 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.

XIII. WHETHER THE SELF-ASSESSMENT REPORT ON INTERNAL CONTROL IS DISCLOSED

☒ Applicable ☐ Not applicable

The twentieth meeting of the third session of the Board of Supervisors and the thirty-eighth meeting of the third session of the Board of Directors of the Company held on 29 March 2021 considered and adopted the 2020 Assessment Report on Internal Control of China Aluminum International Engineering Corporation Limited. For details, refer to the 2020 Assessment Report on Internal Control of China Aluminum International Engineering Corporation Limited disclosed on SSE website (www.sse.com.cn) on the same day as this Annual Report.

Explanation of material defects with internal control during the reporting period

☐ Applicable ☒ Not applicable

SECTION 10 CORPORATE GOVERNANCE (CORPORATE GOVERNANCE REPORT)

XIV. PARTICULARS OF INTERNAL CONTROL AUDIT REPORT

✓ Applicable ☐ Not applicable

The twentieth meeting of Audit Committee of the Board of the third session held on 28 March 2021 and the thirty-eighth meeting of the Board of Directors of the third session of the Company held on 29 March 2021 considered and adopted the 2020 Audit Report on Internal Control of China Aluminum International Engineering Corporation Limited, pursuant to which our auditor WUYIGE Certified Public Accountants LLP confirmed that the Company has maintained effective internal control over financial reporting in all material aspects. For details, refer to the 2020 Audit Report on Internal Control of China Aluminum International Engineering Corporation Limited disclosed on 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: Standard unqualified opinion

XV. 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 10 to the Listing Rules of the Stock Exchange 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 Listing Rules of the Stock Exchange) in the Company's securities, which are on no less exacting terms than the Model Code. The Company is not aware of any breach of the guidelines by its relevant employees.

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

SECTION 10 CORPORATE GOVERNANCE (CORPORATE GOVERNANCE REPORT)

(II) Investor Relations

1. Investor relations activities

On 16 April 2020, the Company arranged the chairman of the Board, the secretary of the Board and relevant personnel of various departments to participate in the 2019 annual results briefing to answer investors' questions about the impact of the epidemic on the Company's production and operation and overseas projects, dividends, and results through online interaction.

On 8 September 2020, the Company participated in the event of "2020 Collective Reception Day for Investors of SSE Listed Companies in Beijing" jointly organized by Beijing Association of Listed Companies and SSE Information and Network Co., Ltd. to communicate with investors online on issues of concern to investors such as the Company's management of share price.

On 24 February 2020, the secretary of the Board of the Company and relevant personnel of the financial department responded by telephone to the investment manager of King Shun Investment Management (Shanghai) Co., Ltd. regarding questions about the development strategy, finance, production and operation of the Company.

In addition, the Company responded to questions raised by investors in a timely manner through SSE' e-interaction platform, investor hotline, dedicated email and other means and had sufficient communication with investors.

2. Information disclosure

The Company issued more than 200 announcements on the websites of the Stock Exchange and SSE.

(III) Revision to the Articles of Association During the Reporting Period

In 2020, in order to further improve and standardize the Company's the corporate governance system and effectively safeguard the legitimate interests of the Company and its shareholders, in accordance with the requirements of the relevant standardized operations and the relevant requirements of "The Official Reply of the State Council on the Adjustment of the Notice Period for the General Meeting and Other Matters Applicable to the Overseas Listed Companies" (Guo Han [2019] No. 97), the Company made corresponding amendments to the relevant articles of the Articles of Association.

The relevant resolutions were considered and passed at the 2019 annual general meeting, the first A share class meeting in 2020 and the first H share class meeting in 2020, and the revision to the Articles of Association came into force on 23 June 2020.

Details of revisions to the Articles of Association and the full text of the Articles of Association have been published on the website of the SSE, the Stock Exchange and the Company.

SECTION 10 CORPORATE GOVERNANCE (CORPORATE GOVERNANCE REPORT)

(IV) Company Secretary

In order to comply with Rule 3.29 of the Listing Rules of the Hong Kong Stock Exchange, as of 31 December 2020, our company secretaries participated in no less than 15 hours of relevant professional training for the year.

(V) Directors Responsibility for the Financial Statements

The Board acknowledged its responsibility for preparing the financial statements of the Group for the year ended 31 December 2020.

The Board is responsible for presenting a clear and understandable assessment of annual and interim reports, price-sensitive information and other disclosures as required under the Listing Rules of the Stock Exchange 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, see "I. Proposal for Profit Distribution to Ordinary Shareholders or for Converting Capital Reserve into Share Capital" Under "Section 6 Key Matters" in this report.

SECTION 11 INFORMATION ON CORPORATE BONDS

☒ Applicable ☐ Not applicable

I. BASIC INFORMATION ON BONDS OF THE COMPANY

Unit: Yuan Currency: RMB

Bond name	Abbreviation	Code	Date of issuance	Maturing date	Balance of Bonds	Interest rate (%)	Repayment terms	Trading place
2017 Renewable Corporate Bonds (Tranche 1)	17 Zhong Gong Y1	136974	2017/3/17	2020/3/17	500,000,000	6.00%	Interest paid once year if the issuer does not exercise the option of deferred interest payment	SSE
2019 Renewable Corporate Bonds (Tranche 1)	19 Zhong Gong Y1	155867	2019/10/30	This tranche of bonds have a basic term of 3 years, within each three years as an interest calculation period, at the end of which the issuer has the option to either extend the bonds for another term (i.e. 3 years) or fully redeem the bonds	1,500,000,000	5.29%	Interest paid once year if the issuer does not exercise the option of deferred interest payment	SSE

Information on payment of principal of and interest on bonds of the Company

☒ Applicable ☐ Not applicable

The Company issued an announcement on 6 March 2020, declaring the payment of the final interest and principal on “17 Zhong Gong Y1”. As of the date of this report, the Company has made payment of the principal and interest on “17 Zhong Gong Y1”.

The Company issued an announcement on 22 October 2020, declaring the payment of year-1 interest on “19 Zhong Gong Y1”. As of the date of this report, the Company has made payment of the year-1 interest on “19 Zhong Gong Y1”.

Other information on bonds of the Company

☐ Applicable ☒ Not applicable

SECTION 11 INFORMATION ON CORPORATE BONDS

II. CONTACT PERSON AND CONTACT DETAILS OF CUSTODIAN AND CREDIT RATING AGENCY OF BONDS OF THE COMPANY

Custodian of bonds	Name	Ping An Securities Co., Ltd.
	Office address	61-64/F, Ping An Financial Center, 5033 Yitian Road, Futian District, Shenzhen
	Contacts	PAN Linhui, DONG Jingjing
	Tel	010-56800264
Custodian of bonds	Name	Haitong Securities Co., Ltd.
	Office address	15/F, Tian Yuan Xiang Tai Building, 5 Anding Road, Chaoyang District, Beijing
	Contacts	ZHENG Yunqiao, GUO Shi
	Tel	010-88027267
Credit rating agency	Name	Dagong Global Credit Rating Co., Ltd. (大公國際資信評估有限公司)
	Office address	Floor 29, Block A, Pengrun Building, No. 26 Xiaoyun Road Chaoyang District, Beijing
Credit rating agency	Name	United Credit Ratings Co., Ltd.
	Office address	508 Ai Li Yuan Apartment, No. 38 Shuishang Park Avenue (North), Nankai District, Tianjin

Other explanation:

☐ Applicable ☒ Not applicable

III. USE OF PROCEEDS FROM BOND OFFERING

☒ Applicable ☐ Not applicable

Pursuant to the China Aluminum International Engineering Corporation Limited Prospectus for Public Offering of 2017 Renewable Corporate Bonds (Tranche 1) (to Qualified Investors) disclosed by the Company on 13 March 2017, the proceeds of offering of “17 Zhong Gong Y1” bonds, net of offering costs, would be used to supplement the Company’s working capital. The proceeds of offering of this tranche of bonds have been applied for such purposes as disclosed in the prospectus.

Pursuant to the China Aluminum International Engineering Corporation Limited Prospectus for Public Offering of 2019 Renewable Corporate Bonds (Tranche 1) (to Qualified Investors) disclosed by the Company on 30 October 2019, the proceeds of offering of “19 Zhong Gong Y1” bonds, net of offering costs, would be used to supplement the Company’s working capital. The proceeds of offering of this tranche of bonds have been applied for such purposes as disclosed in the prospectus.

SECTION 11 INFORMATION ON CORPORATE BONDS

IV. CREDIT RATING OF BONDS

☒ Applicable ☐ Not applicable

According to its Credit Rating Report (Lian He [2020] No.947) dated 21 May 2020, United Credit Ratings Co., Ltd. gave China Aluminum International Engineering Corporation Limited a long-term issuer rating of AA+ with a stable outlook, and gave its “19 Zhong Gong Y1” bond a credit rating of AAA.

V. CREDIT ENHANCEMENT MECHANISM, REPAYMENT SCHEME AND OTHER RELEVANT INFORMATION OF AND ON BONDS OF THE COMPANY DURING THE REPORTING PERIOD

☒ Applicable ☐ Not applicable

The Company has paid all of the principal and interest on “17 Zhong Gong Y1” bonds, and will strictly pay the principal and interest on “19 Zhong gong Y1” bonds as agreed. Please refer to the Company’s announcements for specific payment arrangements published on the website of SSE (www.sse.com.cn).

VI. HOLDING OF BONDHOLDER MEETINGS OF THE COMPANY

☒ Applicable ☐ Not applicable

From the date of issuance of corporate bonds to the date of disclosure of the report, the Company has not had any matters falling into the scope of authority of the bondholder meeting, so the custodian of bonds has not convened any bondholder meeting.

VII. DUTY PERFORMANCE BY CUSTODIAN OF BONDS OF THE COMPANY

☒ Applicable ☐ Not applicable

The custodians of bonds, i.e. Ping An Securities Co., Ltd. actively performed its duties to timely issue annual reports and provisional reports on custody affairs, and to continuously supervise the Company’s performance of bond-related disclosure obligations.

SECTION 11 INFORMATION ON CORPORATE BONDS

VIII. ACCOUNTING FIGURES AND FINANCIAL INDICATORS OF THE COMPANY FOR THE LAST TWO YEARS AS OF THE END OF THE REPORTING PERIOD

✓ Applicable □ Not applicable

Unit: '0000 Yuan Currency: RMB

Main Indicators	2020	2019	Change for the period as compared with that of the same period of last year (%)	Reason for change
EBITDA	-93,000.90	153,914.17	-160.42	Mainly due to the significant decrease in net profit for the period
Current ratio	1.29	1.27	1.48	-
Quick ratio	1.18	1.18	-0.36	-
Asset-liability ratio (%)	71.32	72.51	Down by 1.19 percentage points	-
Debt to EBITDA ratio	N/A	0.07	-	-
Interest coverage ratio	N/A	0.23	-	-
Cash Interest coverage ratio	11.46	17.25	-33.59	Mainly due to the decline in monetary funds at the end of the period
EBITDA to interest ratio	N/A	1.58	-	-
Loan repayment rate (%)	100	100	-	-
Interest payment rate (%)	100	100	-	-

SECTION 11 INFORMATION ON CORPORATE BONDS

IX. INFORMATION ON PAYMENT OF PRINCIPAL OF AND INTEREST ON OTHER BONDS AND DEBT INSTRUMENTS OF THE COMPANY

☒ Applicable ☐ Not applicable

The Company has made timely payment of principal of and interest on any other bonds and debt instruments and has disclosed relevant issues as required in a timely manner.

X. CREDIT LINE GRANTED BY BANKS DURING THE REPORTING PERIOD

☒ Applicable ☐ Not applicable

As of the reporting date, the Company had obtained RMB59.89 billion of credit line from banks, and had utilized RMB18.623 billion of credit line, leaving the available balance of credit line being RMB41.267 billion.

XI. PERFORMANCE OF AGREEMENTS OR UNDERTAKINGS IN THE PROSPECTUS FOR BONDS DURING THE REPORTING PERIOD

☒ Applicable ☐ Not applicable

During the reporting period, the Company strictly observed relevant agreements or undertakings in the prospectus for bonds of the Company's bonds, and there was no information that shall be disclosed but was undisclosed.

XII. MATERIAL EVENTS OF THE COMPANY AND THE IMPACT ON OPERATING RESULTS AND SOLVENCY OF THE COMPANY

☐ Applicable ☒ Not applicable

SECTION 12 FINANCIAL REPORT



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Auditor's Report

DA XIN SHEN ZI [2021] No. 1-02120

To the Shareholders of China Aluminum International Engineering Corporation Limited,

I. OPINION

We have audited the accompanying financial statements of China Aluminum International Engineering Corporation Limited (hereinafter referred to as the "Company"), which comprise the consolidated and company statements of financial position as at 31 December 2020, and the consolidated and company statements of comprehensive income, the consolidated and company statements of cash flows and the consolidated and company statements of changes in shareholders' equity for 2020, and notes to the financial statements.

In our opinion, the accompanying financial statements, in all material respects, have been prepared in accordance with the requirements of Accounting Standards for Business Enterprises and give a true and fair view of the consolidated and company financial position as at 31 December 2020, and the consolidated and company financial performance and cash flows 2020.

II. BASIS FOR OPINION

We conducted our audit in accordance with the China Certified Public Accountants Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with China Code of Ethics for Certified Public Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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III. KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of 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 and cost recognition on construction contracts

1. Description of the matter

For accounting policies and disclosures related to the revenue and cost on construction contracts, refer to Notes “(26) Revenue” and “(35) Key assumptions and uncertainties in important judgments and accounting estimates made in applying accounting policies” under “3. Significant Accounting Policies and Accounting Estimates”, and (46) Operating Income and Operating Costs” under “5. Notes to Important Items in Consolidated Financial Statements”.

The revenue and profit of the Company mainly are deprived from the construction operations. In the Company’s consolidated statement of comprehensive income for 2020, the construction operations accounted for 76.95% of the operating income and 78.06% of the operating cost. The Company recognizes revenue and cost of such business over time by measuring the performance progress if it can be reasonably determined, which involves significant judgments, such as the continuous and reasonable estimation of the expected total contract revenue and total contract cost throughout the contract period. Therefore, we identify it as a key audit matter.

2. Audit response

Our audit procedures for revenue and cost recognition on construction contracts mainly include:

- (1) Understanding, assessing and testing the effectiveness of related key internal control design in relation to construction contracts during the reporting period;
- (2) Sampling construction projects and examining the relevant contract, cost budget, etc. which the expected total contract revenue and total contract cost are based on, to assess whether the estimation made by the management is reasonable and whether the basis is sufficient;

SECTION 12 FINANCIAL REPORT

- (3) Examining the contract costs incurred during the reporting period by tracing to supporting documentation on a sampling basis;
- (4) Carrying out a cut-off test procedure to check whether related contract costs were recognized in the proper accounting period;
- (5) Analysing gross margin of major construction contracts;
- (6) Recalculating the performance progress of construction contracts to examine its accuracy on a sample basis;
- (7) Visiting the selected sites of major construction projects, discussing with the project management department 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.

(II) Expected credit losses of receivables and contract assets

1. Description of the matter

For relevant accounting policies and disclosures, refer to Notes “(11) Determination and accounting treatment of expected credit loss” and “(35) Key assumptions and uncertainties in important judgments and accounting estimates made in exercising accounting policies” under “3. Significant Accounting Policies and Accounting Estimates”, and “5. Notes to Important Items in Consolidated Financial Statements”.

The Company makes provision for bad debt for receivables and contract assets based on expected credit risks. As at 31 December 2020, the Company had a gross carrying amounts of accounts receivable of RMB18,743.4481 million, other receivables of RMB3,136.4263 million, contract assets of RMB7,967.5706 million, long-term receivables (including the portion presented in current portion of non-current assets) of RMB2,741.8119 million and long-term contract assets (presented in other non-current assets) of RMB669.7397 million, and the provision for bad debts were RMB2,431.7571 million, RMB993.6250 million, RMB687.2345 million, RMB291.3364 million and RMB3.3487 million respectively. The management continuously evaluated the expected credit losses on these assets based on relevant information available to it. Considering the assumptions and input values which the management used in impairment testing depend on significant judgment, we identify this as a key audit matter.

SECTION 12 FINANCIAL REPORT

2. Audit response

Our audit procedures for expected credit losses of receivables and contract assets mainly include:

- (1) Understanding, assessing and testing the effectiveness of related key internal control design in relation to the credit approval and impairment testing;
- (2) Reviewing relevant considerations and objective evidence which the management used in assessing expected credit risk of receivables and contract assets, including determination of provision matrix and reasonable expected credit loss rate;
- (3) For receivables and contract assets individually assessed for expected credit losses, reviewing whether the management made appropriate estimation of expected future cash flows by tracing to supporting evidence, such as mortgage and security agreements, third party evaluation report on the pledged assets, the repayment plan;
- (4) For trade receivables and contract assets assessed by provision matrix for expected credit losses, testing the accuracy of the aging schedule of those assets based on contracts, settlement data and other information, and recalculating the provision for bad debt.

IV. OTHER INFORMATION

The management of the Company is responsible for the other information. The other information comprises all of the information included in the Company's annual report for 2020 other than 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 the 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 a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

SECTION 12 FINANCIAL REPORT

V. RESPONSIBILITIES OF THE MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

The management of the Company is responsible for the preparation of the financial statements that give a true and fair view in accordance with Accounting Standards for Business Enterprises, and for such internal control as the management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the 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.

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 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 Auditing Standards 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 Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- (1) 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.
- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

SECTION 12 FINANCIAL REPORT

- (4) Conclude on the appropriateness of the 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, future events or conditions may cause the Company to cease to continue as a going concern.
- (5) 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.

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.

WUYIGE Certified Public Accountants LLP.

China Certified Public Accountant: XIE Qing
(Engagement Partner)

Beijing • China

China Certified Public Accountant: SHI Chenqi

29 March 2021

SECTION 12 FINANCIAL REPORT

CONSOLIDATED BALANCE SHEET

As at 31 December 2020

Prepared by: China Aluminum International Engineering Corporation Limited

Unit: RMB

Item	Note	At 31 December 2020	At 31 December 2019
Current assets			
Monetary fund	5.1	7,281,251,123.33	10,025,925,365.07
Held-for-trading financial assets			
Derivative financial assets			
Notes receivable	5.2	8,005,940.92	569,959,008.85
Accounts receivable	5.3	16,311,690,918.31	14,284,215,819.57
Factoring of receivables	5.4	571,448,716.65	
Prepayments	5.5	253,891,239.95	376,065,504.37
Other receivables	5.6	2,143,406,643.36	2,353,289,986.09
Including: Interest receivable		605,340.88	
Dividends receivable			1,815,949.86
Inventories	5.7	3,381,147,951.43	3,110,392,382.89
Contract assets	5.8	7,280,336,107.50	13,008,312,180.99
Held-for-sale assets			
Non-current assets due within 1 year	5.9	727,292,975.94	405,403,386.22
Other current assets	5.10	612,751,354.17	656,337,615.69
Total current assets		38,571,222,971.56	44,789,901,249.74
Non-current assets:			
Debt investments			
Other debt investments			
Long-term receivables	5.11	1,723,182,526.08	1,910,972,285.42
Long-term equity investments	5.12	841,309,919.27	770,306,732.72
Other equity instrument investments	5.13	41,563,578.70	45,422,963.86
Other non-current financial assets	5.14	18,900,000.00	18,900,000.00
Investment properties	5.15	502,746,006.61	478,102,673.52
Fixed assets	5.16	2,328,805,686.59	2,313,832,928.14
Construction in progress	5.17	324,078,307.65	300,722,025.12
Bearer biological assets			
Oil & gas assets			
Rights-of-use assets	5.18	12,500,713.75	26,986,403.95
Intangible assets	5.19	1,180,268,403.73	1,086,857,150.91
Development costs	5.20	2,013,685.27	2,297,253.07
Goodwill			
Long-term unamortized expenses	5.21	49,581,803.38	27,138,251.28
Deferred income tax assets	5.22	907,077,367.85	782,643,655.49
Other non-current assets	5.23	8,010,773,376.11	3,445,379,547.40
Total non-current assets		15,942,801,374.99	11,209,561,870.88
Total assets		54,514,024,346.55	55,999,463,120.62

SECTION 12 FINANCIAL REPORT

Item	Note	At 31 December 2020	At 31 December 2019
Current liabilities			
Short-term borrowings	5.24	6,077,945,577.91	7,198,295,269.03
Held-for-trading financial liabilities			
Derivative financial liabilities	5.25	19,100,700.00	
Notes payable	5.26	1,746,596,180.34	957,266,218.53
Accounts payable	5.27	13,764,437,425.31	15,737,937,151.26
Prepayments			
Contract liabilities	5.28	2,661,209,779.65	2,381,391,809.44
Employee benefits payable	5.29	193,443,242.45	200,663,502.30
Taxes payable	5.30	242,721,799.68	267,058,741.21
Other payables	5.31	2,229,483,821.61	4,979,140,933.59
Including: Interest payable			
Dividends payable			30,000,000.00
Held-for-sale liabilities			
Non-current liabilities due within 1 year	5.32	477,050,790.01	872,946,075.66
Other current liabilities	5.33	2,517,483,960.57	2,596,562,617.52
Total current liabilities		29,929,473,277.53	35,191,262,318.54
Non-current liabilities:			
Long-term borrowings	5.34	8,228,705,995.96	4,666,498,225.22
Debentures payable			
Including: Preferred stock			
Perpetual bonds			
Lease liabilities	5.35	4,525,650.30	13,909,401.66
Long-term payables	5.36	2,602,600.17	4,598,530.23
Long-term employee benefits payable	5.37	551,884,000.00	599,488,000.00
Estimated liabilities			
Deferred income	5.38	85,234,504.39	53,036,425.27
Deferred income tax liabilities	5.22	74,685,634.94	75,290,268.87
Other non-current liabilities			
Total non-current liabilities		8,947,638,385.76	5,412,820,851.25
Total liabilities		38,877,111,663.29	40,604,083,169.79

SECTION 12 FINANCIAL REPORT

Item	Note	At 31 December 2020	At 31 December 2019
Shareholders' equity			
Share capital	5.39	2,959,066,667.00	2,959,066,667.00
Other equity instruments	5.40	2,498,584,905.65	2,996,084,905.65
Including: Preferred stock			
Perpetual bonds		2,498,584,905.65	2,996,084,905.65
Capital reserve	5.41	875,499,924.64	795,341,809.69
Less: treasury stock			
Other comprehensive income	5.42	150,437,505.60	223,826,729.99
Special reserve	5.43	147,328,847.45	124,905,233.17
Surplus reserve	5.44	222,751,992.52	201,586,598.10
Undistributed profit	5.45	1,879,404,403.40	4,021,247,997.05
Total shareholders' equity attributable to the parent		8,733,074,246.26	11,322,059,940.65
Minority interests		6,903,838,437.00	4,073,320,010.18
Total shareholders' equity		15,636,912,683.26	15,395,379,950.83
Total liabilities and shareholders' equity		54,514,024,346.55	55,999,463,120.62

Legal representative:
WU Jianqiang

Accounting principal:
ZHANG Jian

Accounting function's principal:
ZHANG Xiuyin

SECTION 12 FINANCIAL REPORT

BALANCE SHEET OF THE PARENT

As at 31 December 2020

Prepared by: China Aluminum International Engineering Corporation Limited

Unit: RMB

Item	Note	At 31 December 2020	At 31 December 2019
Current assets			
Monetary fund		1,493,608,825.32	2,373,696,059.99
Held-for-trading financial assets			
Derivative financial assets			
Notes receivable			139,433,342.34
Accounts receivable	15.1	1,774,878,637.52	1,516,735,150.81
Factoring of receivables		82,126,693.67	
Prepayments		96,272,358.19	83,025,087.51
Other receivables	15.2	5,510,991,880.92	5,320,321,539.47
Including: Interest receivable		321,458,394.38	
Dividends receivable		479,788,298.10	130,825,077.12
Inventories		13,160,104.02	156,652,612.17
Contract assets		535,374,580.60	559,798,235.37
Held-for-sale assets			
Non-current assets due within 1 year		1,313,634,179.17	1,150,000,000.00
Other current assets		83,637,100.16	96,188,791.51
Total current assets		10,903,684,359.57	11,395,850,819.17
Non-current assets:			
Debt investments			
Other debt investments			
Long-term receivables		1,030,097,460.95	1,038,065,453.50
Long-term equity investments	15.3	7,044,264,978.81	6,160,668,872.38
Other equity instrument investments		18,180,000.00	18,180,000.00
Other non-current financial assets		18,900,000.00	18,900,000.00
Investment properties			
Fixed assets		75,900,227.40	80,233,096.11
Construction in progress			
Bearer biological assets			
Oil & gas assets			
Rights-of-use assets			
Intangible assets		140,885,846.97	147,688,005.51
Development costs			
Goodwill			
Long-term unamortized expenses			
Deferred income tax assets		119,098,058.06	81,208,124.13
Other non-current assets			
Total non-current assets		8,447,326,572.19	7,544,943,551.63
Total assets		19,351,010,931.76	18,940,794,370.80

SECTION 12 FINANCIAL REPORT

Item	Note	At 31 December 2020	At 31 December 2019
Current liabilities			
Short-term borrowings		2,230,661,333.32	2,849,800,200.00
Held-for-trading financial liabilities			
Derivative financial liabilities		15,040,000.00	
Notes payable		337,754,949.24	129,848,202.57
Accounts payable		1,954,854,806.14	1,899,655,199.50
Prepayments			
Contract liabilities		1,107,330,375.75	706,997,265.31
Employee benefits payable		4,441,168.27	5,152,326.82
Taxes payable		5,785,053.19	7,021,293.26
Other payables		1,203,044,121.08	1,180,427,289.85
Including: Interest payable			
Dividends payable			30,000,000.00
Held-for-sale liabilities			
Non-current liabilities due within 1 year		205,481,338.86	740,000,000.00
Other current liabilities		1,038,526,180.47	1,045,727,361.76
Total current liabilities		8,102,919,326.32	8,564,629,139.07
Non-current liabilities:			
Long-term borrowings		4,294,600,000.00	2,990,000,000.00
Debentures payable			
Including: Preferred stock			
Perpetual bonds			
Lease liabilities			
Long-term payables			
Long-term employee benefits payable		3,624,000.00	3,754,000.00
Estimated liabilities			
Deferred income			
Deferred income tax liabilities			
Other non-current liabilities			
Total non-current liabilities		4,298,224,000.00	2,993,754,000.00
Total liabilities		12,401,143,326.32	11,558,383,139.07

SECTION 12 FINANCIAL REPORT

Item	Note	At 31 December 2020	At 31 December 2019
Shareholders' equity			
Share capital		2,959,066,667.00	2,959,066,667.00
Other equity instruments		2,498,584,905.65	2,996,084,905.65
Including: Preferred stock			
Perpetual bonds		2,498,584,905.65	2,996,084,905.65
Capital reserve		1,190,696,521.57	1,193,196,521.57
Less: treasury stock			
Other comprehensive income		12,016,470.00	11,735,970.00
Special reserve		871,931.94	810,240.05
Surplus reserve		222,751,992.52	201,586,598.10
Undistributed profit		65,879,116.76	19,930,329.36
Total shareholders' equity		6,949,867,605.44	7,382,411,231.73
Total liabilities and shareholders' equity		19,351,010,931.76	18,940,794,370.80

Legal representative:
WU Jianqiang

Accounting principal:
ZHANG Jian

Accounting function's principal:
ZHANG Xiuyin

SECTION 12 FINANCIAL REPORT

CONSOLIDATED INCOME STATEMENT

For Year 2020

Prepared by: China Aluminum International Engineering Corporation Limited

Unit: RMB

Item	Note	Amount for the current period	Amount for the previous period
I. Operating revenue	5.46	23,025,950,957.87	31,059,791,611.63
Less: operating cost	5.46	20,952,852,459.21	27,779,687,486.15
operating taxes and surcharges	5.47	111,791,952.41	104,748,311.07
Sales expense	5.48	96,361,614.42	125,447,452.22
Administrative expense	5.49	1,037,819,652.56	1,066,944,199.12
R&D expense	5.50	604,162,835.37	524,316,745.50
Finance expense	5.51	532,098,565.93	573,119,644.89
Including: Interest expense		635,587,091.36	738,061,865.69
Interest income		206,534,565.23	210,652,452.70
Add: other gains	5.52	70,017,317.19	39,664,857.60
Gain on investment ("–" for loss)	5.53	–8,197,600.41	50,009,798.59
Including: Share of investment gain on associates and joint ventures		20,736,899.25	–4,779,193.39
Gain on de-recognition of financial assets measured at amortized cost ("–" for loss)		–38,586,715.25	19,337,105.40
Gain on exposure netting ("–" for loss)			
Gain on fair value change ("–" for loss)	5.54	–19,100,700.00	164,450.00
Credit impairment loss ("–" for loss)	5.55	–1,058,840,091.11	–686,895,399.73
Asset impairment loss ("–" for loss)	5.56	–566,600,453.43	–6,981,953.83
Gain on disposal of assets ("–" for loss)	5.57	10,292,278.54	45,687,583.27
II. Operating profit ("–" for loss)		–1,881,565,371.25	327,177,108.58
Add: non-operating income	5.58	69,331,875.05	89,401,690.65
Less: non-operating expense	5.59	12,547,061.68	71,805,546.49
III. Total profit ("–" for total loss)		–1,824,780,557.88	344,773,252.74
Less: income tax expense	5.60	31,616,939.92	122,248,501.14
IV. Net profit ("–" for net loss)		–1,856,397,497.80	222,524,751.60
(1) By business continuity:			
1. Net profit from continuing operations ("–" for net loss)		–1,856,397,497.80	222,524,751.60
2. Net profit from discontinued operations ("–" for net loss)			
(2) By attributable ownership:			
1. Net profit attributable to the shareholders of the parent company ("–" for net loss)		–1,976,138,436.83	34,852,562.55
2. Loss or profit attributable to minority interests ("–" for net loss)		119,740,939.03	187,672,189.05

SECTION 12 FINANCIAL REPORT

Item	Note	Amount for the current period	Amount for the previous period
V. Other comprehensive income, net of tax		-73,355,171.01	12,657,794.37
(I) Other comprehensive income attributable to shareholders of the parent, net of tax		-73,389,224.39	13,062,020.53
1. Items that may not be reclassified to profit or loss		-5,996,780.77	11,302,806.97
(1) Change on remeasurement of defined benefit plan		-2,706,620.52	-21,322,270.25
(2) Other comprehensive income under equity method that may not be transferred to profit or loss			
(3) Change in fair value of other equity instrument investment		-3,290,160.25	32,625,077.22
(4) Fair value change arising from credit risk of the Company			
2. Items that will be reclassified subsequently to profit or loss		-67,392,443.62	1,759,213.56
(1) Other comprehensive income under equity method that may be transferred to profit or loss			
(2) Change in fair value of other debt investments			
(3) Amount recorded in other comprehensive income upon financial assets reclassification			
(4) Credit impairment provision for other debt investment			
(5) Cash flow hedge reserve			
(6) Currency translation difference		-67,392,443.62	1,759,213.56
(7) Others			
(II) Other comprehensive income attributable to minority interests, net of tax		34,053.38	-404,226.16
VI. Total comprehensive income		-1,929,752,668.81	235,182,545.97
(I) Total comprehensive income attributable to shareholders of the parent		-2,049,527,661.22	47,914,583.08
(II) Total comprehensive income attributable to minority shareholders		119,774,992.41	187,267,962.89
VII. Earnings per share			
(I) Basic earnings per share		-0.71	-0.02
(II) Diluted earnings per share		-	-

Legal representative:
WU Jianqiang

Accounting principal:
ZHANG Jian

Accounting function's principal:
ZHANG Xiuyin

SECTION 12 FINANCIAL REPORT

INCOME STATEMENT OF THE PARENT

For Year 2020

Prepared by: China Aluminum International Engineering Corporation Limited

Unit: RMB

Item	Note	Amount for the current period	Amount for the previous period
I. Operating revenue	15.4	1,900,007,260.36	1,349,404,566.06
Less: operating cost	15.4	1,835,637,189.09	1,116,219,781.59
Taxes and surcharges		6,248,270.30	4,586,412.73
Sales expense		26,274,633.87	36,665,601.17
Administrative expense		153,554,097.67	147,611,469.05
R&D expense		59,125,368.84	91,481,131.10
Finance expense		85,570,347.07	226,888,299.13
Including: Interest expense		350,779,100.21	565,344,619.10
Interest income		312,931,831.77	352,090,831.97
Add: other gains		1,205,330.69	376,880.71
Gain on investment ("–" for loss)	15.5	692,956,777.40	482,816,433.12
Including: Share of investment gain on associates and joint ventures		11,642,682.25	2,359,070.30
Gain on de-recognition of financial assets measured at amortized cost ("–" for loss)		–47,189,344.76	–4,704,167.26
Gain on exposure netting ("–" for loss)			
Gain on fair value change ("–" for loss)		–15,040,000.00	
Credit impairment loss ("–" for loss)		–231,479,243.90	–101,917,529.22
Asset impairment loss ("–" for loss)		–7,317,931.06	
Gains on disposal of assets ("–" for loss)		–28,514.01	
II. Operating profit ("–" for loss)		173,893,772.64	107,227,655.90
Add: non-operating income		577,469.29	5,255,408.87
Less: non-operating expense		626,494.03	1,150,082.00
III. Total profit ("–" for total loss)		173,844,747.90	111,332,982.77
Less: income tax expense		–37,809,196.32	–15,386,840.84
IV. Net profit ("–" for net loss)		211,653,944.22	126,719,823.61
(I) Net profit from continuing operations ("–" for net loss)		211,653,944.22	126,719,823.61
(II) Net profit from discontinued operations ("–" for net loss)			

SECTION 12 FINANCIAL REPORT

Item	Note	Amount for the current period	Amount for the previous period
V. Other comprehensive income, net of tax		280,500.00	35,225,169.88
(I) Items that may not be reclassified to profit or loss		280,500.00	35,225,169.88
1. Change on remeasurement of defined benefit plan		280,500.00	82,450.00
2. Other comprehensive income under equity method that may not be transferred to profit or loss			
3. Change in fair value of other equity instrument investment			35,142,719.88
4. Fair value change arising from credit risk of the Company			
(II) Items that will be reclassified subsequently to profit or loss			
1. Other comprehensive income under equity method that may be transferred to profit or loss			
2. Change in fair value of other debt investments			
3. Amount recorded in other comprehensive income upon financial assets reclassification			
4. Credit impairment provision for other debt investment			
5. Cash flow hedge reserve			
6. Currency translation difference			
7. Others			
VI. Total comprehensive income		211,934,444.22	161,944,993.49
VII. Earnings per share			
(I) Basic earnings per share			
(II) Diluted earnings per share			

Legal representative:
WU Jianqiang

Accounting principal:
ZHANG Jian

Accounting function's principal:
ZHANG Xiuyin

SECTION 12 FINANCIAL REPORT

CONSOLIDATED STATEMENT OF CASH FLOWS

For Year 2020

Prepared by: China Aluminum International Engineering Corporation Limited

Unit: RMB

Item	Note	Amount for the current period	Amount for the previous period
I. Cash flows from operating activities:			
Cash received from sales of goods or rendering of services		24,480,433,853.48	29,281,290,505.33
Tax rebate received		33,835,787.80	61,602,362.51
Other cash received relating to operating activities	5.62	444,520,514.72	291,405,782.93
Subtotal of cash inflows from operating activities		24,958,790,156.00	29,634,298,650.77
Cash paid for purchase of goods or receiving of services		20,795,839,732.68	24,990,812,648.68
Cash paid to and for employees		2,214,863,910.87	2,223,636,919.05
Taxes paid		804,739,489.20	749,649,729.52
Other cash paid relating to operating activities	5.62	532,611,435.80	574,222,505.44
Subtotal of cash outflows from operating activities		24,348,054,568.55	28,538,321,802.69
Net cash flows from operating activities		610,735,587.45	1,095,976,848.08
II. Cash flows from investing activities:			
Refund of investments		3,582,832,957.75	5,003,675,956.99
Gain on investment received		76,684,110.68	85,862,731.87
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets		11,906,745.17	11,042,047.19
Net proceeds from disposal of a subsidiary and other business unit			102,650,744.94
Other cash received relating to investing activities	5.62	50,000,000.00	35,393,806.67
Subtotal of cash inflows from investing activities		3,721,423,813.60	5,238,625,287.66
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets		4,277,010,852.50	1,298,261,549.95
Payment for investments		3,557,035,369.63	4,739,232,393.06
Net cash paid for acquisition of a subsidiary and other business unit		25,418.56	180,394,159.80
Other cash paid relating to investing activities	5.62	50,000,000.00	
Subtotal of cash outflows from investing activities		7,884,071,640.69	6,217,888,102.81
Net cash flows from investing activities		-4,162,647,827.09	-979,262,815.15

SECTION 12 FINANCIAL REPORT

Item	Note	Amount for the current period	Amount for the previous period
III. Cash flows from financing activities:			
Capital contributions received		2,998,025,500.00	4,960,758,225.00
Including: Capital contributions received by subsidiaries from minority shareholders		2,998,025,500.00	2,462,258,225.00
Borrowings received		26,240,145,927.56	17,529,402,516.17
Other cash received relating to financing activities	5.62	9,810,000.00	
Subtotal of cash inflows from financing activities		29,247,981,427.56	22,490,160,741.17
Cash paid on repayment of debts		24,216,776,590.00	16,985,221,062.05
Distribution of dividends or profit or payment of interest		1,040,804,852.59	1,020,798,465.97
Including: dividends or profit paid by subsidiaries to minority shareholders		246,249,894.79	137,477,598.17
Other cash paid relating to financing activities	5.62	2,964,536,553.66	1,292,861,926.69
Subtotal of cash outflows from financing activities		28,222,117,996.25	19,298,881,454.71
Net cash flows from financing activities		1,025,863,431.31	3,191,279,286.46
IV. Impact of exchange rate on cash and cash equivalents			
		-44,451,697.40	-19,079,385.17
V. Net increase in cash and cash equivalents			
Add: Cash and cash equivalents at beginning of the year	5.63	-2,570,500,505.73 9,120,495,450.16	3,288,913,934.22 5,831,581,515.94
VI. Cash and cash equivalents at end of the year	5.63	6,549,994,944.43	9,120,495,450.16

Legal representative:
WU Jianqiang

Accounting principal:
ZHANG Jian

Accounting function's principal:
ZHANG Xiuyin

SECTION 12 FINANCIAL REPORT

STATEMENT OF CASH FLOWS OF THE PARENT

For Year 2020

Prepared by: China Aluminum International Engineering Corporation Limited

Unit: RMB

Item	Note	Amount for the current period	Amount for the previous period
I. Cash flows from operating activities			
Cash received from sales of goods or rendering of services		2,967,203,770.80	1,997,863,957.00
Tax rebate received			
Other cash received relating to operating activities		1,276,076,917.77	383,134,399.26
Subtotal of cash inflows from operating activities		4,243,280,688.57	2,380,998,356.26
Cash paid for purchase of goods or receiving of services		2,879,692,233.06	1,614,617,700.91
Cash paid to and for employees		228,720,581.71	253,331,217.43
Taxes paid		40,316,930.66	27,559,936.46
Other cash paid relating to operating activities		716,086,037.07	1,074,153,909.07
Subtotal of cash outflows from operating activities		3,864,815,782.50	2,969,662,763.87
Net cash flows from operating activities		378,464,906.07	-588,664,407.61
II. Cash flows from investing activities			
Cash receipts from withdrawal of investments		8,432,018,233.33	11,359,249,000.00
Cash receipts from investment income		389,020,537.84	728,716,935.37
Net cash from disposal of fixed assets, intangible assets and other long-term assets		14,315.59	6,865.00
Net cash from disposal of a subsidiary and other business units			36,572,518.00
Other cash receipts from investing activities			15,000,000.00
Subtotal of cash inflows from investing activities		8,821,053,086.76	12,139,545,318.37
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets		479,509.86	2,441,402.15
Payment for investments		8,558,746,433.33	10,383,787,200.00
Net cash from disposal of a subsidiary and other business units		579,322,400.00	1,703,056,279.80
Other cash payment for investing activities			
Subtotal of cash outflows from investing activities		9,138,548,343.19	12,089,284,881.95
Net cash flows from investing activities		-317,495,256.43	50,260,436.42

SECTION 12 FINANCIAL REPORT

Item	Note	Amount for the current period	Amount for the previous period
III. Cash flows from financing activities			
Cash receipts from absorbing investments			2,498,500,000.00
Cash receipts from borrowings		17,834,550,564.93	10,797,668,977.78
Other cash receipts related to financing activities			
Subtotal of cash inflows from financing activities		17,834,550,564.93	13,296,168,977.78
Cash payments for repayment of debts		17,680,200,200.00	10,708,865,600.87
Cash payments for distribution of dividends or profit or repayment of interest		525,922,840.81	611,882,169.74
Other cash paid relating to financing activities		500,556,779.76	1,298,488,014.01
Subtotal of cash outflows from financing activities		18,706,679,820.57	12,619,235,784.62
Net cash from financing activities		-872,129,255.64	676,933,193.16
IV. Impact of exchange rate on cash and cash equivalents		-15,152,495.95	-2,831,358.93
V. Net increase in cash and cash equivalents		-826,312,101.95	135,697,863.04
Add: Cash and cash equivalents at beginning of the year		2,319,883,981.64	2,184,186,118.60
VI. Cash and cash equivalents at end of the year		1,493,571,879.69	2,319,883,981.64

Legal representative:
WU Jianqiang

Accounting principal:
ZHANG Jian

Accounting function's principal:
ZHANG Xiuyin

SECTION 12 FINANCIAL REPORT

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For Year 2020

Prepared by: China Aluminum International Engineering Corporation Limited

Unit: RMB

Item	Share capital	Preferred stock	Other equity instrument	Capital reserve	Less: treasury stock	Current period			Subtotal	Minority interests	Total shareholders' interests
						Other comprehensive income	Special reserve	Undistributed profit			
I. Balance at end of last year	2,559,066,667.00		2,996,084,905.65	795,341,809.69		223,826,729.99	124,905,233.17	201,586,598.10	4,021,247,997.05	4,073,320,010.18	15,395,379,950.83
Add: Change in accounting policies											
Correction of prior-year errors											
Business combination under common control											
Others											
II. Balance at beginning of the year	2,559,066,667.00		2,996,084,905.65	795,341,809.69		223,826,729.99	124,905,233.17	201,586,598.10	4,021,247,997.05	4,073,320,010.18	15,395,379,950.83
III. Increases in the year ("+" for loss)			-497,500,000.00	80,165,114.95		-73,389,224.39	22,423,614.28	21,165,394.42	-2,141,843,593.65	2,830,516,426.82	241,532,732.43
(I) Total comprehensive income						-73,389,224.39					
(1) Increase and decrease in capital contribution from shareholders			-497,500,000.00	80,165,114.95					-1,976,138,436.83	119,774,992.41	-1,929,752,668.81
1. Ordinary shares contributed by shareholders									-417,341,885.05	2,899,385,839.66	2,482,043,954.61
2. Capital contribution from other equity instrument holders											
3. Amount included in owners' equity arising from share-based payment			-497,500,000.00							2,967,355,500.00	2,967,355,500.00
4. Others				80,165,114.95					-497,500,000.00		-497,500,000.00
(2) Profit distribution											
1. Appropriation to surplus reserve								21,165,394.42	-165,705,156.82	80,165,114.95	12,165,454.61
2. Distribution to shareholders								21,165,394.42	-144,539,762.40	-177,714,802.29	-322,254,564.69
3. Others											
(II) Transfers within shareholders' equity											
1. Capital reserve transferred to share capital											
2. Surplus reserve transferred to share capital											
3. Surplus reserve used to make up loss											
4. Change in DBP transferred to retained earnings											
5. Other comprehensive income transferred into retained earnings											
6. Others											
Special reserve											
1. Appropriation to special reserve											
2. Use of special reserve											
Others											
IV. Balance at end of the year	2,559,066,667.00		2,498,584,905.65	875,499,924.64		150,437,505.60	147,328,847.45	222,751,992.52	1,879,404,403.40	6,903,838,437.00	15,636,912,683.26

SECTION 12 FINANCIAL REPORT

Item	Share capital	Preferred stock	Other equity instrument	Capital reserve	Less: treasury stock	Previous period		Subtotal	Minority interests	Total shareholders' interests
						Other comprehensive income	Special reserve			
I. Balance at end of last year	2,559,066,667.00		1,699,801,866.79	654,180,355.99		197,286,107.26	64,767,607.84	10,158,694,356.36	3,042,828,271.59	13,201,522,627.95
Add/Change in accounting policies										
Correction of prior-year errors										
Business combination under common control										
Others										
II. Balance at beginning of the year	2,559,066,667.00		1,699,801,866.79	654,180,355.99		197,286,107.26	64,767,607.84	10,158,694,356.36	3,042,828,271.59	13,201,522,627.95
III. Increases in the year ("-" for loss)			1,296,283,018.66	-58,888,576.30		26,540,622.73	60,137,625.33	1,163,365,594.29	1,030,491,738.59	2,193,857,322.88
(I) Total comprehensive income						13,082,020.53		47,914,593.08	187,267,962.89	235,182,545.97
(II) Increase and decrease in capital contribution										
from shareholders			1,296,283,018.66	-58,888,576.30				1,237,444,442.56	976,995,355.66	2,214,439,798.22
1. Ordinary shares contributed by shareholders										
2. Capital contribution from other equity instrument holders			2,498,584,905.65					74,034,304.74		74,034,304.74
3. Amount included in owners' equity arising from share-based payment								2,498,584,905.65	2,454,559,225.00	4,953,143,130.65
4. Others			-1,202,301,866.79	-58,888,576.30				-1,261,140,463.09	-1,551,597,174.08	-2,812,737,637.17
(III) Profit distribution								-182,131,066.68	-137,828,718.17	-319,959,784.85
1. Appropriation to surplus reserve								12,671,982.36		12,671,982.36
2. Distribution to shareholders								12,671,982.36		12,671,982.36
3. Others								-182,131,066.68	-137,828,718.17	-319,959,784.85
(IV) Transfers within shareholders' equity										
1. Capital reserve transferred to share capital										
2. Surplus reserve transferred to share capital										
3. Surplus reserve used to make up loss										
4. Change in DDP transferred to retained earnings										
5. Other comprehensive income transferred into retained earnings										
6. Others										
(V) Special reserve								60,137,625.33	4,057,138.21	64,194,763.54
1. Appropriation to special reserve								309,410,046.04	46,249,039.73	355,659,085.77
2. Use of special reserve								-249,272,420.71	-42,190,901.52	-291,463,322.23
(VI) Others										
IV. Balance at end of the year	2,559,066,667.00		2,996,084,905.65	795,341,809.69		223,826,729.99	124,905,233.17	11,322,059,940.65	4,073,320,010.18	15,395,379,950.83

Legal representative:
WU Jianqiang

Accounting principal:
ZHANG Jian

Accounting function's principal:
ZHANG Xiuyin

SECTION 12 FINANCIAL REPORT

STATEMENT OF CHANGES IN EQUITY OF THE PARENT

For Year 2020

Prepared by: China Aluminum International Engineering Corporation Limited

Amounts in RMB

Item	Share capital	Preferred stock			Other equity instrument			Capital reserve	Current period		Surplus reserve	Undistributed profit	Total shareholders' interests
		Other equity instrument	Perpetual bonds	Others	Other equity instrument	Perpetual bonds	Others		Less: treasury stock	Other comprehensive income			
I. Balance at end of last year	2,959,066,667.00		2,990,084,905.65					1,193,196,521.57		11,735,970.00	810,240.05	19,930,229.36	7,382,411,231.73
Add/Change in accounting policies													
Correction of prior-year errors													
Others													
II. Balance at beginning of the year	2,959,066,667.00		2,990,084,905.65					1,193,196,521.57		11,735,970.00	810,240.05	19,930,229.36	7,382,411,231.73
III. Increases in the year ("—" for loss)													
(I) Total comprehensive income								-2,500,000.00		230,500.00	61,691.89	45,948,787.40	-432,543,626.29
(II) Increase and decrease in capital contribution from shareholders													
1. Ordinary shares contributed by shareholders													
2. Capital contribution from other equity instrument holders													
3. Amount included in owners' equity arising from share-based payment													
4. Others													
(III) Profit distribution								-2,500,000.00					-500,000,000.00
1. Appropriation to surplus reserve													
2. Distribution to shareholders													
3. Others													
(IV) Transfers within shareholders' equity													
1. Capital reserve transferred to share capital													
2. Surplus reserve transferred to share capital													
3. Surplus reserve used to make up loss													
4. Change in DBP transferred to retained earnings													
5. Other comprehensive income transferred into retained earnings													
6. Others													
(V) Special reserve													
1. Appropriation to special reserve													
2. Use of special reserve													
(VI) Others													
IV. Balance at end of the year	2,959,066,667.00		2,498,584,905.65					1,190,696,521.57		12,016,470.00	871,931.94	222,751,992.52	6,949,667,605.44

SECTION 12 FINANCIAL REPORT

Item	Share capital	Preferred stock	Other equity instrument	Others	Capital reserve	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Total shareholders' interests
I. Balance at end of last year	2,959,066,667.00		1,699,801,686.79		1,198,894,634.78		-36,967,802.08		188,914,615.74	101,492,156.99	6,111,202,159.22
Add/Change in accounting policies											
Correction of prior-year errors											
Others											
II. Balance at beginning of the year	2,959,066,667.00		1,699,801,686.79		1,198,894,634.78		-36,967,802.08		188,914,615.74	101,492,156.99	6,111,202,159.22
III. Increases in the year ("+" for loss)			1,296,263,018.86		-5,698,113.21		48,703,772.08	810,240.05	12,671,982.36	-81,561,827.63	1,271,209,072.51
(I) Total comprehensive income							35,225,169.88			128,719,823.61	161,944,993.49
(II) Increase and decrease in capital contribution from shareholders			1,296,263,018.86		-5,698,113.21						1,290,564,905.65
1. Ordinary shares contributed by shareholders											
2. Capital contribution from other equity instrument holders			2,498,584,905.65								2,498,584,905.65
3. Amount included in owners' equity arising from share-based payment											
4. Others			-1,202,301,886.79		-5,698,113.21						-1,208,000,000.00
(III) Profit distribution									12,671,982.36	-194,803,049.04	-182,131,066.68
1. Appropriation to surplus reserve									12,671,982.36	-12,671,982.36	
2. Distribution to shareholders										-182,131,066.68	-182,131,066.68
3. Others											
(IV) Transfers within shareholders' equity							13,478,602.20			-13,478,602.20	
1. Capital reserve transferred to share capital											
2. Surplus reserve transferred to share capital											
3. Surplus reserve transferred to share capital											
4. Change in DBP transferred to retained earnings											
5. Other comprehensive income transferred into retained earnings											
6. Others							13,478,602.20			-13,478,602.20	
(V) Special reserve								810,240.05			810,240.05
1. Appropriation to special reserve								9,155,748.96			9,155,748.96
2. Use of special reserve								-9,345,508.91			-9,345,508.91
(VI) Others											
IV. Balance at end of the year	2,959,066,667.00		2,996,064,905.65		1,193,196,521.57		11,735,970.00	810,240.05	201,586,598.10	19,930,329.36	7,382,411,231.73

Legal representative:
WU Jianqiang

Accounting principal:
ZHANG Jian

Accounting function's principal:
ZHANG Xiuyin

SECTION 12 FINANCIAL REPORT

NOTES TO THE FINANCIAL STATEMENTS

(Amounts expressed in RMB unless otherwise indicated herein)

1. GENERAL INFORMATION

1.1 Place of incorporation, organizational form and head office.

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

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

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

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

As approved by the Approval in Relation to the Initial Public Offering of Shares by China Aluminum International Engineering Corporation Limited (Zheng Jian Xu Ke [2018] No. 934) issued by the China Securities Regulatory Commission, the stock abbreviation is “中鋁國際” and the stock code is “601068”. On 27 August 2018, the Company issued 295,906,667 ordinary shares in Renminbi to the public (at a face value of RMB1.00 per share), increasing its registered capital by RMB295,906,667.00. The enlarged registered capital is RMB2,959,066,667.00.

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

The ultimate controller of Chalieco is China Aluminum Group Limited.

SECTION 12 FINANCIAL REPORT

1. GENERAL INFORMATION (CONTINUED)

1.2 Business nature and principal operations.

The industry in which the Company operates: Construction industry.

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

1.3 Approver of the financial report and the date of approval

The financial statements were approved by the board of Directors of the Company on 29 March 2021.

1.4 Scope of consolidation of financial statements for the year

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

2. BASIS OF PREPARATION

2.1 Basis of preparation: The financial statements have been prepared on the going concern basis of actual transactions and events in accordance with “the Accounting Standards for Business Enterprises – Basic Standards” and relevant specific standards (together “the Accounting Standards for Business Enterprises”) issued by the Ministry of Finance, and based on the following significant accounting policies and accounting estimates.

2.2 Going concern: The Company has the ability to continue as a going concern at least over the next 12 months from the end of reporting period and there is no material event that may affect the Company’s ability to operate as a going concern.

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

3.1 Statement of compliance with the Accounting Standards for Business Enterprises

The financial statements prepared by the Company give a true and complete view of financial position of the Company as at 31 December 2020, and operating results and cash flows of the Company for year 2020 in accordance with the Accounting Standards for Business Enterprises.

3.2 Financial year

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

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.3 Operating cycle

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

3.4 Functional currency

The Company's functional currency is RMB.

3.5 Business combination

1. Business combination under common control

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

2. Business combination not under common control

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

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.6 Method for preparing consolidated financial statements

1. Scope of consolidated financial statements

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

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

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

3. Eliminating inter-company transactions

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

4. Accounting Treatment of Subsidiaries Acquired through Merger

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

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.6 Method for preparing consolidated financial statements (Continued)

5. Accounting Treatment of Disposal of Subsidiaries

The Group partially disposes of the long-term equity investments in subsidiaries without loss of control. In the consolidated financial statements, the difference between the disposal price and disposal of long-term equity investments shall be subject to the share of net assets that the subsidiaries continue to calculate from the date of purchase or the date of combination shall adjust capital reserve (capital premium or equity premium). If the capital reserve is not sufficient for offsetting, the retained earnings shall be adjusted.

When disposing of part of the equity investment and losing control of the entity, the Group shall re-measure the fair value of the remaining equity investment subsequent to the disposal at the date when the Group lost control. When preparing the consolidated financial statements, The sum of the disposal consideration amount and the fair value of the remaining equity investment less the difference between the share of the net assets that the original subsidiary from the acquisition date or the combination date, the difference is recorded in the loss of control investment income in the current period and write down the goodwill. Other comprehensive income related to the equity investment of the original subsidiaries shall be transferred to investment income in the current period when the control was lost, except for other comprehensive income that cannot be reclassified and included in the current profit and loss.

3.7 Classification of joint arrangements and accounting treatment of joint operations

1. Classification of joint arrangements

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

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.7 Classification of joint arrangements and accounting treatment of joint operations (Continued)

2. Accounting for joint operations

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

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

3. Accounting for joint ventures

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

3.8 Determination of cash and cash equivalents

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

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.9 Foreign currency transactions and translation of foreign currency financial statements

1. Translation of foreign currency transactions

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

2. Translation of foreign currency financial statements

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

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.10 Financial instruments

1. Recognition and derecognition of financial instruments

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

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

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

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

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

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

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

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

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

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.10 Financial instruments (continued)

2. Transfer of financial assets

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

Transfer of a financial asset includes the following two circumstance:

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

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.10 Financial instruments (continued)

2. Transfer of financial assets (continued)

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

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

3. Classification of financial assets

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

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

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.10 Financial instruments (continued)

3. Classification of financial assets (continued)

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

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

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

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

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

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

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.10 Financial instruments (continued)

3. Classification of financial assets (continued)

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

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

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

4. Classification of financial liabilities

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

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

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

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.10 Financial instruments (continued)

4. Classification of financial liabilities (continued)

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

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

The designation is not revocable once made.

5. Reclassification of financial instruments

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

The Company does not reclassify any financial liability.

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

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

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

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.10 Financial instruments (continued)

5. Reclassification of financial instruments (continued)

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

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

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

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

6. Measurement of financial instruments

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

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.10 Financial instruments (continued)

6. Measurement of financial instruments (continued)

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

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

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

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

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.10 Financial instruments (continued)

6. Measurement of financial instruments (continued)

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

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

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

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

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



SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.10 Financial instruments (continued)

7. Gain and loss

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

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

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

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

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

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

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.10 Financial instruments (continued)

7. Gain and loss (continued)

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

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

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

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

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

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

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.11 Determination and accounting of expected credit loss

1. Expected credit loss

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

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

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

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

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

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

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

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

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.11 Determination and accounting of expected credit loss (continued)

3. Purchased or originated financial assets that are not credit impaired

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

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

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.11 Determination and accounting of expected credit loss (continued)

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

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

(1) Accounts receivable

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

(2) Long-term receivables

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

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.11 Determination and accounting of expected credit loss (continued)

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

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

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

For these contract assets, the Company recognizes provision for bad debt for contract assets at 0.5% of the balance.

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

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

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

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.12 Inventory

1. Inventory classification

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

2. Measurement of outgoing inventories

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

3. Provision for impairment of inventories

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

4. Inventory system

The Company adopts the perpetual inventory system.

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

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

3.13 Contract assets and contract liabilities

1. Contract assets

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

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.13 Contract assets and contract liabilities (Continued)

2. Contract liabilities

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

3.14 Long-term equity investment

3. Determination of initial investment cost

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

2. Subsequent measurement and gain or loss recognition

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

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.14 Long-term equity investment (continued)

3. Basis for determining joint control over and significant influence on the investee

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

3.15 Investment property

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

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

3.16 Fixed assets

1. Determination of fixed assets

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

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.16 Fixed assets (Continued)

2. Classification and depreciation of fixed assets

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

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

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.17 Construction in progress

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

3.18 Borrowing costs

1. Principles for capitalisation of borrowing costs

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

2. Calculation of capitalised amount

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

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.18 Borrowing costs (continued)

2. Calculation of capitalised amount (continued)

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

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

3.19 Intangible assets

1. Measurement of intangible assets

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

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

2. Basis for determining an indefinite service life

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

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.19 Intangible assets (continued)

2. Basis for determining an indefinite service life (continued)

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

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

Research stage costs of in-house research and development projects are expensed when incurred.

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

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

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.19 Intangible assets (continued)

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

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

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

3.20 Long-term asset impairment

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

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

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.20 Long-term asset impairment (continued)

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

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

3.21 Long-term unamortized expenses

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

3.22 Employee remuneration

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

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.22 Employee benefits (continued)

1. Short-term compensation

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

2. Post-service benefits

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

3. Separation benefits

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

4. Other long-term employee benefits

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

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.23 Estimated liabilities

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

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

3.24 Share-based payment

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

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

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.25 Preferred stock, perpetual bonds and other financial instruments

1. Division of financial liabilities and equity instruments

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

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

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.25 Preferred stock, perpetual bonds and other financial instruments (continued)

2. Accounting treatment of preferred stock and permanent bond

The issuer accounts for financial instruments classified as financial liabilities in “debentures payable”, accruing interest and adjusting interest adjustment on the book over the life of the instrument in accordance with relevant regulations on financial instruments. The issuer accounts for financial instruments classified as equity instruments in “other equity instruments” and dividends (including interest on instruments classified as equity instruments) distributed over its life are treated as profit distribution.

3.26 Revenue

1. Recognition of revenue

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

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

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

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.26 Revenue (continued)

1. Recognition of revenue (continued)

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

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

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

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

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.26 Revenue (continued)

1. Recognition of revenue (continued)

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

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

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

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

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.26 Revenue (continued)

1. Recognition of revenue (continued)

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

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

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

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



SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.26 Revenue (continued)

2. Measurement of revenue

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

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

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

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

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

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

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.26 Revenue (continued)

2. Measurement of revenue (continued)

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

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

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

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

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

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.26 Revenue (continued)

3. Application of gross basis and net basis

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

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

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

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

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

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.26 Revenue (continued)

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

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

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

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

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

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

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

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.26 Revenue (continued)

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

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

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

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

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

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.26 Revenue (continued)

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

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

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

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

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.27 Contract cost

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

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

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

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

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

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

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.27 Contract cost (continued)

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

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

3.28 Government subsidy

1. Types of government subsidy

Government subsidy refers to monetary assets or non-monetary assets (excluding capital injected by the government as an owner) obtained by the Company free of charge from the government, which are mainly classified into government subsidy related to assets and government subsidy related to income

2. Accounting for government subsidy

Government subsidies related to assets are recognized as deferred income. The amount recognized as deferred income is credited to profit or loss in a reasonable and systematic method over the service life of the relevant asset. Among them, those related to daily activities of the Company are included in other income, while those unrelated to daily activities of the Company are included in non-operating income.

Government subsidies measured in nominal amount are directly credited to profit or loss.

Government subsidies related to income are treated as follows: Government subsidies intended to cover related expenses or losses to be incurred by the Company in future periods are recognized as deferred income, and credited to profit or loss for the period when the related expenses are recognized. Government subsidies intended to cover related expenses or losses already incurred by the Company are directly credited to profit or loss. Those related to daily activities of the Company are included in other income, while those unrelated to daily activities of the Company are included in non-operating income



SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.28 Government subsidy (continued)

3. Specific criteria for distinguishing asset-related government subsidies from revenue-related government subsidies

Government subsidies obtained by the Company for purchasing, constructing or otherwise forming long-term assets are recognized as government subsidies related to assets, and government subsidies other than those related to assets are recognized as government subsidies related to income.

4. Time point for determining government subsidy

Government subsidy measured at receivable amount is recognized at the end of the period when conclusive evidence shows that the Company can satisfy relevant conditions set forth in the fiscal support policy and expects to receive the subsidy. Other government subsidies other than those measured at receivable amount are recognized when the subsidy amount is actually received.

5. Accounting for government subsidy for interest

- (1) If the fiscal authority allocates the subsidy for interest to the lending bank which grants loan to the Company at a preferential policy rate, the Company records the borrowing at the amount actually received from the bank and calculates relevant borrowing costs based on the principal of the loan and the preferential policy rate.
- (2) If the fiscal authority directly allocates the subsidy for interest to the Company, the Company offsets it against relevant borrowing costs.

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.29 Deferred tax assets and deferred tax liabilities

1. Based on the difference between the book value of assets and liabilities and their tax basis (if tax basis of items not recognized as assets or liabilities can be determined according to the tax law, the tax basis is determined as the difference), deferred tax assets or deferred tax liabilities are calculated and recognized at the tax rate applicable to the period during which the assets or liabilities are expected to be recovered or settled.
2. Deferred tax assets is recognized to the extent that taxable income is likely to be available to offset against deductible temporary differences. On the balance sheet date, deferred tax assets not recognized in prior period are recognized if there is conclusive evidence that sufficient taxable income is likely to be obtained in the future period to offset against deductible temporary differences. If it is likely that sufficient taxable income will not be available to utilize against deferred tax assets in the future period, the book value of the deferred tax assets is written down.
3. Deferred tax liabilities are recognized for taxable temporary differences related to investments in subsidiaries and associates, unless the Company can control the timing of reversal of temporary differences and the temporary differences are unlikely to be reversed in the foreseeable future. Deferred tax assets are recognized for deductible temporary differences related to investments in subsidiaries and associates when the temporary differences are likely to be reversed in the foreseeable future and taxable income is likely to be available in future to offset against the deductible temporary differences.

3.30 Lease

1. The Company as lessee

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



SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.30 Lease (continued)

1. The Company as lessee (continued)

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

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

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

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

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

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

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

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.30 Lease (continued)

2. The Company as lessor

(1) Lessor's accounting for finance lease

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

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

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

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

(2) Lessor's accounting for operating lease

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

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

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

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

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.31 Segment information

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

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

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

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

3.32 Special reserve

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

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

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.33 Non-monetary asset exchange

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

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

3.34 Held-for-sale and discontinued operation

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

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

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

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

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

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.35 Key assumptions and uncertainties used in important judgements and accounting estimates made in applying accounting policies

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

1. Revenue recognition on engineering construction contract work

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

2. Receivable and contract asset impairment provision

The Company accounts for impairment of and makes provision for bad debt 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.

SECTION 12 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

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

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 early 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.

3.36 Description of changes in major accounting policies and accounting estimates

There were no changes in accounting policies or accounting estimates for the period.

SECTION 12 FINANCIAL REPORT

4 TAXES

4.1 Major taxes and tax rates

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

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

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

SECTION 12 FINANCIAL REPORT

4 TAXES (CONTINUED)

4.1 Major taxes and tax rates (Continued)

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

SECTION 12 FINANCIAL REPORT

4 TAXES (CONTINUED)

4.1 Major taxes and tax rates (Continued)

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

SECTION 12 FINANCIAL REPORT

4 TAXES (CONTINUED)

4.2 Important tax preferences and approval documents

1. Tax preferences applicable to high-tech companies

- (1) China Aluminum International Engineering Corporation Limited received the High-tech Enterprise Certificate on 15 July 2019 (Certificate number: GR201911000702, 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 is a high-tech enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for 2019 and 2020.
- (2) Changsha Engineering & Research Institute Limited for Nonferrous Metallurgy received the High-tech Enterprise Certificate on 3 December 2018 (Certificate number: GR201843001648, 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 is a high-tech enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for 2019 and 2020.
- (3) Changsha Clinqsoft Info Tech Co., Ltd. (formerly known as "Changsha Hua Heng Yuan Info Tech Co., Ltd.", formalities for renaming completed on 21 November 2019) received the High-tech Enterprise Certificate on 3 December 2018 (Certificate number: GR201843001122, 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 is a high-tech enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for 2019 and 2020.
- (4) China Nonferrous Metals Processing Technology Co., Ltd. received the High-tech Enterprise Certificate on 1 December 2017 (Certificate number: GF201741001058, 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 is a high-tech enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for 2019 and 2020.

China Nonferrous Metals Processing Technology Co., Ltd. received the High-tech Enterprise Certificate on 4 December 2020 (Certificate number: GR202041002031, valid for three years), which complies with Article 93 of the Regulations on Application of the Income Tax Law of the People's Republic of China. As is a high-tech enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for 2019 and 2020.

SECTION 12 FINANCIAL REPORT

4 TAXES (CONTINUED)

4.2 Important tax preferences and approval documents (Continued)

1. Tax preferences applicable to high-tech companies (Continued)

- (5) Guiyang Aluminum and Magnesium Design Institute Co., Ltd. received the High-tech Enterprise Certificate on 29 September 2019 (Certificate number: GR201952000376, 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 is a high-tech enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for 2019 and 2020.
- (6) Guizhou Shunan Mechanical and Electric Equipment Co., Ltd. received the High-tech Enterprise Certificate on 1 August 2018 (Certificate number: GR201852000341, 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 is a high-tech enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for 2019 and 2020.
- (7) Guiyang Zhenxing Aluminum & Magnesium Technological Development Co., Ltd. received the High-tech Enterprise Certificate on 1 August 2018 (Certificate number: GR201852000125, 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 is a high-tech enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for 2019 and 2020.
- (8) Guizhou Light Metal Innovation Research and Equipment Process Co., Ltd. received the High-tech Enterprise Certificate on 1 August 2018 (Certificate number: GR201852000306, 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 is a high-tech enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for 2019 and 2020.

SECTION 12 FINANCIAL REPORT

4 TAXES (CONTINUED)

4.2 Important tax preferences and approval documents (Continued)

1. Tax preferences applicable to high-tech companies (Continued)

- (9) Shenyang Aluminum & Magnesium Design Institute Co., Ltd. received the High-tech Enterprise Certificate on 8 August 2017 (Certificate number: GR201721000245, 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 is a high-tech enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for 2019 and 2020.

Shenyang Aluminum & Magnesium Design Institute Co., Ltd. received the High-tech Enterprise Certificate on 15 September 2020 (Certificate number: GR202021000737, valid for three years), which complies with Article 93 of the Regulations on Application of the Income Tax Law of the People's Republic of China. As is a high-tech enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for 2020.

- (10) Shenyang Boyu Technology Co., Ltd. received the High-tech Enterprise Certificate on 12 October 2018 (Certificate number: GR201821000333, 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 is a high-tech enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for 2019 and 2020.

- (11) Shenyang Aluminum & Magnesium Technology Co., Ltd. received the High-tech Enterprise Certificate on 1 December 2017 (Certificate number: GR201721000728, 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 is a high-tech enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for 2019 and 2020.

Shenyang Aluminum & Magnesium Technology Co., Ltd. received the High-tech Enterprise Certificate on 10 November 2020 (Certificate number: GR202021001202, valid for three years), which complies with Article 93 of the Regulations on Application of the Income Tax Law of the People's Republic of China. As is a high-tech enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for 2020.

SECTION 12 FINANCIAL REPORT

4 TAXES (CONTINUED)

4.2 Important tax preferences and approval documents (Continued)

1. Tax preferences applicable to high-tech companies (Continued)

- (12) Beijing Huayu Aerospace Control High-Tech Co., Ltd. received the High-tech Enterprise Certificate on 2 December 2019 (Certificate number: GR201911005085, 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 is a high-tech enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for 2019 and 2020.
- (13) China Nonferrous Metals Changsha Investigation and Design Research Institute Co., Ltd. received the High-tech Enterprise Certificate on 3 December 2018 (Certificate number: GR201843001632, 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 is a high-tech enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for 2019 and 2020.
- (14) Shenzhen Changkan Survey and Design Co., Ltd. received the High-tech Enterprise Certificate on 31 October 2017 (Certificate number: GR201744201825, 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 is a high-tech enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for 2019 and 2020.

Shenzhen Changkan Survey and Design Co., Ltd. received the High-tech Enterprise Certificate on 11 December 2020 (Certificate number: GR202044204582, valid for three years), which complies with Article 93 of the Regulations on Application of the Income Tax Law of the People's Republic of China. As is a high-tech enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for 2020.

- (15) Sixth Metallurgical Construction Company of China Nonferrous Metals Industry received the High-tech Enterprise Certificate on 31 October 2019 (Certificate number: GR201941000377, 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 is a high-tech enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for 2019 and 2020.

SECTION 12 FINANCIAL REPORT

4 TAXES (CONTINUED)

4.2 Important tax preferences and approval documents (Continued)

1. Tax preferences applicable to high-tech companies (Continued)

- (16) Ninth Metallurgical Construction Co., Ltd. received the High-tech Enterprise Certificate on 7 November 2019 (Certificate number: GR201961000427, 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 is a high-tech enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for 2019 and 2020.
- (17) China Nonferrous Metals Industry's Twelfth Metallurgical Construction Co., Ltd. received the High-tech Enterprise Certificate on 29 November 2019 (Certificate number: GR201914000748, 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 is a high-tech enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for 2019 and 2020.
- (18) Kunming Survey and Design institute Co., Ltd. of China Nonferrous Metals industry received the High-tech Enterprise Certificate on 14 November 2018 (Certificate number: GR201853000051, 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 is a high-tech enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for 2019 and 2020.
- (19) Chalco Shandong Engineering Technology Co., Ltd. received the High-tech Enterprise Certificate on 30 November 2018 (Certificate number: GR201837000515, 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 is a high-tech enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for 2019 and 2020.

SECTION 12 FINANCIAL REPORT

4 TAXES (CONTINUED)

4.2 Important tax preferences and approval documents (Continued)

2. Value added tax

- (1) Pursuant to Notice of the Ministry of Finance and the State Administration of Taxation on Bringing Railway Transportation and Postal Service into the Pilot Program of Business Tax-to-Value Added Tax (Cai Shui [2013] No.106), China Aluminum International Engineering Corporation Ltd. is exempted from VAT on revenue from technology transfer.
- (2) Pursuant to Notice of the Ministry of Finance and the State Administration of Taxation on Bringing Railway Transportation and Postal Service into the Pilot Program of Changing Business Tax to VAT ([2013] No.106), China Nonferrous Metals Processing Technology Co., Ltd. is exempted from VAT on revenue from technology transfer.
- (3) Pursuant to Notice on VAT Policies for Software Products issued by the Ministry of Finance and the State Administration of Taxation (Cai Shui [2011] No. 100), Guiyang Zhenxing Aluminum & Magnesium Technological Development Co., Ltd. is entitled to the preferential VAT policy of refund upon levy in respect of the portion of VAT levied after actual tax burden on sales of software produced by itself reaches 3%.
- (4) Pursuant to Notice on VAT Policies for Software Products issued by the Ministry of Finance and the State Administration of Taxation (Cai Shui [2011] No. 100), Guizhou Light Metal Innovation Research and Equipment Process Co., Ltd. is entitled to the preferential VAT policy of refund upon levy in respect of the portion of VAT levied after actual tax burden on sales of software produced by itself reaches 3%.
- (5) China Nonferrous Metals Industry's Twelfth Metallurgical Construction Co., Ltd. completed the formalities for registration of simplified taxation for general VAT payers on 1 May 2016. Pursuant to the Notice of the Ministry of Finance and the State Administration of Taxation on Fully Pushing Forward the Pilot Program of Changing Business Tax to VAT (Cai Shui [2016] No. 36), as of 1 May 2016, it may elect to apply the preferential policy of simplified taxation for construction services for projects with materials supplied by Party A, engineering construction service provided for old projects and sales of real estate obtained prior to 30 April 2016.

SECTION 12 FINANCIAL REPORT

4 TAXES (CONTINUED)

4.2 Important tax preferences and approval documents (Continued)

2. Value added tax (Continued)

- (6) China Nonferrous Metals Industry's Twelfth Metallurgical Construction Co., Ltd. completed the formalities for registration for tax exemption for cross border taxable activities of general VAT payers in May 2017. Pursuant to the Notice of the Ministry of Finance and the State Administration of Taxation on Fully Pushing Forward the Pilot Program of Changing Business Tax to VAT (Cai Shui [2016] No. 36), domestic entities and individuals are exempted from VAT in rendering construction services overseas.
- (7) Shanxi Longye Construction Labor Service Co., Ltd. ("Longye") completed the formalities for registration of simplified taxation for general VAT payers on 1 October 2016. Pursuant to the Notice of the Ministry of Finance and the State Administration of Taxation on Fully Pushing Forward the Pilot Program of Changing Business Tax to VAT (Cai Shui [2016] No. 36), Longye may elect to apply the preferential policy of simplified taxation for construction service provided under clear contracting agreement.

3. Tax preferences applicable to the western development program

Guiyang Xinyu Construction Supervision Co., Ltd. complies with provisions of the Notice of the Ministry of Finance, the General Administration of Customs and the State Administration of Taxation on Tax Policy Issues Concerning the Further Implementation of the Western Development Strategy (Cai Shui [2011] No. 58), pursuant to which enterprises need to complete formalities for registration for corporate income tax reduction and exemption and encouraged enterprises incorporated in western region are entitled to a preferential income tax rate of 15% from May 2018.

4. Tax preferences for small and micro enterprises

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

SECTION 12 FINANCIAL REPORT

4 TAXES (CONTINUED)

4.2 Important tax preferences and approval documents (Continued)

4. Tax preferences for small and micro enterprises (Continued)

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

SECTION 12 FINANCIAL REPORT

4 TAXES (CONTINUED)

4.2 Important tax preferences and approval documents (Continued)

4. Tax preferences for small and micro enterprises (Continued)

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

SECTION 12 FINANCIAL REPORT

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5.1 Monetary fund

Category	Closing balance	Opening balance
Cash	644,341.40	4,371,601.61
Bank deposits	6,600,712,134.14	9,169,931,009.29
Other monetary fund	679,894,647.79	851,622,754.17
Total	7,281,251,123.33	10,025,925,365.07
Including: total amount deposited abroad	74,008,500.74	2,704,259,965.57

Notes:

- (a) As at 31 December 2020, monetary funds included restricted cash of RMB731,256,178.90, including bank deposits secured for bank guarantees and acceptance bills and frozen deposits;
- (b) As at 31 December 2020, the Company a total of RMB2,745,715,850.61 deposited with Chinalco Finance Company Limited ("Chinalco Finance"), a related non-banking financial institution under common control of China Aluminum Group.

5.2 Notes receivable

Category	Closing balance	Opening balance
Bank's acceptance bills	8,005,940.92	569,959,008.85
Commercial acceptance bills		
Less: Provision for bad debt		
Total	8,005,940.92	569,959,008.85

Notes:

1. For 2020, the Company's business model for managing notes receivable includes both collection of contractual cash flow as the target and sales as the target. Therefore, the Company's notes receivable measured at fair value and financial assets where changes are included in other comprehensive income shall be included in the factoring of receivables;
2. As of 31 December 2020, the Company had no accounts receivable transferred from notes receivable due to drawer's failure to perform the obligation;
3. As of 31 December 2020, the Company had no bank's acceptance bills pledged but not yet due;
4. As of 31 December 2020, the Company had no bank's acceptance bills discounted but not yet due;
5. As of 31 December 2020, the Company had no bank's acceptance bills endorsed but not yet due.

SECTION 12 FINANCIAL REPORT

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.3 Accounts receivable

1. Accounts receivable disclosed by category

Category	Closing balance			
	Carrying amount Amount	Percentage (%)	Provision for bad debt Amount	Percentage (%)
Accounts receivable tested for provision for bad debt on an individual basis	1,143,892,036.69	6.10	549,216,764.02	48.01
Accounts receivable tested for provision for bad debt on a collective basis	17,599,556,025.75	93.90	1,882,540,380.11	10.70
Including, Group 1: Expected credit loss group	17,599,556,025.75	93.90	1,882,540,380.11	10.70
Subtotal	17,599,556,025.75	93.90	1,882,540,380.11	10.70
Total	18,743,448,062.44	100.00	2,431,757,144.13	12.97

Category	Opening balance			
	Carrying amount Amount	Percentage (%)	Provision for bad debt Amount	Percentage (%)
Accounts receivable tested for provision for bad debt on an individual basis	498,565,838.27	3.08	225,581,334.55	45.25
Accounts receivable tested for provision for bad debt on a collective basis	15,681,985,515.16	96.92	1,670,754,199.31	10.65
Including, Group 1: Expected credit loss group	15,681,985,515.16	96.92	1,670,754,199.31	10.65
Subtotal	15,681,985,515.16	96.92	1,670,754,199.31	10.65
Total	16,180,551,353.43	100.00	1,896,335,533.86	11.72

Note: As of 31 December 2020, the amount of pledged accounts receivable was RMB751,240,633.17.

SECTION 12 FINANCIAL REPORT

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.3 Accounts receivable (Continued)

1. Accounts receivable disclosed by category (Continued)

- (1) Accounts receivable tested for impairment on an individual basis as at the end of the period

Debtor	Carrying balance	Provision for bad debt	Aging	Percentage of expected credit loss	Reason for the provision
Debtor 1	270,461,656.45	90,361,458.24	Within 2 years, over 3 years	33.41	The Company made provisions for credit losses based on the recoverability of the amount.
Debtor 2	212,855,167.01	78,641,751.75	Over 2 years	36.95	The Company made provisions for credit losses based on the recoverability of the amount.
Debtor 3	109,541,530.67	60,247,841.87	Within 1 year, 2-3 years	55.00	The Company made provisions for credit losses based on the recoverability of the amount.
Debtor 4	103,002,905.47	30,900,871.64	Within 1 year	30.00	The Company made provisions for credit losses based on the recoverability of the amount.
Debtor 5	68,413,668.67	27,365,467.47	1-2 years	40.00	The Company made provisions for credit losses based on the recoverability of the amount.
Others	379,617,108.42	261,699,373.05	—	68.94	The Company made provisions for credit losses based on the recoverability of the amount.
			—		
Total	1,143,892,036.69	549,216,764.02		48.01	—

SECTION 12 FINANCIAL REPORT

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.3 Accounts receivable (Continued)

1. Accounts receivable disclosed by category (Continued)

(2) Accounts receivable tested for impairment on a collective basis

Group 1: Expected credit loss group:

Aging	Carrying amount	Closing balance Percentage of expected credit loss (%)	Provision for bad debt	Carrying amount	Opening balance Percentage of expected credit loss (%)	Provision for bad debt
Within 1 year	10,718,973,390.66	0.50	53,594,867.45	9,345,313,338.82	0.50	46,726,349.28
Between 1-2 years	3,419,824,362.31	10.00	341,982,436.47	3,241,282,352.75	10.00	324,128,235.35
Between 2-3 years	1,604,061,686.52	20.00	320,812,337.31	872,078,017.05	20.00	174,415,603.31
Between 3-4 years	482,257,447.30	30.00	144,677,234.30	1,121,126,642.77	30.00	336,337,992.92
Between 4-5 years	705,931,269.22	50.00	352,965,634.84	626,078,291.19	50.00	313,039,145.87
Over 5 years	668,507,869.74	100.00	668,507,869.74	476,106,872.58	100.00	476,106,872.58
Total	17,599,556,025.75	-	1,882,540,380.11	15,681,985,515.16	-	1,670,754,199.31

2. Addition to or recovery or reversal of provision for bad debt

For the reporting period, addition to provision for bad debt was RMB652,816,555.42, and recovered or reversed provision for bad debt was RMB20,759,359.05.

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

Entity	Reversed or recovered amount	Recovery method
Debtor 1	5,695,578.60	The outstanding amount has been recovered
Debtor 2	3,594,546.09	The outstanding amount has been recovered
Debtor 3	1,967,320.94	The outstanding amount has been recovered
Debtor 4	1,699,761.70	The outstanding amount has been recovered
Debtor 5	1,316,000.00	The outstanding amount has been recovered
Debtor 6	1,300,000.00	The outstanding amount has been recovered
Debtor 7	1,040,000.00	The outstanding amount has been recovered
Total	16,613,207.33	—

SECTION 12 FINANCIAL REPORT

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.3 Accounts receivable (Continued)

3. Significant accounts receivables written off for the reporting period

Accounts receivables written off for the reporting period amounted to RMB80,741,460.15.

Significant provision for bad debt written off for the period:

Entity	Nature	Amount written-off	Reason for write-off	Write-off procedures	Arising from connected transaction or not
Debtor 1	Design consultancy payment	17,755,000.00	The outstanding amount took too long to be recovered	GM regular meeting	No
Debtor 2	Construction payment	15,179,480.23	The amount was unrecoverable as the entity has deregistered	GM regular meeting	Yes
Debtor 3	Construction payment	9,495,360.71	The amount was unrecoverable as there was no property available for execution	GM regular meeting	No
Debtor 4	Design consultancy payment	7,835,000.00	The outstanding amount took too long to be recovered	GM regular meeting	No
Total	–	50,264,840.94	–	–	–

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

Entity	Closing balance	Percentage in total accounts receivable (%)	Balance of provision for bad debt
No. 1	505,844,677.32	2.70	31,723,407.30
No. 2	489,542,376.48	2.62	22,948,806.93
No. 3	452,015,246.61	2.42	126,841,000.04
No. 4	425,935,051.87	2.28	34,361,172.90
No. 5	362,652,806.36	1.94	7,674,448.29
Total	2,235,990,158.64	11.96	223,548,835.46

SECTION 12 FINANCIAL REPORT

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.3 Accounts receivable (Continued)

5. Receivables derecognized on financial assets transfer

During the reporting period, the Company sold part of its accounts receivable (hereinafter referred to as “underlying assets”) to an ABS plan, and the Company a portion of subordinated asset-backed securities therein. As the asset manager, the Company provided service for the ABS plan, including asset management, asset recovery, change in underlying assets and other service. In 2020, the balance of accounts receivable sold by the Company to the ABS plan was RMB1,131,171,370.08, resulting in a loss of RMB38,586,715.25.

As it does not have substantial control over the ABS plan, the Company does not need to consolidate the ABS plan into its financial statements. Meanwhile, since the Company neither transferred nor retained almost all risks and rewards in the ownership of the underlying assets, the Company continues to recognize relevant financial asset to the extent of its continuing involvement in the underlying asset, and recognizes relevant liability accordingly. As of 31 December 2020, the Company’s recognized asset of RMB18,900,000.00 relation to the continuing involvement.

5.4 Factoring of receivables

Items	Closing balance	Opening balance
Notes receivable	571,448,716.65	
Accounts receivable		
Total	571,448,716.65	

Notes:

- For 2020, the Company’s business model for managing notes receivable includes both collection of contractual cash flow as the target and sales as the target. Therefore, the Company’s notes receivable measured at fair value and financial assets where changes are included in other comprehensive income shall be included in the factoring of receivables;
- As of 31 December 2020, the Company had no accounts receivable transferred from notes receivable due to drawer’s failure to perform the obligation;
- As of 31 December 2020, bank’s acceptance bills pledged but not yet due amounted to RMB87,877,404.78;
- As of 31 December 2020, bank’s acceptance bills discounted but not yet due amounted to RMB107,825,164.16;
- As of 31 December 2020, bank’s acceptance bills endorsed but not yet due amounted to RMB1,740,084,358.57.



SECTION 12 FINANCIAL REPORT

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.5 Prepayments

1. Prepayments presented by aging

Aging	Closing balance		Opening balance	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	188,213,964.83	74.13	309,883,486.47	82.40
Between 1-2 years	33,456,780.60	13.18	60,835,502.56	16.18
Between 2-3 years	28,579,284.52	11.26	3,247,250.64	0.86
Above 3 years	3,641,210.00	1.43	2,099,264.70	0.56
Total	253,891,239.95	100.00	376,065,504.37	100.00

Significant prepayments aged over 1 year

Creditor	Debtor	Closing balance	Aging	Reason for unsettlement
China Aluminum International Shandong Chemical Industry Co., Ltd.	Supplier 1	22,411,300.00	Between 2-3 years	Goods have not been delivered yet
China Aluminum International Engineering Corporation Limited	Supplier 2	7,947,879.20	Between 1-2 years	Project settlement period not yet reached
Chalco Wancheng Shandong Construction Co., Ltd.	Supplier 3	2,741,243.27	Between 1-2 years	Settlement conditions were not met
Total	—	33,100,422.47	—	—

SECTION 12 FINANCIAL REPORT

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.5 Prepayments (Continued)

2. Top 5 entities in terms of prepayments

Entity	Closing balance	Percentage in total prepayments (%)
No. 1	22,411,300.00	8.83
No. 2	14,996,290.46	5.91
No. 3	12,997,647.40	5.12
No. 4	7,947,879.20	3.13
No. 5	6,514,553.60	2.57
Total	64,867,670.66	25.55

5.6 Other receivables

Category	Closing balance	Opening balance
Interest receivable	605,340.88	
Dividends receivable		1,815,949.86
Other receivables	3,136,426,314.01	3,128,012,009.73
Less: Provision for bad debt	993,625,011.53	776,537,973.50
Total	2,143,406,643.36	2,353,289,986.09

**SECTION 12 FINANCIAL REPORT****5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****5.6 Other receivables (Continued)****1. Interests receivable**

Classification of interests receivable

Item	Closing balance	Opening balance
Time deposits	64,733.75	
Others	540,607.13	
Less: provision for bad debt		
Total	605,340.88	

2. Dividends receivable

Classification of dividends receivable

Item	Closing balance	Opening balance
Investee 1		199,941.87
Investee 2		1,616,007.99
Total		1,815,949.86

SECTION 12 FINANCIAL REPORT

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.6 Other receivables (Continued)

3. Other receivables

(1) Other receivables by nature

Nature	Closing balance	Opening balance
Financing provided to Party A and its related parties	860,006,391.53	1,255,458,501.81
Retention funds or deposits	1,033,168,233.69	932,587,727.91
Advance	1,076,193,033.97	754,790,808.83
Imprest	25,308,867.28	37,791,005.63
Others	141,749,787.54	147,383,965.55
Subtotal	3,136,426,314.01	3,128,012,009.73
Less: provision for bad debt	993,625,011.53	776,537,973.50
Total	2,142,801,302.48	2,351,474,036.23

Note: In order to actively expand the market and share a win-win result with proprietors, the Company signs a capital arrangement agreement with some proprietors of the engineering contracting projects. In addition to general engineering construction services, the Company also provide the proprietors with a certain amount of financing in support of their completion of designated construction projects. Meanwhile, the Company charges a financing fee at agreed interest rate. As of 31 December 2020, the Company had failed to collect the financing fee or principal due on several capital arrangement agreements, and is actively negotiating with the proprietors and relevant parties. The Company has made judgment based on current progress of relevant construction contracting projects, guarantees provided by the proprietors and relevant parties, as well as negotiations between the Company and the proprietors and relevant parties, and has accrued provision for bad debt for relevant receivables. The Company believes that, based on the information currently available, the provision for bad debts against such claims is sufficient to cover the risk of recovery.

SECTION 12 FINANCIAL REPORT

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.6 Other receivables (Continued)

3. Other receivables (Continued)

(2) Aging analysis of other receivables

Aging	Closing balance		Opening balance	
	Carrying amount	Percentage (%)	Carrying amount	Percentage (%)
Within 1 year	1,260,589,534.51	40.19	1,073,175,218.95	34.30
Between 1-2 years	429,930,347.81	13.71	281,211,950.79	8.99
Between 2-3 years	276,288,168.52	8.81	293,113,041.66	9.37
Between 3-4 years	230,942,466.01	7.36	724,703,076.63	23.17
Between 4-5 years	586,435,085.43	18.70	605,166,388.96	19.35
Over 5 years	352,240,711.73	11.23	150,642,332.74	4.82
Total	3,136,426,314.01	100.00	3,128,012,009.73	100.00

(3) Provision for bad debt

Provision for bad debt	Stage 1	Stage 2	Stage 3	Total
	Expected credit loss in the next 12 months	Expected credit loss for the entire duration of the life (no credit impairment)	Expected credit loss for the entire duration of the life (credit-impaired)	
Opening balance	5,216,821.42	77,805,794.05	693,515,358.03	776,537,973.50
Opening balance after reassessment for the period	3,456,791.94	56,116,923.46	716,964,258.10	776,537,973.50
- transfers to stage 2	-1,760,029.48	1,760,029.48		
- transfers to stage 3		-23,448,900.07	23,448,900.07	
- transfers back to stage 2				
- transfers back to stage 1				
Provision for the period	1,588,622.91	26,079,306.12	321,056,284.46	348,724,213.49
Reversal for the period			54,711.10	54,711.10
Write off for the period			13,944,061.45	13,944,061.45
Other changes			-117,638,402.91	-117,638,402.91
Closing balance	3,285,385.37	60,507,358.99	929,832,267.17	993,625,011.53

SECTION 12 FINANCIAL REPORT

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.6 Other receivables (Continued)

3. Other receivables (Continued)

(3) Provision for bad debt

Provision for bad debt in stage 3:

Entity	Carrying balance	Balance of provision for bad debt	Percentage of expected credit loss (%)	Reasons for categorization
Debtor 1	672,979,605.19	302,816,420.00	45.00	Based on the recoverability and the actual aging
Debtor 2	208,512,149.53	166,809,719.62	80.00	Based on the recoverability and the actual aging
Debtor 3	185,003,251.81	92,566,625.91	50.04	Based on the recoverability and the actual aging
Debtor 4	53,035,595.14	53,035,595.14	100.00	Based on the recoverability and the actual aging
Debtor 5	31,718,954.27	6,161,596.28	19.43	Based on the recoverability and the actual aging
Others	389,131,483.15	284,993,410.15	73.24	Based on the recoverability and the actual aging
Total	1,540,381,039.09	906,383,367.10	58.84	–

(4) Significant provision for bad debts provided, recovered or reversed for the period

The amount of provision for bad debts provided for the period was RMB348,724,213.49; and the amount of provision for bad debts recovered or reversed for the period was RMB54,711.10.

SECTION 12 FINANCIAL REPORT

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.6 Other receivables (Continued)

3. Other receivables (Continued)

- (5) Significant other receivables written-off for the reporting period

For the reporting period, other receivables of RMB13,944,061.45 were written off. Of which, significant other receivables written-off for the reporting period:

Entity	Nature of accounts	Amount written-off	Reason for the write-off	Write-off procedure	Arising from related transactions
Debtor 1	Retention funds and deposits	6,550,000.00	Unrecoverable	GM regular meeting	No
Debtor 2	Retention funds and deposits	3,000,000.00	Unrecoverable	GM regular meeting	No
Debtor 3	Retention funds and deposits	2,959,275.30	Unrecoverable	GM regular meeting	No
Total	–	12,509,275.30	–	–	–

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

Debtor	Nature	Closing balance	Aging	Percentage in total other receivable (%)	Balance at provision for bad debt
No. 1	Financing provided to Party A and its related parties	672,979,605.19	Within 5 years	21.49	302,816,420.00
No. 2	Advances	208,512,149.53	Within 1 year	6.65	166,809,719.62
No. 3	Financing provided to Party A and its related parties	185,003,251.81	Over 4 years	5.90	92,566,625.91
No. 4	Retention funds and deposits	139,771,212.20	2-3 years	4.46	27,954,242.44
No. 5	Retention funds and deposits	124,671,387.77	Within 1 years	3.97	623,356.94
Total	–	1,330,937,606.50	–	42.43	590,770,364.91

SECTION 12 FINANCIAL REPORT

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.7 Inventories

1. Classification of inventories

Category	Carrying amount	Closing balance Provisions for Impairment	Book Value
Raw materials	257,987,456.51	11,131,097.07	246,856,359.44
Work-in-process	1,358,604,154.50	80,733,429.62	1,277,870,724.88
Inventories	1,618,332,523.98	106,496,831.80	1,511,835,692.18
Revolving materials and spare parts	83,918,878.73		83,918,878.73
Real estate development cost	260,666,296.20		260,666,296.20
Total	3,579,509,309.92	198,361,358.49	3,381,147,951.43

Category	Carrying amount	Opening balance Provisions for Impairment	Book Value
Raw materials	219,442,424.87	2,840,957.06	216,601,467.81
Work-in-process	1,339,456,781.82	74,779,798.07	1,264,676,983.75
Inventories	1,157,061,592.23	31,619,690.66	1,125,441,901.57
Revolving materials and spare parts	211,431,546.46		211,431,546.46
Real estate development cost	292,240,483.30		292,240,483.30
Total	3,219,632,828.68	109,240,445.79	3,110,392,382.89

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

Category	Opening balance	Provision for the period	Reduction for the period		Closing balance
			Reversal	Write-off	
Raw materials	2,840,957.06	10,311,092.86	2,020,952.85		11,131,097.07
Work-in-process	74,779,798.07	5,953,631.55			80,733,429.62
Inventories	31,619,690.66	75,737,306.62	860,165.48		106,496,831.80
Total	109,240,445.79	92,002,031.03	2,881,118.33		198,361,358.49

SECTION 12 FINANCIAL REPORT

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.8 Contract assets

1. Contract assets category

Item	Carrying amount	Closing balance Provisions for impairment	Book value
Contract assets tested for provision for impairment on an individual basis	1,245,996,105.72	587,483,154.80	658,512,950.92
Contract assets tested for provision for impairment on a collective basis	6,721,574,514.51	99,751,357.93	6,621,823,156.58
Group 1: contract assets not delivered to customers for use	6,439,539,904.44	32,187,508.16	6,407,352,396.28
Group 2: contract assets delivered to customers for use	282,034,610.07	67,563,849.77	214,470,760.30
Total	7,967,570,620.23	687,234,512.73	7,280,336,107.50

Item	Carrying amount	Opening balance Provisions for impairment	Book value
Contract assets tested for impairment on an individual basis	855,618,081.11	110,629,983.11	744,988,098.00
Contract assets tested for impairment on a collective basis	12,399,791,056.91	136,466,973.92	12,263,324,082.99
Group 1: contract assets not delivered to customers for use	12,121,569,710.14	60,608,129.51	12,060,961,580.63
Group 2: contract assets delivered to customers for use	278,221,346.77	75,858,844.41	202,362,502.36
Total	13,255,409,138.02	247,096,957.03	13,008,312,180.99

SECTION 12 FINANCIAL REPORT

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.8 Contract assets (Continued)

2. Provision for impairment for contract assets

- (1) Contract assets tested for provision for impairment on an individual basis as at the end of the period

Item	Carrying balance	Provision for impairment	Percentage of expected credit loss (%)	Reasons for provision
Item 1	170,987,325.30	153,888,592.77	90.00	Impairment of assets was made based on project implementation and expected settlement
Item 2	164,653,047.76	164,653,047.76	100.00	Impairment of assets was made based on project implementation and expected settlement
Item 3	52,039,741.30	36,641,085.87	70.41	Impairment of assets was made based on project implementation and expected settlement
Item 4	43,815,050.70	43,815,050.70	100.00	Impairment of assets was made based on project implementation and expected settlement
Other items	814,500,940.66	188,485,377.70	23.14	Impairment of assets was made based on project implementation and expected settlement
Total	1,245,996,105.72	587,483,154.80	47.15	–

SECTION 12 FINANCIAL REPORT

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.8 Contract assets (Continued)

2. Provision for impairment for contract assets (Continued)

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

Item	Carrying amount	Closing balance Percentage of expected credit loss (%)	Provision for impairment
Group 1: contract assets not delivered to customers for use	6,439,539,904.44	0.50	32,187,508.16
Group 2: contract assets delivered to customers for use	282,034,610.07	23.96	67,563,849.77
Total	6,721,574,514.51	1.48	99,751,357.93

Item	Carrying amount	Opening balance Percentage of expected credit loss (%)	Provision for impairment
Group 1: contract assets not delivered to customers for use	12,121,569,710.14	0.50	60,608,129.51
Group 2: contract assets delivered to customers for use	278,221,346.77	27.27	75,858,844.41
Total	12,399,791,056.91	1.10	136,466,973.92

(3) Provision for impairment of contract assets accrued or reversed for the period

The amount of provision for impairment accrued for the period was RMB469,130,882.07; the amount of provision for impairment reversed for the period was RMB28,918,326.37.

SECTION 12 FINANCIAL REPORT

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.8 Contract assets (Continued)

3. Reclassification of impairment of contract assets

Item	As at the end of the period	As at the beginning of the year
Provision for impairment of contract assets	690,583,211.29	253,024,921.71
Less: Reclassification to other non-current assets	3,348,698.56	5,927,964.68
Closing balance	687,234,512.73	247,096,957.03

4. Changes in provision for impairment of contract assets

Item	As at the end of the period	As at the beginning of the year
Opening balance	247,096,957.03	168,455,545.24
Provision for the year	469,130,882.07	80,265,203.19
Reversal for the year	-28,918,326.37	-22,472.50
Write-off for the year		-1,601,318.90
Other changes	-75,000.00	
Closing balance	687,234,512.73	247,096,957.03

5.9 Non-current assets due within a year

Item	Closing balance	Opening balance
Long-term receivables due within a year	754,276,838.04	430,833,366.90
Less: provision for bad debt	26,983,862.10	25,429,980.68
Total	727,292,975.94	405,403,386.22

SECTION 12 FINANCIAL REPORT

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.10 Other current-assets

Item	Closing balance	Opening balance
Deductible VAT input	575,119,572.80	612,425,331.95
Prepaid income tax	37,631,781.37	43,912,283.74
Total	612,751,354.17	656,337,615.69

5.11 Long-term receivables

1. Particulars of long-term receivables

Item	Closing balance	Opening balance
Repurchase payment under BT contract	688,204,575.95	666,804,575.95
Long-term receivables from customers	2,053,607,347.12	1,745,344,124.39
Less: provision for bad debt	291,336,421.05	95,773,028.70
Total book value	2,450,475,502.02	2,316,375,671.64
Including: Current portion of long-term receivables due within one year	727,292,975.94	405,403,386.22
Presented in long-term receivables	1,723,182,526.08	1,910,972,285.42

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

2. Accrual of provision for bad debt of long-term receivables

Item	Closing balance	Opening balance
Opening balance	95,773,028.70	24,665,700.53
Provision for the year	78,113,392.35	72,247,951.56
Reversal for the year		
Write-off for the year		
Other changes	117,450,000.00	-1,140,623.39
Closing balance	291,336,421.05	95,773,028.70

SECTION 12 FINANCIAL REPORT

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.12 Long-term equity investment

Investee	Opening balance	Increase in investment	Decrease in investment	Investment gain or loss recognized under equity method	Increase/decrease				Provision for impairment	Closing balance
					Adjustments to other comprehensive income	Other equity changes	Cash dividends or profit declared	Provision for impairment		
1. Joint ventures										
Shanghai Fengtong Equity Investment Fund Partnership (Limited Partner)	8,939,897.38			-43,649.16					8,896,248.22	
Zhongji Sunward Technology Co., Ltd.	36,193,840.92	12,294,400.00		2,523,840.11	251,833.72				51,263,914.75	
Subtotal	45,133,738.30	12,294,400.00		2,480,190.95	251,833.72				60,160,162.97	

SECTION 12 FINANCIAL REPORT

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.12 Long-term equity investment (Continued)

Investee	Opening balance	Increase in investment	Decrease in investment	Investment gain or loss recognized under equity method	Adjustments to other comprehensive income	Other equity changes	Cash dividends or profit declared	Provision for impairment	Others	Closing balance	Provision for impairment Closing balance
2. Associates											
Zhuzhou Tianjiao Crane Co., Ltd.	173,530,660.50			2,090,000.00			-1,616,007.99			174,004,652.51	
Guangdong Qiaoli Chuangxiang Equity Investment Partnership (Limited Partner)		99,000,000.00		-615,894.09						98,384,105.91	
China Aluminum South Aluminum (Fujian) Aluminum Structure Technology Co., Ltd.	57,623,284.13			1,990,006.32		1,693,050.36	-5,736,630.00			55,424,710.81	
Yunnan Ningyong Highway Co. Ltd.	30,000,000.00									30,000,000.00	
Yunnan Lihyun Highway Co. Ltd.	30,000,000.00									30,000,000.00	
Luoyang Hia Zhong Aluminum Co., Ltd.	27,844,436.04							-27,844,436.04			27,844,436.04
Xinzhongrong Investment Management (Tianjin) Co., Ltd.	15,886,686.07		-15,886,507.40						-178.67		
Jiangsu Nonferrous Metal Refractory Industrial Co., Ltd.	13,697,022.67			-1,885,207.56				-12,001,815.11		12,001,815.11	
Guizhou Tongye Construction Development Co., Ltd.	21,833,455.78			-1,291,058.55						20,542,397.23	
China Construction Aluminum Advanced Material Heran Co., Ltd.	11,153,822.02			203,559.35						11,357,381.37	
Shaanxi Zhonghang Construction and Installation Co., Ltd.	11,560,027.15			7,777.31		-20,994.39				11,546,820.07	
Chaoao Steering Intelligent Technology Co., Ltd.	5,601,774.14			151,281.78						5,753,055.92	
Others	326,441,825.92	6,500,000.00	-6,398,000.00	17,446,243.74		2,988,570.53	-2,841,987.83		-39.88	344,136,632.48	8,372,324.38
Subtotal	725,172,994.42	105,500,000.00	-22,284,507.40	18,256,708.30		4,605,636.50	-10,254,605.82	-39,846,251.15	-218.55	781,149,756.30	48,218,575.53
Total	770,306,732.72	117,794,400.00	-22,284,507.40	20,766,899.25		4,857,470.22	-10,254,605.82	-39,846,251.15	-218.55	841,309,919.27	48,218,575.53

SECTION 12 FINANCIAL REPORT

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.12 Long-term equity investment (Continued)

Notes:

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

SECTION 12 FINANCIAL REPORT

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.12 Long-term equity investment (Continued)

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

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

9. The Company and Shenzhen OCT Industrial Equity Investment Fund Management Co., Ltd. ("Shenzhen OCT") entered into a partnership agreement at the end of December 2019 to jointly fund the establishment of Guangdong Qiaolv Chuangxiang Equity Investment Partnership (Limited Partner) ("Guangdong Qiaolv"). Shenzhen OCT, as an executive partner, is entitled to represent Guangdong Qiaolv in entering into contracts and reaching other agreements, commitments and appointing managers to provide assistance in the management and execution of the abovementioned matters. The Company, as a limited partner, is entitled to distribute profits and bear losses according to the proportion of capital contributions, therefore it is calculated using equity method.
10. Panzhou Haohong Project Management Co., Ltd. (hereinafter referred to as "Panxian Haohong") was jointly established by Sixth Metallurgical Construction Co., Ltd. (hereinafter referred to as "Sixth Metallurgical Company"), a wholly-owned subsidiary of the Company, and another shareholder, Panxian Panzhou Ancient City Development and Management Co., Ltd. (hereinafter referred to as "Panzhou Ancient City Development"), which was held as to 30% and 70% by Sixth Metallurgical Company and Panzhou Ancient City Development, respectively. The articles of association of Panxian Haohong stipulates that the resolutions of the shareholders meeting to amend the articles of association, the increase or decrease in the registered capital, and merging, splitting, dissolving or changing of the form of the company must be approved by shareholders representing more than two-thirds of the voting rights. For resolutions regarding other matters, they must be approved by shareholders representing more than half of the voting rights. Sixth Metallurgical Company has 70% of the voting rights in the shareholders' meeting, and Panzhou Ancient City Development has 30% of the voting rights. Resolutions of the board of directors must be passed by more than two-thirds of all directors. Panxian Haohong has 3 board members, including 2 directors appointed by Sixth Metallurgical Company and 1 director appointed by Panzhou Ancient City Development. Therefore, the Company can control Panxian Haohong, and it was consolidated into the Company's financial statements.

SECTION 12 FINANCIAL REPORT

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.13 Other equity instrument investments

Item	Investment cost	Opening balance	Closing balance	Dividend income recognized for the period	Accumulated gains and losses for the period transferred from other comprehensive income to retained earnings	Reason for transfer
Guizhou Aerospace Wujiang Electromechanical Equipment Co., Ltd.	9,972,660.00	14,067,464.80	15,489,065.86	842,760.00		
Shandong Yixing Carbon New Materials Co., Ltd.	18,000,000.00	8,178,792.69	3,486,924.70			
Others	24,180,000.00	23,176,706.37	22,587,588.14	1,167,436.92		
Total	52,152,660.00	45,422,963.86	41,563,578.70	2,010,196.92		

5.14 Other non-current financial assets

Category	Closing balance	Opening balance
Subordinated shares in China Securities – CHALIECO 2019 Accounts Receivable ABS Plan	18,900,000.00	18,900,000.00
Total	18,900,000.00	18,900,000.00

SECTION 12 FINANCIAL REPORT

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.15 Investment property

Item	Housings and buildings	Land use right	Total
I. Original value			
1. Opening balance	392,696,589.65	181,822,148.79	574,518,738.44
2. Additions for the period	44,106,556.00		44,106,556.00
(1) Outsourcing			
(2) Transferred from inventories, fixed assets or CIP	44,106,556.00		44,106,556.00
(3) Other additions			
3. Reductions for the period	3,945,889.00		3,945,889.00
(1) Disposal			
(2) Transferred out	3,945,889.00		3,945,889.00
4. Closing balance	432,857,256.65	181,822,148.79	614,679,405.44
II. Accumulated depreciation and accumulated amortization			
1. Opening balance	70,091,414.34	26,324,650.58	96,416,064.92
2. Additions for the period	13,589,260.83	4,460,104.26	18,049,365.09
(1) Provision or amortization	13,589,260.83	4,460,104.26	18,049,365.09
(2) Other additions			
3. Reductions for the period	2,532,031.18		2,532,031.18
(1) Disposal			
(2) Transferred out	2,532,031.18		2,532,031.18
4. Closing balance	81,148,643.99	30,784,754.84	111,933,398.83
III. Provision for impairment			
1. Opening balance			
2. Additions for the period			
3. Reductions for the period			
4. Closing balance			
IV. Book value			
1. As at end of the period	351,708,612.66	151,037,393.95	502,746,006.61
2. As at beginning of the period	322,605,175.31	155,497,498.21	478,102,673.52

Note: Cost method has been adopted as a measurement of investment properties. Independent professionally qualified valuer, Zhong Ming (Beijing) Assets Appraisal International Co., Ltd., has conducted the fair valuation of investment properties at 31 December 2020.

SECTION 12 FINANCIAL REPORT

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.15 Investment property (Continued)

The Company's finance department reviews the valuations performed by the independent valuer for financial reporting purpose and reports directly to the Senior Management and the audit committee. Discussions of valuation processes and results are held between the management, audit committee and valuer after each valuation by the independent qualified valuer, which is normally done once every six months, in line with the Company's interim and annual reporting dates.

At each financial year end, the finance department:

1. verifies all major inputs to the independent valuation report;
2. assesses property valuations movements when compared to the prior year valuation report;
3. holds discussions with the independent qualified valuer.

Fair values of investment properties are derived using the income approach by taking into account the net rental income of the property derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalised to determine the fair value at an appropriate capitalisation rate.

There were no changes in the valuation techniques during the year. The fair values are within level 3 of the fair value hierarchy.

There were no transfer between the level 1, 2 and 3 during the reporting period.

SECTION 12 FINANCIAL REPORT

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.16 Fixed assets

Category	Closing balance	Opening balance
Fixed assets	2,329,863,903.49	2,314,891,145.04
Fixed assets pending disposal		
Less: provision for impairment	1,058,216.90	1,058,216.90
Total	2,328,805,686.59	2,313,832,928.14

1. Particulars of fixed assets

Item	Housings and buildings	Machinery equipment	Transportation vehicles	Office equipment and others	Total
I. Original value					
1. Opening balance	2,487,301,916.37	849,849,013.89	251,205,638.64	375,083,749.51	3,963,440,318.41
2. Additions for the period	88,729,740.21	41,562,750.86	15,752,223.25	29,511,773.11	175,556,487.43
(1) Additions	1,508,187.68	41,562,750.86	15,364,598.01	20,083,477.38	78,519,013.93
(2) Transferred from CIP	83,275,663.53			9,428,295.73	92,703,959.26
(3) Other additions	3,945,889.00		387,625.24		4,333,514.24
3. Reductions for the period	3,723,739.42	10,381,860.12	7,833,072.52	10,506,110.66	32,444,782.72
(1) Disposal or scraping	3,723,739.42	9,051,060.12	7,427,227.81	10,251,819.66	30,453,847.01
(2) Other reductions		1,330,800.00	405,844.71	254,291.00	1,990,935.71
4. Closing balance	2,572,307,917.16	881,029,904.63	259,124,789.37	394,089,411.96	4,106,552,023.12

SECTION 12 FINANCIAL REPORT

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.16 Fixed assets (Continued)

1. Particulars of fixed assets (Continued)

Item	Housings and buildings	Machinery equipment	Transportation vehicles	Office equipment and others	Total
II. Accumulated depreciation					
1. Opening balance	621,354,556.32	597,344,762.93	178,497,247.92	251,352,606.20	1,648,549,173.37
2. Additions for the period	65,721,366.94	41,078,323.42	18,217,379.21	30,238,024.27	155,255,093.84
(1) Provision	65,179,282.08	41,078,323.42	18,217,379.21	30,238,024.27	154,713,008.98
(2) Other additions	542,084.86				542,084.86
3. Reductions for the period	3,548,141.94	7,195,054.89	7,111,797.54	9,261,153.21	27,116,147.58
(1) Disposal or scraping	3,548,141.94	6,179,019.07	6,933,668.74	9,019,330.86	25,680,160.61
(2) Other reductions		1,016,035.82	178,128.80	241,822.35	1,435,986.97
4. Closing balance	683,527,781.32	631,228,031.46	189,602,829.59	272,329,477.26	1,776,688,119.63
III. Provision for impairment					
1. Opening balance	231,752.96	685,113.94	141,350.00		1,058,216.90
2. Additions for the period					
3. Reductions for the period					
4. Closing balance	231,752.96	685,113.94	141,350.00		1,058,216.90
IV. Book value					
1. As at end of the period	1,888,548,382.88	249,116,759.23	69,380,609.78	121,759,934.70	2,328,805,686.59
2. As at beginning of the period	1,865,715,607.09	251,819,137.02	72,567,040.72	123,731,143.31	2,313,832,928.14

SECTION 12 FINANCIAL REPORT

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.16 Fixed assets (Continued)

2. Fixed asset for which the title certificate has not been obtained

Item	Book value	Reasons for not obtaining the title certificate
Housings and buildings	123,266,487.74	In progress
Transportation vehicles	273,571.18	In progress
Total	123,540,058.92	–

3. Fixed assets fully depreciated but still in use

Category	Original value	Accumulated depreciation	Provision for impairment	Book value
Housings and Buildings	80,982,471.86	78,155,770.28	231,752.96	2,594,948.62
Machinery equipment	328,639,215.34	313,786,361.75	685,113.94	14,167,739.65
Transportation vehicles	89,852,652.38	85,414,929.18		4,437,723.20
Office equipment and others	122,828,469.69	116,867,438.03		5,961,031.66
Total	622,302,809.27	594,224,499.24	916,866.90	27,161,443.13

5.17 Construction in progress

Category	Closing balance	Opening balance
CIP items	324,078,307.65	300,722,025.12
Construction materials		
Less: provision for impairment		
Total	324,078,307.65	300,722,025.12

SECTION 12 FINANCIAL REPORT

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.17 Construction in progress (Continued)

1. Basic information of CIP items

Item	Closing balance			Opening balance		
	Carrying amount	Provision for impairment	Book value	Carrying amount	Provision for impairment	Book value
Yue Liang Wan Health Project	300,351,320.88		300,351,320.88	269,584,039.83		269,584,039.83
Office renovation for Sixth Metallurgical Company	9,962,639.36		9,962,639.36	6,077,493.28		6,077,493.28
Others	13,764,347.41		13,764,347.41	25,060,492.01		25,060,492.01
Total	324,078,307.65		324,078,307.65	300,722,025.12		300,722,025.12

2. Significant changes in CIP

Item	Budget amount	Opening balance	Additions	Transferred to			Closing balance
				Transferred to fixed assets	intangible assets	Other reductions	
Yue Liang Wan Health Project	498,000,000.00	269,584,039.83	108,416,295.14	77,649,014.09			300,351,320.88
Office renovation for Sixth Metallurgical Company	10,000,000.00	6,077,493.28	4,306,650.42	421,504.34			9,962,639.36
Total	-	275,661,533.11	112,722,945.56	78,070,518.43			310,313,960.24

Item	Percentage of project investment to budget (%)	Project progress (%)	Accumulated capitalized interest	Including: interest capitalized for the year	Capitalization rate of interest for the year (%)	Source of funds
Yue Liang Wan Health Project	98.87	85.00	8,483,755.10	8,483,755.10	5.64	Funded by the Company
Office renovation for Sixth Metallurgical Company	100.00	100.00				Funded by the Company
Total	-	-	8,483,755.10	8,483,755.10	-	-

SECTION 12 FINANCIAL REPORT

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.18 Right-of-use assets

Item	Housings and buildings	Machinery, transportation and office equipment	Total
I. Original value			
1. Opening balance	38,745,228.31	516,320.50	39,261,548.81
2. Additions for the period	7,929,206.77		7,929,206.77
(1) New lease	7,929,206.77		7,929,206.77
3. Reductions for the period	17,342,467.74		17,342,467.74
(1) Disposal	17,342,467.74		17,342,467.74
4. Closing balance	29,331,967.34	516,320.50	29,848,287.84
II. Accumulated depreciation			
1. Opening balance	12,072,960.07	202,184.79	12,275,144.86
2. Additions for the period	11,785,609.85	202,184.79	11,987,794.64
(1) Provision	11,785,609.85	202,184.79	11,987,794.64
3. Reductions for the period	6,915,365.41		6,915,365.41
(1) Disposal	6,915,365.41		6,915,365.41
4. Closing balance	16,943,204.51	404,369.58	17,347,574.09
III. Provision for impairment			
1. Opening balance			
2. Additions for the period			
3. Reductions for the period			
4. Closing balance			
IV. Book value			
1. As at end of the period	12,388,762.83	111,950.92	12,500,713.75
2. As at beginning of the period	26,672,268.24	314,135.71	26,986,403.95

Note: The Company charged short-term lease expense and low-value asset lease expense totaling RMB31,072,061.21 to profit or loss.

SECTION 12 FINANCIAL REPORT

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.19 Intangible assets

Particulars of intangible assets

Item	Land Use Right	Patent Right	Software	Others	Total
I. Original value					
1. Opening balance	868,568,673.65	260,873,749.26	130,908,956.78	360,841,081.45	1,621,192,461.14
2. Additions for the period	565,392.00	12,705.00	13,367,182.19	131,374,052.76	145,319,331.95
(1) Additions	565,392.00	12,705.00	13,367,182.19		13,945,279.19
(2) In-house R&D					
(3) Other additions				131,374,052.76	
3. Reductions for the period	17,928,731.28	33,734.29		10,043,952.86	28,006,418.43
(1) Disposal	17,928,731.28	33,734.29			17,962,465.57
(2) Invalid and derecognized					
(3) Other reductions				10,043,952.86	10,043,952.86
4. Closing balance	851,205,334.37	260,852,719.97	144,276,138.97	482,171,181.35	1,738,505,374.66
II. Accumulated amortization					
1. Opening balance	177,581,498.20	245,038,742.52	98,774,754.11	12,940,315.40	534,335,310.23
2. Additions for the period	19,882,654.82	7,962,420.49	7,978,746.79	1,664,755.69	37,488,577.79
(1) Provision	19,882,654.82	7,962,420.49	7,978,746.79	1,664,755.69	37,488,577.79
(2) Arising from business combination					
(3) Other additions					
3. Reductions for the period	3,542,964.23			10,043,952.86	13,586,917.09
(1) Disposal	3,542,964.23				3,542,964.23
(2) Invalid and derecognized					
(3) Other reductions				10,043,952.86	10,043,952.86
4. Closing balance	193,921,188.79	253,001,163.01	106,753,500.90	4,561,118.23	558,236,970.93
III. Provision for impairment					
1. Opening balance					
2. Additions for the period					
3. Reductions for the period					
4. Closing balance					
IV. Book value					
1. As at end of the period	657,284,145.58	7,851,556.96	37,522,638.07	477,610,063.12	1,180,268,403.73
2. As at beginning of the period	690,987,175.45	15,835,006.74	32,134,202.67	347,900,766.05	1,086,857,150.91

SECTION 12 FINANCIAL REPORT

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.20 Development cost

Item	Opening balance	Additions		Reductions		Closing balance
		In-house development cost	Others	Charged to profit or loss	Recognized as intangible assets	
Spare product and spare part service platform	1,994,362.33	19,322.94				2,013,685.27
Attached Steel and Aluminum Scaffold Project	302,890.74			302,890.74		
Total	2,297,253.07	19,322.94		302,890.74		2,013,685.27

5.21 Long-term unamortized expenses

Category	Opening balance	Additions	Amortization	Other Reductions	Closing balance
Rental cost of the underground garage of Twelfth Metallurgical Company	9,749,133.43		249,977.76		9,499,155.67
Others	17,389,117.85	59,389,290.30	36,695,760.44		40,082,647.71
Total	27,138,251.28	59,389,290.30	36,945,738.20		49,581,803.38

SECTION 12 FINANCIAL REPORT

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.22 Deferred tax assets and deferred tax liabilities

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

Item	Closing balance	
	Deferred Tax Assets/Liabilities	Deductible/taxable temporary differences
Deferred tax assets:		
Retirement and termination benefits	119,083,235.50	623,424,000.00
Asset impairment provisions	706,085,475.79	4,214,874,081.82
Deductible loss	75,504,595.63	363,329,448.47
Changes in fair value of other equity instrument investment	2,415,823.07	16,105,487.16
Changes in the fair value of trading financial instruments and derivative financial instruments	2,865,105.00	19,100,700.00
Others	46,017,240.71	303,096,155.11
Subtotal	951,971,475.70	5,539,929,872.56
Deferred tax liabilities:		
Appreciation on asset evaluation	69,076,901.67	350,702,956.20
Changes in fair value of other equity instrument investment	827,460.89	5,516,405.86
Others	49,675,380.23	496,753,802.30
Subtotal	119,579,742.79	852,973,164.36

**SECTION 12 FINANCIAL REPORT****5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****5.22 Deferred tax assets and deferred tax liabilities (Continued)****1. Deferred tax assets and deferred tax liabilities, not on a netting basis (Continued)**

Item	Opening balance	
	Deferred Tax Assets/Liabilities	Deductible/taxable temporary differences
Deferred tax assets:		
Retirement and termination benefits	131,116,515.22	679,935,000.00
Asset impairment provisions	624,637,922.98	3,048,672,369.54
Deductible loss	28,209,344.96	147,126,784.60
Changes in fair value of other equity instrument investment	1,730,759.26	11,538,395.05
Others	45,620,384.75	296,620,140.51
Subtotal	831,314,927.17	4,183,892,689.70
Deferred tax liabilities:		
Appreciation on asset evaluation	73,564,855.47	378,787,509.38
Changes in fair value of other equity instrument investment	721,304.85	4,808,698.91
Others	49,675,380.23	496,753,802.30
Subtotal	123,961,540.55	880,350,010.59

SECTION 12 FINANCIAL REPORT

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.22 Deferred tax assets and deferred tax liabilities (Continued)

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

Item	Netting of deferred tax assets or liabilities as at end of the year	Deferred tax assets or liabilities as at end of the year, on a netting basis	Netting of deferred tax assets or liabilities as at beginning of the year	Deferred tax assets or liabilities as at beginning of the year, on a netting basis
Deferred tax assets	44,894,107.85	906,900,527.79	48,671,271.68	782,643,655.49
Deferred tax liabilities	44,894,107.85	74,685,634.94	48,671,271.68	75,290,268.87

3. Breakdown of unrecognized deferred tax assets

Item	Closing balance	Opening balance
Deductible temporary difference	254,400,105.84	105,272,742.53
Deductible loss	2,781,954,366.19	983,317,998.69
Total	3,036,354,472.03	1,088,590,741.22

4. Deductible loss on unrecognized deferred tax assets will be due in:

Year	Closing balance	Opening balance	Remarks
2020	48,626,120.20	59,459,377.33	
2021			
2022	32,061,940.20	32,061,940.20	
2023	259,261,223.54	259,261,223.54	
2024	632,535,457.62	632,535,457.62	
2025	1,809,469,624.63		
Total	2,781,954,366.19	983,317,998.69	



SECTION 12 FINANCIAL REPORT

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.23 Other non-current assets

Item	Closing balance	Opening balance
Investment in construction of Highway PPP project	6,735,604,914.95	2,505,671,962.22
Prepayment for property purchase	54,581,060.00	38,581,060.00
Prepaid investment	207,382,259.08	
VAT input deductible one year later	346,683,661.44	107,004,700.82
Others	130,469.16	130,469.16
Long-term contract asset	669,739,710.04	799,919,319.88
Less: provision for bad debt	3,348,698.56	5,927,964.68
Subtotal	8,010,773,376.11	3,445,379,547.40
Including: amount due within one year		
Total	8,010,773,376.11	3,445,379,547.40

Notes:

- As of 31 December 2020, the Company consolidated the financial statements of consolidated subsidiary, Yunnan Miyu Expressway Investment and Development Co., Ltd. As the subsidiary remained in a construction and investment stage as at 31 December 2019, its profit loss for the year is recognized as long-term contract asset and shown in other non-current assets.
- As of 31 December 2020,, the Company had made prepayment for property purchase of RMB54,581,060.00 to Shandong Qianhong Industrial Park.

SECTION 12 FINANCIAL REPORT

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.24 Short-term loans

Terms of Loan	Closing balance	Opening balance
Bank loans		
Pledge loans	175,719,242.10	150,000,000.00
Mortgage loans	20,000,000.00	250,000,000.00
Guarantee loans	1,438,472,300.00	1,354,004,560.55
Credit loans	3,105,825,714.28	4,439,160,200.00
Subtotal	4,740,017,256.38	6,193,164,760.55
Loans from non-bank financial institutions		
Intra-group entrusted loans	1,325,557,841.89	1,000,517,480.01
Subtotal	6,065,575,098.27	7,193,682,240.56
Interest expense accrued prior to the contractual interest payment date	12,370,479.64	4,613,028.47
Total	6,077,945,577.91	7,198,295,269.03

Notes:

- As of 31 December 2020, pledge loans from banks amounted to RMB175,719,242.10 with pledge over accounts receivable of the Company of RMB175,719,242.10.
- As of 31 December 2020, mortgage loans from banks amounted to RMB20,000,000.00 with mortgage over property of the Company;
- As of 31 December 2020, guarantee loans from banks amounted to RMB1,438,472,300.00, for which the Company and its subsidiaries have provided joint liability guarantee;
- As of 31 December 2020, the Company received pledged loan of RMB140,000,000.00 from Chinalco Commercial Factoring (Tianjin) Co., Ltd. (a non-bank financial institution), with pledge over accounts receivable of RMB524,000,000.00; pledged loan of RMB709,553.27 from Shenzhen Mtc Supply Chain Management Co., Ltd. (a non-bank financial institution), with pledge over accounts receivable of RMB709,553.27; pledged loan of RMB2,374,478.30 from Shenzhen Bailinhui Commercial Factoring Co., Ltd. (a non-bank financial institution), with pledge over accounts receivable of RMB2,374,478.30; pledged loan of RMB1,548,810.32 from Shenzhen Qianhai Yifang Commercial Factoring Co., Ltd. (a non-bank financial institution), with pledge over accounts receivable of RMB1,548,810.32; pledged loan of RMB925,000.00 from Shenzhen Qianhai Lianjie Commercial Factoring Co., Ltd. (a non-bank financial institution), with pledge over accounts receivable of RMB925,000.00.

SECTION 12 FINANCIAL REPORT

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.25 Derivative financial liabilities

Category	Closing balance	Opening balance
Currency swap	19,100,700.00	
Total	19,100,700.00	

Note: In order to minimize the impact of exchange rate changes on the Company, the Company carried out forward foreign exchange lock-in related business. Under the premise of foreign currency transaction needs, the Company will enter into forward foreign exchange settlement transaction letter or RMB foreign exchange currency swap transaction confirmation letter with relevant financial institutions, and buy RMB and sell USD or buy USD and sell RMB as the applicant according to the agreement. Based on the agreed settlement exchange rate and the spot exchange rate as at 31 December 2020, the Company calculated and recognized derivative financial liabilities and gains from changes in fair value.

5.26 Notes receivable

Item	Closing balance	Opening balance
Bank's acceptance bill	1,633,003,492.69	930,726,218.53
Commercial acceptance bill	113,592,687.65	26,540,000.00
Total	1,746,596,180.34	957,266,218.53

5.27 Accounts payable

1. By aging

Item	Closing balance	Opening balance
Within 1 year (inclusive)	8,957,343,937.88	11,250,983,352.35
Over 1 year	4,807,093,487.43	4,486,953,798.91
Total	13,764,437,425.31	15,737,937,151.26

SECTION 12 FINANCIAL REPORT

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.27 Accounts payable (Continued)

2. Significant accounts payable aged over 1 year

Creditor	Closing balance	Reason of non-payment
Creditor 1	305,936,213.00	Payment conditions not satisfied yet
Creditor 2	204,514,078.87	Payment conditions not satisfied yet
Creditor 3	148,536,127.61	Payment conditions not satisfied yet
Creditor 4	111,122,379.87	Payment conditions not satisfied yet
Creditor 5	102,739,232.69	Payment conditions not satisfied yet
Creditor 6	78,447,448.76	Payment conditions not satisfied yet
Creditor 7	78,312,740.58	Payment conditions not satisfied yet
Creditor 8	76,178,847.90	Payment conditions not satisfied yet
Creditor 9	68,398,004.93	Payment conditions not satisfied yet
Creditor 10	59,813,280.21	Payment conditions not satisfied yet
Total	1,233,998,354.42	—

5.28 Contract liabilities

Item	Closing balance	Opening balance
Within 1 year (inclusive)	2,556,212,319.45	2,216,769,397.00
Over 1 year	104,997,460.20	164,622,412.44
Total	2,661,209,779.65	2,381,391,809.44

Note: The income of RMB1,915,094,689.91 recognized for the period was included in the book value of contract liabilities at the beginning of the period.

SECTION 12 FINANCIAL REPORT

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.28 Contract liabilities (continued)

Significant contract liabilities aged over 1 year

Creditor	Closing balance	Reason for not being carried forward
Creditor 1	56,846,965.20	Advance has been received, but the goods under contract have not been transferred yet
Creditor 2	16,283,648.27	Advance has been received, but the goods under contract have not been transferred yet
Creditor 3	9,347,084.20	Advance has been received, but the goods under contract have not been transferred yet
Creditor 4	3,024,384.08	Project has not been settled
Creditor 5	3,000,200.00	Advance has been received, but the goods under contract have not been transferred yet
Total	88,502,281.75	—

5.29 Employee compensation payable

1. Employee compensation payable by category

Item	Opening balance	Additions for the period	Reductions for the period	Closing balance
Short-term compensation	113,580,823.02	1,994,254,614.82	1,995,187,028.88	112,648,408.96
Post-employment benefits- defined contribution plans	6,635,679.28	167,752,449.21	165,133,295.00	9,254,833.49
Termination benefits	80,447,000.00	50,317,754.70	59,224,754.70	71,540,000.00
Other benefits due within one year				
Total	200,663,502.30	2,212,324,818.73	2,219,545,078.58	193,443,242.45

SECTION 12 FINANCIAL REPORT

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.29 Employee benefits payable (Continued)

2. Short-term employee compensation

Item	Opening balance	Additions for the period	Reductions for the period	Closing balance
Salary, bonus, allowance and subsidy	82,004,539.63	1,449,442,451.68	1,452,849,326.21	78,597,665.10
Employee welfare		112,571,641.55	112,571,641.55	
Contribution to social security funds	3,961,310.91	121,240,292.34	120,727,297.70	4,474,305.55
Including: Medical insurance fund	3,602,060.84	111,139,416.95	110,816,360.89	3,925,116.90
Work injury insurance fund	237,311.03	7,642,823.27	7,527,736.05	352,398.25
Maternity insurance fund	121,939.04	2,458,052.12	2,383,200.76	196,790.40
Housing provident fund	3,806,614.91	153,765,387.18	153,858,811.21	3,713,190.88
Trade union fee and employee education fee	18,822,710.92	36,613,364.63	36,133,776.76	19,302,298.79
Other short-term compensation	4,985,646.65	120,621,477.44	119,046,175.45	6,560,948.64
Total	113,580,823.02	1,994,254,614.82	1,995,187,028.88	112,648,408.96

3. Defined contribution plan

Item	Opening balance	Additions for the period	Reductions for the period	Closing balance
Basic pension fund	4,607,804.02	106,245,176.92	103,272,541.49	7,580,439.45
Unemployment insurance fund	680,799.44	4,145,098.34	3,828,191.89	997,705.89
Corporate annuity plan	1,347,075.82	57,362,173.95	58,032,561.62	676,688.15
Total	6,635,679.28	167,752,449.21	165,133,295.00	9,254,833.49

SECTION 12 FINANCIAL REPORT

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.30 Taxes payable

Tax	Closing balance	Opening balance
VAT	86,405,542.25	71,302,289.53
Corporate income tax	121,288,580.26	153,317,654.02
Urban maintenance and construction tax	8,932,553.67	10,615,431.14
House property tax	1,551,772.72	1,694,760.41
Land use tax	1,511,035.28	1,296,336.27
Land appreciation tax	1,811,745.46	1,779,520.81
Individual income tax	7,127,230.79	10,639,813.15
Educational surcharges	5,884,753.90	7,158,998.18
Others	8,208,585.35	9,253,937.70
Total	242,721,799.68	267,058,741.21

5.31 Other payables

Category	Closing balance	Opening balance
Interest payables		
Dividends payables		30,000,000.00
Other payables	2,229,483,821.61	4,949,140,933.59
Total	2,229,483,821.61	4,979,140,933.59

1. Dividends payable

Item	Closing balance	Opening balance	Reason for non-payment for over 1 year
Dividends on ordinary shares			
Interest on other equity instruments		30,000,000.00	
Total		30,000,000.00	

SECTION 12 FINANCIAL REPORT

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.31 Other payables (Continued)

2. Other payables

(1) Payables by nature

Nature	Closing balance	Opening balance
Retention funds and deposits payable	1,093,831,970.42	1,051,550,721.03
Current payment	182,105,330.72	287,485,269.74
Temporary payment	557,387,134.82	619,313,038.40
Sums payable for perpetual bonds redemption		2,511,257,595.00
Others	396,159,385.65	479,534,309.42
Total	2,229,483,821.61	4,949,140,933.59

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

Entity	Closing balance	Reason for outstanding balance
Creditor 1	99,213,528.75	Not due yet
Creditor 2	79,686,491.00	Not due yet
Creditor 3	33,987,500.00	Not due yet
Creditor 4	23,594,502.74	Not due yet
Creditor 5	18,800,000.00	Not due yet
Creditor 6	15,000,000.00	Not due yet
Creditor 7	11,999,900.00	Not due yet
Creditor 8	9,108,078.00	Not due yet
Creditor 9	8,002,401.92	Not due yet
Creditor 10	7,556,000.00	Not due yet
Total	306,948,402.41	—



SECTION 12 FINANCIAL REPORT

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.32 Non-current liabilities due within one year

Item	Closing balance	Opening balance
Long-term loans due within one year	459,963,549.18	859,157,001.87
Interest expense unpaid but accrued on long-term loans due within one year	10,574,378.62	1,635,519.74
Debentures payable due within one year	6,512,862.21	12,153,554.05
Lease obligations due within one year		
Total	477,050,790.01	872,946,075.66

5.33 Other current liabilities

Item	Closing balance	Opening balance
Pending VAT output	1,496,304,508.52	1,560,745,950.85
Short-term debentures payable	1,002,279,452.05	1,016,916,666.67
Liabilities on continuing involvement in ABS	18,900,000.00	18,900,000.00
Total	2,517,483,960.57	2,596,562,617.52

SECTION 12 FINANCIAL REPORT

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.33 Other current liabilities (Continued)

Changes in short-term debentures payable

Bond	Face value	Issuance date	Term (days)	Issued amount
19 Zhong Lv Guo Gong SCP001	100.00	2019-07-09	270	1,000,000,000.00
20 Zhong Lv Guo Gong SCP001	100.00	2020-03-25	30	1,000,000,000.00
20 Zhong Lv Guo Gong SCP002	100.00	2020-04-20	37	1,000,000,000.00
20 Zhong Lv Guo Gong SCP003	100.00	2020-05-25	34	1,000,000,000.00
20 Zhong Lv Guo Gong SCP004	100.00	2020-06-23	30	1,000,000,000.00
20 Zhong Lv Guo Gong SCP005	100.00	2020-07-20	90	1,000,000,000.00
20 Zhong Lv Guo Gong SCP006	100.00	2020-10-14	32	1,000,000,000.00
20 Zhong Lv Guo Gong SCP007	100.00	2020-11-11	32	1,000,000,000.00
20 Zhong Lv Guo Gong SCP008	100.00	2020-12-09	32	1,000,000,000.00
Total	—	—	—	9,000,000,000.00

Bond	Opening balance	Issued during the period	Interests accrued on face value	Amortization of premium or discount	Repaid during the period	Closing balance
19 Zhong Lv Guo Gong SCP001	1,016,916,666.67		8,903,005.46		1,025,819,672.13	
20 Zhong Lv Guo Gong SCP001		1,000,000,000.00	2,136,986.30		1,002,136,986.30	
20 Zhong Lv Guo Gong SCP002		1,000,000,000.00	2,230,136.99		1,002,230,136.99	
20 Zhong Lv Guo Gong SCP003		1,000,000,000.00	1,946,849.32		1,001,946,849.32	
20 Zhong Lv Guo Gong SCP004		1,000,000,000.00	1,717,808.22		1,001,717,808.22	
20 Zhong Lv Guo Gong SCP005		1,000,000,000.00	5,671,232.88		1,005,671,232.88	
20 Zhong Lv Guo Gong SCP006		1,000,000,000.00	2,279,452.05		1,002,279,452.05	
20 Zhong Lv Guo Gong SCP007		1,000,000,000.00	2,279,452.05		1,002,279,452.05	
20 Zhong Lv Guo Gong SCP008		1,000,000,000.00	2,279,452.05			1,002,279,452.05
Total	1,016,916,666.67	8,000,000,000.00	29,444,375.32		8,044,081,589.94	1,002,279,452.05

SECTION 12 FINANCIAL REPORT

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.34 Long-term borrowings

1. Long-term borrowings by category

Terms of borrowings	Closing balance	Opening balance
Pledged borrowings		
Mortgage borrowings		20,000,000.00
Guaranteed borrowings	1,200,800,000.00	1,030,324,000.00
Credit borrowings	7,346,905,995.96	2,201,612,778.00
Subtotal	8,547,705,995.96	3,251,936,778.00
Borrowings from non-bank financial institutions	140,963,549.18	273,718,449.09
Inter-enterprise borrowings		2,000,000,000.00
Less: long-term borrowings due within one year	459,963,549.18	859,157,001.87
Total	8,228,705,995.96	4,666,498,225.22

Notes:

- As of 31 December 2020, guaranteed borrowings from banks amounted to RMB1,200,800,000.00, for which the Company and its subsidiaries have provided joint liability guarantee.
- As of 31 December 2020, credit borrowings from Chinalco Finance Company Limited (a non-bank financial institution) amounted to RMB95,000,000.00, for which the Company and its subsidiaries have provided credit guarantee.
- As of 31 December 2020, the Company received pledged borrowings of RMB16,423,285.02 from Shenzhen Qianhai Yifang Commercial Factoring Co., Ltd. (a non-bank financial institution), with pledge over accounts receivable of RMB16,423,285.02; pledged borrowings of RMB12,600,676.76 from Shenzhen Qianhai Pingyu Commercial Factoring Co. Ltd. (a non-bank financial institution), with pledge over accounts receivable of RMB12,600,676.76; pledged borrowings of RMB5,036,713.06 from Shenzhen Bailinhui Commercial Factoring Co., Ltd. (a non-bank financial institution), with pledge over accounts receivable of RMB5,036,713.06; pledged borrowings of RMB2,267,248.21 from Shenzhen Qianhai Lianyirong Commercial Factoring Co., Ltd. (a non-bank financial institution), with pledge over accounts receivable of RMB2,267,248.21; pledged borrowings of RMB1,941,647.84 from Shenzhen Lianhe Factoring Co., Ltd. (a non-bank financial institution) with pledge over accounts receivable of RMB1,941,647.84; pledged borrowings of RMB1,801,490.16 from Hexin (Tianjin) International Commercial Factoring Co., Ltd. (a non-bank financial institution), with pledge over accounts receivable of RMB1,801,490.16; pledged borrowings of RMB1,671,435.76 from Shenzhen Qianhai Yifang Heng Rong Commercial Factoring Corporation Limited (a non-bank financial institution) with pledge over accounts receivable of RMB1,671,435.76; pledged borrowings of RMB1,534,250.00 from Yikun Commercial Factoring Co., Ltd. (a non-bank financial institution) with pledge over accounts receivable of RMB1,534,250.00; pledged borrowings of RMB1,134,093.69 from China Vanke Co., Ltd. (a non-bank financial institution) with pledge over accounts receivable of RMB1,134,093.69; pledged borrowings of RMB771,130.55 from Kunming Branch of China Merchants Bank Co., Ltd. (a non-bank financial institution) with pledge over accounts receivable of RMB771,130.55; pledged borrowings of RMB596,578.13 from Shenzhen Wushunfang Commercial Factoring Co., Ltd. (a non-bank financial institution) with pledge over accounts receivable of RMB596,578.13; pledged borrowings of RMB185,000.00 from Shenzhen Qianhai Lianjie Commercial Factoring Co., Ltd. (a non-bank financial institution) with pledge over accounts receivable of RMB185,000.00.

SECTION 12 FINANCIAL REPORT

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.34 Long-term borrowings (Continued)

2. Payment term of long-term borrowings due over 1 year

Payment term	Closing balance	Opening balance
Between 1-2 years	1,044,200,000.00	1,715,561,447.22
Between 2-5 years	4,453,400,000.00	2,567,524,000.00
Over 5 years	2,731,105,995.96	383,412,778.00
Total	8,228,705,995.96	4,666,498,225.22

5.35 Lease liabilities

Item	Closing balance	Opening balance
Lease payment	11,962,772.70	28,342,211.27
Less: unrecognized financing expense	924,260.19	2,279,255.57
Less: lease obligations due within one year	6,512,862.21	12,153,554.04
Total	4,525,650.30	13,909,401.66

5.36 Long-term payables

Nature	Closing balance	Opening balance
Long-term payables		
Special payables	2,602,600.17	4,598,530.23
Total	2,602,600.17	4,598,530.23

SECTION 12 FINANCIAL REPORT

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.36 Long-term payables (Continued)

Including: special payables

Item	Opening balance	Addition for the period	Reduction for the period	Closing balance	Reasons for the amount incurred
Research funding for research and development of prototype of furnace-building robot for aluminum electrolysis cell lining		1,036,600.00		1,036,600.00	
Others	4,598,530.23	462,000.00	3,494,530.06	1,566,000.17	
Total	4,598,530.23	1,498,600.00	3,494,530.06	2,602,600.17	

5.37 Long-term employee compensation payable

1. Long-term employee compensation payable

Category	Closing balance	Opening balance
Post-employment benefits – net liabilities under defined benefit plan	562,433,200.00	597,559,200.00
Termination benefits	60,990,800.00	82,375,800.00
Other long-term employee compensation payable		
Subtotal	623,424,000.00	679,935,000.00
Less: portion due within one year	71,540,000.00	80,447,000.00
Total	551,884,000.00	599,488,000.00

SECTION 12 FINANCIAL REPORT

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.37 Long-term employee benefits payable (Continued)

2. Changes in defined benefit plan

DBP net liabilities (net assets)

Item	Amount incurred for the current period	Amount incurred for the previous period
1. Opening balance	679,935,000.00	819,081,000.00
2. Net interest	19,168,000.00	24,942,786.21
3. Benefits paid	-83,253,976.30	-118,637,554.17
4. Actuarial loss (gain)	693,000.00	21,880,317.65
5. Previous service cost	5,551,277.31	-68,471,349.69
6. Current service cost	1,330,698.99	1,139,800.00
7. Closing balance	623,424,000.00	679,935,000.00

Note: The above obligations were determined based on actuarial valuations performed by an independent qualified actuarial firm, Towers Watson Consulting Company Limited, using the projected unit credit actuarial cost method.

The material actuarial assumptions used in valuing these obligations are as follows:

- (i) Discount rate adopted (per annum)

	31 December 2020	31 December 2019
Discount rate	3.25%	3.00%

- (ii) Mortality: Average life expectancy of residents in the PRC;
- (iii) Average medical expense increase rate: 8%;
- (iv) Annual growth rate of pension benefits for beneficiaries: 4.5%;
- (v) Medical costs paid to early retirees are assumed to continue until the death of the retirees.

SECTION 12 FINANCIAL REPORT

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.38 Deferred income

1. Deferred income presented by category

Item	Opening balance	Addition for the period	Reduction for the period	Closing balance	Reasons for the amount incurred
Government subsidy	53,036,425.27	43,630,000.00	11,431,920.88	85,234,504.39	Benefiting period has not expired
Total	53,036,425.27	43,630,000.00	11,431,920.88	85,234,504.39	–

2. Particulars of government subsidies

Item	Opening balance	Additional subsidies for the period	Amount included in profit and loss for the period	Other changes	Closing balance	Related to assets/income
Reduction in and exemption of Wugang land grant premium	14,631,586.35		1,838,950.30		12,792,636.05	Related to assets
Land subsidy for factory building of Technology Heavy Industry	5,600,000.00		400,000.00		5,200,000.00	Related to assets
Preparation process of high pollution-resistant hollow fiber membrane clean energy	4,666,668.00		583,333.00		4,083,335.00	Related to assets
Government subsidy for overall relocation of Shandong project	16,000,000.00				16,000,000.00	Related to assets
Urban roads in Tongchuan New District + Comprehensive packaged PPP project of underground comprehensive pipelines		40,000,000.00			40,000,000.00	Related to assets
Others	12,138,170.92	3,630,000.00	8,609,637.58		7,158,533.34	Related to assets
Total	53,036,425.27	43,630,000.00	11,431,920.88		85,234,504.39	–

SECTION 12 FINANCIAL REPORT

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.39 Share capital

Items	Opening balance	New shares issued	Increase/Decrease (+, -)			Subtotal	Closing balance
			Bonus shares	Shares converted from provident fund	Others		
Total number of shares	2,959,066,667.00						2,959,066,667.00
China Aluminum Group Limited	2,176,758,534.00						2,176,758,534.00
Luoyang Engineering & Research Institute for Nonferrous Metals Processing	86,925,466.00						86,925,466.00
National Council for Social Security Fund, PRC	36,316,000.00						36,316,000.00
Holders of overseas listed H shares	363,160,000.00						363,160,000.00
Public ordinary shareholders	295,906,667.00						295,906,667.00

5.40 Other equity instruments

Outstanding financial instruments	Opening balance		Addition		Reduction		Closing balance	
	Number	Carrying amount	Number	Carrying amount	Number	Carrying amount	Number	Carrying amount
17 Zhong Gong Y1 Renewable Corporate Bond	5,000,000.00	497,500,000.00			5,000,000.00	497,500,000.00		
19 Zhong Gong Y1 Renewable Corporate Bond	15,000,000.00	1,498,584,905.65					15,000,000.00	1,498,584,905.65
Industrial Bank Renewable Trust Loan	1,000,000,000.00	1,000,000,000.00					1,000,000,000.00	1,000,000,000.00
Total	-	2,996,084,905.65			-	497,500,000.00	-	2,498,584,905.65

SECTION 12 FINANCIAL REPORT

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.41 Capital reserve

Category	Opening balance	Addition	Reduction	Closing balance
1. Share premium	787,202,527.65	71,977,810.24	2,500,000.00	856,680,337.89
2. Other capital reserve	8,139,282.04	10,680,304.71		18,819,586.75
Total	795,341,809.69	82,658,114.95	2,500,000.00	875,499,924.64

Notes

- Capital reserve – share premium recorded an increase of RMB71,977,810.24 for the year due to the impacts of the acquisition of minority interests of a subsidiary Ninth Metallurgical Construction Co., Ltd. during the year.
- Capital reserve – share premium recorded a decrease of RMB2,500,000.00 for the year due to the redemption of perpetual bonds during the year.
- Capital reserve – other capital reserve recorded an increase of RMB10,680,304.71 for the year. Specifically, ① Changsha Engineering & Research Institute Limited for Nonferrous Metallurgy, a subsidiary of the Company, disposed of 49% equity interests in its subsidiary Hunan Huachu Project Management Co., Ltd., resulting in an increase of RMB5,801,850.10 in capital reserve – other capital reserve; ② China Nonferrous Metals Changsha Investigation and Design Research Institute Co., Ltd., a subsidiary of the Company, recognized a change in the other equity interests of its associate Chinalco Environmental Protection and Ecological Technology (Hunan) Co., Ltd. by using the equity method, resulting in an increase of RMB2,988,570.53 in capital reserve – other capital reserve; ③ there was an increase in investment by the minority shareholders of China Aluminum South Aluminum (Fujian) Aluminum Structure Technology Co., Ltd., an joint venture of China Aluminum International Aluminum Application Engineering Co., Ltd., a subsidiary of the Company; resulting in an increase of RMB1,638,050.36 in capital reserve – other capital reserve; ④ Changsha Engineering & Research Institute Limited for Nonferrous Metallurgy, a subsidiary of the Company, recognized a change in the other equity interests of its joint venture Zhongji Sunward Technology Co., Ltd. by using the equity method, resulting in an increase of RMB251,833.72 in capital reserve – other capital reserve.

SECTION 12 FINANCIAL REPORT

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.42 Other comprehensive income

Item	Opening balance	OCI for the year, pretax	2020		Less: recorded in OCI in earlier period but transferred to P&L for the year	Less: recorded in OCI in earlier period but transferred to retained earnings	Less: income tax	Amount after tax attributable to the parent company	Amount after tax attributable to minority shareholders	Closing balance
1. OCI not to be reclassified to P&L	95,580,600.43	-6,783,835.16								
Including:										
Change on DBP remeasurement	100,753,488.57	-2,924,450.00					-821,107.77	-5,996,780.77	34,053.38	89,583,819.66
OCI not to be transferred to P&L under equity method							-242,200.00	-2,706,620.52	24,370.52	98,046,868.05
Change in fair value of other equity instrument investment										
Change in fair value arising from credit risk of the Company itself	-5,172,888.14	-3,859,385.16					-578,907.77	-3,290,160.25	9,682.86	-8,463,048.39
2. OCI to be reclassified into P&L	128,246,129.56	-67,392,443.62								
Including:										
OCI to be transferred to P&L under equity method								-67,392,443.62		60,853,685.94
Change in fair value of other debt investment										
OCI on financial assets reclassification										
Allowance for credit loss on other debt investment										
Cashflow hedging reserve										
Foreign currency translation difference	128,246,129.56	-67,392,443.62						-67,392,443.62		60,853,685.94
Total OCI	223,826,729.99	-74,176,278.78					-821,107.77	-73,389,224.39	34,053.38	150,437,505.60

SECTION 12 FINANCIAL REPORT

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.43 Special reserve

Category	Opening balance	Addition	Reduction	Closing balance	Reason for Change
Production safety fee	124,905,233.17	294,329,837.54	271,906,223.26	147,328,847.45	
Total	124,905,233.17	294,329,837.54	271,906,223.26	147,328,847.45	

5.44 Surplus reserve

Category	Opening balance	Addition	Reduction	Closing balance
Statutory surplus reserve	201,586,598.10	21,165,394.42		222,751,992.52
Total	201,586,598.10	21,165,394.42		222,751,992.52

5.45 Undistributed profit

Item	Closing balance Amount	Withdrawal or distribution percentage
Unadjusted undistributed profit as at end of the previous year	4,021,247,997.05	
Adjustments to undistributed profit as at beginning of the year ("+" for increase, and "-" for decrease)		
Adjusted undistributed profit as at beginning of the year	4,021,247,997.05	
Add: net profit attributable to owners of the parent company for the year	-1,976,138,436.83	
Less: withdrawal of statutory surplus reserve	21,165,394.42	
Dividends payable to perpetual bond holders	133,891,667.46	
Dividends payable to ordinary shareholders	10,648,094.94	
Undistributed profit at end of the year	1,879,404,403.40	

SECTION 12 FINANCIAL REPORT

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.46 Operating revenue and operating cost

1. Operating revenue and operating cost by major segments

Item	2020		2019	
	Revenue	Cost	Revenue	Cost
1. Subtotal of principal business	22,815,917,902.58	20,803,214,662.49	30,772,696,282.38	27,565,400,172.51
Engineering contracting	17,717,605,607.77	16,256,356,976.10	20,774,891,423.68	18,529,178,330.92
Engineering design and consultancy	2,175,439,955.93	1,693,690,982.80	2,558,231,571.09	1,857,432,952.00
Equipment manufacturing	1,580,292,159.62	1,508,764,418.78	1,720,426,035.79	1,576,551,038.39
Trading and sales	1,583,185,664.20	1,575,554,357.72	5,944,081,746.43	5,823,597,765.73
Less: inter-segment elimination	240,605,484.94	231,152,071.91	224,934,494.61	221,359,914.53
2. Subtotal of other business	210,033,055.29	149,637,796.72	287,095,329.25	214,287,313.64
Material sales	75,993,500.92	63,542,456.96	129,921,860.81	112,521,769.64
Lease	59,645,729.16	21,675,106.86	82,730,421.79	20,848,325.27
Others	79,778,346.25	64,420,232.90	85,446,576.79	80,937,908.39
Less: inter-segment elimination	5,384,521.04		11,003,530.14	20,689.66
Total	23,025,950,957.87	20,952,852,459.21	31,059,791,611.63	27,779,687,486.15

2. Operating revenue for the year by revenue recognition time

Revenue recognition time	Engineering contracting	Engineering survey and design	Equipment manufacturing	Engineering consultation	Trading and sales
At a point in time			188,633,051.46	92,115,250.09	1,586,228,158.78
Over a period of time	17,858,846,643.87	2,081,013,334.16	1,405,458,796.33		
Total	17,858,846,643.87	2,081,013,334.16	1,594,091,847.79	92,115,250.09	1,586,228,158.78

SECTION 12 FINANCIAL REPORT

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.46 Operating revenue and operating cost (Continued)

3. Operating revenue for the year by reporting segment

Category of revenue	Revenue from contracts with clients	Lease income	Total
Engineering design and consultancy	2,173,128,584.25	37,437,300.53	2,210,565,884.78
Engineering contracting	17,858,846,643.87	10,793,263.87	17,869,639,907.74
Equipment manufacturing	1,594,091,847.79	8,623,853.19	1,602,715,700.98
Trading and sales	1,586,228,158.78	2,791,311.57	1,589,019,470.35
Inter-segment elimination	245,990,005.98		245,990,005.98
Total	22,966,305,228.71	59,645,729.16	23,025,950,957.87

4. Details of operating revenue

Item	2020	2019
Operating revenue	23,025,950,957.87	31,059,791,611.63
Less: Business revenue not related to principal business	135,639,230.08	212,652,282.60
Less: Income lacking commercial substance		
Operating revenue net of business revenue not related to principal business and income lacking commercial substance	22,890,311,727.79	30,847,139,329.03

5.47 Taxes and surcharges

Item	2020	2019
Urban maintenance and construction tax	26,889,374.62	24,991,780.60
Educational surcharge	20,225,083.45	18,942,434.72
Others	64,677,494.34	60,814,095.75
Total	111,791,952.41	104,748,311.07

SECTION 12 FINANCIAL REPORT

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.48 Sales expense

Item	2020	2019
Employee compensation	65,619,107.71	74,921,977.51
Travel expense	8,884,552.28	17,546,605.43
Warehousing and logistics	3,157,103.58	5,237,644.44
Business expense	6,248,138.24	7,346,085.14
Others	12,452,712.61	20,395,139.70
Total	96,361,614.42	125,447,452.22

5.49 Administrative expense

Item	2020	2019
Employee compensation	665,321,684.18	630,950,194.08
Depreciation and amortization	105,311,670.70	116,656,820.38
Office expense	139,745,980.69	157,458,051.43
Travel expense	28,461,439.81	39,591,923.57
Intermediary expense	27,818,810.51	31,015,680.30
Business expense	13,047,796.49	17,673,140.95
Party development expense	5,672,455.23	8,942,520.59
Others	52,439,814.95	64,655,867.82
Total	1,037,819,652.56	1,066,944,199.12

SECTION 12 FINANCIAL REPORT

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.50 R&D expense

Item	2020	2019
Employee compensation	259,032,315.69	283,663,172.16
Raw materials and main materials	293,707,915.39	182,991,600.92
Fuel and power	1,778,430.06	1,624,394.02
Depreciation and amortization	8,677,001.31	13,451,071.02
Outsourced R&D expense	8,940,545.81	18,128,815.50
Auxiliary expense	3,704,941.46	3,096,929.69
Other expenses	28,321,685.65	21,360,762.19
Total	604,162,835.37	524,316,745.50

5.51 Financial expense

Item	2020	2019
Interest expense	652,462,828.80	738,061,865.69
Less: interest income	206,534,565.23	210,652,452.70
Exchange loss	785,158,352.65	688,825,982.59
Less: exchange gain	751,661,514.32	698,068,662.46
Handling charges	46,312,539.52	47,607,745.46
Other expenses	6,360,924.51	7,345,166.31
Total	532,098,565.93	573,119,644.89

Note: The interests on lease liabilities of the Company for the year was RMB1,354,995.38.

5.52 Other gains

Item	2020	2019	Related to assets/income
Income related	59,975,959.09	37,444,713.76	Income
Asset related	10,041,358.10	2,220,143.84	Assets
Total	70,017,317.19	39,664,857.60	–

SECTION 12 FINANCIAL REPORT

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.53 Gain on investment

Category	2020	2019
Gain on long-term equity investment accounted for using equity method	20,736,899.25	-4,779,193.39
Gain on investment from disposal of long-term equity investments	199,781.45	11,343,057.12
Gain on disposal of financial assets at FVTPL		22,500.00
Gain on holding other equity instrument investment	2,010,196.92	2,780,255.19
Gain or loss on derecognition of financial assets at amortized cost	-38,586,715.25	19,337,105.40
Gain on investment in wealth management products		21,306,074.27
Gains or losses on debt restructuring	7,442,237.22	
Total	-8,197,600.41	50,009,798.59

Gains of the Company as a debtor from debt restructuring are as follows:

Way of debt restructuring	Carrying amount of debt	Gains on debt restructuring
Settlement of debts with assets	28,834,503.82	8,120,030.50
Conversion of debts into equity instruments		
Variation of other terms		
Others		
Total	28,834,503.82	8,120,030.50

Losses of the Company as a creditor from debt restructuring are as follows:

Way of debt restructuring	Carrying amount of creditor's rights	Losses on debt restructuring
Settlement of debts with assets	2,188,109.90	-677,793.28
Conversion of debts into equity instruments		
Variation of other terms		
A combination of ways		
Total	2,188,109.90	-677,793.28

SECTION 12 FINANCIAL REPORT

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.54 Gain on change in fair value

Source of gain on change in fair value	2020	2019
Derivative instruments	-19,100,700.00	164,450.00
Total	-19,100,700.00	164,450.00

5.55 Credit impairment loss

Item	2020	2019
Credit impairment loss on accounts receivable	-632,057,196.37	-424,548,455.30
Credit impairment loss on other receivables	-348,669,502.39	-108,504,366.67
Credit impairment loss on long-term receivables	-78,113,392.35	-72,247,951.56
Credit impairment loss on contract assets		-81,594,626.20
Total	-1,058,840,091.11	-686,895,399.73

5.56 Asset impairment loss

Item	2020	2019
Inventory impairment loss	-89,120,912.70	-4,513,965.48
Contract asset impairment loss	-437,633,289.58	
Long-term equity investment impairment loss	-39,846,251.15	-2,467,988.35
Total	-566,600,453.43	-6,981,953.83

5.57 Gain on asset disposal

Item	2020	2019
Gain on disposal of fixed assets	116,489.95	18,916,695.49
Gain on disposal of intangible assets	9,512,290.55	26,770,887.78
Gain on disposal of right-of-use assets	663,498.04	
Total	10,292,278.54	45,687,583.27

SECTION 12 FINANCIAL REPORT

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.58 Non-operating income

Item	2020	2019	Amount included in non-recurring gain or loss for the year
Government subsidies not related to daily activities	2,101,509.29	10,236,127.37	2,101,509.29
Compensation income	12,892,395.91	14,903,589.70	12,892,395.91
Approved payables impossible to be paid	46,827,826.35	52,918,958.05	46,827,826.35
Others	7,510,143.50	11,343,015.53	7,510,143.50
Total	69,331,875.05	89,401,690.65	69,331,875.05

5.59 Non-operating expense

Item	2020	2019	Amount included in non-recurring gain or loss for the year
Compensation expense	4,508,129.75	7,328,901.79	4,508,129.75
Net expense related to "Three Supplies and One Property"		48,542,574.98	
Other	8,038,931.93	15,934,069.72	8,038,931.93
Total	12,547,061.68	71,805,546.49	12,547,061.68

SECTION 12 FINANCIAL REPORT

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.60 Income tax expense

1. Breakdown of income tax expense

Item	2020	2019
Income tax expense for the year calculated according to the tax law and relevant regulations	155,900,395.54	201,827,956.67
Deferred income tax expense	-124,283,455.62	-79,579,455.53
Total	31,616,939.92	122,248,501.14

2. Reconciliation of accounting profit and income tax expense

Item	Amount
Total profit	-1,824,780,557.88
Income tax expense calculated at statutory/applicable tax rate	-273,717,083.68
Impact of subsidiaries applying different tax rates	-62,905,256.25
Impact of adjustments to income tax for prior period	12,694,123.36
Impact of non-taxable income	-1,563,402.87
Impact of non-deductible cost, expense and loss	58,976,094.86
Impact of utilizing deductible temporary difference or deductible loss on which no deferred tax asset was recognized in prior period	-2,003,668.74
Impact of deductible temporary difference or deductible loss on which no deferred tax asset is recognized in current period	363,032,936.13
Income tax impact of interest on perpetual bonds recorded in equity	-11,902,500.00
Others	-50,994,302.89
Income tax expense	31,616,939.92

SECTION 12 FINANCIAL REPORT

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.61 Expenses by nature

Item	2019	2018
Raw materials consumed	299,191,286.91	187,712,924.63
Movements in inventory of finished products and products in progress		
Employee compensation	989,973,107.58	989,535,343.75
Depreciation and amortization expenses	115,960,402.84	130,107,891.40
Credit impairment loss	-1,058,840,091.11	-686,895,399.73
Asset impairment loss	-566,600,453.43	-6,981,953.83
Finance expense	532,098,565.93	573,119,644.89
Others	333,219,305.02	409,352,237.06
Total	645,002,123.74	1,595,950,688.17

5.62 Statement of cash flows

1. Other cash received or paid related to operating activities

Item	2020	2019
Other cash received related to operating activities	444,520,514.72	291,405,782.93
Including: Cash received for payment on behalf	76,798,217.91	55,478,990.28
Interest on demand deposits received	95,598,792.92	98,999,329.42
Deposits and security deposits recovered		79,534,812.67
Government subsidy related to income received	51,576,192.51	40,552,293.63
Government subsidy related to assets received	40,000,000.00	
Decrease in restricted cash	174,173,736.01	14,025,013.38
Other cash paid related to investing activities	532,611,435.80	574,222,505.44
Including: Office expense paid	167,852,329.24	151,100,218.49
Deposits and security deposits paid	113,728,887.45	
R&D expense and intermediary fee paid	112,474,290.98	253,033,632.04
Travel expense paid	69,363,602.68	90,273,628.93
Bank handling fees paid	41,126,564.26	39,562,469.44
Hospitality expense paid	14,506,111.84	27,487,978.10
Litigation loss paid	10,123,906.56	8,077,909.07

SECTION 12 FINANCIAL REPORT

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.62 Statement of cash flows (Continued)

2. Other cash received or paid related to investing activities

Item	2020	2019
Other cash received related to investing activities	50,000,000.00	35,393,806.67
Including: Withdrawal of margin on futures	50,000,000.00	15,000,000.00
Difference of cash paid for acquisition of a subsidiary below cash held by the subsidiary on acquisition date		20,393,806.67
Other cash paid related to investing activities	50,000,000.00	
Including: Payment of margin on futures	50,000,000.00	

3. Other cash received or paid related to financing activities

Item	2020	2019
Other cash received related to financing activities	9,810,000.00	
Including: Cash received from disposal of certain equity interests in subsidiaries (without loss of control)	9,810,000.00	
Other cash paid related to financing activities	2,964,536,553.66	1,292,861,926.69
Including: redemption of perpetual bonds recorded in other equity instruments	2,924,205,000.00	1,208,000,000.00
Payments to minority shareholders for capital reduction	30,670,000.00	
Payment of principal and interest of lease obligation	8,072,773.90	11,753,766.49
Liquidation payment to other shareholders upon cancellation of a subsidiary	1,032,000.00	300,374.69
Bond and perpetual bond issuance cost	556,779.76	5,333,405.71
Cash paid in business combination under common control		67,474,379.80

SECTION 12 FINANCIAL REPORT

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.63 Supplementary details for cash flow statement

1. Supplementary details for cash flow statement

Item	2020	2019
1. Reconciliation of net profit to cash flows from operating activities		
Net profit	-1,856,397,497.80	222,524,751.60
Add: Asset impairment provision	566,600,453.43	6,981,953.83
Credit impairment loss	1,058,840,091.11	686,895,399.73
Depreciation of fixed assets, depreciation of right-of-use assets and depreciation of investment properties	184,750,168.71	184,808,027.50
Amortization of intangible assets	37,488,577.79	46,435,134.87
Amortization of long-term unamortized expenses	36,945,738.20	10,151,485.16
Loss on disposal of fixed assets, intangible assets and other long-term assets ("—" for gain)	-10,292,278.54	-45,687,583.27
Loss on scraping of fixed assets ("—" for gain)	502,977.50	-363,857.39
Loss on net exposure netting ("—" for gain)		
Loss on fair value change ("—" for gain)	19,100,700.00	-164,450.00
Finance expense ("—" for income)	557,191,631.64	527,409,412.99
Investment loss ("—" for gain)	30,389,114.84	-30,672,693.19
Decrease in deferred tax assets ("—" for increase)	-124,433,712.36	-105,660,956.39
Increase in deferred tax liabilities ("—" for decrease)	604,633.93	468,455.87
Decrease in inventories ("—" for increase)	-359,876,481.24	322,462,464.19
Decrease in contract assets ("—" for increase)	5,287,838,517.79	-1,941,763,740.00
Decrease in operating receivables ("—" for increase)	-3,553,256,092.93	134,496,988.01
Increase in operating payables ("—" for decrease)	-1,265,260,954.62	1,077,656,054.57
Others		
Net cashflow from operating activities	610,735,587.45	1,095,976,848.08

SECTION 12 FINANCIAL REPORT

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.63 Supplementary details for cash flow statement (Continued)

1. Supplementary details for cash flow statement (Continued)

Item	2020	2019
2. Significant investing and financing activities not involving cash payment or receipt		
Conversion from debt to capital		
Convertible corporate bonds due within one year		
Fixed asset under finance lease		
3. Net change in cash and cash equivalents		
Cash at end of the year	6,549,994,944.43	9,120,495,450.16
Less: cash at beginning of year	9,120,495,450.16	5,831,581,515.94
Add: cash equivalents at end of the year		
Less: cash equivalents at beginning of the year		
Net increase in cash and cash equivalents	-2,570,500,505.73	3,288,913,934.22

2. Net cash paid during the year for acquisition of a subsidiary

Item	Amount
Cash or cash equivalents paid during the year from business combination during the year	
Less: cash and cash equivalents held by a subsidiary on the acquisition date	
Add: cash or cash equivalents paid during the year for business combination in prior years	25,418.56
Including: Luoyang Kaiying Technology Co., Ltd.	25,418.56
Net cash paid for acquisition of a subsidiary	25,418.56

SECTION 12 FINANCIAL REPORT

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.63 Supplementary details for cash flow statement (Continued)

3. Cash and cash equivalents

Item	Closing balance	Opening balance
1. Cash	6,549,994,944.43	9,120,495,450.16
Including: cash on hand	644,341.40	4,371,601.61
Cash at bank	6,600,712,134.14	9,169,931,009.29
Other monetary fund	679,894,647.79	851,622,754.17
Less: time deposits with maturities over three months		
Restricted cash	731,256,178.90	905,429,914.91
2. Cash equivalents		
Including: time deposit maturing within three months		
3. Cash and cash equivalents at end of the year	6,549,994,944.43	9,120,495,450.16

SECTION 12 FINANCIAL REPORT

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.64 “Others” in the statement of changes in owners’ equity

1. “Others” in the statement of changes in owners’ equity for 2020

- (1) The RMB80,158,114.95 change in “others” under “capital reserve” was caused by six matters. Specifically, RMB-2,500,000.00 was the impact of the redemption of “17 Zhong Gong Y1” bond upon its maturity; RMB71,977,810.24 was the impact of the acquisition of minority interests in a subsidiary Ninth Metallurgical Construction Co., Ltd. by the parent company; RMB5,801,850.10 was the impact of the disposal of certain equity interests in Clinqsoft Info Tech by Changsha Institute, a subsidiary of the Company; RMB1,638,050.36 was the impact of incremental capital contribution from shareholders of an associate of China Aluminum International Aluminum Application Engineering Co., Ltd., a subsidiary of the Company; RMB2,988,570.53 was the impact of incremental capital contribution from shareholders of an associate of China Nonferrous Metals Changsha Investigation and Design Research Institute Co., Ltd., a subsidiary of the Company; RMB251,833.72 was the impact of incremental capital contribution from shareholders of a joint venture of Changsha Engineering & Research Institute Limited for Nonferrous Metallurgy, a subsidiary of the Company.
- (2) The change in “others” under “minority interests” was RMB-67,969,660.34. Specifically, RMB-71,977,810.24 was the impact of the acquisition of minority interests in a subsidiary Ninth Metallurgical Construction Co., Ltd. by the parent company; RMB4,008,149.90 was the change in minority interests due to the disposal of certain equity interests in Clinqsoft Info Tech by Changsha Institute, a subsidiary of the Company.

SECTION 12 FINANCIAL REPORT

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.64 “Others” in the statement of changes in owners’ equity (Continued)

2. “Others” in the statement of changes in owners’ equity for 2019

- (1) Under “other equity instruments”, the RMB-1,202,301,886.79 change in “Others” represent the balance of the redeemed 16 Zhong Gong Y1 prior to redemption.
- (2) Under “capital reserve”, the RMB-58,838,576.3 change in “Others” was caused by five matters. Specifically, RMB-5,698,113.21 was the impact of the redemption of “16 Zhong Gong Y1” bond upon its maturity; RMB-56,649,291.43 was the impact of the fact that our subsidiary Chalieco Hong Kong Corporation Limited declared redemption of perpetual bonds recorded in minority interests; RMB-4,630,453.70 was the impact of the acquisition of Luoyang Foyang Decoration Engineering Co., Ltd. by our subsidiary CNPT through incremental capital contribution, which constituted a business combination under common control; RMB8,110,546.26 was the impact of incremental capital contribution from the minority shareholders of our subsidiary, Shaanxi Zhong Mian Investment Company Limited; RMB28,735.78 was the impact of incremental capital contribution from shareholders of an associate of Guiyang Aluminum and Magnesium Design Institute Co., Ltd, a subsidiary of the Company.
- (3) Under “minority interests”, the change in “Others” was RMB-1,551,597,174.08. Specifically, RMB4,630,453.70 was the impact of the acquisition by our subsidiary CNPT of Luoyang Foyang Decoration Engineering Co., Ltd. through incremental capital contribution; RMB-2,018,949.51 was the impact of our subsidiary CNPT’s disposal of its partially-owned subsidiary, Suzhou Nonferrous Metal Materials Co., Ltd.; RMB-300,374.69 was the impact of the fact that our subsidiary Sixth Metallurgical Company cancelled the registration of its subsidiary Henan Haxin Real Estate Co., Ltd.; RMB-2,454,608,303.57 was the impact of perpetual bond redemption by Chalieco Hong Kong Corporation Limited; RMB900,700,000.00 was the change in minority interests due to our acquisition of Yunnan Miyu not under common control during the year.

5.65 Assets with restricted ownership or use rights

Item	Book value as at the end of the year	Reason for restriction
Monetary fund	731,256,178.90	Frozen, pledged
Notes receivable	87,877,404.78	Pledged
Accounts receivable	751,240,633.17	Pledged
Fixed assets	15,753,063.46	Mortgaged
Total	1,586,127,280.31	–

SECTION 12 FINANCIAL REPORT

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.66 FCY monetary items

1. FCY monetary items

Item	Closing balance in FCY	Exchange rate	Closing balance in RMB
Monetary fund			1,038,850,792.66
Including: USD	137,098,907.58	6.5249	894,556,662.07
VND	9,634,043,768.00	0.0003	2,722,559.32
INR	57,151,158.00	0.0891	5,094,686.67
IDR	281,526,625,412.45	0.0005	130,742,567.84
MYR	1,500,551.27	1.6173	2,426,780.63
SAR	1,901,998.65	1.7390	3,307,536.13
Accounts receivable			965,801,285.99
Including: USD	141,033,475.96	6.5249	920,229,327.29
VND	141,830,430,103.00	0.0003	40,080,963.81
INR	27,190,070.00	0.0891	2,423,833.43
IDR	6,604,487,194.00	0.0005	3,067,161.46
Accounts payable			90,460,703.35
Including: USD	11,337,375.61	6.5249	73,975,242.12
VND	58,335,424,963.00	0.0003	16,485,461.23
Short-term borrowings			188,520,386.34
Including: USD	28,892,456.03	6.5249	188,520,386.34

2. Functional currency of significant overseas entities

Significant overseas entity	Principal place of business	Functional currency	Basis
Chalieco Hong Kong Corporation Limited	Hong Kong	USD	Revenue from daily activities

SECTION 12 FINANCIAL REPORT

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.67 Hedging items and related hedging tools

The Baiyinhua Project of the Company used futures contracts to hedge against changes in the market prices of major products procured, namely aluminum bus bars and steel products, during the year. A corresponding hedging plan was formulated through the actual purchase quantity of the project department. The futures contracts of aluminum ingots and deformed steel bars were the items for hedging. The net gains or losses after deducting the changes in fair value of the spot goods and changes in cash flow by the liquidation gains or losses were RMB16,473,420.00.

6 CHANGE IN SCOPE OF CONSOLIDATION

6.1 Business combination not under common control during the reporting period: Nil

6.2 Business combination under common control during the reporting period : Nil

6.3 Reverse purchase during the reporting period: Nil

6.4 Disposal of equity in subsidiaries during reporting period: Nil

6.4 Other reasons for changes in the scope of consolidation of financial statements

Kunming Survey and Design Institute established an overseas subsidiary called China Nonferrous Metals Kunming Survey and Design Institute DR Congo Company (中國有色昆勘院非洲剛果(金)公司).

SECTION 12 FINANCIAL REPORT

7 EQUITY IN OTHER ENTITIES

7.1 Equity in subsidiaries

1. Composition of Group

Subsidiary	Business type	Place of incorporation	Registered capital (RMB'0,000)	Principal place of business	Business scope	Shareholding percentage (%)		Means of acquisition
						Direct	Indirect	
China Nonferrous Metals Processing Technology Co., Ltd.	1	High-tech Zone, Luoyang City	11,515.00	Luoyang, Henan	Technical development and equipment sales	73.50		2
Luoyang Jincheng Construction Supervision Co., Ltd.	1	Jianxi District, Luoyang City	500.00	Luoyang, Henan	Construction supervision		100.00	2
Luoyang Foyang Decoration Engineering Co., Ltd.	1	High-tech Zone, Luoyang City	2,050.00	Luoyang, Henan	Other construction and installation industry		51.22	2
Luoyang Kaijing Technology Co., Ltd.	1	Luolong District, Luoyang City	20,000.00	Luoyang City, Henan	IT consultancy service		100.00	2
Suzhou Nonferrous Metal Materials Deyuan Environmental Protection Co., Ltd.	1	Suzhou High-tech Zone	2,500.00	Suzhou, Jiangsu	Environmental protection technology development and sales		62.50	1
Sixth Metallurgical Construction Company of China Nonferrous Metals Industry	1	Hualine Road, Zhengzhou City	234,616.53	Zhengzhou, Henan	Construction projects	100.00		2
Sixth Metallurgical Luoyang Construction Co., Ltd.	1	Jianxi district, Luoyang City	1,659.80	Luoyang, Henan	Construction projects		100.00	1
Sixth Metallurgical Luoyang Mechanical and Electrical Installation Co., Ltd.	1	Jianxi district, Luoyang City	1,117.33	Luoyang, Henan	Construction projects		100.00	1
Sixth Metallurgical (Zhengzhou) Technology Heavy Industry Co., Ltd.	1	Industrial Agglomeration Area, Xinmi City	8,500.00	Zhengzhou, Henan	Engineering machinery manufacturing		100.00	1
Henan Sixth Metallurgical Trading Co., Ltd.	1	Zhengzhou Economic and Technological Development Zone	3,000.00	Zhengzhou, Henan	Trading business		100.00	1
Panzhou Hachong Project Management Co., Ltd.	1	Lupanshui City, Guizhou Province		Guiyang, Guizhou	Construction projects		30.00	1

SECTION 12 FINANCIAL REPORT

7 EQUITY IN OTHER ENTITIES (CONTINUED)

7.1 Equity in subsidiaries (continued)

1. Composition of Group (continued)

Subsidiary	Business type	Place of incorporation	Registered capital (RMB'0,000)	Principal place of business	Business scope	Shareholding percentage (%)		Means of acquisition
						Direct	Indirect	
Tongchuan Hao Tong Construction Co., Ltd.	1	Tongchuan City, Shaanxi Province	12,000.00	Tongchuan, Shaanxi	Construction projects		80.00	1
China Aluminum Great Wall Construction Co., Ltd.	1	Shangjie District, Zhengzhou City	26,853.63	Henan	Engineering and construction contracting		100.00	2
Huaian Tong Yun Construction Co., Ltd.	1	Huayin District, Huai'an City	10,077.73	Jiangsu	Construction projects		100.00	1
Changsha Engineering & Research Institute Limited for Nonferrous Metallurgy	1	Furong District, Changsha City	72,488.87	Changsha, Hunan	Survey and design	100.00		2
Changsha Cinqsoft Info Tech Co., Ltd.	1	Changsha High-tech Industrial Development Zone	200.00	Changsha	Software development and technical service		100.00	2
Hunan Huachu Project Management Co., Ltd.	1	Furong District, Changsha City	600.02	Hunan	Consultancy and supervision service		100.00	2
Hunan Changye Construction Drawing Examination Co., Ltd.	1	Furong District, Changsha City	329.99	Hunan	Construction drawing examination		100.00	2
Huachu High-Tech (Hunan) Co., Ltd.	1	Jiuhua Demonstration Zone, Xiangtan	3,500.00	Xiangtan	Equipment sales		100.00	1
China Aluminum International South Engineering Co., Ltd.	1	Nanding Town, Zhangdian, Zibo	15,290.00	Shandong	Construction and installation		100.00	2
Wenzhou Tongrun Construction Co., Ltd.	1	Lucheng District, Wenzhou City	10,000.00	Wenzhou	Construction projects	60.00	40.00	1
Wenzhou Tonghui Construction Co., Ltd.	1	Longwan District, Wenzhou City	3,000.00	Wenzhou	Construction projects	90.00	10.00	1
Ninth Metallurgical Construction Co., Ltd.	1	Weicheng District, Xianyang city, Shaanxi province	32,000.00	Xianyang	Engineering construction	72.08		3
Henan Ninth Metallurgical Construction Co., Ltd.	1	Zhengzhou City, Henan Province	5,000.00	Zhengzhou	Engineering construction		100.00	3

SECTION 12 FINANCIAL REPORT

7 EQUITY IN OTHER ENTITIES (CONTINUED)

7.1 Equity in subsidiaries (continued)

1. Composition of Group (continued)

Subsidiary	Business type	Place of incorporation	Registered capital (RMB 0,000)	Principal place of business	Business scope	Shareholding percentage (%)		Means of acquisition
						Direct	Indirect	
Zhengzhou Ninth Metallurgical Sanwei Chemical Machinery Co., Ltd.	1	Zhengzhou City, Henan Province	10,000.00	Zhengzhou	Equipment manufacturing		100.00	3
Hanzhong Ninth Metallurgical Construction Co., Ltd.	1	Zhengzhou City, Henan Province	12,000.00	Hanzhong City, Shaanxi Province	Engineering construction		100.00	3
Ankang Ninth Metallurgical Changjiali Concrete Co., Ltd.	1	Ankang City, Shaanxi Province	1,000.00	Ankang City, Shaanxi Province	Concrete production		100.00	3
Xinjiang Ninth Metallurgical Construction Co., Ltd.	1	Changji Prefecture, Xinjiang	6,000.00	Xinjiang	Engineering construction		100.00	3
Ninth Metallurgical Steel Structure Co., Ltd.	1	Xianyang City, Shaanxi province	630.00	Xianyang City	Equipment manufacturing		100.00	3
Mian County Ninth Metallurgical Kindergarten	1	Mian County, Shaanxi Province	50.00	Mian County, Shaanxi Province	Pre-school education		100.00	3
Ninth Metallurgical Hanzhong Construction Design Institute Co., Ltd.	1	Mian County, Shaanxi Province	50.00	Hanzhong City, Shaanxi Province	Survey and design		100.00	3
Shaanxi Zhong Mian Investment Company Limited	1	Mian County, Shaanxi Province	10,000.00	Shaanxi	Hot spring project development and operations management		51.00	1
Shenyang Aluminum & Magnesium Design Institute Co., Ltd.	1	Heping District, Shenyang City	49,074.32	Shenyang	Engineering survey and design	100.00		1
Shenyang Boyu Technology Co., Ltd.	1	Heping District, Shenyang City	2,025.00	Liaoning	Industrial manufacturing		100.00	1
Shenyang Aluminum & Magnesium Technology Co., Ltd.	1	Heping District, Shenyang City	1,050.00	Liaoning	Technical service		100.00	1

SECTION 12 FINANCIAL REPORT

7 EQUITY IN OTHER ENTITIES (CONTINUED)

7.1 Equity in subsidiaries (continued)

1. Composition of Group (continued)

Subsidiary	Business type	Place of incorporation	Registered capital (RMB'0,000)	Principal place of business	Business scope	Shareholding percentage (%)		Means of acquisition
						Direct	Indirect	
Shenyang Aluminum & Magnesium Engineering & Research Institute Construction Supervision Co., Ltd.	1	Heping District, Shenyang City	411.80	Liaoning	Construction supervision		100.00	1
Beijing Huayu Aerospace Control High-Tech Co., Ltd.	1	Haidian District, Beijing	1,750.00	Beijing	Technology research and development		60.00	1
China Nonferrous Metals Industry's Twelfth Metallurgical Construction Co., Ltd.	1	Xinghualing District, Taiyuan District	53,341.94	Shanxi	Construction projects	100.00		2
China Nonferrous Metals Industry's Twelfth Metallurgical Chongqing Energy Savings Technology Co., Ltd.	1	Nanan District, Chongqing City	1,200.00	Chongqing	Contract energy management		100.00	1
Shanxi Nonferrous Metal Twelfth Metallurgical Supplies Co., Ltd.	1	Xinghualing District, Taiyuan District	1,500.00	Taiyuan	Commodity trading		100.00	1
Shanxi Longye Construction Labor Service Co., Ltd.	1	Xinghualing District, Taiyuan District, Shanxi province	200.00	Xinghualing District, Taiyuan District, Shanxi province	Construction and installation industry		100.00	1
China Aluminum International 12MCC Construction Co., Ltd.	3	Incheon, South Korea	351.12	Incheon, South Korea	Construction and installation industry		80.00	1
China Nonferrous Metals Changsha Investigation and Design Research Institute Co., Ltd.	1	Furong District, Changsha City	18,373.00	Hunan	Survey and design	100.00		2
Shenzhen Changkan Survey and Design Co., Ltd.	1	Shennan East Road, Shenzhen City	1,502.00	Guangdong	Technical service		100.00	2
Changsha Tongxiang Construction Co., Ltd.	1	Yuelu District, Changsha City	2,500.00	Changsha	Construction projects	40.00	60.00	1
Hunan Tongdu Investment and Development Co., Ltd.	1	Yuelu District, Changsha City	1,000.00	Changsha	Investment	60.00	40.00	1

SECTION 12 FINANCIAL REPORT

7 EQUITY IN OTHER ENTITIES (CONTINUED)

7.1 Equity in subsidiaries (continued)

1. Composition of Group (continued)

Subsidiary	Business type	Place of incorporation	Registered capital (RMB'0,000)	Principal place of business	Business scope	Shareholding percentage (%)		Means of acquisition
						Direct	Indirect	
China Aluminum International Engineering & Equipment Co., Ltd.	1	Haidian District, Beijing	20,000.00	Beijing	Equipment sales	100.00		1
China Aluminum International Shandong Chemical Industry Co., Ltd.	1	Zibo High-tech Zone	5,000.00	Shandong	Equipment sales		100.00	1
China Aluminum International Logistic (Tianjin) Co., Ltd.	1	Tianjin Airport Economic Zone	5,000.00	Tianjin	Trading		100.00	1
Shanghai China Aluminum International Supply Chain Management Co., Ltd.	1	Pudong New Area, Shanghai	2,100.00	Pudong New Area	Trading		100.00	1
Chaleco Hong Kong Corporation Limited	3	Queen's Road East, Wan Chai,	6,557.20	Hong Kong	Investment	100.00		1
Chaleco Malaysia Sdn.Bhd.	3	Other overseas regions	157.92	Malaysia	Engineering survey and design		100.00	1
Shanghai Chaleco Fengyuan Equity Investment Fund Partnership (Limited Partner)	1	China (Shanghai) Pilot Free Trade Zone	45,930.58	Shanghai	Trading		99.95	1
China Aluminum International Investment Management (Shanghai) Co., Ltd.	1	China (Shanghai) Pilot Free Trade Zone	49,400.00	Shanghai	Trading	5.00	95.00	1
Chaleco (Tianjin) Construction Co., Ltd.	1	Tianjin Airport Economic Area	21,100.00	Tianjin	Engineering construction	100.00		2
Xin Chengtong (Tianjin) Construction Engineering Co., Ltd.	1	Ji County, Tianjin	10.00	Tianjin	Construction projects		100.00	1
China Aluminum International Technology Development Co., Ltd.	1	Haidian District, Beijing	6,000.00	Beijing	Technology research and development	100.00		1

SECTION 12 FINANCIAL REPORT

7 EQUITY IN OTHER ENTITIES (CONTINUED)

7.1 Equity in subsidiaries (continued)

1. Composition of Group (continued)

Subsidiary	Business type	Place of incorporation	Registered capital (RMB'0,000)	Principal place of business	Business scope	Shareholding percentage (%)		Means of acquisition
						Direct	Indirect	
China Aluminum International Engineering (India) Private Limited	3	West Bengal, India	594.24	India	Construction projects	99.99	0.01	1
China Aluminum International Yunnan Aluminum Application Engineering Co., Ltd.	1	Haidian District, Beijing	7,800.00	Beijing	Investment consultancy	100.00		1
Duyun Development Zone Tongda Construction Co., Ltd.	1	Duyun Economic Development Zone	1,000.00	Guizhou	Engineering construction	50.00	50.00	1
Guiyang Aluminum and Magnesium Design Institute Co., Ltd.	1	Guanshanhu District, Guiyang City	70,000.00	Guizhou	Design consultancy	100.00		1
Guiyang Aluminum and Magnesium Design Institute Construction Contracting Co., Ltd.	1	Guanshanhu District, Guiyang City	4,500.00	Guizhou	Engineering construction		100.00	1
Guiyang Zhenxing Aluminum & Magnesium Technological Development Co., Ltd.	1	Guiyang Startup Service Center of High and New Technologies	3,000.00	Guizhou	Technology development and software design		100.00	1
Guizhou Light Metal Innovation Research and Equipment Process Co., Ltd.	1	Gaoxin District, Guiyang City	1,000.00	Guizhou	Technology development and software design		100.00	1
Guiyang Xinyu Construction Supervision Co., Ltd.	1	Jinyang New District,	1,341.95	Guizhou	Engineering supervision and consultancy		100.00	1
Guizhou Yundu Properties Company Limited	1	Duyun City, Guizhou Province	12,800.00	Guizhou Province	Real estate development and engineering construction		100.00	1
Guizhou Shuran Mechanical and Electric Equipment Co., Ltd.	1	Pingba County, Anshui City	6,198.00	Guizhou	Equipment manufacturing		100.00	3
Guangxi Tongrui Investment Construction Co., Ltd.	1	Liangqing District, Nanning City	25,000.00	Guangxi	Building construction	100.00		1

SECTION 12 FINANCIAL REPORT

7 EQUITY IN OTHER ENTITIES (CONTINUED)

7.1 Equity in subsidiaries (continued)

1. Composition of Group (continued)

Subsidiary	Business type	Place of incorporation	Registered capital (RMB '0,000)	Principal place of business	Business scope	Shareholding percentage (%)		Means of acquisition
						Direct	Indirect	
China Aluminum International Aluminum Application Engineering Co., Ltd.	1	Haidian District, Beijing	14,450.00	Beijing	Trading and technical service	100.00		1
Shanxi Nonferrous Metal Twelfth Metallurgical Advanced Materials Co., Ltd.	1	Jiancaoping District, Taiyuan City	2,358.82	Shanxi	Scientific research and technical service industry		66.00	1
Qingdao Xinfu Gongchuang Asset Management Company Limited	1	Shinan District, Qingdao City	1,000.00	Shandong	Commercial development and operations	90.00		3
Chalco Shandong Engineering Technology Co., Ltd.	1	Zhangdian District, Zibo City	27,460.71	Shandong	Other construction and installation industry	60.00		2
Chalco Wancheng Shandong Construction Co., Ltd.	1	Zhangdian District, Zibo City	6,381.00	Shandong	Other construction and installation industry		96.57	2
Kunming Survey and Design institute Co., Ltd. of China Nonferrous Metals industry	1	Parlong District, Kunming City	10,850.00	Kunming	Engineering survey and design	100.00		2
Kunming Technology Development Co., Ltd.	1	Parlong District, Kunming City	200.00	Kunming	Other construction and installation industry		100.00	2
China Nonferrous Metals Kunming Survey and Design Institute DR Congo Company	3	The Democratic Republic of the Congo	5.45	The Democratic Republic of the Congo	Technological services for geological survey		100.00	1
Chinalco Southwest Construction Investment Co., Ltd.	1	Xishui District, Kunming City	20,000.00	Kunming	Project investments	100.00		1
Yunnan Miyu Expressway Investment and Development Co., Ltd.	1	Huaning County, Yuxi City	70,000.00	Yuxi City, Yunnan Province	Construction projects	43.60	10.20	3

SECTION 12 FINANCIAL REPORT

7 EQUITY IN OTHER ENTITIES (CONTINUED)

7.1 Equity in subsidiaries (continued)

1. Composition of Group (continued)

Notes:

- (1) Business type: 1. Domestic non-financial subsidiaries, 2. Domestic financial subsidiaries, 3. Overseas subsidiaries, 4 public institutions, and 5 infrastructure units.
- (2) Means of acquisition: 1. Incorporation; 2. Business combination under common control, 3. Business combination not under common control, 4. Others.
- (3) China Aluminum International Engineering (India) Private Limited, a subsidiary incorporated in India, needs to follow local foreign exchange management policies, pursuant to which these subsidiaries must obtain prior approval from the local foreign exchange administration to pay cash dividends to the Company and other investors.
- (4) China Aluminum International Aluminum Technological Development Co., Ltd., a wholly-owned subsidiary of the Company, was renamed as China Aluminum International Aluminum Application Engineering Co., Ltd.
- (5) Beijing Zichen Investment Development Corporation Limited, a wholly-owned subsidiary of the Company, was renamed as China Aluminum International Yunnan Aluminum Application Engineering Co., Ltd.

2. Particulars of important partially-owned subsidiaries

No.	Subsidiary name	Shareholding of minority shareholders (%)	P&L attributable to minority shareholders for the year	Declared dividends to minority shareholders for the year	Minority interest at the end of the year
1	China Nonferrous Metals Processing Technology Co., Ltd.	26.50	19,390,299.62		7,963,340.42
2	Ninth Metallurgical Construction Co., Ltd.	26.92	-39,393,457.92	55,832,000.00	270,896,571.70
3	Chalco Shandong Engineering Technology Co., Ltd.	40.00	18,813,812.36		138,378,023.23

Note: The shareholding of minority shareholders of the subsidiaries is in line with their proportion of voting rights.

SECTION 12 FINANCIAL REPORT

7 EQUITY IN OTHER ENTITIES (CONTINUED)

7.1 Equity in subsidiaries (continued)

3. Summarized financial information of significant partially-owned subsidiaries

No.	Subsidiary name	Current assets	Non-current assets	Closing Balance		Non-current liabilities	Total liabilities
				Total assets	Current liabilities		
1	China Nonferrous Metals Processing Technology Co., Ltd.	885,413,759.69	1,116,218,246.92	2,001,632,006.61	1,530,759,156.47	424,458,916.11	1,955,218,072.58
2	Ninth Metallurgical Construction Co., Ltd.	7,818,414,832.49	920,638,472.20	8,739,053,304.69	6,646,757,009.69	1,015,704,391.54	7,662,461,401.23
3	Chalco Shandong Engineering Technology Co., Ltd.	1,156,210,344.37	156,669,056.77	1,312,879,401.14	948,613,202.67	16,000,000.00	964,613,202.67

No.	Subsidiary name	Current assets	Non-current assets	Opening Balance		Non-current liabilities	Total liabilities
				Total assets	Current liabilities		
1	China Nonferrous Metals Processing Technology Co., Ltd.	1,122,983,707.41	856,740,826.88	1,979,724,534.29	1,759,209,038.33	99,493,897.43	1,858,702,935.76
2	Ninth Metallurgical Construction Co., Ltd.	9,008,613,740.02	853,256,754.94	9,861,870,494.96	8,033,208,147.31	656,390,772.96	8,689,598,920.27
3	Chalco Shandong Engineering Technology Co., Ltd.	1,412,710,353.51	129,180,437.34	1,541,890,790.85	1,126,722,822.25	16,000,000.00	1,142,722,822.25

SECTION 12 FINANCIAL REPORT

7 EQUITY IN OTHER ENTITIES (CONTINUED)

7.1 Equity in subsidiaries (continued)

3. Summarized financial information of significant partially-owned subsidiaries (continued)

No.	Subsidiary name	Operating revenue	2020		
			Net profit	Total comprehensive income	Cash flow from operating activities
1	China Nonferrous Metals Processing Technology Co., Ltd.	835,270,877.39	-73,327,815.99	-74,208,415.99	69,226,372.09
2	Ninth Metallurgical Construction Co., Ltd.	4,613,973,036.84	137,947,389.74	138,976,549.23	469,803,713.01
3	Chalco Shandong Engineering Technology Co., Ltd.	634,205,222.23	-48,767,584.06	-48,767,584.06	13,270,206.46

No.	Subsidiary name	Operating revenue	2019		
			Net profit	Total comprehensive income	Cash flow from operating activities
1	China Nonferrous Metals Processing Technology Co., Ltd.	807,233,953.92	-84,510,682.70	-86,673,082.70	124,611,165.28
2	Ninth Metallurgical Construction Co., Ltd.	5,656,514,477.70	153,704,040.23	154,154,199.81	63,856,049.42
3	Chalco Shandong Engineering Technology Co., Ltd.	1,133,056,576.27	17,772,840.75	17,772,840.75	-146,629,243.01

SECTION 12 FINANCIAL REPORT

7 EQUITY IN OTHER ENTITIES (CONTINUED)

7.2 Transactions which involved changes in the percentage of owners' equity in subsidiaries and continuous control over the subsidiaries

1. Description of changes in the percentage of owners' equity in subsidiaries

The Company entered into an equity transfer agreement with individual shareholders of Ninth Metallurgical Construction Co., Ltd. in March 2020, intending to acquire 9.58% of the shares held by the individual shareholders and complete the relevant equity change procedures at the end of March. Hence, the Company chose 31 March 2020 as the non-controlling interest acquisition date. After completion of the acquisition, the Company has a total of 72.08% equity interests in Ninth Metallurgical Construction Co., Ltd. and maintains the control over it.

Changsha Engineering & Research Institute Limited for Nonferrous Metallurgy, a wholly-owned subsidiary of the Company, disposed of 49% of the equity interests in Hunan Huachu Project Management Co., Ltd., a sub-subsidiary, in December 2020. Upon completion of the transaction, the Company still holds 51% equity interests and there is no change in the scope of combination.

2. Impact of the transaction on minority interest and equity attributable to owners of the parent company

Item	Ninth Metallurgical Construction Co., Ltd.	Hunan Huachu Project Management Co., Ltd.
Acquisition costs/disposal consideration	30,670,000.00	9,810,000.00
Including: Cash	30,670,000.00	9,810,000.00
Total acquisition costs/disposal consideration	30,670,000.00	9,810,000.00
Less: Share of the subsidiary's net assets calculated based on the proportion of equity interests acquired/ disposed of	102,647,810.24	4,008,149.90
Difference	71,977,810.24	5,801,850.10
Including: Adjustment to the capital reserve	71,977,810.24	5,801,850.10
Adjustment to the surplus reserve		
Adjustment to the undistributed profit		

SECTION 12 FINANCIAL REPORT

7 EQUITY IN OTHER ENTITIES (CONTINUED)

7.3 Interests in joint ventures and associates

1. Particulars of significant joint ventures and associates

(1) Particulars of significant joint ventures

Joint venture name	Business type	Place of incorporation	Registered capital (RMB'0,000)	Principal place of business	Business scope	Shareholding percentage (%)		Accounting treatment method
						Direct	Indirect	
Shanghai Fengtong Equity Investment Fund Partnership (Limited Partnership)	Limited Partnership	Shanghai	–	Shanghai	Investment company	40.00	–	Equity method
Zhongji Sunward Technology Co., Ltd.	Other limited liability company	Hunan	8,000.00	Hunan	Metallurgical equipment manufacturing	–	49.00	Equity method

(2) Particulars of significant associates

Associate name	Business type	Place of incorporation	Registered capital (RMB'0,000)	Principal place of business	Business scope	Shareholding percentage (%)		Accounting treatment method
						Direct	Indirect	
China Aluminum South Aluminum (Fujian) Aluminum Structure Technology Co., Ltd.	Limited liability company (state-owned)	Yancheng city	14,926.00	Jiangsu	Research and experimental development		33.50	Equity method
Sichuan Chuannan Rail Transit Operation Co., Ltd.	Other limited liability company	Yibin city	28,000.00	Sichuan	Road transport industry		10.00	Equity method
Guizhou Tongye Construction Development Co., Ltd.	Other limited liability company	Guiyang city	3,000.00	Guizhou	Construction and installation industry		45.00	Equity method

SECTION 12 FINANCIAL REPORT

7 EQUITY IN OTHER ENTITIES (CONTINUED)

7.3 Interests in joint ventures and associates (continued)

2. Summarised financial information of significant joint ventures

Item	Closing balance/2020		Opening balance/2019	
	Shanghai Fengtong Equity Investment Fund Partnership (Limited Partner)	Zhongji Sunward Technology Co., Ltd.	Shanghai Fengtong Equity Investment Fund Partnership (Limited Partner)	Zhongji Sunward Technology Co., Ltd.
Current assets	70,374,482.60	129,799,622.50	70,402,084.57	166,101,574.85
Including: cash and cash equivalents	2,708,345.64	36,896,000.25	2,735,947.61	27,715,206.20
Non-current assets	465.97	17,208,153.89	465.97	19,875,032.91
Total assets	70,374,948.57	147,007,776.39	70,402,550.54	185,976,607.76
Current liabilities	10,478,700.35	42,387,542.20	10,462,653.16	111,144,828.84
Non-current liabilities				
Total liabilities	10,478,700.35	42,387,542.20	10,462,653.16	111,144,828.84
Minority interests	1,000,000.00		1,000,000.00	
Equity attributable to shareholders of the parent	58,896,248.22	104,620,234.19	58,939,897.38	74,831,778.92
Share in net assets in proportion to shareholding percentage	8,896,248.22	51,263,914.75	8,939,897.38	36,193,840.92
Adjustments				
Including: Goodwill				
Unrealized profit on inter-company transactions				
Others				
Book value of equity interests in joint ventures	8,896,248.22	51,263,914.75	8,939,897.38	36,193,840.92
Fair value of equity interests in joint ventures with public quotations				
Operating revenue		103,075,701.34		73,331,452.59
Finance expense	-8,839.09	-43,761.91	-11,671.98	-105,781.20
Income tax				-20,476.24
Net profit	-43,649.16	5,019,158.55	-185,542.23	5,462,239.12
Net profit on discontinued operations				
Other comprehensive income				
Total comprehensive income	-43,649.16	5,019,158.55	-185,542.23	5,462,239.12
Dividends paid by joint ventures during the year				

SECTION 12 FINANCIAL REPORT

7 EQUITY IN OTHER ENTITIES (CONTINUED)

7.3 Interests in joint ventures and associates (continued)

3. Summarised financial information of significant associates

Item	Closing balance/2020			Opening balance/2019		
	China Aluminum South Aluminum (Fujian) Aluminum Structure Technology Co., Ltd.	Sichuan Chuannan Rail Transit Operation Co., Ltd.	Guizhou Tongye Construction Development Co., Ltd.	China Aluminum South Aluminum (Fujian) Aluminum Structure Technology Co., Ltd.	Sichuan Chuannan Rail Transit Operation Co., Ltd.	Guizhou Tongye Construction Development Co., Ltd.
Current assets	104,291,936.26	329,050,521.84	1,216,544,853.81	110,373,032.82	151,694,274.85	1,259,056,142.94
Including: cash and cash equivalents	5,790,650.42	170,695,690.81	3,043,428.29	3,320,341.43	63,987,336.54	2,074,637.92
Non-current assets	120,772,335.02	532,119,706.26	372,452.53	7,719,030.71	442,655,752.08	532,964.05
Total assets	225,064,271.28	861,170,228.10	1,216,917,306.34	118,092,063.53	594,350,026.93	1,259,589,106.99
Current liabilities	59,617,373.35	50,454,781.30	81,767,631.86	2,480,015.51	306,939,429.62	97,470,857.96
Non-current liabilities		517,792,000.00	1,089,499,458.39			1,113,599,458.59
Total liabilities	59,617,373.35	568,246,781.30	1,171,267,090.25	2,480,015.51	306,939,429.62	1,211,070,316.55
Minority interests						
Equity attributable to shareholders of the parent	165,446,897.93	292,923,446.80	45,650,216.09	115,612,048.02	287,410,597.31	48,518,790.44
Share in net assets at shareholding percentage	55,424,710.81	29,292,344.68	20,542,597.23	57,623,284.13	28,741,059.73	21,833,455.78
Adjustments						
Including: Goodwill						
Unrealized profit on inter-company transactions						
Others						
Book value of equity interests in associates	55,424,710.81	29,292,344.68	20,542,597.23	57,623,284.13	28,741,059.73	21,833,455.78
Fair value of equity interests in associates with public quotations						
Operating revenue	133,430,378.62	103,277,168.29	-199,226,770.45	55,471,524.26	36,162,072.31	-341,855,513.53
Finance expense	1,455,537.58	21,536,669.63	-7,202.29	285,081.51	-12,642.22	-26,413,750.00
Income tax	200,619.06	3,492,120.09		542,742.97	2,475,021.10	
Net profit	5,419,508.64	12,941,507.08	-2,868,574.55	5,537,614.85	7,410,597.31	23,141,433.83
Net profit on discontinued operations						
Other comprehensive income						
Total comprehensive income	5,419,508.64	12,941,507.08	-2,868,574.55	5,537,614.85	7,410,597.31	23,141,433.83
Dividends paid by associates during the year						



SECTION 12 FINANCIAL REPORT

7 EQUITY IN OTHER ENTITIES (CONTINUED)

7.3 Interests in joint ventures and associates (continued)

4. Summarized financial information of insignificant joint ventures and associates

Item	Closing balance/ 2020	Opening balance/ 2019
1. Joint ventures		
Aggregate of book value of investments		
Aggregate of proportional shares in:		
Net profit		
Other comprehensive income		
Total comprehensive income		
2. Associates		
Aggregate of book value of investments	676,300,673.34	616,423,909.83
Aggregate of proportional shares in:		
Net profit	817,765.16	-16,607,536.74
Other comprehensive income		
Total comprehensive income	817,765.16	-16,607,536.74

SECTION 12 FINANCIAL REPORT

8 FINANCIAL INSTRUMENT RELATED RISKS

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.

Main risks associated with the Company's financial instruments include credit risk, liquidity risk and market risk. Management has reviewed and approved policies intended to manage these risks, which are summarized as follows:

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, re-perform the credit assessment on a regular basis. Based on its contract review system, the project management department, the financial department, the legal department and other departments jointly review the contract to determine reasonable payment terms so as to minimize our advance risk. Operating cashflows linked performance indicators are in place to urge subsidiaries to speed up collection of receivables. The Company reviews the collection of receivables on an individual basis on the balance sheet date and requires additional guarantee in respect of key accounts associated with potential structural risks to ensure adequate provision for bad debt for unrecoverable receivables. See section "3.11" above for our expected credit loss policies.

SECTION 12 FINANCIAL REPORT

8 FINANCIAL INSTRUMENT RELATED RISKS (CONTINUED)

2. Liquidity risk

Liquidity risk refers to the risk that the Company is short of funds when performing its settlement obligations by delivery of cash or other financial assets.

The financial department continuously monitors the Company's short-term and long-term fund requirements to maintain adequate cash reserve. The Company utilizes multiple financing means including notes, bank borrowings and entrusted loans to maintain the balance between sustainability and flexibility of financing. The Company has obtained credit lines from several commercial banks with higher credit ratings to meet its demand for working capital and capital expenditure. Management monitors the use of bank borrowings and ensures compliance with loan agreements.

The following table analyses the Company's non-derivative financial liabilities to be paid on a net basis by relevant maturity groups during the remaining period from the balance sheet date to the contract maturity date. The amount disclosed in the table is the undiscounted contract cash flow. As the impact of discounting is not significant, the balance due within twelve months is equal to its carrying balance.

Unit: RMB'000

Item	Closing balance				Total
	Within one year	One to two years	Two to five years	Above five years	
Borrowings	6,537,909.13	1,044,200.00	4,453,400.00	2,731,106.00	14,766,615.12
Trade and other payables (excluding non-financial liabilities)	23,161,932.97	2,602.60			23,164,535.57
Dividend payables					
Maximum amount guaranteed by the issued financial guarantee	369,300.00	65,000.00	364,000.00	802,467.60	1,600,767.60

SECTION 12 FINANCIAL REPORT

8 FINANCIAL INSTRUMENT RELATED RISKS (CONTINUED)

2. Liquidity risk (continued)

Item	Within one year	One to two years	Opening balance		Total
			Two to five years	Above five years	
Borrowings	8,057,452.27	1,715,561.45	2,567,524.00	383,412.78	12,723,950.50
Trade and other payables (excluding non-financial liabilities)	26,889,357.47	4,598.53			26,893,956.00
Dividend payables	30,000.00				30,000.00
Maximum amount guaranteed by the issued financial guarantee				970,900.00	970,900.00

3. Market risk

Market risk refers to the risk that the fair value or future cash flow of financial instruments fluctuate as market prices changes, including exchange rate risk, interest rate risk and other price risks.

- (1) Exchange rate risk refers to the risk that the fair value or future cash flow of financial instruments fluctuate due to changes in foreign exchange rates. The Company's exchange rate risk mainly comes from financial instruments denominated in foreign currencies other than the functional currency.
- (2) Interest rate risk refers to the risk that the fair value or future cash flow of financial instruments fluctuate due to changes in market interest rates. The Company's interest rate risk mainly comes from recognized interest-bearing financial instruments.
- (3) Other price risks refer to the risk of fluctuations caused by changes in market prices other than exchange rate risks and interest rate risks, whether arising from factors related to a single financial instrument or its issuer, or from factors related to all similar financial instruments traded on the market.

SECTION 12 FINANCIAL REPORT

9 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.

The Company monitors 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 borrowings, other non-current liabilities and trade and other payables, as shown in the consolidated balance sheet) less restricted cash, time deposits and cash and cash equivalents. Total capital is calculated as equity, as shown in the consolidated balance sheet, plus net debt less non-controlling interest. The Company aims to maintain the gearing ratio at 60% to 90%.

The Company monitors capital management by using the gearing ratio which is shown as follows:

Unit: RMB'000

Item	Closing balance	Opening balance
Total borrowings and other liabilities	38,093,767.52	39,795,821.48
Less: Restricted cash, time deposits and cash and cash equivalent	-731,256.18	-905,429.91
Net debts	37,362,511.35	38,890,391.56
Total equity attributable to equity owners of the Company	8,733,074.25	11,322,059.94
Total capital	46,095,585.60	50,212,451.50
Gearing ratio	81.05%	77.45%

SECTION 12 FINANCIAL REPORT

10 FAIR VALUE

10.1 Analysis of assets and liabilities measured at fair value by the level of fair value

Item	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Closing balance
1. Continuous fair value measurement		560,353,957.57	63,605,240.25	623,959,197.82
(I) Financial assets classified at FVTPL for the year			18,900,000.00	18,900,000.00
(1) Debt instrument investment				
(2) Equity instrument investment			18,900,000.00	18,900,000.00
(II) Financial assets classified at FVTOCI		579,454,657.57	44,705,240.25	624,159,897.82
(1) Debt instrument investment		579,454,657.57		579,454,657.57
(2) Equity instrument investment			41,563,578.70	41,563,578.70
(III) Financial liabilities classified at FVTPL		-19,100,700.00		-19,100,700.00
(1) Derivative financial liabilities		-19,100,700.00		-19,100,700.00
2. Non-continuous fair value measurement				
(I) Held-for-sale assets				

10.2 At the end of the reporting period, the Company's financial instruments measured at fair value were its subordinated shares in ABS and equity investments in small-scale entities, which do not have observable market quotations. The Company valuate such investments based on their future cash inflows. Under limited circumstances, if insufficient recent information is available to determine the fair value, or possible estimated amount of the fair value is widely distributed, and the cost represents the best estimate of the fair value within the range of distribution, the cost may represent an appropriate estimate of the fair value within the distribution range.



SECTION 12 FINANCIAL REPORT

11 RELATED PARTIES AND THEIR TRANSACTIONS

11.1 Parent of the Company

Parent	Place of incorporation	Business scope	Registered capital (RMB)	Percentage of shareholding in the Company (%)	Percentage of voting right in the Company (%)
China Aluminum Group Limited	PRC	Mineral resources (excluding oil and natural gas) development, nonferrous metal smelting and processing, related trading and engineering and technical services	25,200,000,000.00	76.50	76.50

Note: The ultimate controlling party of the Company is Chinalco (which is owned and controlled by SASAC). On 31 December 2020, Chinalco directly held 73.56% equity interest in the Company and indirectly held 2.94% equity interest in the Company through its subsidiary, Luoyang Institute. Chinalco held in aggregate a 76.50% equity interest in the Company.

11.2 Particulars of subsidiaries of the Company

For details, see Note “7. Interests in Other Entities”.

11.3 Particulars of joint ventures and associates of the Company

For details of important joint ventures or associates of the Company, see Note “7.3 Interests in joint ventures or associates”.

SECTION 12 FINANCIAL REPORT

11 RELATED PARTIES AND THEIR TRANSACTIONS (CONTINUED)

11.4 Particulars of other parties related to the Company

Other related party	Relationship between other related parties and the Company
Aluminum Corporation of China	Ultimate controlling parent
Luoyang Engineering & Research Institute for Nonferrous Metals Processing	Our shareholder, ultimately controlled by the same parent
Guangxi Hualei Advanced Materials Co., Ltd.	A joint venture of our parent
Guangxi Huayin Aluminum Company Limited	A joint venture of our parent
Chinalco Zibo International Trade Co., Ltd.	A joint venture of our parent
Guangxi Huazhong Construction Materials Co., Ltd.	An associate of our parent
Henan Great Wall Logistics Co., Ltd.	An associate of our parent
Henan Zhongfu Special Aluminum Co., Ltd.	An associate of our parent
Mian County Urban Development Investment Co., Ltd.	An associate of our parent
Qinghai Haiyuan Aluminum Co., Ltd.	An associate of our parent
Shanxi Qinv Taiyue New Materials Co., Ltd.	An associate of our parent
Taiyuan China Nonferrous Metal Industry and 12th Metallurgical Real Estate Development Co., Ltd.	An associate of our parent
Yunnan Yunton Maguan Nonferrous Metal Co., Ltd.	An associate of our parent
Chinalco Guizhou Industrial Service Co., Ltd.	An associate of our parent
Chongqing Shangjiangchen Real Estate Co., Ltd.	An associate of our parent
Baotou Aluminum Group Jian'An Construction Co., Ltd	Ultimately controlled by the same parent
Baotou Chinalco Technology Service Development Co., Ltd	Ultimately controlled by the same parent
Beijing Xinglv Material Technology Research Institute Co., Ltd.	Ultimately controlled by the same parent
Northeast Light Alloy Co., Ltd.	Ultimately controlled by the same parent
Northwest Aluminum Co., Ltd	Ultimately controlled by the same parent
Southwest Aluminum (Group) Co., Ltd.	Ultimately controlled by the same parent
Chongqing Southwest Aluminum Mechanical and Electrical Equipment Engineering Co., Ltd.	Ultimately controlled by the same parent
Yunnan Yunchuang Tendering Company Limited	Ultimately controlled by the same parent
Baotou Aluminum Industrial Service Co., Ltd.	Ultimately controlled by the same parent
Baotou Aluminum Co., Ltd.	Ultimately controlled by the same parent
Chibi Great Wall Carbon Products Co., Ltd.	Ultimately controlled by the same parent
Fushun Aluminum Co., Ltd.	Ultimately controlled by the same parent
Gansu Hualu Aluminum Co., Ltd.	Ultimately controlled by the same parent
Guangxi Huasheng Advanced Materials Co., Ltd.	Ultimately controlled by the same parent
Guizhou Huajin Aluminum Co., Ltd.	Ultimately controlled by the same parent
Guizhou Huaren Advanced Materials Co., Ltd.	Ultimately controlled by the same parent
Henan Huahui Nonferrous Engineering Design Co., Ltd.	Ultimately controlled by the same parent
Henan Zhongzhou Aluminum Construction Co., Ltd.	Ultimately controlled by the same parent

SECTION 12 FINANCIAL REPORT

11 RELATED PARTIES AND THEIR TRANSACTIONS (CONTINUED)

11.4 Particulars of other parties related to the Company (continued)

Other related party	Relationship between other related parties and the Company
Lanzhou Aluminum Co., Ltd.	Ultimately controlled by the same parent
Inner Mongolia Huayun New Materials Co., Ltd.	Ultimately controlled by the same parent
Ningxia Ningdian Logistics Co., Ltd.	Ultimately controlled by the same parent
Ningxia Wangwa Coal Co., Ltd.	Ultimately controlled by the same parent
Ningxia Yinxing Coal Co., Ltd.	Ultimately controlled by the same parent
Shandong Huayu Alloy Material Co., Ltd.	Ultimately controlled by the same parent
Shandong Yixing Carbon New Material Co., Ltd.	Ultimately controlled by the same parent
Shanxi Huasheng Aluminum Co., Ltd.	Ultimately controlled by the same parent
Shanxi Huasheng Metallurgical Equipment Maintenance Co., Ltd.	Ultimately controlled by the same parent
Shanxi Huatai Carbon Co., Ltd.	Ultimately controlled by the same parent
Shanxi Huaxing Aluminum Co., Ltd.	Ultimately controlled by the same parent
Shanxi Chinalco Resources Co., Ltd.	Ultimately controlled by the same parent
Suzhou Nonferrous Metals Materials Co., Ltd.	Ultimately controlled by the same parent
Aluminum Corporation of China Limited	Ultimately controlled by the same parent
Chalco Guinea Limited	Ultimately controlled by the same parent
Chalco Hong Kong Limited	Ultimately controlled by the same parent
Chalco Zunyi Aluminum Company Limited	Ultimately controlled by the same parent
China Aluminum (Shanghai) Co., Ltd.	Ultimately controlled by the same parent
China Aluminum International Trading Corporation Limited	Ultimately controlled by the same parent
Chinalco International Trade Hong Kong Limited	Ultimately controlled by the same parent
Chinalco Group Shanxi Jiaokou Xinghua Science and Technology Co., Ltd.	Ultimately controlled by the same parent
Chinalco Mining Corporation Limited	Ultimately controlled by the same parent
Chinalco Inner Mongolia Resource Development Co., Ltd.	Ultimately controlled by the same parent
Chinalco Ningxia Energy Group Co., Ltd.	Ultimately controlled by the same parent
Chinalco Qingdao Light Metal Co., Ltd.	Ultimately controlled by the same parent
Chinalco Qinghai Aluminum and Electricity Co., Ltd.	Ultimately controlled by the same parent
Chinalco Shandong Advanced Materials Co., Ltd.	Ultimately controlled by the same parent
Chalco Shandong Co., Ltd.	Ultimately controlled by the same parent
Chinalco Shanxi Advanced Materials Co., Ltd.	Ultimately controlled by the same parent
Chinalco Logistics Group Southeast Asia Land Port Co., Ltd.	Ultimately controlled by the same parent
Chinalco Logistics Group Co., Ltd.	Ultimately controlled by the same parent
Chinalco Logistics Group Central Land Port Co., Ltd.	Ultimately controlled by the same parent
Chinalco Materials Co., Ltd.	Ultimately controlled by the same parent
Chinalco Xinjiang Aluminum and Electricity Co., Ltd.	Ultimately controlled by the same parent
Chinalco Zhengzhou Nonferrous Metals Research Institute Co., Ltd.	Ultimately controlled by the same parent
Chinalco Zhongzhou Mining Co., Ltd.	Ultimately controlled by the same parent

SECTION 12 FINANCIAL REPORT

11 RELATED PARTIES AND THEIR TRANSACTIONS (CONTINUED)

11.4 Particulars of other parties related to the Company (continued)

Other related party	Relationship between other related parties and the Company
Chinalco Zhongzhou Aluminum Co., Ltd.	Ultimately controlled by the same parent
Chinalco Zhongzhou Advanced Materials Technology Co., Ltd.	Ultimately controlled by the same parent
Zunyi Aluminum Co., Ltd.	Ultimately controlled by the same parent
Chijuji Technology Construction Co. Ltd.	Ultimately controlled by the same parent
Chifeng Yuntong Nonferrous Metals Co., Ltd.	Ultimately controlled by the same parent
Chuxiong Dianzhong Nonferrous Metals Co., Ltd.	Ultimately controlled by the same parent
Daxing Anling Jinxin Mining Co., Ltd.	Ultimately controlled by the same parent
Heqing Yixin Aluminum Co., Ltd.	Ultimately controlled by the same parent
Honghe Yuntong Real Estate Development Co., Ltd.	Ultimately controlled by the same parent
Hulun Buir Chihong Mining Co., Ltd.	Ultimately controlled by the same parent
Huili County Wulong Fumin Mining Co., Ltd.	Ultimately controlled by the same parent
Kunming Kehui Electric Co., Ltd.	Ultimately controlled by the same parent
Kunming Metallurgical Institute Co., Ltd.	Ultimately controlled by the same parent
Kunming Nonferrous Metallurgical Design and Research Institute Corporation	Ultimately controlled by the same parent
Lhasa Tianli Mining Co., Ltd.	Ultimately controlled by the same parent
Liangshan Mining Co., Ltd.	Ultimately controlled by the same parent
Mohan Guangming Select Co., Ltd.	Ultimately controlled by the same parent
Qinghai Hongxin Mining Co., Ltd.	Ultimately controlled by the same parent
Qinghai Zerong Mining Development Co., Ltd.	Ultimately controlled by the same parent
Qujing Yunal Ganxin Aluminum Co., Ltd.	Ultimately controlled by the same parent
Shanghai Huxin Aluminum Foil Co., Ltd.	Ultimately controlled by the same parent
Tibet Jinlong Mining Co., Ltd.	Ultimately controlled by the same parent
Shangri-la Dingli Mining Co., Ltd.	Ultimately controlled by the same parent
Xinbaerhu Youqi Rongda Mining Co., Ltd.	Ultimately controlled by the same parent
Xinbaerhu Youqi Yishengyuan Mining Co., Ltd.	Ultimately controlled by the same parent
Yiliang Chihong Mining Co., Ltd.	Ultimately controlled by the same parent
Yimen Copper Co., Ltd.	Ultimately controlled by the same parent
Yuxi Mining Co., Ltd.	Ultimately controlled by the same parent
Yunnan Chihong Zinc Germanium Co., Ltd.	Ultimately controlled by the same parent
Yunnan Chihong Resources Comprehensive Utilization Co., Ltd.	Ultimately controlled by the same parent
Yunnan Chuxiong Mining and Metallurgy Co., Ltd.	Ultimately controlled by the same parent
Yunnan Diqing Mining Development Co., Ltd.	Ultimately controlled by the same parent
Yunnan Diqing Nonferrous Metals Co., Ltd.	Ultimately controlled by the same parent
Yunnan Haoxin Aluminum Foil Co., Ltd.	Ultimately controlled by the same parent
Yunnan Jinding Zinc Industry Co., Ltd.	Ultimately controlled by the same parent
Yunnan Jinsha Mining Co., Ltd.	Ultimately controlled by the same parent

SECTION 12 FINANCIAL REPORT

11 RELATED PARTIES AND THEIR TRANSACTIONS (CONTINUED)

11.4 Particulars of other parties related to the Company (continued)

Other related party	Relationship between other related parties and the Company
Yunnan Lancang Lead Mine Co., Ltd	Ultimately controlled by the same parent
Yunnan Aluminum Co., Ltd.	Ultimately controlled by the same parent
Yunnan Copper (Group) Titanium Co., Ltd.	Ultimately controlled by the same parent
Yunnan Copper (Group) Co., Ltd.	Ultimately controlled by the same parent
Yunnan Copper Real Estate Development Co., Ltd.	Ultimately controlled by the same parent
Yunnan Copper Co., Ltd.	Ultimately controlled by the same parent
Yunnan Copper Technology Development Co., Ltd.	Ultimately controlled by the same parent
Yunnan Copper Mineral Resources Exploration and Development Co., Ltd.	Ultimately controlled by the same parent
Yunnan Wenshan Dounan Manganese Co., Ltd.	Ultimately controlled by the same parent
Yunnan Wenshan Aluminum Co., Ltd.	Ultimately controlled by the same parent
Yunnan Metallurgical Group Co., Ltd.	Ultimately controlled by the same parent
Yunnan Metallurgical Building Engineering Quality Testing Co., Ltd.	Ultimately controlled by the same parent
Yunnan Metallurgical Kunming Heavy Industry Co., Ltd.	Ultimately controlled by the same parent
Yunnan Metallurgical Yunxin Silicon Co., Ltd.	Ultimately controlled by the same parent
Yunnan Yongchang Silicon Co., Ltd.	Ultimately controlled by the same parent
Yunnan Yongshun Aluminum Co., Ltd.	Ultimately controlled by the same parent
Yunnan Yuanxin Charcoal Co., Ltd.	Ultimately controlled by the same parent
Yunnan Yunlv Haixin Aluminum Co., Ltd.	Ultimately controlled by the same parent
Yunnan Yunlv Huixin Trade Co., Ltd.	Ultimately controlled by the same parent
Yunnan Yunlv Luyuan Engineering Technology Co., Ltd.	Ultimately controlled by the same parent
Yunnan Yunlv Runxin Aluminum Co., Ltd.	Ultimately controlled by the same parent
Yunnan Yunlv Logistics Investment Co., Ltd.	Ultimately controlled by the same parent
Yunnan Yunlv Yongxin Aluminum Co., Ltd.	Ultimately controlled by the same parent
Yunnan Yunlv Zexin Aluminum Co., Ltd.	Ultimately controlled by the same parent
Yunnan Yuntong Zinc Co., Ltd.	Ultimately controlled by the same parent
Yunnan PetroChina Huineng Energy Co., Ltd.	Ultimately controlled by the same parent
China Copper Industry Co., Ltd	Ultimately controlled by the same parent
Chinalco Mining International	Ultimately controlled by the same parent
Chinalco Luoyang Copper Processing Co., Ltd.	Ultimately controlled by the same parent
Chinalco Luoyang Copper Co., Ltd.	Ultimately controlled by the same parent
Minera Chinalco Peru	Ultimately controlled by the same parent
China Copper (Kunming) Copper Co., Ltd.	Ultimately controlled by the same parent
China Copper (Shanghai) Copper Co., Ltd.	Ultimately controlled by the same parent
China Copper Southeast Copper Co., Ltd.	Ultimately controlled by the same parent
China Copper Central China Copper Co., Ltd.	Ultimately controlled by the same parent

SECTION 12 FINANCIAL REPORT

11 RELATED PARTIES AND THEIR TRANSACTIONS (CONTINUED)

11.4 Particulars of other parties related to the Company (continued)

Other related party	Relationship between other related parties and the Company
Guangxi Guosheng Rare Earth Advanced Materials Co., Ltd.	Ultimately controlled by the same parent
Guangxi Rare Earth Trading Co., Ltd.	Ultimately controlled by the same parent
Chinalco Guangxi Nonferrous Rare Earth Development Co., Ltd.	Ultimately controlled by the same parent
CRE (Changshu) Rare Earth Advanced Materials Co., Ltd.	Ultimately controlled by the same parent
Shenzhen Kaitou Meichao Home Co., Ltd.	Ultimately controlled by the same parent
Chinalco Innovation Development Investment Co., Ltd.	Ultimately controlled by the same parent
Chinalco Overseas Development Co., Ltd.	Ultimately controlled by the same parent
Chinalco Henan Luoyang Aluminum Foil Co., Ltd.	Ultimately controlled by the same parent
Chinalco Henan Luoyang Aluminum Processing Co., Ltd.	Ultimately controlled by the same parent
Chinalco Henan Aluminum Co., Ltd.	Ultimately controlled by the same parent
Beijing Lvneng Clean Environment Technology Co., Ltd.	Ultimately controlled by the same parent
Yunnan Keli Environmental Protection Co., Ltd.	Ultimately controlled by the same parent
Chinalco Environmental Protection and Energy Saving Group Co., Ltd.	Ultimately controlled by the same parent
Chinalco Environmental Protection and Ecological Technology (Hunan) Co., Ltd.	Ultimately controlled by the same parent
Chinalco Great Wall Testing Technology Co., Ltd.	Ultimately controlled by the same parent
Chinalco Science and Technology Research Institute Co., Ltd.	Ultimately controlled by the same parent
Chinalco Ruimin Co., Ltd.	Ultimately controlled by the same parent
Chinalco Sapa Special Aluminum (Chongqing) Co., Ltd.	Ultimately controlled by the same parent
Chinalco Shenyang Nonferrous Metal Processing Co., Ltd.	Ultimately controlled by the same parent
Chinalco Southwest Aluminum Strip Co., Ltd.	Ultimately controlled by the same parent
Chalco Southwest Aluminum Cold Rolling Company Limited	Ultimately controlled by the same parent
Henan Jiuli Technology Co., Ltd.	Ultimately controlled by the same parent
Chinalco Intelligent Technology Development Co., Ltd.	Ultimately controlled by the same parent
Chinalco Intelligent (Hangzhou) Safety Science Research Institute Co., Ltd.	Ultimately controlled by the same parent
Chinalco Intelligent Technology Development Co., Ltd.	Ultimately controlled by the same parent
China Aluminum Insurance Broker (Beijing) Co. Ltd	Ultimately controlled by the same parent
Chinalco Commercial Factoring (Tianjin) Co., Ltd.	Ultimately controlled by the same parent
Chinalco Capital Holdings Co., Ltd.	Ultimately controlled by the same parent
Guangxi Chinalco Industrial Service Co., Ltd.	Ultimately controlled by the same parent
Guangxi Chinalco Construction Supervision & Consulting Co., Ltd.	Ultimately controlled by the same parent
Guiyang Aluminum & Magnesium Asset Management Co., Ltd.	Ultimately controlled by the same parent
Guizhou Guilv Huayi Real Estate Development Co., Ltd.	Ultimately controlled by the same parent
Guizhou Aluminum Factory Co., Ltd.	Ultimately controlled by the same parent
Guizhou Chinalco Colored Aluminum Technology Co., Ltd.	Ultimately controlled by the same parent
Hangzhou Naite Valve Co., Ltd.	Ultimately controlled by the same parent

SECTION 12 FINANCIAL REPORT

11 RELATED PARTIES AND THEIR TRANSACTIONS (CONTINUED)

11.4 Particulars of other parties related to the Company (continued)

Other related party	Relationship between other related parties and the Company
Henan Xinshang Technology Co., Ltd.	Ultimately controlled by the same parent
Henan Great Wall Information Technology Co., Ltd.	Ultimately controlled by the same parent
Henan Changalv Industrial Service Co., Ltd.	Ultimately controlled by the same parent
Henan Changxing Industry Co., Ltd.	Ultimately controlled by the same parent
Henan Chinalco Engineering Construction Co., Ltd.	Ultimately controlled by the same parent
Henan Chinalco Equipment Co., Ltd.	Ultimately controlled by the same parent
Henan Zhongzhou Aluminum Factory Co., Ltd.	Ultimately controlled by the same parent
Hunan Changkan Real Estate Co., Ltd.	Ultimately controlled by the same parent
Hunan Changkan Trade and Commercial Development Co., Ltd.	Ultimately controlled by the same parent
Jinlv Real Estate Development Co., Ltd.	Ultimately controlled by the same parent
Lanzhou Liancheng Aluminum Co., Ltd.	Ultimately controlled by the same parent
Lanzhou Aluminum Factory Co., Ltd.	Ultimately controlled by the same parent
Lanzhou Chinalco Industrial Service Co., Ltd.	Ultimately controlled by the same parent
Pingguo Aluminum Co., Ltd.	Ultimately controlled by the same parent
Qinghai Aluminum Industry Limited	Ultimately controlled by the same parent
Qinghai Chinalco Aluminum Strip Co., Ltd.	Ultimately controlled by the same parent
Shandong Aluminum Industry Limited	Ultimately controlled by the same parent
Shandong Shanlv Environmental Advanced Materials Co., Ltd.	Ultimately controlled by the same parent
Shandong Shanlv Electromechanical Technology Co., Ltd.	Ultimately controlled by the same parent
Shanxi Jinzheng Engineering Construction Project Management Co., Ltd.	Ultimately controlled by the same parent
Shanxi Aluminum Factory Huanghe Electronic Equipment Co., Ltd.	Ultimately controlled by the same parent
Shanxi Aluminum Factory Design Institute Co., Ltd.	Ultimately controlled by the same parent
Shanxi Aluminum Factory Landscaping Construction Co., Ltd.	Ultimately controlled by the same parent
Shanxi 12th Metallurgical Asset Management Co., Ltd.	Ultimately controlled by the same parent
Shanxi Chalco Industrial Service Co., Ltd.	Ultimately controlled by the same parent
Shenyang Huahui Asset Management Co., Ltd.	Ultimately controlled by the same parent
Suzhou Xinchang Light and Heat Energy Technology Co., Ltd.	Ultimately controlled by the same parent
Suzhou Nonferrous Metal Design and Research Institute Co., Ltd.	Ultimately controlled by the same parent
Zhengzhou Aluminum & Magnesium Technology Co., Ltd.	Ultimately controlled by the same parent
Zhengzhou Pufa Construction Service Co., Ltd.	Ultimately controlled by the same parent
Zhengzhou Yinjian Property Development Co., Ltd.	Ultimately controlled by the same parent
Zhengzhou Chinalco Construction and Development Co., Ltd.	Ultimately controlled by the same parent
China Nonferrous Metals Industry Sixth Metallurgical Mechanic Engineering Co., Ltd.	Ultimately controlled by the same parent
China Great Wall Aluminum Corporation Limited	Ultimately controlled by the same parent

SECTION 12 FINANCIAL REPORT

11 RELATED PARTIES AND THEIR TRANSACTIONS (CONTINUED)

11.4 Particulars of other parties related to the Company (continued)

Other related party	Relationship between other related parties and the Company
Chinalco Industrial Service Co., Ltd.	Ultimately controlled by the same parent
Chinalco Lubricant Technology Co., Ltd.	Ultimately controlled by the same parent
Chinalco Shanxi Aluminum Co., Ltd.	Ultimately controlled by the same parent
Chinalco Investment Management Co., Ltd.	Ultimately controlled by the same parent
Chinalco Asset Operation Management Co., Ltd.	Ultimately controlled by the same parent
Zhuhai Changye Asset Operation Management Co., Ltd.	Ultimately controlled by the same parent
Zibo Dadi Real Estate Development Co., Ltd.	Ultimately controlled by the same parent
Zibo Dongshan Industry Co., Ltd.	Ultimately controlled by the same parent

11.5 Connected transactions

1. Connected transactions on procurement and acceptance of goods and rendering and acceptance of service

Related party	Type of connected transaction	Particular of connected transaction	Pricing policies and decision procedures	Transaction amount for 2020
A subsidiary of China Aluminum Group	Sales of goods and rendering of service	Engineering construction service	Negotiated between the parties by reference to market price	3,087,165,904.45
A subsidiary of China Aluminum Group	Sales of goods and rendering of service	Engineering design service	Negotiated between the parties by reference to market price	205,922,033.80
A subsidiary of China Aluminum Group	Sales of goods and rendering of service	Equipment manufacturing and sales	Negotiated between the parties by reference to market price	442,568,272.18
A subsidiary of China Aluminum Group	Sales of goods and rendering of service	Back-up service and other business	Negotiated between the parties by reference to market price	2,709,668.31
A joint venture of China Aluminum Group	Sales of goods and rendering of service	Engineering design service	Negotiated between the parties by reference to market price	320,634.02
A subsidiary of China Aluminum Group	Procurement of goods and acceptance of service	Engineering, construction and supervision service	Negotiated between the parties by reference to market price	23,825,549.65
A subsidiary of China Aluminum Group	Procurement of goods and acceptance of service	Procurement of main materials and auxiliary materials	Negotiated between the parties by reference to market price	46,020,973.20
A subsidiary of China Aluminum Group	Procurement of goods and acceptance of service	Back-up service and other business	Negotiated between the parties by reference to market price	13,372,070.34
An associate of the Company	Procurement of goods and acceptance of service	Engineering, construction and supervision service	Negotiated between the parties by reference to market price	1,021,795.87
An associate of the Company	Procurement of goods and acceptance of service	Procurement of main materials and auxiliary materials	Negotiated between the parties by reference to market price	549,073.59

SECTION 12 FINANCIAL REPORT

11 RELATED PARTIES AND THEIR TRANSACTIONS (CONTINUED)

11.5 Connected transactions (continued)

1. Connected transactions on procurement and acceptance of goods and rendering and acceptance of service (continued)

Related party	Type of connected transaction	Particular of connected transaction	Pricing policies and decision procedures	Transaction amount for 2019
A subsidiary of China Aluminum Group	Sales of goods and rendering of service	Engineering construction service	Negotiated between the parties by reference to market price	4,601,518,504.61
A subsidiary of China Aluminum Group	Sales of goods and rendering of service	Engineering design service	Negotiated between the parties by reference to market price	349,609,845.95
A subsidiary of China Aluminum Group	Sales of goods and rendering of service	Equipment manufacturing and sales	Negotiated between the parties by reference to market price	451,759,963.75
A subsidiary of China Aluminum Group	Sales of goods and rendering of service	Back-up service and other business	Negotiated between the parties by reference to market price	3,274,929.45
A subsidiary of China Aluminum Group	Procurement of goods and acceptance of service	Engineering, construction and supervision service	Negotiated between the parties by reference to market price	34,672,719.71
A subsidiary of China Aluminum Group	Procurement of goods and acceptance of service	Procurement of main materials and auxiliary materials	Negotiated between the parties by reference to market price	165,094,261.90
A subsidiary of China Aluminum Group	Procurement of goods and acceptance of service	Back-up service and other business	Negotiated between the parties by reference to market price	27,071,078.26

SECTION 12 FINANCIAL REPORT

11 RELATED PARTIES AND THEIR TRANSACTIONS (CONTINUED)

11.5 Connected transactions (continued)

2. Related party leases

Lessor	Lessee	Leasehold	Leasing expenses recognized for 2020	Leasing expenses recognized for 2019
China Aluminum (Shanghai) Co., Ltd.	China Aluminum International Engineering & Equipment Co., Ltd.	Housing	2,227,065.56	3,815,532.71
Chalco Shandong Co., Ltd.	Chalco Shandong Engineering Technology Co., Ltd.	Housing	577,010.91	1,111,908.76
Luoyang Engineering & Research Institute for Nonferrous Metals Processing	China Nonferrous Metals Processing Technology Co., Ltd.	Housing	1,586,158.16	937,160.46
China Aluminum (Shanghai) Co., Ltd.	China Nonferrous Metals Processing Technology Co., Ltd.	Housing		837,735.84
Suzhou Nonferrous Metal Design and Research Institute Co., Ltd.	China Nonferrous Metals Processing Technology Co., Ltd.	Housing	260,084.29	877,489.09
Zhuhai Changye Asset Management Co., Ltd.	Changsha Engineering & Research Institute Limited for Nonferrous Metallurgy	Housing		100,800.00
Hunan Changkan Business Development Co., Ltd.	China Nonferrous Metals Changsha Investigation and Design Research Institute Co., Ltd.	Housing		718,421.95
Zhengzhou Chinalco Construction and Development Co., Ltd.	Sixth Metallurgical Construction Company of China Nonferrous Metals Industry	Housing		730,926.13
Total	-	-	4,650,318.92	9,129,974.94

(continued)

Lessor	Lessee	Leasehold	Rental income recognized for 2020	Rental income recognized for 2019
China Aluminum Great Wall Construction Co., Ltd.	Chinalco Logistics Group Co., Ltd.	Land		1,136,357.03
China Aluminum Great Wall Construction Co., Ltd.	Chinalco Mining Corporation Limited	Land	846,418.30	846,418.29
Total	-	-	846,418.30	1,982,775.32

3. Related party guarantees

Guarantor	Guaranteed party	Guarantee amount	Guarantee starting on	Guarantee ending on	Guarantee performed or not
China Aluminum Group Limited	China Aluminum International Engineering Corporation Limited	1,500,000,000.00	30 October 2019	Bond redemption date	No.

SECTION 12 FINANCIAL REPORT

11 RELATED PARTIES AND THEIR TRANSACTIONS (CONTINUED)

11.5 Connected transactions (continued)

4. Borrowing from and lending to related parties

Related party	Borrowing/lending	Amount	Starting date	Expiry date	Remarks
Chinalco Finance Company Limited	Borrowing	50,000,000.00	08 Jan 2020	07 Jan 2021	Direct borrowing
Chinalco Finance Company Limited	Borrowing	50,000,000.00	21 Feb 2020	20 Feb 2021	Direct borrowing
Chinalco Finance Company Limited	Borrowing	100,000,000.00	05 March 2020	04 March 2021	Direct borrowing
Chinalco Finance Company Limited	Borrowing	150,000,000.00	10 March 2020	09 March 2021	Direct borrowing
Chinalco Finance Company Limited	Borrowing	95,000,000.00	20 May 2020	19 May 2022	Direct borrowing
Chinalco Finance Company Limited	Borrowing	100,000,000.00	21 May 2020	20 May 2021	Direct borrowing
Chinalco Finance Company Limited	Borrowing	50,000,000.00	30 Jun 2020	29 Jun 2021	Direct borrowing
Chinalco Finance Company Limited	Borrowing	50,000,000.00	09 Jul 2020	08 Jul 2021	Direct borrowing
Chinalco Finance Company Limited	Borrowing	100,000,000.00	10 July 2020	09 Jul 2021	Direct borrowing
Chinalco Finance Company Limited	Borrowing	100,000,000.00	28 Jul 2020	27 Jul 2021	Direct borrowing
Chinalco Finance Company Limited	Borrowing	90,000,000.00	04 Aug 2020	03 Aug 2021	Direct borrowing
Chinalco Finance Company Limited	Borrowing	50,000,000.00	10 Sep 2020	09 Sep 2021	Direct borrowing
Chinalco Finance Company Limited	Borrowing	30,000,000.00	27 Sep 2020	27 Sep 2021	Direct borrowing
Chinalco Finance Company Limited	Borrowing	30,000,000.00	21 Oct 2020	20 Oct 2021	Direct borrowing
Chinalco Finance Company Limited	Borrowing	20,000,000.00	16 Nov 2020	15 Nov 2021	Direct borrowing
Chinalco Finance Company Limited	Borrowing	170,000,000.00	04 Dec 2020	03 Dec 2021	Direct borrowing
Chinalco Finance Company Limited	Borrowing	40,000,000.00	14 Dec 2020	13 Dec 2021	Direct borrowing
China Aluminum Commercial Factoring (Tianjin) Co., Ltd.	Borrowing	100,000,000.00	30 Sep 2020	29 Mar 2021	Direct borrowing
China Aluminum Commercial Factoring (Tianjin) Co., Ltd.	Borrowing	40,000,000.00	30 Sep 2020	29 March 2021	Direct borrowing
Total	-	1,415,000,000.00	-	-	-

5. Remuneration of key management

Remuneration of key management	2020	2019
Total	4,685,161.49	4,882,484.08

SECTION 12 FINANCIAL REPORT

11 RELATED PARTIES AND THEIR TRANSACTIONS (CONTINUED)

11.6 Receivables from and payable to related parties

1. Receivables

Item	Related party	Closing balance		Opening balance	
		Carrying amount	Provision for bad debt	Carrying amount	Provision for bad debt
Account receivable	A subsidiary of China Aluminum Group	3,099,594,984.87	216,717,405.74	2,667,813,500.00	127,581,169.61
Account receivable	A joint venture of China Aluminum Group	88,184,313.95	3,362,761.89	56,279,233.91	1,712,978.36
Account receivable	An associate of China Aluminum Group	5,362,178.82	1,658,523.41	516,045.40	258,022.70
Account receivable	An associate of the Company	572,382,188.83	11,648,285.90	816,585,143.26	8,958,908.48
Subtotal	–	3,765,523,666.47	233,386,976.94	3,541,193,922.57	138,511,079.15
Other receivable	A subsidiary of China Aluminum Group	43,337,451.86	5,834,933.99	106,826,500.00	4,376,616.61
Other receivable	A joint venture of China Aluminum Group	205,400.00	58,627.00	410,000.00	36,775.00
Other receivable	An associate of China Aluminum Group	20,414,897.05	2,414,897.05		
Other receivable	A joint venture of the Company	57,900.00	17,370.00	3,792,686.29	530,239.34
Other receivable	An associate of the Company	8,888,593.11	164,177.18	1,980,272.71	51,976.37
Subtotal	–	72,904,242.02	8,490,005.22	113,009,459.00	4,995,607.32
Prepayment	A subsidiary of China Aluminum Group	5,368,157.03		10,719,844.29	
Prepayment	A joint venture of the Company	2,126,269.60			
Subtotal	–	7,494,426.63		10,719,844.29	
Long-term receivable	A subsidiary of China Aluminum Group			32,964,881.27	2,541,966.68
Subtotal	–			32,964,881.27	2,541,966.68
Total	–	3,845,922,335.12	241,876,982.16	3,697,888,107.13	146,048,653.15



SECTION 12 FINANCIAL REPORT

11 RELATED PARTIES AND THEIR TRANSACTIONS (CONTINUED)

11.6 Receivables from and payable to related parties

2. Payables

Item	Related party	Closing balance	Opening balance
Account payable	A subsidiary of China Aluminum Group	151,887,587.25	233,796,421.49
Account payable	A joint venture of China Aluminum Group	1,927,052.12	
Account payable	An associate of China Aluminum Group	5,699,206.16	
Account payable	A joint venture of the Company	19,857,187.17	31,068,827.91
Account payable	An associate of the Company	10,047,584.24	5,017,370.12
Subtotal	–	189,418,616.94	269,882,619.52
Other payable	A subsidiary of China Aluminum Group	57,756,850.47	60,187,603.77
Other payable	An associate of China Aluminum Group	699,680.00	
Other payable	A joint venture of the Company	235,000.00	423,412.00
Other payable	An associate of the Company	1,148,553.26	1,062,600.00
Subtotal	–	59,840,083.73	61,673,615.77
Short-term borrowings	A subsidiary of China Aluminum Group	1,342,141.64	1,247,222.92
Non-current liabilities due within one year	A subsidiary of China Aluminum Group	528,991.92	253,333.34
Subtotal	–	1,871,133.56	1,500,556.26
Total	–	251,129,834.23	333,056,791.55

SECTION 12 FINANCIAL REPORT

11 RELATED PARTIES AND THEIR TRANSACTIONS (CONTINUED)

11.7 Contract assets and contract liabilities of related parties

1. Contract assets

Related Party	31 December 2020		1 January 2020	
	Carrying balance	Provision for bad debt	Carrying balance	Provision for bad debt
A subsidiary of China Aluminum Group	127,508,497.38	638,053.55	166,453,103.14	786,801.93
A joint venture of China Aluminum Group	39,985,879.82	2,126,479.50	95,403,719.91	468,512.99
An associate of China Aluminum Group	2,598,000.00	12,990.00	3,993,000.01	291,990.00
An associate of the Company	329,011,675.46	1,645,058.38	727,466,847.71	3,637,333.62
Total	499,104,052.66	4,422,581.43	993,316,670.77	5,184,638.54

2. Contract liabilities

Related Party	31 December 2020	1 January 2020
A subsidiary of China Aluminum Group	315,263,984.68	110,159,472.98
A joint venture of China Aluminum Group	16,484,113.11	412,966,115.36
An associate of China Aluminum Group	1,000,000.00	
An associate of the Company	76,865,367.14	10,615,544.28
Total	409,613,464.93	533,741,132.62

SECTION 12 FINANCIAL REPORT

12 COMMITMENTS OR CONTINGENCIES

12.1 Commitments

The Company and Yunnan Transportation Investment Construction Group Co., Ltd. ("Yunnan Transportation Investment") jointly formed a non-government equity investor to work together with the local governments to invest in and establish three project companies, namely Yunnan Ningyong Expressway Co., Ltd. ("Ningyong Expressway"), Yunnan Linyun Expressway Co., Ltd. ("Linyun Expressway") and Yunnan Linshuang Expressway Co., Ltd. ("Linshuang Expressway"), for the construction and operation of the said expressways under PPP mode. The shareholding of the Company, Yunnan Transportation Investment and the investment vehicle designated by the local governments in the three PPP project companies was 30%, 40% and 30% respectively.

The capital structure of each project company is as follow:

The investment vehicle designated by local government contributed 30% of total project investment (of which RMB30 million is the registered capital and the rest is capital reserve). The Company and Yunnan Transportation Investment respectively contributed RMB30 million and RMB40 million as paid-in registered capital.

Meanwhile, the Company and Yunnan Transportation Investment provide credit enhancement for the difference between the total investment and the capital contribution in proportion to their relative shareholding (3:4), and are liable for the financing for the operation period on a 42.86%:57.14% basis. Each shareholder is liable for the financing for the operation period of the project company according to their shareholding proportion.

According to the relevant agreements, the Company is required to provide credit enhancement up to RMB4.559 billion, RMB3.19 billion and RMB2.086 billion (up to RMB9.835 billion in total) for investment loans granted to Ningyong Expressway, Linyun Expressway and Linshuang Expressway respectively, and issue a letter of undertaking for deficiency. The letter of undertaking for deficiency should be signed up to the above amounts respectively after negotiation with relevant creditors.

As of the date of approval of this report, the Company has actually issued the letter of undertaking and provided credit enhancement as follows:

Ningyong Expressway was granted a credit line of RMB11 billion by the bank, and the Company has issued a letter of undertaking for deficiency as to RMB9 billion or 42.86% of the credit line. The bank has actually granted a loan of RMB3.98 billion, and the Company has provided credit enhancement for RMB1.706 billion of the loan.

Linyun Expressway was granted a credit line of RMB11.1 billion by the bank, and the Company has issued a letter of undertaking for deficiency as to RMB5.6 billion or 42.86% of the credit line. The bank has actually granted a loan of RMB2.8 billion, and the Company has provided credit enhancement for RMB1.2 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 RMB4.06 billion or 42.86% of the credit line. The bank has actually granted a loan of RMB1.77 billion, and the Company has provided credit enhancement for RMB759 million of the loan.

SECTION 12 FINANCIAL REPORT

12 COMMITMENTS OR CONTINGENCIES (CONTINUED)

12.2 Contingencies

1. Lawsuit on construction contract between the Company's subsidiary Sixth Metallurgical Construction Company of China Nonferrous Metals Industry (hereinafter referred to as "Sixth Metallurgical Company") and Shougang Jingtang Iron and Steel Corporation Limited (hereinafter referred to as "Jingtang Iron and Steel").

In November 2014, Jingtang Iron and Steel filed a lawsuit with Tangshan Intermediate People's Court, claiming that based on the quantity of work completed by Six Metallurgical Company, Sixth Metallurgical Company had been overpaid by Jingtang Iron and Steel for a total of RMB25.78 million after deducting expenses that should be borne by Six Metallurgical Company, and requesting Six Metallurgical Company to return the overpaid project sum. In March 2015, Six Metallurgical Company filed a lawsuit with the Higher People's Court of Hebei Province, pointing out that after the completion of the project, Jingtang Iron & Steel failed to calculate the contract price in the way agreed in the contract and did not review and settle part of the budgetary cost declared by Six Metallurgical Company, and requesting Jingtang Iron and Steel to pay the project sum of RMB292.28 million and interest thereon and to bear all litigation costs.

Six Metallurgical Company submitted applications to Tangshan Intermediate People's Court and Higher People's Court of Hebei Province respectively, requesting Tangshan Intermediate People's Court to suspend the hearing of civil case Jingtang Iron and Steel v. Six Metallurgical Company (2014) Tang Min Chu Zi No.205, and applying to Higher People's Court of Hebei Province to arraign the case for joint hearing with civil case Six Metallurgical Company v. Jingtang Iron and Steel (2015) Ji Min Chu Zi No.3. The Higher People's Court of Hebei Province accepted Six Metallurgical Company's application and held a hearing on the combined case in December 2015. The first instance ruled that Jingtang Iron and Steel shall pay RMB63.49 million and related interest to Six Metallurgical Company. In July 2019, the second instance ruled to revoke the Higher People's Court of Hebei Province (2015) Jimin Yichuzi No. 3 civil judgment and returned it to the Higher People's Court of Hebei Province for retrial. In the first instance of the retrial, Sixth Metallurgical Company applied to the Higher People's Court of Hebei Province for supplemental appraisal of the cost, and applied for property preservation measures to freeze the account balance of Shougang Jingtang of RMB100 million. Currently, the case was still in the first instance of retrial.

2. Dispute over engineering construction contract between the Company's subsidiary Sixth Metallurgical Company and Zhonghe Anshan Shengshide Real Estate Co., Ltd (hereinafter referred to as "Zhonghe Shengshide")

In September 2016, Sixth Metallurgical Company filed a lawsuit with Anshan Municipal Intermediate People's Court, requiring Zhonghe Shengshide to pay project arrears of RMB55.11 million and interest thereon, and claiming the priority as a construction project contractor against the 5#, 6#, 7#, and 8# floor and the underground parking lots of Zhonghe Shengshi Haoting (Phase II). In May 2018, the Anshan Municipal Intermediate People's Court made a judgment and rejected Sixth Metallurgical Company's litigation request. Sixth Metallurgical Company appealed the above judgment to the Higher People's Court of Liaoning Province in June 2018. In June 2019, Liaoning Provincial Higher People's Court revoked the judgment of first instance made by Liaoning Provincial Intermediate People's Court and remanded the case for a retrial. The case is now in hearing.

SECTION 12 FINANCIAL REPORT

12 COMMITMENTS OR CONTINGENCIES (CONTINUED)

12.2 Contingencies (continued)

3. Dispute over contract between our subsidiary Sixth Metallurgical Company and Xinjiang Qinghua Investment Holdings Limited (hereinafter referred to “Qinghua Investment”) and Xinyang Qinghua Energy Group Co., Ltd. (hereinafter referred to as “Qinghua Energy”)

On 28 December 2018, Sixth Metallurgical Company filed an arbitration application to Urumchi Arbitration Commission in Urumchi City, Xinjiang Uygur Autonomous Region, requesting Qinghua Investment and Qinghua Energy to pay project sum and corresponding interest totaling RMB61.36 million and all litigation costs. Urumchi Arbitration Commission accepted the arbitration application, and issued the Notice on Acceptance of Arbitration Application ((2018) Wu Zhong Zi No.0375) on 18 February 2019. In August 2019, the Yining County People’s Court ruled that Qinghua Energy’s equity interests in Yili Qinghua Energy Development Company and Yining County Qinghua Hydropower Development Co., Ltd. should be frozen for a period of 2 years. On 11 January 2021, the (2018) Wuzhongjuezi No.0375 Decision was received. The arbitration commission believed that since the two subcontracts were under the disputes of construction fees, the arbitration commission has not made the judgment and must be subject to the judgement of two subcontract cases, thus decided to suspend the hearing of the case.

4. Dispute over engineering construction contract between our subsidiary Sixth Metallurgical Company and Xinyang Jieming Earthwork Engineering Co., Ltd (hereinafter referred to as “Xinyang Jieming”)

In September 2017, Xinyang Jieming filed a lawsuit with the Zhengzhou Intermediate People’s Court, requesting an order to order Henan Xinchangcheng Construction Engineering Co., Ltd. (hereinafter referred to as “Xinchangcheng Construction”) to pay the construction fees and interest totaling RMB72.12 million, and Xinchangcheng Construction shall bear all litigation costs. The order stated that Sixth Metallurgical Company shall bear joint and several liability for the aforementioned payment responsibilities of Xinchangcheng Construction, and that Zhengzhou Airport Zone State-owned Asset Operation and Management Co., Ltd. shall bear joint and several liabilities within the scope of the project payment. In July 2019, the first instance judged that Xinchangcheng Construction shall pay Xinyang Jieming RMB51.7567 million and the interests therein, and Sixth Metallurgical Company shall assume joint and several liabilities. Xinchangcheng Construction, Xinyang Jieming and Sixth Metallurgical Company filed appeals against the aforementioned judgments in August 2019, respectively, and the Henan Higher People’s Court had accepted these appeals. On 6 July 2020, a second-instance judgment was received, which stated that Sixth Metallurgical Company shall bear joint and several liabilities within the range of RMB53.6071 million. At present, the retrial procedure of the case is in preparation.

SECTION 12 FINANCIAL REPORT

12 COMMITMENTS OR CONTINGENCIES (CONTINUED)

12.2 Contingencies (continued)

In August 2020, Xinchangcheng Construction submitted a complaint to the Zhengzhou Intermediate People's Court for a contract dispute with Xinyang Jieming, requesting a judgment to confirm that the total cost of the construction which was subcontracted by Xinchangcheng Construction to Xinyang Jieming was RMB26.9237 million. Xinchangcheng Construction requested a judgement to order Xinyang Jieming to return the over-paid construction cost of RMB66.1361 million to Xinchangcheng Construction, and the litigation cost of the case shall be borne by Xinyang Jieming. Sixth Metallurgical Company was the third person in this case. The Zhengzhou Intermediate People's Court has accepted the case and ruled to freeze the deposit of RMB58 million in the bank of Xinyang Jieming. Currently, the case is under trial.

5. Dispute over engineering construction contract between our subsidiary Sixth Metallurgical Company and Henan Hongxuan Real Estate Co., Ltd (hereinafter referred to as "Hongxuan Company")

On 31 May 2018, Sixth Metallurgical Company filed a lawsuit with Anyang Intermediate People's Court, requesting Hongxuan Company to pay project sums quality retentions totaling RMB77.07 million, and to bear all litigation costs. At the same time, Hongxuan Company brought a separate lawsuit against Sixth Metallurgical Company, claiming for complete documents on construction completion and RMB29.98 million of liquidated damage. In September 2019, Anyang Beiguan District People's Court issued (2019) Yu 0503 Min Chu No. 2800 "Civil Judgement" and ruled that Hongxuan Company's case against Sixth Metallurgical Company. On 23 November 2020, Anyang Intermediate People's Court issued (2018) Yu 05 Min Chu No. 117 Civil Judgement and ruled that Hongxuan Company shall pay Sixth Metallurgical Company the construction fees amounted to RMB44.9251 million together with interest. Both parties appealed and the case is under trial.

SECTION 12 FINANCIAL REPORT

12 COMMITMENTS OR CONTINGENCIES (CONTINUED)

12.2 Contingencies (continued)

6. Dispute over engineering construction contract between our subsidiary Sixth Metallurgical Company and Yingkou Zhongwang Aluminum Co., Ltd (hereinafter referred to as “Zhongwang Aluminum”)

In May 2019, Sixth Metallurgical Company applied for arbitration to Yingkou Arbitration Commission, requesting Zhongwang Aluminum to pay construction fees and interests of RMB127.866 million and applying for the property preservation measures to seize the lands of Zhongwang Aluminum of more than 60,000 square meters with the value of RMB127.866 million. On October 2019, Yingkou Intermediate People’s Court issued the “Supplementary Enforcement Notice” ((2019) Liao 08 Caibao No.20) which requested Yingkou Real Estate Registration Center to assist to seize the properties of Zhongwang Aluminum at Xishi District, Yingkou with the seizure period of three years. Zhongwang Aluminum counter claimed that Sixth Metallurgical Company should be responsible for the quality compensation. Currently, the case was under trial.

7. Dispute over engineering construction contract between our subsidiary Sixth Metallurgical Company and Qiu Haijie, Zhang Jun, Guo Zhiming, and Zeng Minghai

In April 2018, Qiu Haijie, Zhang Jun, Guo Zhiming, and Zeng Minghai brought a lawsuit against Sixth Metallurgical Company with Tumed People’s Court in Inner Mongolia Autonomous Region, requiring Sixth Metallurgical Company to pay RMB26 million of project arrears. As the subject value went beyond the authority of the court, the case was handed over to Hohhot Intermediate People’s Court. In May 2018, Hohhot Intermediate People’s Court handed down the ruling of first instance to freeze RMB36 million of bank deposits of Sixth Metallurgical Company or the RMB36 million payable by Boyuan Real Estate Co., Ltd. in Hohhot Economic and Technological Development Zone to Sixth Metallurgical Company. In June 2019, an application of claim alternation increasing the subject value from RMB36 million to RMB60.9549 million was delivered to Hohhot Intermediate People’s Court. In 2018, Sixth Metallurgical Company refused to accept the civil ruling of the Hohhot Intermediate People’s Court, then raised an objection to the jurisdiction of the case, and appealed to the Higher People’s Court of the Inner Mongolia Autonomous Region. In April 2019, the Inner Mongolia Higher People’s Court issued the Civil Judgment (2019) Nei Min Xia Zhong No. 27, which ruled that the appeal was dismissed, upholding the original ruling. The case is now in court session.

8. Dispute over engineering construction contract between our subsidiary Sixth Metallurgical Company and Kaiyang Ronghe Urban Development Investment Co., Ltd. (hereinafter referred to as “Kaiyang Ronghe”)

In January 2020, Sixth Metallurgical Company filed a lawsuit with the Intermediate People’s Court of Guiyang City, Guizhou Province, requesting an order to order Kaiyang Ronghe to pay RMB80.3159 million project costs and overdue interest, and Kaiyang Ronghe shall bear all litigation costs. The Intermediate People’s Court of Guiyang City, Guizhou Province has accepted the case. Currently, the case is under trial.

SECTION 12 FINANCIAL REPORT

12 COMMITMENTS OR CONTINGENCIES (CONTINUED)

12.2 Contingencies (continued)

9. Dispute over engineering construction contract between our subsidiary Sixth Metallurgical Company and Henan Taixing House Property Co., Ltd. (hereinafter referred to as “Henan Taixing”)

In June 2020, Henan Taixing filed a lawsuit with the Intermediate People’s Court of Zhengzhou City, Henan Province, requesting an order for Sixth Metallurgical Company to pay liquidated damages and interest for the delay of the project, totaling RMB59.5986 million, and Sixth Metallurgical Company shall bear the litigation costs in full. As Henan Taixing failed to pay the case acceptance fee in advance within the prescribed time, the Intermediate People’s Court of Zhengzhou City, Henan Province ruled that Henan Taixing withdrew the prosecution. In August 2020, Henan Taixing filed a lawsuit again with the Intermediate People’s Court of Zhengzhou City, Henan Province, and neither the content of the lawsuit nor the amount involved in the lawsuit changed.

In November 2019, Sixth Metallurgical Company filed a lawsuit with the Intermediate People’s Court of Zhengzhou City, Henan Province, requesting a ruling to terminate the construction contract, and requesting a ruling for Henan Taixing to pay the remaining construction fees, interest, and compensation.

In December 2020, the Intermediate People’s Court of Zhengzhou City, Henan Province issued the Civil Judgement from the Intermediate People’s Court of Zhengzhou City, Henan Province ((2019) Yu 01 Min Chu No. 2290) in respect of the Xu Sixth Metallurgical Company’s case against Henan Taixing, which ruled to terminate the construction contract entered into between Henan Taixing and Sixth Metallurgical Company and ruled Henan Taixing to pay construction fees of RMB6.3336 million and interests thereon, and Sixth Metallurgical Company would enjoy priority in compensation for the project payment in respect of the consideration and auction proceeds of the construction involved in the case within the scope of the outstanding construction fees of RMB6.3336 million. Since Sixth Metallurgical Company and Henan Taixing both appealed, the case was under the second instance currently.

For the Xu Henan Taixing’s case against Sixth Metallurgical Company, the Intermediate People’s Court of Zhengzhou City, Henan Province issued the Civil Judgement from the Intermediate People’s Court of Zhengzhou City, Henan Province ((2020) Yu 01 Min Chu No. 791) which ruled to terminate the involved contract executed by Henan Taixing and Sixth Metallurgical Company and rejected Henan Taixing’s other litigation requests. Henan Taixing was responsible for the case acceptance fee and preservation fees. Since Henan Taixing both appealed, the case was under the second instance currently.

SECTION 12 FINANCIAL REPORT

12 COMMITMENTS OR CONTINGENCIES (CONTINUED)

12.2 Contingencies (continued)

10. Dispute over engineering construction contract between our subsidiary Sixth Metallurgical Company and Henan Zhongfu Industrial Co., Ltd. (hereinafter referred to as “Henan Zhongfu”)

In August 2020, Sixth Metallurgical Company filed a lawsuit with the Intermediate People’s Court of Zhengzhou City, Henan Province, requesting a judgment that Henan Zhongfu shall pay a total of RMB76.1560 million for the construction fees and interest, and Henan Zhongfu shall bear all litigation costs and preservation fees. In January 2021, the Intermediate People’s Court of Zhengzhou City, Henan Province issued the Civil Judgement from the Intermediate People’s Court of Zhengzhou City, Henan Province ((2020) Yu 01 Min Chu No. 788), which ruled Henan Zhongfu to pay construction fees of RMB53.8972 million and interests thereon to Sixth Metallurgical Company and rejected Sixth Metallurgical Company’s other litigation requests. Currently, the case is under second instance.

11. Dispute over engineering construction contract between our subsidiary Sixth Metallurgical Company and Inter Mongolia Hengda Properties Co., Ltd. (hereinafter referred to as “Hengda Properties”)

In December 2020, Sixth Metallurgical Company filed a lawsuit with Hohhot Intermediate People’s Court, requesting Hengda Properties to pay construction fees of RMB50.7587 million and interests thereon and requesting Sixth Metallurgical Company to have priority in respect of payment from discounted price or auction price of the construction of F12 ancillary living site (1# floor, 2# floor, 5# floor, 6# floor, 9# floor, 10# floor, 1#–3# commercial, kindergarten, south gate, north gate and underground car park) undertaken by it located at the southern side of Genghis Khan Road East and the western side of Wantong Road within the scope of the construction fees of RMB50.7587 million due from Hengda Properties. Hengda Properties would be responsible for the litigation fees, attachment fees and guarantee fees.

Since Hengda Properties breached during the performance of contract, Sixth Metallurgical Company applied to Hohhot Intermediate People’s Court for the pre-litigation property attachment. Hohhot Intermediate People’s Court has issued the “Civil Judgement” ((2020) Nei 01 Cai Bao No.28) in respect of the application of the pre-litigation property attachment and ruled to seize the properties of the Commercial Building 2 (gross floor area was 2,682.15 sq.m and the number of real estate ownership certificate was Meng (2018) Hohhot Bu Dong Chan Quan No. 0024649) and the 1st to 3rd floor 101 of Commercial Building 3 (gross floor area was 1,069.01 sq.m and the number of real estate ownership certificate was Meng (2018) Hohhot Bu Dong Chan Quan No. 0023608) of the F12 living site located at Genghis Khan Road East, Xincheng District, Hohhot. Hohhot Intermediate People’s Court has accepted the case. Currently, the case is under trial.

SECTION 12 FINANCIAL REPORT

12 COMMITMENTS OR CONTINGENCIES (CONTINUED)

12.2 Contingencies (continued)

12. Dispute over engineering construction contract between our wholly-owned subsidiary China Aluminum Great Wall Construction Co., Ltd (hereinafter referred to as “Great Wall Construction”) and Changge Hongji Weiye Real Estate Development Co., Ltd (hereinafter referred to as “Hongji Weiye”)

On 25 April 2019, Great Wall Construction filed a lawsuit against Hongji Weiye with Xuchang Intermediate People’s Court in Henan Province for dispute over engineering construction contract, requesting that:

- (1) Hongji Weiye pays Great Wall Construction RMB89.4323 million of project arrears and RMB4.4716 million of interest (at 12% per annum for the period from 19 November 2018 to 18 April 2019), totaling RMB93.9039 million in aggregate. The interest on project sum is calculated up to the payment date determined in the judgement.
- (2) Great Wall Construction has priority in respect of payment from discounted price or auction price of high-rise construction project including 27# 1 and 31# floor in Zone A of Hongji Weiye’s Changge Diamond Plaza located north to the middle part of Getian Avenue in Changge City, to the extent of project sum of RMB89.4323 million payable by Hongji Weiye.
- (3) Hongji Weiye bear all litigation fees, attachment fees, and guarantee fees concerning this case.

On 8 January 2020, Great Wall Construction submitted to Xuchang Intermediate People’s Court an application for alternation to claims as follows:

- (1) Hongji Weiye pays Great Wall Construction project sum of RMB56.2155 million and the interest (at 12% per annum for the period from 19 November 2018 to the payment date determined in the judgement).
- (2) Great Wall Construction has priority in respect of payment from discounted price or auction price of high-rise construction project including 27# and 31# floor in Zone A of Hongji Weiye’s Changge Diamond Plaza located north to the middle part of Getian Avenue in Changge City, to the extent of project sum of RMB56.2155 million payable by Hongji Weiye.
- (3) Hongji Weiye bears RMB25,400 of attachment guarantee fee and RMB850,000 of appraisal fee concerning this case.
- (4) Hongji Weiye bears all litigation fees and attachment fees concerning this case.

SECTION 12 FINANCIAL REPORT

12 COMMITMENTS OR CONTINGENCIES (CONTINUED)

12.2 Contingencies (continued)

12. (continued)

On 2 September 2020, Xuchang Intermediate People's Court in Henan Province issued the "Civil Judgment" ((2019) Yu 10 Min Chu No.58) for this case, ruling Hongji Weiye to pay construction fees of RMB50.3478 million and interests thereon. Hongji Weiye was required to pay appraisal fees of RMB850,000 to Great Wall Construction and Great Wall Construction was required to carry out repair and maintenance works for the quality issue of its scope of construction. Hongji Weiye appealed to the Higher People's Court of Henan Province refused to accept the first-instance judgment. In February 2021, the Higher People's Court of Henan Province issued the "Civil Judgment" ((2020) Yuminzhong No.1118) which ruled to reject the appeal of Hongji Weiye and upheld the original verdict. Hongji Weiye was responsible for the case acceptance fee of the second instance. Currently, the case is being executed.

13. Dispute over engineering construction contract between the Company's subsidiary China Nonferrous Metal Industry's 12th Metallurgical Construction Co., Ltd. (hereinafter referred to as ("Twelfth Metallurgical Company")) and Huainan Zhongsheng Property Co., Ltd ("Huainan Zhongsheng"), Zhirongcheng Investment (Beijing) Co., Ltd. ("Zhirongcheng"), Beijing Wuzhou Hengyou International Investment Co., Ltd. (Wuzhou Hengyou), Ganzhou Hualong Real Estate Development Co., Ltd ("Ganzhou Hualong"), and Chen Quanhong

In April 2016, Twelfth Metallurgical Company filed a lawsuit with Shanxi Provincial High People's Court, requesting Huainan Zhongsheng to repay the RMB450 million of advance for land transfer fees, as well as RMB151.18 million of interest and RMB150.81 million of liquidated damage, Zhirongcheng and Ganzhou Hualong to assume guarantor's liability to the extent of equity pledged, and Chen Quanhong to bear litigation fees and attachment fees concerning the case.

Shanxi Provincial Higher People's Court put the case on file in April 2016 and handed down the Civil Judgment (2016) Jin Min Chu No. 27 in July 2016, seizing the state-owned construction land use right of Huainan Zhongsheng, which is located in the south of Guoqing West Road, Ancheng Town, Tianjia'an District, Huainan City, with an area of 90,250.79 square meters, and the north of Shijianhu East Road, Tianjia'an District, Huainan City, with an area of 16,481.42 square meters. In September 2016, Shanxi Provincial Higher People's Court issued a ruling (2016) Jin Min Chu No. 27-1, which imposed an additional freeze RMB509 million bank deposits or equivalent assets of the defendants Huainan Zhongsheng, Zhirongcheng, Beijing Wuzhou Hengyou Company, Ganzhou Hualong Real Estate Company and Chen Quanhong. Subsequently, the land use rights of 42,871.68 square meters and 33,201.40 square meters in the south of Guoqing West Road, Ancheng Town, Tianjia'an District, Huainan City, were seized.

The Supreme People's Court issued a final judgment of second instance on 14 October 2019, and ruled that Tianjia'an District Government should pay Huainan Zhongsheng RMB443 million. On 24 December 2019, Twelfth Metallurgical Company applied to the Anhui Higher People's Court for the enforcement of such order on behalf of Huainan Zhongsheng. Currently, the case is in the enforcement stage.

SECTION 12 FINANCIAL REPORT

12 COMMITMENTS OR CONTINGENCIES (CONTINUED)

12.2 Contingencies (continued)

14. Dispute over engineering construction contract between our subsidiary Twelfth Metallurgical Company and Taiyuan Jiaxin Palm Real Estate Development Co., Ltd (hereinafter referred to as “Jiaxin Palm”)

In September 2018, Twelfth Metallurgical Company filed a lawsuit with Taiyuan Intermediate People’s Court in Shanxi Province, demanding that Jiaxin Palm pay project arrears, liquidated damage and relevant economic loss totaling RMB53.31 million, and requesting the termination of the Engineering Construction Contract between the parties. Taiyuan Intermediate People’s Court put the case on file on 12 October 2018. Twelfth Metallurgical Company filed an application for preservation with the Taiyuan Intermediate People’s Court. The Taiyuan Intermediate People’s Court seized 41 houses under the name of Jiaxin Palm. The period of seizure was from 20 March 2019 to 19 March 2022. The case is currently in hearing of first instance.

15. Dispute over engineering construction contract between our subsidiary Twelfth Metallurgical Company and China National Aviation Fuel Northern Storage and Transportation Co., Ltd. (hereinafter referred to as “Northern Storage and Transportation”)

In June 2020, Twelfth Metallurgical Company filed an arbitration application to the Beijing Arbitration Commission, requesting an order for Northern Storage and Transportation to pay the construction fees and interest on the arrears, totaling RMB72.8684 million, and Northern Storage and Transportation shall bear all arbitration costs. In October 2020, Northern Storage and Transportation filed a counterclaim application to Beijing Arbitration Commission on grounds of project quality issue, requesting Twelfth Metallurgical Company to pay a total amount of RMB86.0273 million which includes restoration costs, the increased management fees resulted from quality rectifications, default penalty regarding product quality and default penalty regarding progress to Northern Storage and Transportation. Twelfth Metallurgical Company shall bear all litigation costs. Beijing Arbitration Commission has accepted the case. Currently, the case was still under trial.

SECTION 12 FINANCIAL REPORT

12 COMMITMENTS OR CONTINGENCIES (CONTINUED)

12.2 Contingencies (continued)

16. Debt dispute between our subsidiary CHALIECO (Tianjin) Construction Co., Ltd. (hereinafter referred to as “Tianjin Construction”) and GAO Weihua and 7 companies including Tianzi Environmental Protection Investment Holdings Co., Ltd. (hereinafter referred to as “Tianzi Environmental Protection”)

In May 2016, Tianjin Construction filed a lawsuit with Tianjin Second Intermediate People’s Court, demanding that Tianzi Environmental Protection pay RMB35.75 million of funding fee and costs for equipment purchase, storage, and management, with the rest 7 defendants jointly and severally liable for the aforesaid payment. Tianjin Second Intermediate People’s Court accepted the case in May 2016.

In June 2016, Tianjin Construction submitted the Application for Additional Defendants and Claims, adding Tianjin Free Trade Zone Branch of Industrial and Commercial Bank of China (hereinafter referred to as “ICBC Free Trade Zone Branch”) as a defendant, and demanding that Tianzi Environmental Protection repay the principal and interest of the project advance and equipment investment totaling RMB176.7 million, Huazhiyuan (Tianjin) International Trade Co., Ltd. (hereinafter referred to as “Huazhiyuan”) be severally and jointly liable for the payment to the extent guaranteed and ICBC Free Trade Zone Branch assume guarantor’s liability under the guarantee. In March 2017, Tianjin Construction won the lawsuit in the first instance, and Tianzi Environmental Protection appealed to Tianjin Higher People’s Court, which ruled on the revocation of the civil judgment made by Tianjin Second Intermediate People’s Court and remanded the case for retrial. The case is currently in trial.

17. Dispute over engineering construction contract between Tianjin Construction, a subsidiary of the Company and Shanxi Tongde Aluminum Co., Ltd. (hereinafter referred to as “Tongde Aluminum”)

In January 2021, Tianjin Construction filed a lawsuit with Xinzhou Intermediate People’s Court, requesting to terminate the construction agreement executed by both parties and requesting Tongde Aluminum to pay a total amount of RMB57.8797 million which included construction fees of RMB49.1660 million, material costs of RMB7.2737 million and guarding fees of RMB1.44 million. Also, Tianjin Construction requested the payment of default interests and Tongde Aluminum shall bear all litigation costs. Xinzhou Intermediate People’s Court has accepted the case. Currently, the case is still under trial.

SECTION 12 FINANCIAL REPORT

12 COMMITMENTS OR CONTINGENCIES (CONTINUED)

12.2 Contingencies (continued)

18. Dispute over engineering construction contract between Guiyang Aluminum and Magnesium Design Institute Construction Contracting Co., Ltd. (hereinafter referred to as “Guiyang Institute Contracting Company”), a wholly-owned subsidiary of our subsidiary Guiyang Institute, and Guizhou Huada Real Estate Development Co., Ltd. (hereinafter referred to as “Guizhou Huada”).

In December 2018, Guiyang Institute Contracting Company submitted an application to Guiyang Arbitration Committee for arbitration against Guizhou Huada for the dispute over general contracting agreement. On 20 January 2020, Guiyang Arbitration Committee issued the Award (2019) Gui Zhong Cai Zi No. 0727 as follows:

- (1) It is confirmed that the RMB150 million advanced by Guiyang Institute Contracting Company for Guizhou Huada and the RMB70 million project payment, totaling RMB220 million, have become due, and Guizhou Huada shall repay the RMB220 million to Guiyang Institute Contracting Company within 30 days after the judgement is served.
- (2) Within 30 days after the judgment is served, Guizhou Huada shall repay Guiyang Institute Contracting Company the RMB150 million advanced payment, and RMB70 million project sum and relevant interest up to when the repayment is made.
- (3) Within 30 days after the judgment is served, Guizhou Huada shall repay Guiyang Contracting Company liquidated damage on the basis of the RMB220 million advance at 6% per annum for the period from 19 September 2019 up to when the repayment is made.
- (4) Within 30 days after the judgment is served, Guizhou Huada shall pay Guiyang Institute Contracting Company RMB200,000 as liquidated damage for the delay in mortgage, RMB1.2 million of attorney’s fee, RMB400,000 of attachment guarantee fee and RMB3,000 of attachment fee. The arbitration fee amounted to RMB2.2087 million, with RMB662,600 payable by Guiyang Institute Contracting Company and RMB1.5461 million payable by Guizhou Huada.

SECTION 12 FINANCIAL REPORT

12 COMMITMENTS OR CONTINGENCIES (CONTINUED)

12.2 Contingencies (continued)

18. (continued)

On 15 January 2016, Guiyang Institute Contracting Company, Xixiu District of Anshun City Urban Investment and Development Co., Ltd. (hereinafter referred to as “Xixiu Urban Investment”) and Huada Company entered into the “Credit Guarantee Contract”, stipulating that Xixiu Urban Investment assumes joint and several guarantee responsibility for the funds advanced by Guiyang Institute Contracting Company. Xixiu Urban Investment breached the contract during the performance of its obligations and failed to perform the joint and several liability for the settlement as agreed. Guiyang Institute Contracting Company filed a lawsuit with the Intermediate People’s Court of Guiyang City, Guizhou Province, located in Guiyang City, Guizhou Province, requesting to order Xixiu Urban Investment to pay RMB367 million due to Guiyang Institute Contracting Company from Huada Company (according to the content of (2019) Gui Zhong Cai Zi No. 0727 the “Ruling”, up to 7 April 2020 tentatively), and shall be jointly and severally liable to Guiyang Institute Contracting Company for settlement within the range of RMB250 million; Xixiu Urban Investment was ordered to pay liquidated damages of RMB7.75 million and bear all litigation costs. In November 2020, the Intermediate People’s Court of Guiyang City, Guizhou Province issued the “Civil Judgment of the Intermediate People’s Court of Guiyang City, Guizhou Province” ((2020) Qin 01 Minchu No. 1451). In respect of the expiring creditor’s rights due from Huada Company to Guiyang Institute Contracting Company, Xixiu Urban Investment shall be jointly and severally liable to Guiyang Institute Contracting Company for settlement within the range of RMB250 million. Other litigation requests of Guiyang Institute Contracting Company were rejected. Currently, the case is under trail of second instance.

SECTION 12 FINANCIAL REPORT

12 COMMITMENTS OR CONTINGENCIES (CONTINUED)

12.2 Contingencies (continued)

19. Dispute over engineering construction contract between Guiyang Institute, a subsidiary of the Company, Guiyang Institute Contracting Company, a wholly-owned subsidiary, and Seventh Metallurgical Civil Engineering Co., Ltd. (hereinafter referred to as “Seventh Metallurgical Civil Engineering”)

In August 2020, Seventh Metallurgical Civil Engineering filed an arbitration application with Guiyang Arbitration Commission, requesting a ruling that Guiyang Institute Contracting Company should pay RMB3.9017 million for the completed project to Seventh Metallurgical Civil Engineering; requesting a ruling that Guiyang Institute should pay RMB49.8044 million for the completed project to Seventh Metallurgical Civil Engineering; requesting a ruling to pay part of the expected benefits (expected reasonable profit) of Building B of the involved project to Seventh Metallurgical Civil Engineering due to the breach of contract by Guiyang Institute of RMB4.9145 million; requesting a ruling that Guiyang Institute and Guiyang Institute Contracting Company’s breach of contract in respect of the project payment that incurred a loss of RMB4.4108 million of Seventh Metallurgical Civil Engineering due to the suspension of construction; requesting a ruling that the delayed demolition of the project involved in the case resulting in the prolonged idling of the labor force of Seventh Metallurgical Civil Engineering in a loss of RMB2.3817 million; requesting a ruling that Guiyang Institute should pay the reasonable profit that should be paid due to the delay in payment of the project progress payment to Seventh Metallurgical Civil Engineering until the date of payment in full; requesting a ruling that Seventh Metallurgical Civil Engineering should enjoy priority in compensation for the project payment in respect of the project involved in the case, and Guiyang Institute and Guiyang Institute Contracting Company shall bear arbitration costs, preservation fees, and attorney fees. The Guiyang Arbitration Commission has accepted the case. Currently, the case is still under trial.

SECTION 12 FINANCIAL REPORT

12 COMMITMENTS OR CONTINGENCIES (CONTINUED)

12.2 Contingencies (continued)

20. Dispute over contract between the Company and China Aluminum International Engineering & Equipment Co., Ltd. (hereinafter referred to as “Equipment Company”), a wholly-owned subsidiary of the Company, and Qinghai Xibu Hydropower Co., Ltd (hereinafter referred to as “Xibu Hydropower”).

On 21 December 2018, the Company filed a lawsuit with Qinghai Provincial Higher People’s Court, requesting Xibu Hydropower to pay the arrears and relevant interest totaling RMB142.67 million and bear all litigation costs. Qinghai Provincial Higher People’s Court put the case on file, and issued the Circular of Qinghai Provincial Higher People’s Court on Case Acceptance ((2018) Qing Min Chu No. 207). On 13 May 2019, Qinghai Provincial Higher People’s Court handed down the first-instance judgement, ruling that Qinghai Xibu Hydropower Co., Ltd shall pay the Company compensation and cost of about RMB130 million, as well as interest and liquidated damage of about RMB93 million for the period from 22 December 2018 up to the actual payment date. As Xibu Hydropower failed to perform its financial payment obligations as scheduled, the Company applied to the Qinghai Higher People’s Court for enforcement. As at 19 June 2020, the Higher People’s Court of Qinghai Province accepted the bankruptcy and reorganization application of Xibu Hydropower. As at 16 July 2020, an execution ruling (being one of (2020) Qing 01 Zhi Hui No. 50) was issued to terminate the enforcement procedure.

On 21 December 2018, Equipment Company filed a lawsuit with Qinghai Provincial Higher People’s Court, requesting Xibu Hydropower to pay the arrears and relevant interest totaling RMB196.24 million and bear all litigation costs. Qinghai Provincial Higher People’s Court put the case on file, and issued the Circular of Qinghai Provincial Higher People’s Court on Case Acceptance ((2018) Qing Min Chu No. 208). In August 2019, Qinghai Provincial Higher People’s Court handed down the first-instance judgement, ruling that Qinghai Xibu Hydropower Co., Ltd shall pay China Aluminum International Engineering & Equipment Co., Ltd. about RMB161 million, as well as interest and liquidated damage for the period from 1 January 2017 up to the actual payment date. As Xibu Hydropower failed to perform its financial payment obligations as scheduled, Equipment Company applied to the Qinghai Higher People’s Court for enforcement. As at 19 June 2020, the Higher People’s Court of Qinghai Province accepted the bankruptcy and reorganization application of Xibu Hydropower. As at 16 July 2020, an execution ruling (being one of (2020) Qing 01 Zhi Hui No. 51) was issued to terminate the enforcement procedure.

SECTION 12 FINANCIAL REPORT

12 COMMITMENTS OR CONTINGENCIES (CONTINUED)

12.2 Contingencies (continued)

21. Dispute over contract between the Company and its holding subsidiary Qingdao Xinfu Gongchuang Asset Management Company Limited (hereinafter referred to as “Qingdao Xinfu”), Qingdao Liangyou Catering Co., Ltd. (hereinafter referred to as “Qingdao Liangyou”), Shandong Real Estate Development Group Qingdao Company (hereinafter referred to as “Shandong Real Estate”), Liang Yongjian, Wang Xiaoning

From 2017 to 2018, the Company entered into the “Qingdao Hong Kong Landmark Shopping Mall (Ting Town) Project Cooperation Agreement” and supplementary agreements with Qingdao Xinfu, Liang Yongjian, Wang Xiaoning and Shandong Real Estate, respectively. In order to revitalize the Ting Town project, the Company provided loans to Qingdao Xinfu. The principal amount of the expiring creditor’s rights enjoyed by the Company over Qingdao Xinfu was RMB616.3497 million in total, and the final settlement period for Qingdao Xinfu to the Company regarding the loan for each period was 30 April 2020. The calculation of the interests on such loans shall be carried out in accordance with the provisions of the loan contracts in each period, and the project returns shall be repaid to the Company priority in proportion. On 26 June 2017, the Company entered into “Equity Pledge Contract” with Liang Yongjian and Wang Xiaoning. Liang Yongjian and Wang Xiaoning pledged 10% of equity in Qingdao Xinfu to the Company to guarantee Qingdao Xinfu’s obligation to repay the principal and interests of the loans to the Company under the Cooperation Agreement. On 26 June 2017, the Company entered into “Joint Liability Guarantee Contract” with Qingdao Liangyou, and entered into “Joint Liability Guarantee Contract” with Liang Yongjian and Wang Xiaoning. Qingdao Liangyou, Liang Yongjian and Wang Xiaoning were required to bear unlimited joint and several guarantee liabilities for all the principal and interests of Qingdao Xinfu’s loans as confirmed in the “Cooperation Agreement”. On 29 July 2017, the scope of guarantee was extended to loans under the supplementary agreement.

According to the “Cooperation Agreement”, the parties shall with each other to realize the creditor’s rights of all parties through the sales rebate in respect of the project. However, Shandong Real Estate’s failure to pay the project’s land transfer fees caused the failure to dispose of the project and obtain rebate in respect of the project. Shandong Real Estate, as a result, violated the “Cooperation Agreement” and constituted a breach of contract.

As Qingdao Xinfu did not repay the above-mentioned due loans, Qingdao Liangyou, Liang Yongjian and Wang Xiaoning should perform their guarantee obligations. Shandong Real Estate constituted a breach of contract, and the Company in turn filed an arbitration application with the Beijing Arbitration Commission in Beijing, requesting rulings as follows:

SECTION 12 FINANCIAL REPORT

12 COMMITMENTS OR CONTINGENCIES (CONTINUED)

12.2 Contingencies (continued)

21. (continued)

- (1) Qingdao Xinfu shall repay the due loan principal of RMB616.3497 million and provisional interest and liquidated damages of RMB244.9593 million;
- (2) The Company's creditor's rights over Qingdao Xinfu shall have priority over the creditor's rights of Shandong Real Estate and Liang Yongjian over Qingdao Xinfu;
- (3) The application for the sales of buildings from the lower ground floor to fourth floor of Hong Kong Landmark Shopping Center at No. 93, Hong Kong Road Central, Shinan District, Qingdao City, purchased by Qingdao Xinfu, and the proceeds from the auction sale shall be given priority to pay off the loans in respect of the arbitration request (1) in accordance with the contract;
- (4) The application for the auction of the 6% equity (capital contribution of RMB0.6 million) and 4% equity (capital contribution of RMB0.4 million) of Qingdao Xinfu held by Liang Yongjian and Wang Xiaoning, and the proceeds from the auction sale shall be given priority to pay off the the loans in respect of the arbitration request (1);
- (5) To request a ruling that Liang Yongjian, Wang Xiaoning, and Qingdao Liangyou shall bear the Company's joint liability for settlement within the scope of the arbitration request in (1);
- (6) To request a ruling that Shandong Real Estate shall bear the Company's liability for breach of contract, and the compensation for the Company's interest losses was temporarily calculated at RMB46.1013 million, and if the Company's claim under (1) cannot be fully paid off, it shall then assume supplementary compensation liability;
- (7) A ruling that the five applicants jointly bear the Company's attorney fees, preservation fees, and arbitration fees.

The Beijing Arbitration Commission issued the "Notice on Acceptance of Arbitration Case (2020) Jing Zhong An Zi No. 1571" on 2 June 2020, and accepted the company's arbitration application. Currently, the case is still under trial.

SECTION 12 FINANCIAL REPORT

12 COMMITMENTS OR CONTINGENCIES (CONTINUED)

12.2 Contingencies (continued)

22. Lawsuit on construction contract between the Company's branch Guiyang Branch and Guizhou Huaren Advanced Materials Co., Ltd. (hereinafter referred to as "Huaren Company")

In October 2020, Guiyang Branch filed an arbitration application to Guiyang Arbitration Commission, requesting Huaren Company to pay the construction fees under general contracting agreement of RMB200.4827 million, construction fees of items excluded in the agreement of RMB23.5687 million, construction quality guarantee deposit of RMB127.3359 million, financing fee resulted from delayed payment of RMB16.5175 million, interests of advances for advance works of RMB21.5168 million and legal fee resulted from assertion of infringement of RMB1.50 million to Guiyang Branch. Huaren Company shall be responsible for the arbitration fees. Guiyang Arbitration Committee issued a notice of arbitration ((2020) Guizhongzi No.0914) and accepted the arbitration application of Guiyang Branch. Currently, the case is under trial.

23. Dispute over contract between the wholly-owned subsidiary of Equipment Company, the Company's subsidiary, China Aluminum International Shandong Chemical Industry Co., Ltd. (hereinafter referred to as "Shandong Chemical") and Shandong Jiate Plastic Package Co., Ltd. (hereinafter referred to as "Shandong Jiate"), Huang Chunqing, Huang Feng, Lin Yulei, Huang Zhongqing, Huang Shunqing, Zhao Youjie

In November 2019, Shandong Chemical filed a lawsuit with the Zibo Intermediate People's Court, requesting an order to order Shandong Jiate to pay RMB74.6107 million for the goods and RMB3.0382 million for interests; an order requesting the auction and sale of the pledged property under the "Accounts Receivable Pledge Contract" and Shandong Chemical has the priority right of compensation; an order requesting the auction and sale of the pledged property under the "Maximum Equity Pledge Contract" and Shandong Chemical has the priority right of compensation; and an order requesting 6 natural persons, Huang Chunqing, to bear joint and several liabilities for all the payments payable by Shandong Jiate. The Zibo Intermediate People's Court accepted the case on 25 November 2019.

Meanwhile, Shandong Chemical filed an application for preservation of the case. On 2 December 2019, the Zibo Intermediate People's Court issued (2019) Lu 03 Min Chu No. 206 "Civil Ruling", ruling to freeze the bank deposits of 6 natural persons, including Shandong Jiate and Huang Chunqing, in the amount of RMB77.6489 million, or to seal up or seize their properties of corresponding value.

SECTION 12 FINANCIAL REPORT

12 COMMITMENTS OR CONTINGENCIES (CONTINUED)

12.2 Contingencies (continued)

23. (continued)

The trial was opened on 22 April 2020. On 16 June, the court ruled that Shandong Chemical won the case, and that Shandong Jiate should pay RMB72.0136 million for the goods and RMB4.8032 million for liquidated damages within ten days of the effective date of the judgment. Shandong Chemical had the right to use the proceeds from the auction and sale of the pledged equity of Huang Chunqing, Huang Feng, and Lin Yulei in Shandong Jiate within the range of RMB150 million, with priority in receiving compensation. Huang Chunqing, Huang Feng, Lin Yulei, Huang Zhongqing, Huang Shunqing, and Zhao Youjie shall assume joint and several liability for the settlement of the debts under the above-mentioned first payment within the range of RMB150 million. Shandong Jiate appealed and the case is under trial.

24. Dispute over contract between the wholly-owned subsidiary of Equipment Company, a subsidiary of the Company, Shanghai China Aluminum International Supply Chain Management Co., Ltd. (hereinafter referred to as “China Aluminum Supply Chain”), and Shanghai Golden Elephant Aluminium Co., Ltd. (hereinafter referred to as “Golden Elephant Aluminium”)

In July 2020, China Aluminum Supply Chain filed a lawsuit with the People’s Court of Pudong New Area, Shanghai, requesting an order to order Golden Elephant Aluminium to pay the contract amount of RMB53.2549 million and the liquidated damages of RMB5.1127 million, and bear all litigation costs. The People’s Court of Pudong New Area, Shanghai has accepted the litigation request of China Aluminum Supply Chain. Currently, the case is under trial.

SECTION 12 FINANCIAL REPORT

12 COMMITMENTS OR CONTINGENCIES (CONTINUED)

12.3 Guarantees

1. Our subsidiary Ninth Metallurgical Construction Co., Ltd. Hanzhong Branch provides several and joint liability guarantee for Mian County Urban Development Investment Co., Ltd. in respect of a RMB95 million loan granted by China Development Bank which matures on 6 January 2023. As of December 31, 2020, the balance of guarantee was RMB28.00 million.
2. Hanzhong Ninth Metallurgical Construction Co., Ltd., a wholly-owned subsidiary of Ninth Metallurgical Company, which is in turn our subsidiary provides several and joint liability guarantee for Mian County Urban and Rural Infrastructure Construction Co., Ltd. in respect of a RMB100 million loan granted by Agricultural Development Bank of China which matures on 19 October 2027. As of December 31, 2020, the balance of guarantee was RMB63.60 million.

13 EVENTS AFTER THE BALANCE SHEET DATE

Issuance of ultra short-term financing bills

The China Association of Interbank Market Dealers agreed to accept the registration of the Company for issuing ultra-short-term financing bills in the PRC. The registered amount of the Company's ultra-short-term financing bills is RMB4 billion, with a registered quota being valid for 2 years from 25 September 2020. In January 2021, the Company issued the first tranche of ultra short-term financing bills of RMB1 billion in 2021.

SECTION 12 FINANCIAL REPORT

14 OTHER KEY MATTERS

14.1 Lease

1. Lessor

Operating lease

Item	Amount
① Income	
Lease income	59,645,729.16
Variable lease payment related income not included in lease receipts	59,645,729.16
② Undiscounted lease receipts to be received in post the balance sheet date	296,520,434.72
Year 1	33,220,072.81
Year 2	23,419,227.05
Year 3	22,264,448.00
Year 4	19,350,032.76
Year 5	16,519,427.05
Over Year 5	181,747,227.05

2. Lessee

Lessee information disclosure

Item	Amount
Interest expense of lease liabilities	1,354,995.38
Short-term lease expense charged to profit or loss	31,072,061.21
Low-value asset lease expense	
Variable lease payment not included in the measurement of lease liabilities	
Income from sublease of right-of-use assets	
Total cash outflow related to leases	8,072,773.90
Relevant profit or loss arising from leaseback transactions	
Others	

See Note 5.18 for details on right-of-use assets and see Note 5.51 for details on interest expense on lease obligations.

SECTION 12 FINANCIAL REPORT

14 OTHER KEY MATTERS (CONTINUED)

14.2 Segment report

1. 2020

Item	Engineering design and consultancy	Engineering and construction contracting	Equipment manufacturing	Trading	Inter-segment elimination	Total
1. Operating revenue	2,210,565,884.78	17,869,639,907.74	1,602,715,700.98	1,589,019,470.35	245,990,005.98	23,025,950,957.87
Including: revenue generated from contracts with customers	2,173,128,584.25	17,858,846,643.87	1,594,091,847.79	1,586,228,158.78	245,990,005.98	22,966,305,228.71
Rental Income	37,437,300.53	10,793,263.87	8,623,853.19	2,791,311.57	-	59,645,729.16
2. Segment income	-298,468,445.76	-822,711,642.19	-226,825,480.34	-476,760,214.98	14,774.61	-1,824,780,557.88
Income tax	-	-	-	-	-	31,616,939.92
Net profit	-	-	-	-	-	-1,856,397,497.80
3. Total assets	22,371,759,451.64	30,904,720,614.70	3,275,408,701.26	4,732,644,783.72	6,770,509,204.77	54,514,024,346.55
4. Total liabilities	13,159,511,208.47	26,987,959,724.72	2,381,994,160.52	2,452,867,787.69	6,105,221,218.11	38,877,111,663.29

2. 2019

Item	Engineering design and consultancy	Engineering and construction contracting	Equipment manufacturing	Trading	Inter-segment elimination	Total
1. Operating revenue	2,351,285,421.01	20,990,448,791.59	2,005,054,457.55	5,948,940,966.23	235,938,024.75	31,059,791,611.63
Including: revenue generated from contracts with customers	2,310,515,941.42	20,959,732,529.25	1,996,583,509.87	5,946,167,234.05	226,585,497.93	30,986,413,716.66
Rental Income	40,769,479.59	30,716,262.34	8,470,947.68	2,773,732.18	9,352,526.82	73,377,894.97
2. Segment income	69,353,396.54	361,620,327.82	-37,671,452.44	-48,662,032.19	-133,013.01	344,773,252.74
Income tax	-	-	-	-	-	122,248,501.14
Net profit	-	-	-	-	-	222,524,751.60
3. Total assets	22,186,173,757.57	26,718,258,484.03	3,112,178,426.46	7,422,898,215.43	3,440,045,762.87	55,999,463,120.62
4. Total liabilities	14,475,578,533.83	24,796,341,969.19	2,063,347,465.31	4,465,005,061.17	5,196,189,859.71	40,604,083,169.79

SECTION 12 FINANCIAL REPORT

14 OTHER KEY MATTERS (CONTINUED)

14.3 Auditor's remuneration

Auditor's remuneration	2020	2019
Total	5,732,000.00	5,759,000.00

14.4 Directors', Supervisors' and Employees' Emoluments

1. Directors' and supervisors' emoluments

For the year ended 31 December 2020:

Director/ supervisor	Fee	Basic salary	Salary, subsidy, allowance and bonus	Bonus	Contribution to social security and housing provident funds	Contribution to pension fund	Others	Total
Directors								
WU Jianqiang		280,000.00		144,000.00	111,002.52	66,070.08		601,072.60
ZONG Xiaoping (iii)		140,000.00		72,000.00	44,596.62	27,591.36		284,187.98
WU Zhigang (iii)		280,000.00	15,600.00	108,000.00	99,934.87	45,902.40		549,437.27
ZHANG Jian		210,000.00	15,600.00	108,000.00	111,002.52	41,970.24		486,572.76
GUI Weihua		142,857.12						142,857.12
FU Jun		142,857.12						142,857.12
CHEUNG Hung Kwong		142,857.12						142,857.12
WANG Jun (i) (iii)								
LI Yihua (i)								
LIU Jing (ii)								
Subtotal of Directors	1,338,571.36		31,200.00	432,000.00	366,536.53	181,534.08		2,349,841.97
Supervisor								
FAN Guangsheng		280,000.00	75,600.00	108,000.00	111,002.52	45,372.48		619,975.00
OU Xiaowu (i)								
LI Wei (i)								
Subtotal of Supervisor		280,000.00	75,600.00	108,000.00	111,002.52	45,372.48		619,975.00
Total	1,618,571.36		106,800.00	540,000.00	477,539.05	226,906.56		2,969,816.97

SECTION 12 FINANCIAL REPORT

14 OTHER KEY MATTERS (CONTINUED)

14.4 Directors', Supervisors' and Employees' Emoluments (Continued)

1. Directors' and supervisors' emoluments (Continued)

For the year ended 31 December 2019:

Salary, subsidy, allowance and bonus				Contribution to social security and housing provident funds	Contribution to pension fund	Others	Total
Director/supervisor	Fee	Basic salary	Subsidy and allowance	Bonus			
Directors							
WU Jianqiang		233,333.33		222,900.00	104,250.64	67,136.80	627,620.77
ZONG Xiaoping		280,000.00		225,913.00	120,309.84	64,086.08	690,308.92
WU Zhigang		280,000.00	15,600.00	171,615.00	121,059.33	46,685.28	634,959.61
ZHANG Jian		210,000.00	15,500.00	171,615.00	126,044.46	44,193.60	567,353.06
GUI Weihua		142,857.12					142,857.12
FU Jun		142,857.12					142,857.12
CHEUNG Hung Kwong		142,857.12					142,857.12
HE Zhihui (iv)		127,222.57					127,222.57
WANG Jun (i)							
LI Yihua (i)							
Subtotal of Directors		1,559,127.26	31,100.00	792,043.00	471,664.27	222,101.76	3,076,036.29
Supervisor							
FAN Guangsheng		233,333.33	63,000.00	143,078.00	104,250.64	44,200.00	587,861.97
HE Bincong (iv)		96,491.42					96,491.42
OU Xiaowu (i)							
LI Wei (i)							
Subtotal of Supervisor		329,824.75	63,000.00	143,078.00	104,250.64	44,200.00	684,353.39
Total		1,888,952.01	94,100.00	935,121.00	575,914.91	266,301.76	3,760,389.68

Notes:

- (i) These Directors and supervisors did not receive remuneration for their services provided to the Company. However, they received remuneration for serving as directors and/or supervisors of Chinalco and its certain subsidiaries. Such Directors consider that for the years ended 31 December 2020 and 2019, the total amount of remuneration for services provided to the Company was insignificant.
- (ii) Mr. Liu Jing was appointed as an executive Director of the Company since 25 February 2021, the term of office started from 25 February 2021 and will end upon the election of the next session of the Board.
- (iii) Mr. ZONG Xiaoping resigned from all positions including executive Director of the Company on 15 June 2020.
Mr. WU Zhigang resigned from all positions including executive Director of the Company on 20 January 2021.
Mr. WANG Jun resigned from all positions including non-executive Director of the Company on 20 January 2021.
- (iv) Mr. HE Zhihui resigned from all positions including executive Director of the Company on 21 February 2019.
Mr. HE Bincong resigned from all positions including chairman of the board of supervisors of the Company on 26 March 2019.
- (v) The Company does not have a director fee system.

SECTION 12 FINANCIAL REPORT

14 OTHER KEY MATTERS (CONTINUED)

14.4 Directors', Supervisors' and Employees' Emoluments (Continued)

2. Five highest paid individuals

- (1) The five highest paid individuals of the Company for the year ended 31 December 2020 included 2 directors and 1 supervisor. Their emoluments have been reported in Directors' and Supervisors' Emoluments. The emoluments of the remaining 2 highest paid individuals are as follows:

Item	Amount incurred for the current period
Salaries, subsidies, allowances and bonuses	912,800.00
Contribution to social security fund and housing provident fund	222,005.04
Retirement benefits	51,001.92
Total	1,185,806.96

The emoluments paid to each of the above 5 highest paid individuals for the year ended 31 December 2020 do not exceed RMB1 million.

- (2) The five highest paid individuals of the Company for the year ended 31 December 2019 included 3 directors and 0 supervisor. Their emoluments have been reported in Directors' and Supervisors' Emoluments. The emoluments of the remaining 2 highest paid individuals are as follows:

Item	Amount incurred for the previous period
Salaries, subsidies, allowances and bonuses	885,024.00
Contribution to social security fund and housing provident fund	252,088.92
Retirement benefits	100,471.20
Total	1,237,584.12

The emoluments paid to each of the above 5 highest paid individuals for the year ended 31 December 2019 do not exceed RMB1 million.

SECTION 12 FINANCIAL REPORT

15 NOTES TO FINANCIAL STATEMENTS OF THE PARENT

15.1 Accounts receivable

1. Accounts receivable disclosed by category

Category	Closing balance		Provision for bad debt	
	Carrying amount Amount	Percentage (%)	Amount	Percentage (%)
Accounts receivable tested for provision for bad debt on an individual basis	185,352,726.10	8.23	73,333,835.80	39.56
Accounts receivable tested for provision for bad debt on a collective basis	2,067,633,415.31	91.77	404,773,668.09	19.58
Group 1: expected credit loss group	2,066,833,415.31	91.74	404,773,668.09	19.58
Group 2: receivables from subsidiaries	800,000.00	0.04		
Total	2,252,986,141.41	100.00	478,107,503.89	21.22

(Continued)

Category	Opening balance		Provision for bad debt	
	Carrying amount Amount	Percentage (%)	Amount	Percentage (%)
Accounts receivable tested for provision for bad debt on an individual basis	33,612,810.95	1.87	14,712,810.95	43.77
Accounts receivable tested for provision for bad debt on a collective basis	1,757,595,920.21	98.13	259,760,769.40	14.78
Group 1: expected credit loss group	1,756,895,920.21	98.09	259,760,769.40	14.79
Group 2: receivables from subsidiaries	700,000.00	0.04		
Total	1,791,145,940.21	100.00	274,473,580.35	15.32

**SECTION 12 FINANCIAL REPORT****15 NOTES TO FINANCIAL STATEMENTS OF THE PARENT (CONTINUED)****15.1 Accounts receivable (Continued)****1. Accounts receivable disclosed by category (Continued)**

- (1) Accounts receivable tested for provision for bad debt on an individual basis as at the end of the year

Debtor	Carrying balance	Provision for bad debt	Aging	Percentage of provision (%)	Reason for provision
Debtor 1	13,702,290.00	13,702,290.00	Over 5 years	100.00	The Company will provide for credit loss according to the recoverability of the amounts
Debtor 2	18,900,000.00		1-2 years		The Company will provide for credit loss according to the recoverability of the amounts
Debtor 3	62,790.95	62,790.95	Over 5 years	100.00	The Company will provide for credit loss according to the recoverability of the amounts
Debtor 4	144,937,645.15	51,818,754.85	Within 2 years, over 3 years	100.00	The Company will provide for credit loss according to the recoverability of the amounts
Debtor 5	7,750,000.00	7,750,000.00	Over 5 years	100.00	The Company will provide for credit loss according to the recoverability of the amounts
Total	185,352,726.10	73,333,835.80	-	-	-

SECTION 12 FINANCIAL REPORT

15 NOTES TO FINANCIAL STATEMENTS OF THE PARENT (CONTINUED)

15.1 Accounts receivable (Continued)

1. Accounts receivable disclosed by category (Continued)

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

Group 1: Expected credit loss group

Aging	Closing balance			Opening balance		
	Carrying amount	Percentage of expected credit loss (%)	Provision for bad debt	Carrying amount	Percentage of expected credit loss (%)	Provision for bad debt
Within 1 year	614,563,607.13	0.50	3,072,818.03	736,349,844.55	0.50	3,681,749.21
Between 1-2 years	532,851,377.05	10.00	53,285,137.71	478,448,435.23	10.00	47,844,843.53
Between 2-3 years	451,761,268.41	20.00	90,352,253.69	41,987,158.49	20.00	8,397,431.70
Between 3-4 years	33,369,689.34	30.00	10,010,906.80	400,766,341.89	30.00	120,229,902.56
Between 4-5 years	372,469,843.05	50.00	186,234,921.53	39,474,595.30	50.00	19,737,297.65
Over 5 years	61,817,630.33	100.00	61,817,630.33	59,869,544.75	100.00	59,869,544.75
Total	2,066,833,415.31	-	404,773,668.09	1,756,895,920.21	-	259,760,769.40



SECTION 12 FINANCIAL REPORT

15 NOTES TO FINANCIAL STATEMENTS OF THE PARENT (CONTINUED)

15.1 Accounts receivable (Continued)

2. Addition to or recovery or reversal of provision for bad debt

For the reporting period, addition to provision for bad debt was RMB204,629,653.54, and the provision for bad debt recovered or reversed amounted to RMB947,730.00.

3. Significant accounts receivable written-off for the reporting period.

For the reporting period, accounts receivable of RMB48,000.00 were written off.

4. Top five debtors of accounts receivable as at the end of the year

Debtor	Closing balance	Percentage in total accounts receivable (%)	Balance of provision for bad debt
No. 1	419,099,515.40	18.60	132,109,903.14
No. 2	415,782,034.60	18.45	33,876,539.08
No. 3	356,240,284.01	15.81	1,781,201.42
No. 4	251,820,878.66	11.18	44,826,171.96
No. 5	214,775,961.08	9.53	107,387,980.54
Total	1,657,718,673.75	73.57	319,981,796.14

SECTION 12 FINANCIAL REPORT

15 NOTES TO FINANCIAL STATEMENTS OF THE PARENT (CONTINUED)

15.2 Other receivables

Category	Closing balance	Opening balance
Interest receivable	321,458,394.38	
Dividends receivable	479,788,298.10	130,825,077.12
Other receivables	4,717,879,114.92	5,193,032,939.17
Less: provision for bad debt	8,133,926.48	3,536,476.82
Total	5,510,991,880.92	5,320,321,539.47

1. Interests receivable

Category	Closing balance	Opening balance
Entrusted loans	321,458,394.38	
Less: provision for bad debt		
Total	321,458,394.38	

SECTION 12 FINANCIAL REPORT

15 NOTES TO FINANCIAL STATEMENTS OF THE PARENT (CONTINUED)

15.2 Other receivables (Continued)

2. Dividends receivable by category

Item	Closing balance	Opening balance
Sixth Metallurgical Construction Company of China Nonferrous Metals Industry	161,990,183.96	39,955,954.99
Ninth Metallurgical Construction Co., Ltd.	144,168,000.00	
China Nonferrous Metals Changsha Investigation and Design Research Institute Co., Ltd.	85,870,499.93	67,050,799.93
Shenyang Aluminum & Magnesium Design Institute Co., Ltd.	31,150,300.00	
China Aluminum Great Wall Construction Co., Ltd.	21,252,414.21	21,252,414.21
Kunming Survey and Design institute Co., Ltd. of China Nonferrous Metals industry	16,540,600.00	
Changsha Engineering & Research Institute Limited for Nonferrous Metallurgy	16,006,800.00	
China Aluminum International Aluminum Application Construction Co., Ltd.	2,099,600.00	
Chinalco Southwest Construction Investment Co., Ltd.	709,900.00	
Zhuzhou Tianqiao Crane Co., Ltd.		1,616,007.99
China Aluminum International Investment Management (Shanghai) Co., Ltd.		949,900.00
Total	479,788,298.10	130,825,077.12

3. Other receivables:

(1) Other payables by nature

Nature	Closing balance	Opening balance
Advance	72,000,902.52	22,390,430.68
Retentions funds and deposits	10,384,540.80	1,634,293.36
Imprest	213,238.11	1,302,646.49
Others	4,635,280,433.49	5,167,705,568.64
Subtotal	4,717,879,114.92	5,193,032,939.17
Less: provision for bad debt	8,133,926.48	3,536,476.82
Total	4,709,745,188.44	5,189,496,462.35

SECTION 12 FINANCIAL REPORT

15 NOTES TO FINANCIAL STATEMENTS OF THE PARENT (CONTINUED)

15.2 Other receivables (Continued)

3. Other receivables: (Continued)

(2) Aging analysis of the receivable

Aging	Closing balance		Opening balance	
	Carrying amount	Percentage (%)	Carrying amount	Percentage (%)
Within 1 year	4,497,338,234.98	95.32	4,987,341,190.05	96.03
Between 1-2 years	132,610,045.70	2.81	4,721,352.05	0.09
Between 2-3 years	3,320,251.44	0.07	69,053,780.55	1.33
Between 3-4 years	8,257,132.03	0.18	33,613,966.52	0.65
Between 4-5 years	3,611,400.77	0.08	97,902,650.00	1.89
Over 5 years	72,742,050.00	1.54	400,000.00	0.01
Total	4,717,879,114.92	100.00	5,193,032,939.17	100.00

(3) Provision for bad debt

Provision for bad debt	Stage 1 Future 12-month expected credit losses	Stage 2 Lifetime expected credit losses (not credit-impaired)	Stage 3 Lifetime expected credit losses (credit-impaired)	Total
Opening balance	66,178.11	694,918.21	2,775,380.50	3,536,476.82
Opening balance after reassessment during the current period	22,547.00	-844,903.98	4,358,833.80	3,536,476.82
- transfers to stage 2	-43,631.11	43,631.11		
- transfers to stage 3		-1,583,453.30	1,583,453.30	
- transfers back to stage 2				
- transfers back to stage 1				
Provision for the period	261,911.12	2,381,576.47	1,953,962.07	4,597,449.66
Reversal for the period			-	
Write off for the period			-	
Other changes				
Closing balance	284,458.12	1,536,672.49	6,312,795.87	8,133,926.48

SECTION 12 FINANCIAL REPORT

15 NOTES TO FINANCIAL STATEMENTS OF THE PARENT (CONTINUED)

15.2 Other receivables (Continued)

3. Other receivables: (Continued)

- (4) Addition to or recovery or reversal of provision for bad debt

For the reporting period, addition to provision for bad debt was RMB4,597,449.66, and no provision for bad debt was recovered or reversed.

- (5) Significant other receivable written-off during the reporting period.

No other receivable was written off during the reporting period.

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

Debtor	Nature	Closing balance	Aging	Percentage in total other receivable (%)	Balance of provision for bad debt
No. 1	Principal of and interest on entrusted loan	1,194,615,171.79	within 1 year	25.32	
No. 2	Principal of and interest on entrusted loan	831,103,208.27	within 1 year	17.62	
No. 3	Principal of and interest on entrusted loan	586,367,901.50	within 1 year	12.43	
No. 4	Principal of and interest on entrusted loan	510,745,662.48	within 1 year	10.83	
No. 5	Principal of and interest on entrusted loan	324,394,815.66	within 1 year	6.88	
Total	–	3,447,226,759.70	–	73.08	

15.3 Long-term equity investment

Items	Carrying amount	Closing balance Provision for bad debt	Book value	Carrying amount	Opening balance Provision for bad debt	Book value
Investments in subsidiaries	6,792,317,436.38	6,792,317,436.38		5,915,995,036.38		5,915,995,036.38
Investments in associates and joint ventures	251,947,542.43	251,947,542.43		244,673,836.00		244,673,836.00
Total	7,044,264,978.81	7,044,264,978.81		6,160,668,872.38		6,160,668,872.38

SECTION 12 FINANCIAL REPORT

15 NOTES TO FINANCIAL STATEMENTS OF THE PARENT (CONTINUED)

15.3 Long-term equity investment (Continued)

1. Investments in subsidiaries

Investee	Opening balance	Increase	Decrease	Closing balance	Impairment provisions for the current period	Impairment provisions as at 31 Dec 2020
Guiyang Aluminum and Magnesium Design Institute Co., Ltd.	598,559,465.50			598,559,465.50		
Shenyang Aluminum & Magnesium Design Institute Co., Ltd.	332,257,365.81			332,257,365.81		
Changsha Engineering & Research Institute Limited for Nonferrous Metallurgy	399,761,736.37	15,850,500.00		415,612,236.37		
China Nonferrous Metals Industry's Twelfth Metallurgical Construction Co., Ltd.	1,255,780,969.93			1,255,780,969.93		
China Aluminum International Engineering & Equipment Co., Ltd.	200,000,000.00			200,000,000.00		
China Aluminum International Logistic (Tianjin) Co., Ltd.	166,737,383.73	17,500,000.00		184,237,383.73		
Sixth Metallurgical Construction Company of China Nonferrous Metals Industry	749,165,278.44	300,000,000.00		1,049,165,278.44		
China Nonferrous Metals Processing Technology Co., Ltd.	121,479,260.67			121,479,260.67		
Duyun Development Zone Tongda Construction Co., Ltd.	5,000,000.00			5,000,000.00		
China Aluminum International Technology Development Co., Ltd.	60,000,000.00			60,000,000.00		
Wenzhou Tongrun Construction Co., Ltd.	60,000,000.00			60,000,000.00		
China Aluminum International Yunnan Aluminum Application Construction Co., Ltd.	78,000,000.00			78,000,000.00		
Wenzhou Tonghui Construction Co., Ltd.	27,000,000.00			27,000,000.00		
China Aluminum International Investment Management (Shanghai) Co., Ltd.	25,000,000.00			25,000,000.00		

SECTION 12 FINANCIAL REPORT

15 NOTES TO FINANCIAL STATEMENTS OF THE PARENT (CONTINUED)

15.3 Long-term equity investment (Continued)

1. Investments in subsidiaries (Continued)

Investee	Opening balance	Increase	Decrease	Closing balance	Impairment provisions for the current period	Impairment provisions as at 31 Dec 2020
China Nonferrous Metals Changsha Investigation and Design Research Institute Co., Ltd.	69,273,189.34			69,273,189.34		
Changsha Tongxiang Construction Co., Ltd.	10,000,000.00			10,000,000.00		
Hunan Tongdu Investment and Development Co., Ltd.	6,000,000.00			6,000,000.00		
Chaleco Hong Kong Corporation Limited	65,572,000.00			65,572,000.00		
China Aluminum International Engineering (India) Private Limited	5,941,804.59			5,941,804.59		
Guangxi Tongrui Investment Construction Co., Ltd.	250,000,000.00			250,000,000.00		
Ninth Metallurgical Construction Co., Ltd.	49,980,000.00	30,670,000.00		80,650,000.00		
China Aluminum International Aluminum Application Construction Co., Ltd.	144,500,000.00			144,500,000.00		
Qingdao Xinfu Gongchuang Asset Management Company Limited	9,000,000.00			9,000,000.00		
Chalco Shandong Engineering Technology Co., Ltd.	187,946,928.49			187,946,928.49		
Kunming Survey and Design institute Co., Ltd. of China Nonferrous Metals industry	263,457,753.51			263,457,753.51		
Chinalco Southwest Construction Investment Co., Ltd.	200,000,000.00	13,020,000.00		213,020,000.00		
Yunnan Miyu Expressway Investment and Development Co., Ltd.	575,581,900.00	499,281,900.00		1,074,863,800.00		
Total	5,915,995,036.38	876,322,400.00		6,792,317,436.38		

Notes:

1. The name of China Aluminum International Aluminum Technological Development Co., Ltd., a wholly-owned subsidiary of the Company, was changed to China Aluminum International Aluminum Application Construction Co., Ltd.
2. The name of Beijing Zichen Investment Development Corporation Limited, a wholly-owned subsidiary of the Group was changed to China Aluminum International Yunnan Aluminum Application Construction CO., Ltd.

SECTION 12 FINANCIAL REPORT

15 NOTES TO FINANCIAL STATEMENTS OF THE PARENT (CONTINUED)

15.3 Long-term equity investment (Continued)

2. Investments in associates and joint ventures

Investee	Opening balance	Increase in investment	Decrease in investment	Investment gain or loss recognized under equity method	Increase/Decrease					Impairment provisions Closing balance	
					Adjustment to other comprehensive income	Other changes in equity	Cash dividends or profits declared	Impairment provisions	Others		
1. Joint ventures											
Shanghai Fengtong Equity Investment Fund Partnership (Limited Partner)	8,939,897.38			-43,649.16							8,896,248.22
Subtotal	8,939,897.38			-43,649.16							8,896,248.22
2. Associates											
Chalco-Steering Intelligent Technology Co., Ltd.	5,601,774.14			151,281.78							5,753,055.92
Chalco Tendering Company Limited	11,601,503.98			9,445,049.63				2,752,967.83			18,293,585.78
Yunnan Ning Yong Expressway Co., Ltd.	15,000,000.00										15,000,000.00
Yunnan Lin Yun Expressway Co., Ltd.	15,000,000.00										15,000,000.00
Yunnan Lin Shuang Expressway Co., Ltd.	15,000,000.00										15,000,000.00
Zhuzhou Tianqiao Crane Co., Ltd.	173,530,660.50			2,090,000.00				1,616,007.99			174,004,652.51
Subtotal	235,733,938.62			11,686,331.41				4,368,975.82			243,051,294.21
Total	244,673,836.00			11,642,682.25				4,368,975.82			251,947,542.43

SECTION 12 FINANCIAL REPORT

15 NOTES TO FINANCIAL STATEMENTS OF THE PARENT (CONTINUED)

15.4 Operating income and operating cost

1. Operating income and operating cost by category

Items	2020		2019	
	Income	Cost	Income	Cost
1. Subtotal of principal business	1,895,210,951.23	1,835,637,189.09	1,339,063,669.63	1,110,067,534.29
Engineering contracting	1,723,536,638.01	1,635,833,415.44	1,104,865,958.34	958,688,830.34
Engineering design and consultancy	170,594,923.19	197,653,118.21	225,596,538.10	163,140,227.15
Trading and sales	1,079,390.03	2,150,655.44	8,601,173.19	-11,761,523.20
Less: inter-segment elimination				
2. Subtotal of other business	4,796,309.13		10,340,896.43	6,152,247.30
Material sales			413,334.51	
Lease	1,167,152.01		228,580.58	
Miscellaneous	3,629,157.12		9,698,981.34	6,152,247.30
Less: inter-segment elimination				
Total	1,900,007,260.36	1,835,637,189.09	1,349,404,566.06	1,116,219,781.59

2. Operating revenue for the current period by time of revenue recognition

Timing of revenue recognition	Engineering contracting	Engineering survey and design	Equipment manufacturing	Engineering consultancy	Trading and sales
At a point in time			69,277,373.99	28,288,577.05	1,079,390.03
Over a period of time	1,723,536,638.01	73,028,972.15			
Total	1,723,536,638.01	73,028,972.15	69,277,373.99	28,288,577.05	1,079,390.03

SECTION 12 FINANCIAL REPORT

15 NOTES TO FINANCIAL STATEMENTS OF THE PARENT (CONTINUED)

15.5 Gain on investment

Items	2020	2019
Gain on long-term equity investment accounted for using cost method	727,007,900.00	468,871,800.00
Gain on long-term equity investment accounted for using equity method	11,642,682.25	2,359,070.30
Gain on disposal of financial assets at FVTPL		22,500.00
Investment income from available-for-sale financial assets during holding period	1,167,436.92	2,780,255.19
Gain on investment in discretionary wealth management products		13,486,974.89
Gain on derecognition of financial asset at amortised cost	-47,189,344.76	-4,704,167.26
Gain on debt restructuring	328,102.99	
Total	692,956,777.40	482,816,433.12

16 SUPPLEMENTARY INFORMATION

16.1 Breakdown of non-recurring profit and loss

Items	Amounts	Notes
1 Gain or loss on disposal of non-current assets, including written-off asset impairment provisions	10,691,841.44	
2 Tax return, reduction or exemption arising from ultra vires approval, without official approval document, or on an occasional basis		
3 Government subsidies recorded in current P&L (except government subsidies closely related to business operations granted continuously in a fixed amount or quota according to the unified national standards)	45,900,363.59	
4 Financing fee from non-financial enterprises recorded in profit or loss	29,522,099.97	
5 Gain on bargain purchase of equity in subsidiaries, associates and joint ventures		
6 Gain or loss on non-monetary asset exchange		

SECTION 12 FINANCIAL REPORT

16 SUPPLEMENTARY INFORMATION (CONTINUED)

16.1 Breakdown of non-recurring profit and loss (Continued)

Items	Amounts	Notes
7 Gain or loss on assets under discretionary investment or management		
8 Asset impairment provisions arising from force majeure factors such as natural disasters		
9 Gain or loss on debt restructuring	7,442,237.22	
10 Restructuring costs, such as employee settlement cost and integration cost		
11 Gain or loss in excess of fair value arising from obviously unfair transactions		
12 Net profit or loss of subsidiaries arising from business combination under common control for the period from the beginning of the reporting period to the combination date		
13 Gain or loss on contingencies not related to usual operations of the Company		
14 Gain or loss on changes in fair value arising from holding held-for-trading financial assets, other non-current financial assets and trading financial liabilities, and gain on investment from disposal of held-for-trading financial assets, other non-current financial assets, and trading financial liabilities, except for the effective portion of hedging related to usual operations of the Company.		
15 Reversal of provision for bad debt for receivables tested for impairment on an individual basis	49,732,396.52	
16 Gain or loss on entrusted loans		
17 Gain or loss on changes in the fair value of investment property subsequently measured at fair value		
18 Impact of non-off adjustments to current P&L as required by taxation and accounting laws and regulations		
19 Trustee fee income from entrusted operations		
20 Other non-operating income and expenses other than above items	55,052,402.32	
21 Other items falling within the definition of non-recurring gain or loss	-19,100,700.00	
22 Impact of income tax	34,376,787.06	
23 Impact of minority interests	13,621,092.18	
Total	131,242,761.82	

SECTION 12 FINANCIAL REPORT

16 SUPPLEMENTARY INFORMATION (CONTINUED)

16.2 Net asset yield and earnings per share

Profit for the Reporting Period	Weighted average net assets yield (%)		Earnings per share			
			Basic		Diluted	
	2020	2019	2020	2019	2020	2019
Net profit attributable to ordinary shareholders	-28.78	-0.66	-0.71	-0.02	-	-
Net profit attributable to ordinary shareholders net of non-recurring gain or loss	-30.58	-1.53	-0.76	-0.04	-	-

Note: There are no dilutive potential ordinary shares.

Breakdown of earnings per share

Item	2020	2019
Net profit attributable to the parent company for the period	-1,976,138,436.83	34,852,562.55
Less: interest on other equity instruments declared	127,279,167.46	90,971,232.88
Subtotal	-2,103,417,604.29	-56,118,670.33
Weighted average number of ordinary shares in issue	2,959,066,667.00	2,959,066,667.00
Basic earnings per share	-0.71	-0.02



SECTION 13 FIVE-YEAR RESULT SUMMARY

Unit: '0000 Yuan Currency: RMB

Item	2020	2019	2018	2017	2016
Total assets	5,451,402.43	5,599,946.31	4,906,900.14	4,542,145.34	4,380,839.64
Total equity	1,563,691.27	1,539,538.00	1,320,152.26	1,214,413.20	1,399,734.16
Revenue	2,302,595.1	3,105,979.16	3,363,485.12	3,611,217.91	2,696,628.74
Profit before tax	-182,478.06	34,477.33	65,798.14	104,496.96	135,821.64
Earnings per share (Yuan)	-0.71	-0.02	0.08	0.21	0.36
Net assets income rate (%)	-11.96	1.56	4.57	6.26	9.64

China Aluminum International
Engineering Corporation
Limited
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中鋁國際工程股份有限公司
China Aluminum International Engineering Corporation Limited



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