



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

2024 INTERIM REPORT



IMPORTANT NOTES

I The Board of Directors, Board of Supervisors, Directors, Supervisors and senior management of the Company guarantee that the contents of the interim report are truthful, accurate and complete, free from any false statement, misleading representation or major omission, and are legally liable therefore on a several and joint basis.

II All Directors of the Company are present at the meeting of Board of Directors.

III This interim report is unaudited.

IV LI Yihua, the person in charge of the Company, ZHAO Hongmei, the person in charge of accounting work, and CAO Duolin, the person in charge of the accounting organization (the person in charge of the accounting function) undertake that: the financial report in this interim report is truthful, accurate and complete.

V Proposal for Profit Distribution or Proposal for Converting Capital Reserve into Share Capital for the Reporting Period as Resolved to Pass by the Board

None

VI Forward-looking Risk Statements

Applicable Not applicable

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

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

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

No

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

No

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

No

IMPORTANT NOTES

X Material Risk Disclosure

The Company may mainly face safety and environmental risks, reform and business transformation risks, market change and market competition risks, cash flow risk. For details, please refer to “V. Other Disclosures (I) Potential Risks and Mitigation Measures” under “Section 4 Management Discussion and Analysis” of this Report. Investors’ attention is drawn thereto.

XI Others

Applicable Not applicable

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

A quick look at the interim report



About Chalieco

A **modern new industrial service enterprise** providing advanced non-ferrous metal technology, complete sets of equipment and comprehensive solutions for integrated services

We have won **15** quality awards at provincial and ministerial levels or above, including **3** national awards

We have won **3** provincial and ministerial awards for survey and design

We have won **2** provincial and ministerial level or above science and technology awards, of which the “Non-ferrous Metallurgy High-efficiency Conversion, Precise Control and Intelligent Automation System” project, which CNIF has taken part in, has won the second prize of National Science and Technology Progress Prize

We have won **72** provincial and ministerial awards for QC achievements



Principal operating indicators

Newly signed industrial contracts

RMB **11.107** billion representing **85.49%** of the total amount of newly signed contracts

Newly signed overseas contracts

RMB **1.011** billion representing a year-on-year increase of **10.73%**

Operating revenue

RMB **10.710** billion representing a year-on-year increase of **11.31%**

Revenue from equipment manufacturing business

RMB **1.196** billion representing a year-on-year increase of **7.45%**

Revenue from overseas business

RMB **1.886** billion representing a year-on-year increase of **88.32%**

Net profit attributable to shareholders

of the listed company
RMB **156** million

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SECTION 1 DEFINITIONS

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

DEFINITION OF TERMS

“the Company”, “Company”, “Chalieco”	China Aluminum International Engineering Corporation Limited (中鋁國際工程股份有限公司)
“Group”	the Company and its subsidiaries
“Chinalco”	Aluminum Corporation of China (中國鋁業集團有限公司), our controlling shareholder
“Luoyang Institute”	Luoyang Engineering & Research Institute for Nonferrous Metals Processing (洛陽有色金屬加工設計研究院有限公司), one of our promoters and shareholders
“YAIC”	Yunnan Aluminum International Company Limited (雲鋁國際有限公司), our shareholder, whose controlling shareholder, Yunnan Aluminium Co., Ltd., is a subsidiary of Aluminum Corporation of China Limited
“SSE”	the Shanghai Stock Exchange
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Listing Rules of the Stock Exchange”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
“SAMI”	Shenyang Aluminum & Magnesium Engineering and Research Institute Company Limited (瀋陽鋁鎂設計研究院有限公司), a wholly-owned subsidiary of the Company
“GAMI”	Guiyang Aluminum & Magnesium Design Institute Co., Ltd. (貴陽鋁鎂設計研究院有限公司), a wholly-owned subsidiary of the Company
“CINF”	Changsha Engineering & Research Institute Limited for Nonferrous Metallurgy (長沙有色冶金設計研究院有限公司), a wholly-owned subsidiary of the Company
“CNPT”	China Nonferrous Metals Processing Technology Co., Ltd. (中色科技股份有限公司), a subsidiary owned as to 92.35% by the Company
“Sixth Metallurgical Company”	Sixth Metallurgical Construction Company of China Nonferrous Metals Industry (中國有色金屬工業第六冶金建設有限公司), a wholly-owned subsidiary of the Company
“Ninth Metallurgical Company”	Ninth Metallurgical Construction Co., Ltd. (九冶建設有限公司), a subsidiary owned as to 73.17% by the Company
“Twelfth Metallurgical Company”	China Nonferrous Metals Industry’s 12th Metallurgical Construction Co., Ltd. (中色十二冶金建設有限公司), a wholly-owned subsidiary of the Company
“Reporting Period”, “Current Reporting Period”	the period from January 2024 to June 2024

SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

I CORPORATE INFORMATION

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

II CONTACTS AND CONTACT INFORMATION

	Secretary to the Board, Joint Company Secretary ^{Note}	Representative for Securities Affairs
Name	TAO Fulun (陶甫倫)	MA Shaozhu (馬韶竹)
Contact address	Building C, No. 99 Xingshikou Road, Haidian District, Beijing (北京市海淀區杏石口路99號C座)	Building C, No. 99 Xingshikou Road, Haidian District, Beijing (北京市海淀區杏石口路99號C座)
Tel	010-82406806	010-82406806
Fax	010-82406666	010-82406666
E-mail	IR-zlgj@chinalco.com.cn	IR-zlgj@chinalco.com.cn

Note: On 28 March 2024, the Company convened the 19th meeting of the fourth session of the Board of Directors to appoint Mr. TAO Fulun as the secretary of the Board of Directors of the Company, and Mr. TAO Fulun and Ms. Ng Ka Man as the joint company secretaries.

III CHANGES IN BASIC INFORMATION

Registered address of the Company	Building C, No. 99 Xingshikou Road, Haidian District, Beijing (北京市海淀區杏石口路99號C座)
Historical changes in the registered address of the Company	The registered address was “No. B12, Fuxing Road, Haidian District, Beijing” at the time of establishment of the Company; the registered address was changed to “Building C, No. 99 Xingshikou Road, Haidian District, Beijing” in June 2009
Domestic office of the Company	Building C, No. 99 Xingshikou Road, Haidian District, Beijing (北京市海淀區杏石口路99號C座)
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 ^{Note}	https://zlgj.chinalco.com.cn
E-mail ^{Note}	IR-zlgj@chinalco.com.cn
Index of changes during the reporting period	No changes during the reporting period

Note: Starting from 10 July 2024, the Company's website has changed from <http://www.chalieco.com.cn> to <https://zlgj.chinalco.com.cn>, and its email address has changed from IR-chalieco@chalieco.com.cn to IR-zlgj@chinalco.com.cn. For details, please refer to the Company's announcement on the website of SSE on 10 July 2024, “Announcement of China Aluminum International Engineering Corporation Limited on Changing the Company's Website and Email Address” (No. Temp 2024-038) and the announcement “Change of the Company's Website and E-mail Address” published on the Stock Exchange on 9 July 2024.

SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

IV CHANGES IN THE PLACES FOR INFORMATION DISCLOSURE AND REFERENCE

The Company's designated press media for information disclosure	Securities Daily
Designated website for the interim report	www.sse.com.cn; www.hkex.com.hk
The interim report is available at	Building C, No. 99 Xingshikou Road, Haidian District, Beijing (北京市海澱區杏石口路99號C座)
Index of changes during the reporting period	No changes during the reporting period

V STOCK PROFILE

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

VI OTHER RELEVANT INFORMATION

Applicable Not applicable

Accounting firm engaged by the Company	Name	Grant Thornton (Special General Partnership)
	Office address	5th Floor, Scitech Palace, 22 Jianguomen Wai Avenue, Chaoyang District, Beijing
	Names of signing accountants	Huang Zhibin, Li Yang
Legal advisor as to PRC laws	Name	Jia Yuan Law Offices (北京市嘉源律師事務所)
	Office address	F408, Ocean Plaza, 158 Fuxing Men Nei Street, Xicheng District, Beijing
Legal advisor as to Hong Kong laws	Name	Jia Yuan Law Office
	Office address	7/F & 17/F, 238 Des Voeux Road Central Sheung Wan, Hong Kong
A Share Registrar of the Company	Name	China Securities Depository and Clearing Co., Ltd. Shanghai Branch
	Office address	188 South Yanggao Road, Pudong New Area, Shanghai
H Share Registrar of the Company	Name	Computershare Hong Kong Investor Services Limited
	Office address	Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong

SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

VII KEY ACCOUNTING FIGURES AND FINANCIAL INDICATORS OF THE COMPANY**(I) Key Accounting Figures**

Unit: '000 Currency: RMB

Key Accounting Figures	This reporting period (From January to June)	The corresponding period of last year		Changes for this reporting period as compared with the corresponding period of last year (%)
		After adjustment	Before adjustment	
Operating revenue	10,710,476	9,622,056	9,622,056	11.31
Net profit attributable to shareholders of the listed company	155,989	-831,259	-830,642	N/A
Net profit attributable to shareholders of the listed company, net of nonrecurring gain or loss	66,325	-1,021,136	-1,020,519	N/A
Net cash flow from operating activities	-2,034,849	-862,869	-862,869	N/A
	As at the end of this reporting period	As at the end of the previous year		Changes for this reporting period as compared with the end of the previous year (%)
		After adjustment	Before adjustment	
Net assets attributable to shareholders of the listed company	6,144,309	7,016,541	7,016,541	-12.43
Total assets	41,719,313	40,943,803	40,943,803	1.89

SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

(II) Key Financial Indicators

Key Financial Indicators	This reporting period (From January to June)	The corresponding period of last year		Changes for this reporting period as compared with the corresponding period of last year (%)
		After adjustment	Before adjustment	
Basic earnings per share (RMB/share)	0.02	-0.30	-0.30	N/A
Diluted earnings per share (RMB/share)	0.02	-0.03	-0.03	N/A
Basic earnings per share, net of non-recurring gain or loss (RMB/share)	-0.01	-0.36	-0.36	N/A
Weighted average return on net assets (%)	2.98	-18.91	-18.93	N/A
Weighted average rate of return on net assets, net of non-recurring gain or loss (%)	-1.07	-23.00	-23.02	N/A

Explanation of key accounting figures and financial indicators of the Company

Applicable Not applicable

- During the reporting period, the revenue from engineering design and equipment manufacturing businesses, in which the Company has core competitiveness, increased; the structure of the engineering construction business improved; and the proportion of revenue from overseas industrial projects increased considerably, which further promoted the optimization and development of the Company's business structure.
- On 30 November 2022, the Ministry of Finance issued "Interpretation No. 16 of Accounting Standards for Business Enterprises – the accounting treatment for which the initial recognition exemption is not applicable to deferred income taxes related to assets and liabilities arising from a single transaction", effective from 1 January 2023; and on 28 March 2024, following the deliberation at the 19th meeting of the Fourth Session of the Board of Directors of the Company, the Company has implemented the above accounting policies since 1 January 2023, and the data for the corresponding period of last year has been retrospectively adjusted during the reporting period.

SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

VIII DIFFERENCES IN ACCOUNTING FIGURES UNDER DOMESTIC AND FOREIGN ACCOUNTING STANDARDS

Applicable Not applicable

IX ITEMS AND AMOUNTS OF NON-RECURRING PROFIT OR LOSS

Applicable Not applicable

Unit: '000 Currency: RMB

Non-recurring Gain or Loss	Amount	Note (as applicable)
Gains and losses on disposal of non-current assets, including reversal of provision for impairment of assets	147	
Government subsidies recorded in the current profit and loss, except those that are closely related to the Company's normal business operations, comply with national policy regulations, are enjoyed according to determined standards, and have a lasting impact on the Company's profit and loss	13,798	
Financing fee income from non-financial enterprises recorded in current profit and loss	24,001	
Reversal of provision for impairment of receivables tested separately for impairment	65,197	
Gain or loss on debt reorganization	21,877	
Other non-operating revenue and expenses other than the above items	18,346	
Less: Impact of income tax	28,924	
Impact of non-controlling interests (after tax)	24,778	
Total	89,664	

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

Applicable Not applicable

SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

X OTHERS

Applicable Not applicable

SECTION 3 CHAIRMAN STATEMENT

Dear shareholders,

In the first half of 2024, Chalieceo followed the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, firmly adhered to the “Science and Technology + International” development strategy, and took “Special Actions” as an important starting point. We made positive progress in various tasks, in terms of Party building work, we have achieved breakthrough in specific area, innovation in various aspects and overall improvement. The cadres and employees worked actively and vigorously. The motivation and vitality of all levels have been significantly enhanced, our contract performance ability has been significantly improved, and we have achieved remarkable results in innovation and development. With our effort in entry point control and tackling difficulties, our corporate reform has seen results. The Company’s development has shown stable and positive momentum. In the first half of 2024, the Company’s newly signed industrial contracts amounted to RMB11.107 billion, accounting for 85.49% of the total amount of newly signed contracts of the Company in the first half of the year; newly signed contracts within Chinalco amounted to RMB4.028 billion, increased by 43.24% year-on-year; newly signed overseas contracts amounted to RMB1.011 billion, increased by 10.73% year-on-year. We achieved operating income of RMB10.710 billion, increased by 11.31% year-on-year; of which income from overseas business amounted to RMB1.886 billion, increased by 88.32% year-on-year. Net profit attributable to shareholders of the listed company was RMB156 million, which we recorded a net loss same period last year.

We have overcome challenges and difficulties, and now the time has come. We will shoulder our mission and take this opportunity to achieve something big. In the second half of 2024, the Company will thoroughly study and implement the spirit of the Third Plenary Session of the 20th Central Committee of the Communist Party of China, focusing on “high-quality Party building + strengthening operation, promoting transformation and deepening reform” and continue to tackle difficulties, and accelerate the construction of a “new Chalieceo” with high-quality development.

We will endeavor to build a strong operation and management system and unwaveringly complete our annual goals and tasks. First of all, we will strengthen market development, deeply cultivate the internal market of Chinalco, consolidate and expand domestic market, unwaveringly expand our business in the international market, and comprehensively expand our EPC business, maintenance, inspection and repair services and Chinalco’s intra-group mining services business. We will deepen science and technology marketing, strengthen “technology+” model, promote the industrialization of scientific and technological achievements and extend one-time design and construction services into sustainable long-term services. **Secondly**, we will strengthen our ability to perfectly perform project contracts, establish the concepts of compliance and integrity in business operations, further promote the reform of the three-level project management model of “Company-Subsidiaries-Project Department”, strengthen the standardization of project management, and strive to achieve intrinsic safety of production.

SECTION 3 CHAIRMAN STATEMENT

We will make every effort to promote transformation and upgrading, and continue to build a “New Chalieco” with high-quality development. **First of all**, we will firmly implement our development plan, fully return to advantageous industrial fields, resolutely serve the main business of Chinalco, and strive to build a world-class modern new industrial service enterprise that provides comprehensive solutions for advanced non-ferrous metal technologies, complete sets of equipment and integrated services. **Secondly**, we will continue to strengthen technological innovation, actively integrate into Chinalco’s technological innovation system, and fully support the green, low-carbon, low-cost, digital and intelligent iterative upgrades of Chinalco’s aluminum, copper, lead, zinc and other traditional industrial enterprises. We will increase investment in key areas of major projects, such as mining in extreme cold and at high-altitude, high-end equipment manufacturing, energy conservation and carbon reduction; expedite the industrialization of the scientific and technological innovation achievements in key areas like flue gas desulfurization, mine safety monitoring, major metallurgical equipment, processing and industrial internet, accelerate the industrialization of technological innovation achievements. **Thirdly**, we will make in-depth adjustments to the industrial layout, vigorously promote strategic emerging business, promote the pilot plan for our new “technology +” model related to mine safety monitoring and early warning, ultra-fine droplet desulfurization and others.

We will make every effort to promote in-depth and thorough reform, strengthen the construction of “capacity, power and vitality”. **Firstly**, we will strive to promote the reformation of our business system, refocus on our main responsibilities and principal businesses, and move forward from single design and construction to EPC general contracting. **Secondly**, we will strive to reform our management system, strengthen the construction of systems and processes, and enhance our fundamental management capabilities. **Thirdly**, we will strive to reform our organizational system and establish an organizational structure that matches our businesses. **Fourthly**, we will strive to deepen the construction of market-oriented mechanisms, precisely stimulate the market, scientific research, project operation and other key value creation areas, implement follow-up investment mechanisms for the industrialization of scientific research results and major contracting projects, and build an endogenous and self-driven organization. **Fifthly**, we will accelerate digital construction, expedite the construction of ERP, digital design collaboration, digital delivery, smart construction sites and other platforms, and speed up the development of the Company’s digital intelligence technology in the six major fields of exploration, mines, aluminum electrolysis, aluminum oxide, heavy non-ferrous metals, and processing, leading the transformation of enterprise management with digital construction.

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

Chairman: **LI Yihua**
26 August 2024

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

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

(I) Principal businesses and operation modes

The Company is a modern new industrial service enterprise that provides advanced non-ferrous metal technology, complete sets of equipment and comprehensive solutions for integrated services, capable of providing a full range of integrated technical and engineering design and construction services for various businesses in the entire nonferrous metals industry chain. The Company's businesses mainly include engineering survey, design and consultancy, engineering and construction contracting and equipment manufacturing.

1. Engineering survey, design and consultancy business

Engineering survey, design and consultancy are the Company's traditional key principal business, covering the full process businesses of 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 industries such as new energy, chemical and environmental protection, etc. The Company's advantageous technologies cover over 40 professional fields such as geological survey, process design, equipment research and development, digital intelligence, electrical automation, public facilities, 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. The key technologies of the Company's non-ferrous industry are at the leading level in China, and some of the core technologies have reached the international advanced level, and have been continuously upgraded iteratively. On the basis of continuously consolidating and expanding the traditional advantages in the non-ferrous metal industry, the Company continuously accelerates the business transformation and upgrading and structural optimization, seizes the important opportunities of green and low-carbon, digital and intelligent development in the non-ferrous metal industry, closely follows the development of the strategic emerging industries and the future industrial development, and pushes forward the continuous optimization of the business structure and business model of the design and survey business to create a new form of business of "technology +". The Company's principal customers are non-ferrous metal mining, smelting, processing enterprises, as well as construction enterprises from construction and other industries. According to the contract, the Company bears corresponding risks related to product design, quality, progress and others, and the service fees are generally determined with reference to national survey charging standards and market rate. In terms of engineering design business, a certain percentage of advance payment is collected in accordance with the contract in general, and the remaining amount is collected in installments based on the work completed; for engineering consulting business, fees will generally be settled in full after the consulting report is delivered. With the Company's technological leadership in the non-ferrous metallurgical industry, this business segment has contributed a relatively high profit margin to the Company's high-quality development.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

2. Engineering construction and contracting business

The Company's engineering and construction contracting business covers metallurgy industry, housing construction, highways, building materials, electricity, water conservancy, chemical industry, mining, municipal utilities, steel structure, new energy and other fields. The Company adopts a couple of engineering and construction contracting business modes, including EPC, E+P, E+C, P+C and EPCM, etc. The Company gives full play to its technological advantages, advantages in the entire non-ferrous metal industry chain, advantages in the entire life cycle of engineering project construction and advantages in a complete range of non-ferrous metal categories and specialties, vigorously promote the EPC general contracting business, achieve coordinated development of the Company's affiliated design enterprises and construction enterprises, and at the same time actively follow up on equipment manufacturing and operation and maintenance businesses, its business model has shifted from one-time project services to providing customers with products, services and integrated solutions for the entire life cycle, the entire industry chain and all professional fields, so as to achieve diversified profit models. This business segment usually settles and collects payments based on monthly progress or milestones, and advance payment (if any) is collected according to the contract. As investment in infrastructure and civil market business shrinks, the nonferrous industry grows steadily, and the development of strategic emerging industries has brought about new opportunities. The development of strategic emerging industries such as photovoltaics, new energy vehicles and power batteries will drive new demand for nonferrous metals. The Company's advantages in the industrial field are further revealed, and the settlement and profits of engineering construction and contracting businesses are effectively safeguarded.

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 applied in the full industrial chain of non-ferrous metal, including mining, ore dressing, smelting and metal material processing. On the basis of adopting the general equipment sales model in the market, this business segment also gradually attempts to leverage on the advantages of our core technologies to expand our market share through investment-finance-build-operation models. In the next five years, central state-owned enterprises are expected to arrange large-scale equipment upgrades with a total investment of more than RMB3 trillion, which will bring great development opportunities for the technology upgrades and business expansion of the Company's equipment manufacturing business.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

(II) Industry Overview

In the first half of 2024, the non-ferrous metals industry maintained a stable development trend, the industry operated well, achieved good results such as production growth, accelerated investment, active import and export, among others, and corporate profits and total profits increased significantly. With the steady recovery of the economy and iterative upgrading of industries, certain high value-added, high-tech non-ferrous metal products have gradually become the mainstream of the market, promoting technological innovation and product upgrades of enterprises and providing enterprises with more development opportunities and space. Taking the acceleration of development of new quality productivity as the focus of promoting high-quality development of the industry, the nonferrous metal industry has achieved positive results, and at the same time, as the digital transformation of the industry accelerates, the product quality and production efficiency of industrial enterprises have been improved. Nonferrous metal industrial enterprises above designated size have achieved positive results in cost control, the increase in cost expenses has been lower than the increase in operating income, which has enhanced corporate profitability. The supply-side reform of aluminum electrolysis continued to show results, and the profits of nonferrous metal smelting enterprises increased significantly, which was a key factor driving the overall profit growth.

Under the global trend of greening and intelligent development, as the main support materials, the market demand potential of nonferrous metal has attracted much attention, new energy metal materials have maintained rapid growth, and conventional nonferrous metal varieties have also shown strong market demand expectations, and the industry's profitability has continued to strengthen. It is expected that in the second half of the year, the overall operation of the nonferrous metal industry will maintain the growth trend in the first half of the year, showing good development momentum and vitality.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

II ANALYSIS OF CORE COMPETITIVENESS FOR THE REPORTING PERIOD

Applicable Not applicable

(I) Technical and talents advantages

The Company has strong capabilities of scientific research and technical innovation, with 5 grade A design research institutes, 2 grade A survey and design research institutes and 3 large comprehensive construction and installation enterprises. Currently, the Company has 1 “National Engineering Research Center for Aluminum and Magnesium Electrolysis Equipment”, 1 “State-Local Joint Engineering Research Center for Energy-Saving and Environmental Protection Technologies in Aluminum Industry”, 7 “National Enterprise Technology Centers”, 1 “National Industrial Design Center”, 4 “Postdoctoral Research Workstations”, as well as 3 “National Model Enterprises for Intellectual Property Rights”, 1 “National Technology Innovation Demonstration Enterprise” and 2 “State-level New, Distinctive, Specialised and Sophisticated ‘Little Giant’ Enterprises”. The Company has an experienced professional and technical team, including 51 national and industrial level survey and design masters, 20 personnel enjoying special allowances from the State Council or provincial governments, and 5,785 professional and technical personnel of various types, including 247 full senior titles and 1,376 associate senior titles.

We focus on the “eight major fields” of survey and exploration of aluminum oxide, electrolytic aluminium and carbon for aluminium, mines, non-ferrous metal processing, heavy non-ferrous and rare metal smelting, construction and strategic emerging business; and the “five major directions” of “dual carbon” governance, key process technology and equipment for the non-ferrous industry, big data service and intelligent manufacturing, comprehensive utilization of resources and municipal public service, guided by the “14th Five-Year Plan” science and technology landscape of the Company, we actively fulfilled our responsibilities and missions as a central state-owned enterprise, intensified the research and development of core technologies, and continuously strengthened our leading edge in science and technology.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

1. **We possess advanced mine technologies in the industry.** We have developed safe, high-efficient, green and low-carbon mining and processing technologies such as large-scale equipment for high-altitude and high-cold mines with temperatures below -20 Celsius degrees, altitudes exceeding 5,000 meters and slopes exceeding 1,000 meters, long-distance and large-capacity belt conveyors, ecological restoration, safe mining of high and steep frost-thawed slopes, and mixed flotation processing of copper, lead and molybdenum, etc., we have built the world's highest open-pit mine, China's first high-altitude and high-cold large-scale environmentally friendly green mine and China's first high-altitude open-pit-to-underground mine, etc. We have developed green, low-consumption and low-cost mining technologies such as the stability control technology of high-stress rock at a mining depth of over 1,500 meters, the support and hoisting technologies for ultra-deep wells, the heat damage prevention and geothermal heat utilization technology, the self-converting ventilation technology for complex and difficult-to-control wind grids, and the safe conveyance and intelligent management and control of long-distance paste pipelines, etc., and we have built China's first deep shaft mine, China's first mixed shaft mine over 1,000-meter, China's highest hoisting speed vertical shaft mine, and China's largest tin polymetallic mine, among others. A series of geological and mine safety technologies have been formed, such as intelligent monitoring and early warning emergency technology for the whole life cycle of tailing ponds, intelligent monitoring and early warning emergency technology for high and steep slopes and geological disasters, and early warning and emergency technology for personnel positioning, monitoring and control of underground mines.



Comprehensive technology development of super-large mineral deposits in high-altitude and cold areas



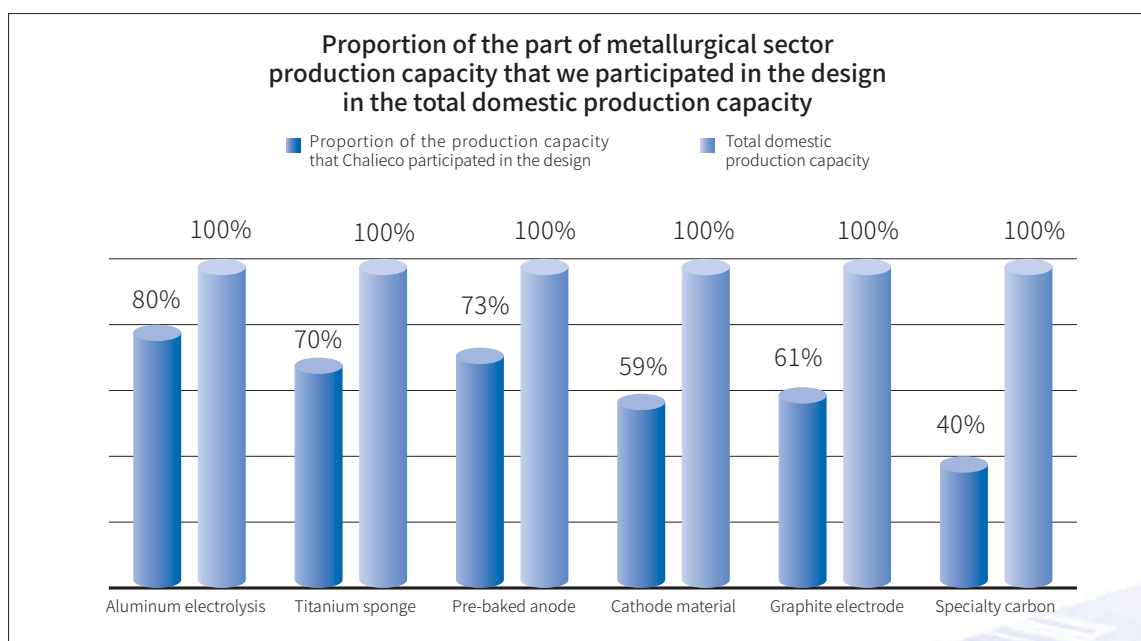
Key technologies for well construction and hoisting of ultra-deep mixed wells over 1,500m



Key technologies for tailings dam survey and its early warning and disaster control evaluation

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

2. **We possess world-leading metallurgical technologies. As regards aluminum electrolysis**, we have successively developed 180kA, 280kA, 320kA, 350kA, 400kA, 500kA and 600kA series of electrolysis technologies, which has pushed China's large-sized aluminum electrolyzer technology to the world; a number of latest green and low-carbon technologies, such as energy-saving and long-life cathode manufacturing technologies and equipment for aluminum electrolyzer, have been widely applied, and the designed production capacity of Chalieceo's aluminum electrolysis exceeds 80% of China's total production capacity, and it has been exported to countries such as Turkey, Malaysia, Indonesia and Italy, among others. **In terms of aluminum oxide**, we have formed 1.4 million tons/year of ultra-large-scale high-temperature Bayer process aluminum oxide production line with complete sets of technologies, the world's largest low-calorific-fuel roaster and the most energy-saving roaster with a market share of 70% for roasters with a production capacity of more than 4,000t/d, our 18m large-scale energy-saving mechanical stirring disintegration tank technology has reduced stirring energy consumption by more than 20%, and enhanced the ability of controlling and regulating the refinement of hydrogen-aluminum granularity; and we have pioneered the semi-dry, dry, and wet-to-dry technologies for the domestic red mud dumps. **In terms of copper, lead and zinc smelting**, we have designed China's first single-set 400,000-ton melting pool copper smelting project, we have designed China's first lead-zinc combined smelting project with flash-speed lead smelting in conjunction with wet zinc smelting by boiling and roasting, and the world's first 300,000-ton zinc smelting project by oxygen pressure leaching. Among domestic oxygen pressure leaching projects in the field of zinc smelting, the oxygen pressure leaching technology of CINF accounts for approximately 80% of the market share; among domestic oxygen pressure leaching projects for nickel and cobalt intermediates, the oxygen pressure leaching technology of CINF accounts for approximately 50% of the market share. **In terms of titanium smelting**, among the total domestic titanium sponge production capacity of 200,000 tons, those with the design participation of Chalieceo accounts for 70%. **In terms of carbon materials**, the pre-baked anode production capacity designed by SAMI accounts for approximately 73% of the total domestic production capacity; the cathode material production capacity designed by GAMI accounts for approximately 59% of the total domestic production capacity, its graphite electrode production capacity accounts for approximately 61% of the total domestic production capacity, and its specialty carbon production capacity accounts for approximately 40% of total domestic production capacity.



SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS



Low-energy consumption Bayer process for producing aluminum oxide



Complete sets of technology of 500, 600kA super-large green energy-saving aluminum electrolysis



Key technologies and equipment for the coordinated smelting and comprehensive recovery of lead, antimony and silver multi-metal materials

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

3. **We own the one and only non-ferrous metal processing design and research institute in China, with a market share of more than 90% in the national large and medium-sized non-ferrous metal processing engineering design market.** Our construction of the country's first aluminum plate and strip processing "dark factory" was officially put into operation, realizing unmanned production in the heat treatment workshop. We have developed the first set of six-roller aluminum strip cold rolling mill equipment of 2,800 mm and 2,300 mm, high-speed trimming technology for aluminum alloy strips, and energy-saving and environmentally friendly full oil recovery technology for aluminum rolling mills, and made dozens of breakthroughs in key core technologies, which filled the gaps in domestic technologies and equipment. Our indigenous developed technologies and equipment are exported to 20 countries and regions in Asia, Europe, Americas and Africa.



Key technologies and equipment for 2,300mm aluminum strip alkali cleaning unit



Key technology and equipment development of 2,800mm aluminum strip bending and straightening unit

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

4. **We continue to develop and innovate by focusing on new industries and new fields.** We promote digital transformation in the fields of nonferrous metal mining, smelting and processing, and technologies such as electrolyzer control technology, intelligent aluminum electrolysis multifunctional unit, on-line inspection, aluminum electrolyzer control system, automatic welding of anode guide rods, and MES are widely used to create a new mode of digital delivery, and we have implemented a number of digital and intelligent system construction and application demonstration projects, such as the Guangxi Huasheng, Yunnan Shenhua, Baoaluminum Huasan, the nonferrous metal processing industry Internet platform and the Geologic Disaster Monitoring System, etc. We continue to expand into emerging industries and cultivate new profit growth points around titanium sponge production technology, new energy battery material preparation technology, lithium extraction from salt lakes, lithium extraction from lithium mica, and new energy negative electrode materials.



“Sky, air and earth” integrated monitoring and early warning system for major mine disasters



Smart factory solution based on MES system



Non-ferrous metal processing industrial internet platform

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

(II) “Triple Full” advantages

The Company is an industry-leading engineering technology service provider covering the full range of metal categories, the entire industrial chain and the entire life cycle of projects, i.e., its business domain covers all metal disciplines of non-ferrous light metals, heavy metals, precious metals, rare and scattered metals, quasi-metals and ferrous metals; its technology covers the entire industrial chain of resource exploration, mining, dressing and smelting, processing and manufacturing, metal recycling and the integrated utilization of resources in the entire process; and its business format covers the entire life cycle of engineering from surveying, consulting design, construction and building, operation and maintenance services, etc. With strong technology as a link, refined management as the backbone and comprehensive professional services as the reliance, the Company can provide customers with all-round services covering engineering design and consultancy, engineering construction, operation management and specialized equipment manufacturing, satisfying customers' needs.

(III) Qualification advantages

The Company has various qualifications, 398 in total. Among them, there are 1 Class A comprehensive engineering design qualification, 1 Class A engineering design industry qualification, 11 Class A engineering design professional qualifications, 2 Class A comprehensive survey qualifications, 2 super-grade general contracting qualifications, 1 super-grade general contracting qualification for metallurgical engineering, 5 Class A engineering supervision qualifications, and 15 Grade A credit ratings for engineering consulting units.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

(IV) Domestic market advantages

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

The Company’s domestic business focuses on general contracting of metallurgical projects, construction of urban infrastructure and public utilities, and ecological environment management, including metallurgy, transportation, housing, municipal services, building materials, power, water conservancy and chemical industry, etc. The Company has rich experience and remarkable achievements in these fields, with more than 500 projects won the Luban Award for Construction Project in China (National Quality Project), the Tien-yow Jeme Civil Engineering Prize, the National Award for Quality Project, the Gold Award of China’s Construction Engineering Steel Structure and the Provincial and Ministerial Quality Project, among others. The Company is geographically distributed in more than 30 provinces, municipalities and autonomous regions across the country.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

(V) Overseas markets advantages

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

III OPERATING RESULTS DISCUSSION AND ANALYSIS

Business overview in the first half of 2024

The Group’s net profit attributable to shareholders of the listed company for the first half of 2024 was RMB156 million, representing a turnaround from a loss to a profit year-on-year, which was mainly attributable to the increase in revenues from the engineering design and equipment manufacturing business in which the Company has core competitiveness, the structure of the engineering construction business has improved, the proportion of revenues from overseas industrial projects during the period has experienced large increases, the proportion of strategic new industries was approximately 41.5%, which further promoted the optimization of the Company’s business structure.

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

In the first half of the year, the Company always adhered to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, centered on the business objectives of “high-quality Party building + strengthening operation, promoting transformation and deepening reform”, and implemented the “5 + 4 + N”¹ implementation system in depth, with the “special action” as the key task, and made positive progress in the work, and the development of the Company showed an upward trend in a stable manner.

⁽¹⁾ The “5+4+N” implementation system refers to: “5” refers to 5 documents: strategic planning, production and operation white paper, comprehensive budget, performance appraisal, reform white paper; “4” refers to 4 plans: “Investment, technology, digitalization, safety and environmental annual plan”; “N” refers to the annual N special key tasks, that is, the Company’s “1+10” special action.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

1. Strengthen operations and significantly enhance contract performance capabilities

Further implement the “Contract Enhancement and Efficiency Action”. **Firstly**, we insisted on focusing on the non-ferrous industrial field and optimized the business structure from the source of market development. In the first half of the year, the newly signed contracts amounted to RMB12.992 billion, of which RMB11.107 billion was for industrial contracts, accounting for 85.49% of the total amount of newly signed contracts of the Company in the first half of the year. **Secondly**, the development of EPC business gained momentum, with 27 EPC projects signed in the first half of the year, with a contract value of RMB2.580 billion. **Thirdly**, innovative and encouraging business has made new breakthroughs, in the first half of the year, a total of 116 new energy and maintenance business contracts were entered into, with a contract value of RMB1.472 billion; **Fourthly**, we enjoyed strong support from the controlling shareholder Chinalco, the contract amount within Chinalco amounted to RMB4.028 billion, representing an increase of 43.24% as compared with RMB2.812 billion in the same period of last year.

Expand and promote the “Overseas Development and Enhancement Action”. **Firstly**, we established the organization and implementation model of “Headquarters + Affiliated Enterprises + Overseas Organizations” to co-ordinate the management of overseas organizations at all levels. **Secondly**, we formulated a work plan for “regional management” of overseas business, and strengthened the coordination among affiliated enterprises in overseas market development and project implementation. **Thirdly**, we actively cultivated potential projects, and in the first half of the year, we tracked 27 new overseas projects involving countries such as Indonesia, Vietnam, Laos, Guinea, Nigeria, Peru, Brazil, Saudi Arabia, Kazakhstan, Azerbaijan and Suriname, and signed 101 new overseas contracts.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

Comprehensively implement the “Performance Quality Enhancement Action”. **Firstly**, we further promoted the restructuring of the project management system, formulated the Implementation Opinions on Intrinsic Safety of Construction Projects, comprehensively revised the Project Management Standardized Manual, and implemented three-level management of “the Company – the affiliated enterprise – the project department”. **Secondly**, we insisted on the orientation of “technology+skill+project”, strengthened the construction of project management team, built strong design team, skill team and project team, and proactively promoted the construction of professional team in mines. **Thirdly**, we strengthened the performance control of key projects, established a project coordination team mechanism and a key project roving supervision mechanism, and the Huayun Phase III and the Southwest Copper Relocation projects were put into operation smoothly and on schedule. In the first half of the year, the Company won a total of 15 quality awards at the provincial and ministerial levels or above, among which, the new energy power battery anode integration project with an annual production capacity of 100,000 tonnes of Hubei Sinuo designed by SAMI, the waterway improvement project of the urban section of Liyang City of Wushen Line constructed by Ninth Metallurgical Company, and the expressway improvement project of Zhuhong Road (the North Second Ring Road-Bypass Expressway) installed by Ninth Metallurgical Company were awarded with the Sixteenth “China Steel Structure Gold Award”.

Solidly implement the “Extreme Cost Reduction and Efficiency Actions”. **Firstly**, we improved project gross profit margins through detailed management, re-compiled the Company’s cost control statement and established a whole-process cost management system centered on cost management. **Secondly**, we promoted changes in project subcontracting methods and increased the proportion of labor subcontracting, of which, the proportion of labor subcontracting for projects within Chinalco Group has increased to 79.13%. **Thirdly**, we continued to reduce financing costs, with the comprehensive financing cost falling by 15 basis points (BP) compared with the beginning of the year, and the interest expense decreased by RMB53 million compared with the same period of last year.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

2. Push forward transformation and achieved remarkable results in the innovation and development

Focus on the “science and technology innovation breakthrough action”. **Firstly**, new breakthroughs were made in internal and external collaboration. We held a special technical exchange meeting with Aluminum Corporation of China Limited and applied advanced technologies such as ultra-fine droplet desulphurization to a number of projects including Qinghai Branch of Aluminum Corporation of China Limited and Yunnan Aluminium Co., Ltd.; held a meeting with China Copper Co., Ltd. to promote the work of the special action and started cooperation around the construction of the Xizang Jinlong Mine and the upgrade and reconstruction of Luoyang Copper; and held a dialogue and exchange meeting with China Aluminum Group High-end Manufacturing Co., Ltd. and promoted aluminium rolling mill and other major equipment. **Secondly**, new progress was made in key technologies. We set up 23 key projects and completed the establishment of project for the design of continuous graphitization furnace and other equipment; formed deep earth resource development technologies such as deep support and deep earth resource exploration; and launched research on enhanced extraction of complex copper dust oxygen pressure leaching, and recovery of residual heat from lead and zinc smelting. **Thirdly**, a number of major scientific and technological achievements were achieved. We won one Second Class Award for National Scientific and Technological Progress; four achievements passed the evaluation of industry associations, of which three are leading in the international arena; and three products passed the national patent-intensive product recognition.

Focus on the “Digital Intelligence Empowerment Special Action”. **Firstly**, we promoted the digital industrialization business and ensured the delivery of key digitalization projects. The Huayun Phase III project was praised by the owner for many times; the artificial intelligence team for the 600kA electrolysis cell intelligent control system and the aluminium/copper strip surface defect inspection system was formed, and the project was selected in the list of the Group’s artificial intelligence products and application scenarios. **Secondly**, we completed 10 digital intelligence products such as the Digital Electrolysis Cell Intelligent Decision-making and Control System and the Big Geotechnical Digital Intelligence System, and 10 key BIM technology application projects in the construction field.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

3. Deepen reform and achieve results through active and steady implementation

Thoroughly implement the “Special Action on Reform”. 2024 is the “Year of Comprehensively Deepening Reform” of Chalieco. Focusing on the target direction of deepening and improving the reform of state-owned enterprises, we will adhere to systematic planning and integrated promotion, take serving the national and Chinalco strategies as the guide, focus on improving core competitiveness and enhancing core functions, take the reform of business system as the lead, and the human resources reform as the safeguard to carry out systematic and structural reforms, and a number of major reform measures will be fully implemented. Firstly, we will complete the optimization of the Company’s headquarters organization and job post setting, realize the competitive recruitment of all management personnel of functional departments, formulate a matrix-based management structure, and build a value-creating headquarters. Secondly, we will comprehensively carry out business system reforms with the construction of a big marketing system and the reconstruction of the project management system as the core. Thirdly, we will accelerate the reform of improving labor efficiency. The first batch of four enterprises have basically completed the headquarters reform. Fourthly, we will focus on the reform of key areas and key enterprises, so as to further reduce operating costs, improve management efficiency and create new competitive advantages in the field of engineering survey and design. Fifthly, the Company’s six science and technology reform enterprises took the science and technology reform action as an opportunity to deepen the reform of market-oriented mechanisms and systems, and achieved excellent results of “three distinguisheds and three goods” in the 2023 special assessment of the State-owned Assets Supervision and Administration Commission.

Innovate in the medium to long-term incentives plan. Through the implementation of equity incentives, the Company has established a mechanism for sharing and restraining the interests of shareholders, the Company and employees, focused on value creation to create a business partnership system for employees and the enterprise. As at the date of disclosure of this interim report, 237 participants were actually granted restricted shares under the initial grant, and a total of 26,769,600 restricted shares were actually granted.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

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

In the second half of the year, the Company will focus on “high-quality Party building + strengthening operation, promoting transformation and deepening reform” and continue to tackle difficulties and strive to complete the annual objectives and tasks.

1. Recognize the situation, intensify market development and strive to push forward business restructuring

Through the “Contract Enhancement and Efficiency Action” and the “Overseas Development and Enhancement Action” as the key task, we will vigorously explore the internal market of Chinalco, markets outside Chinalco and overseas markets, focusing on the non-ferrous industry and advantageous industrial fields, with a view to achieving restructuring and upgrading, and high-quality development.

The design and survey enterprises will continue to develop three major markets according to the “123 + N” model, and do a good job in three major businesses, namely, design consulting, industrialization of scientific and technological achievements and EPC. Firstly, we will maintain the leading edge in technology by continuously strengthening technology research and development and innovation, continuously enhance the market share of the design consulting business, and grasp the incremental design business as well as the stock market of technological reform; we will consolidate the leading position of the Company in the design and consulting business market of the non-ferrous industry, and maintain the leading position in the industry. **Secondly,** we will strengthen and expand the industrialization of scientific and technological achievements, and strive to promote the “technology +” business system. Through “technology + service”, we will change to a sustainable revenue model of diversified and long-term technical services, such as mine safety monitoring and early warning technology, mine disaster prevention and control technology. Based on the design capability of complete sets of equipment through “technology + equipment”, we will make full use of internal and external equipment manufacturing bases to realize the change from “selling drawings” to “selling equipment”, such as cathode casting technology and key technology for large-scale canister type forging furnace. Through “technology + engineering”, we will provide customers with total solutions in the form of small-scale EPC, such as ultra-fine droplet horizontal wet desulphurization technology. **Thirdly,** we will intensify the development of our EPC general contracting business, focusing on the EPC projects within Chinalco and advancing the development of EPC projects in Guinea, Nigeria, Laos, India and Indonesia on a priority basis.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

The construction enterprises will achieve restructuring, upgrading and high-quality development in the direction of “professional, refined, strong and specialised”.

The Company’s headquarters will increase its coordination and overall planning efforts to cultivate comprehensive competitiveness. Firstly, we will explore new modes of domestic and overseas EPC business development and project performance. **Secondly**, we will coordinate the cultivation of new business areas, integrate the enterprise’s advantageous resources in terms of manpower, equipment, qualification and performance, and form specialised capabilities and advantages in mine construction and operation and maintenance, and industrial kiln and other specialised team building, so as to expeditiously form a new characteristic growth point.

2. Change concepts, comprehensively improve the quality of contract fulfilment, and strive to build the competitiveness of the Company’s brand

Customer satisfaction is the basis of our survival. We will establish the business philosophy of “today’s scene is tomorrow’s market” and “superb service”, and deeply implement the “Performance Quality Enhancement Action” to achieve perfect project performance and strive to enhance the competitiveness of the Company’s brand.

Change the concept of project performance. The restructuring of the Company’s business has put forward new requirements for the concept of project performance. In order to transform the Company’s business to a service group, to domestic and overseas large-scale EPC projects, and to large industrial customers, it is necessary to rapidly change the business philosophy. To serve large customers and fulfil large projects, we must establish a sense of the big picture, enhance brand awareness, and provide customers with high-quality products and services.

Enhance the ability to fulfil projects. Firstly, we will accelerate the construction of the Company’s ERP system, and use information technology and digital means to achieve digital transformation of project management. **Secondly**, by exploring supply chain procurement and optimizing subcontractor resources, we will establish a strong project control and support backstage to ensure that the quality and efficiency of project management are both enhanced. **Thirdly**, we will strengthen the performance management of key projects, further enhance the three-level management synergy of “the Company – the affiliated enterprise – the project department”, and implement differentiated resource support and level-up management for key customers and projects to create benchmark projects.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

Promote changes in project management mode. **Firstly**, we will implement the mode of direct control of projects by affiliated enterprises, strengthen the support, protection and supervision of projects by enterprises, and to realize the unification of responsibilities, authority and interests of project departments. **Secondly**, we will continue to promote changes in the subcontracting mode, improve the database of high-quality labor teams and groups, and implement the project department's management to the team and groups. **Thirdly**, we will strengthen the construction of a synergy performance system and encourage design and construction enterprises to form efficient synergies in the course of project implementation.

Strengthen the construction of talent team. **Firstly**, we will establish a mechanism for sharing project management talents and deploy project management personnel throughout the Company according to the needs of project performance. **Secondly**, we will increase the reserve of practical and certified personnel, and formulate special measures to satisfy the qualification requirements for safety management and professional management in the business of mine construction and operation and maintenance. **Thirdly**, we will improve the performance appraisal and evaluation system for project management personnel, so as to fully stimulate the enthusiasm of project management personnel.

3. Refine management, fully implement the project management responsibility system and strive to enhance project profitability

Project is the most basic profit unit of the Company's production and operation, and the refined management of projects is the core of the Company's value creation. Through the "Extreme Cost Reduction and Efficiency Actions", the Company will promote the effective integration of the design and construction industrial chain to enhance the profitability of projects.

Implement the project management responsibility system. **Firstly**, we will optimize the objectives of the "two systems" for projects and enhance the quality of the "two systems" signed for projects. **Secondly**, we will optimize the "two systems" management system. The control of the two funds and the payment of wages to migrant workers will be included in the assessment of the "two systems". **Thirdly**, we will strengthen the rewards and penalties in the assessment of the "two systems" to enhance the enthusiasm for creating efficiency.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

Optimize the proportion of centralized procurement and procurement efficiency.

Firstly, we will strengthen the analysis and control of project procurement costs and formulate improvement measures. **Secondly**, we will strengthen the co-ordination and management of centralized procurement plans to improve procurement efficiency. **Thirdly**, we will strengthen the management of the “supplier and provider”, enhance the management and construction of the supply chain, further integrate high-quality resources in the industry and reduce the subcontracting costs of projects.

Enhance project cost control capability. **Firstly**, construction enterprises will fully implement the construction and installation cost control statement and establish a whole process cost management system centered on cost management. **Secondly**, we will implement project responsibility cost and cash flow dynamic monitoring and early warning mechanism, and promote the depth integration of business and finance and upstream and downstream control. **Thirdly**, we will draw project cost maps to faithfully reflect the project cost management.

Strengthen the special audits of projects. **Firstly**, we will strengthen dynamic tracking, insist that “audits should be conducted if necessary, and all audits must be strict”, and strive to promote the quality and efficiency of project audits. **Secondly**, we will strengthen special audits to fully reveal the risks and problems in the process, and provide strong support for enhancing the level of project management.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

(III) Contracts

From January to June 2024, the Company entered into 2,668 contracts in total, the total amount of which was RMB12.992 billion. Details are as follows:

Type of Contracts	From January to June 2024	
	Number (Unit)	Amount (RMB100 million)
Engineering survey, design and consultancy	1,709	13.67
Engineering construction		
Industrial projects	399	88.20
Civil construction	46	13.78
Highways and municipal projects	19	2.69
Equipment manufacturing	433	10.67
Other	62	0.91
Total	2,668	129.92

As of 30 June 2024, the amount of uncompleted contracts of the Company was RMB47.586 billion. Details are as follows:

Type of Contracts	As of 30 June 2024	
	Number (Unit)	Amount (RMB100 million)
Engineering survey, design and consultancy	5,989	41.47
Engineering construction		
Industrial projects	960	192.94
Civil construction	270	92.44
Highways and municipal projects	116	83.02
Equipment manufacturing	794	50.71
Other	176	15.27
Total	8,305	475.86

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

(IV) Operation results and discussion

In the first half of 2024, the Group achieved operating revenue of RMB10.71 billion, representing an increase of 11.3% as compared with RMB9.622 billion in the same period of last year, net profit attributable to shareholders of the listed company amounted to RMB156 million, representing an increase of RMB987 million as compared with a loss of RMB831 million in the same period of last year. The Group's results for the first half of the year are mainly analysed as follows:

Operating revenue

In the first half of 2024, the Group achieved operating revenue of RMB10.71 billion, representing an increase of RMB1.088 billion or 11.3% as compared with the same period of last year. Compared with the same period of last year, the revenue from engineering design and equipment manufacturing businesses, in which the Company has core competitiveness, increased; the structure of the engineering construction business improved; and the proportion of revenue from overseas industrial projects increased considerably, which further promoted the optimization and development of the Company's business structure, resulting in a year-on-year increase in operating revenue.

Operating cost

The Group's operating cost for the first half of 2024 was RMB9.685 billion, representing a year-on-year increase of RMB1.108 billion or 12.91%. The increase was mainly attributable to the increase in cost in line with the increase in revenue.

Tax and surcharge

The Group's tax and surcharge for the first half of 2024 was RMB51 million, representing a slight year-on-year decrease with no significant change.

Sales expense

The Group's sales expense for the first half of 2024 was RMB60 million, representing a slight year-on-year increase with no significant change.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

Administrative expense

The Group's administrative expense for the first half of 2024 was RMB471 million, representing a slight year-on-year increase with no significant change.

R&D expense

The Group's R&D expense for the first half of 2024 was RMB316 million, representing a slight year-on-year decrease with no significant change.

Financial expense

The Group's financial expense for the first half of 2024 was RMB105 million, representing a year-on-year increase of RMB70 million. The increase was mainly due to the weakening of the impact of the appreciation of the US Dollar, the Company's foreign exchange gain decreased by RMB56 million year-on-year.

Credit impairment loss

The Group's gain on reversal of credit impairment loss for the first half of 2024 was RMB159 million, representing an increase of RMB19 million as compared with the gain on reversal of RMB140 million in the same period of last year. The increase in gain was mainly due to the Company's continuous enhancement of debt collection during the reporting period, and the progress made in the first half of the year through active legal proceedings and focusing on the recovery of long-aged debts, which resulted in a year-on-year increase in the reversal of impairment realized during the reporting period.

Asset impairment loss

The Group's gain on reversal of asset impairment loss for the first half of 2024 was RMB25 million, representing an increase of RMB1.243 billion as compared with the loss of RMB1.218 billion in the same period of last year. The increase in gain was due to the fact that in the first half of 2023, the Company changed the accounting estimates for impairment provisions of contract assets prospectively and the effect was fully recognized in the profit or loss of the same period of last year.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

(V) Principal business by sectors and regions

Unit: '000 Currency: RMB

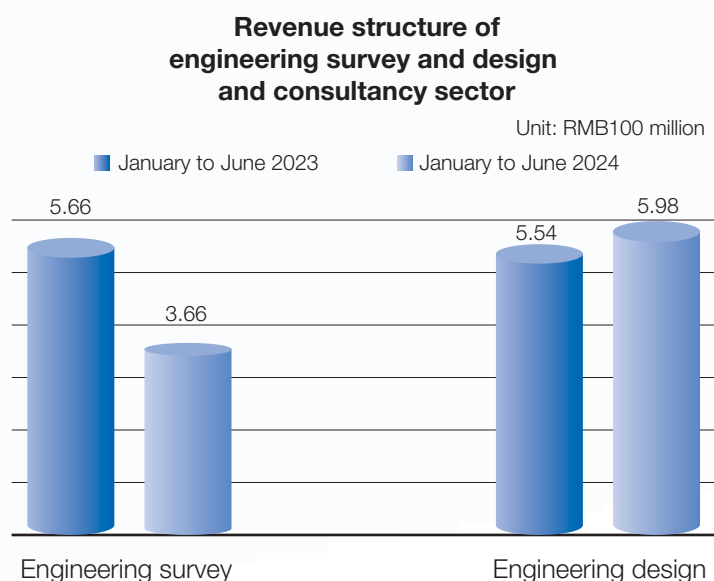
By sector	Principal business by sector			Increase or decrease in operating revenue compared to the corresponding period last year (%)	Increase or decrease in operating cost compared to the corresponding period last year (%)	Increase or decrease in gross margin compared to the corresponding period last year (%)
	Operating revenue	Operating cost	Gross margin (%)			
Engineering survey and design and consultancy	964,353	653,891	32.19%	-13.93	-19.61	Increased by 4.80 percentage points
Engineering and construction contracting	8,550,054	8,003,691	6.40%	15.72	18.00	Decreased by 1.81 percentage points
Equipment manufacturing	1,196,069	1,027,368	14.10%	7.45	4.67	Increased by 2.29 percentage points
Total	10,710,476	9,684,950	9.58%	11.31	12.91	Decreased by 1.28 percentage points

By sector	Principal businesses by region			Increase or decrease in operating revenue compared to the corresponding period last year (%)	Increase or decrease in operating cost compared to the corresponding period last year (%)	Increase or decrease in gross margin compared to the corresponding period last year (%)
	Operating revenue	Operating cost	Gross margin (%)			
China	8,824,190	8,053,264	8.74%	2.36	4.61	Decreased by 1.33 percentage point
Other countries and regions	1,886,286	1,631,686	13.5%	88.32	85.47	Increased by 1.96 percentage point
Total	10,710,476	9,684,950	9.58%	11.31	12.91	Decreased by 1.28 percentage points

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

1. Explanation of the distribution of income of principal business by sector

① Engineering survey and design and consultancy sector

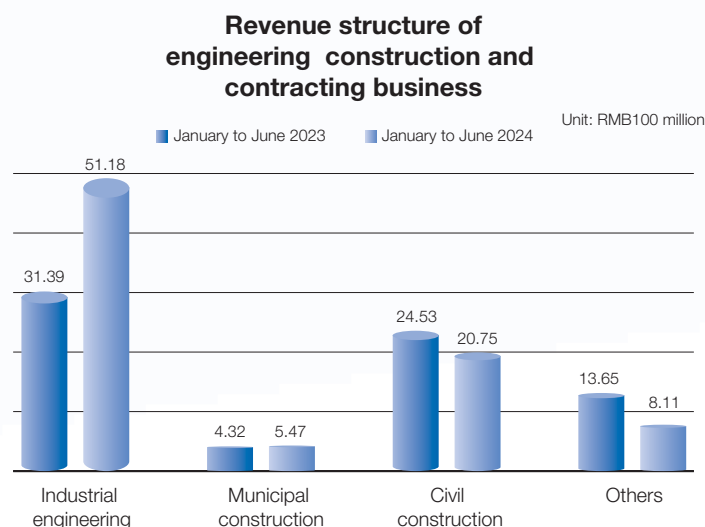


The Company's engineering survey and design and consulting segment achieved revenue of RMB964 million during the current reporting period, representing a year-on-year decrease of 13.93%, which is mainly due to the fact that during the current reporting period, the real estate-related engineering survey business was affected by the downturn in industry investment, and its revenue decreased by RMB200 million year-on-year. However, the Company's core industrial design business still maintained a growth momentum year-on-year, with an increase of 8%. At the same time, the gross profit margin of this business segment was 32.19%, representing a year-on-year increase of 4.8%.

Guided by technology, the Company is committed to providing customers with high-quality integrated solutions. The project of "Precise Control and Intelligent Automation System for Efficient Conversion of Nonferrous Metallurgy" completed by CINF won the Second Prize of State Scientific and Technological Progress Award. The "Zhangjiajie Wuling Mountain Avenue Scenic Spot Section Expansion and Reconstruction Project" and "Construction General Contracting for Yongjiu Expressway and Zhongtai Expressway Interchange Project" projects surveyed by Changkan Institute were awarded the highest quality level evaluation project of municipal engineering by China Municipal Engineering Association for the year of 2024. The "Safety Facility Design for the 2.6 million t/a Open-pit Mining Technical Transformation and Expansion Project of Lanping Lead-Zinc Mine of Yunnan Jinding Zinc Industry Co., Ltd." project of Kunming Institute passed the review of the National Mine Safety Administration for one instance; our independently researched and developed ventilation network solving software system is put into operation in nearly one hundred mines, ventilation and energy-saving effect is remarkable, providing "e" wisdom for mine ventilation safety.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

② Engineering construction and contracting business

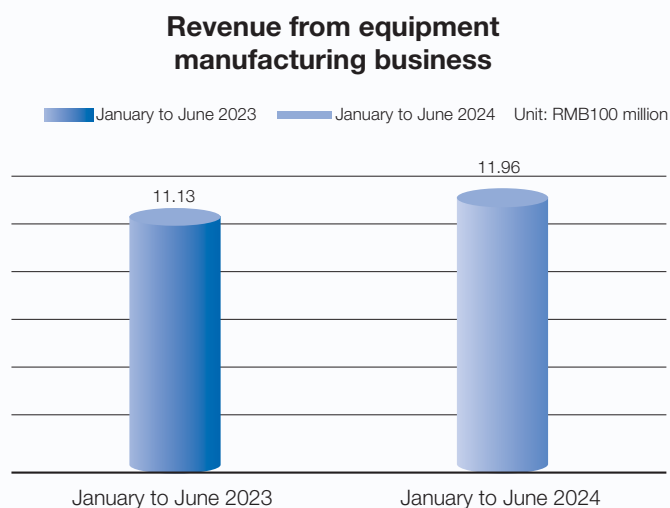


The Group's engineering construction and contracting business achieved revenue of RMB8.824 billion during this reporting period, representing a year-on-year increase of 15.72%, which is mainly due to the Company's firm implementation of the "Science and Technology + International" development plan, focusing on the advantageous areas of the nonferrous industry and creating core competitiveness, the structure of the engineering construction and contracting business further improved during the current reporting period, and the revenue from the industrial engineering business increased by RMB1.979 billion year-on-year, and the proportion increased by 17.37%.

Equipment Manufacturing: Based on the complete set of equipment design capability, the Company has accelerated the promotion of the "technology + equipment" mode. With its discrete production control system and automated production line, the Nonferrous Metal Processing Equipment Manufacturing Workshop of CINF has been successfully selected as the Intelligent Workshop of Henan Province in 2024. The anode assembly equipment and energy-saving suspended belt conveyor system of GAMI have been successfully applied in domestic and international projects such as Yunnan Aluminum Hailin Aluminum, Yunnan Wenshan Aluminum, Malaysia Bintulu Aluminum, Huaqing Aluminum in Indonesia, and BALCO in India.

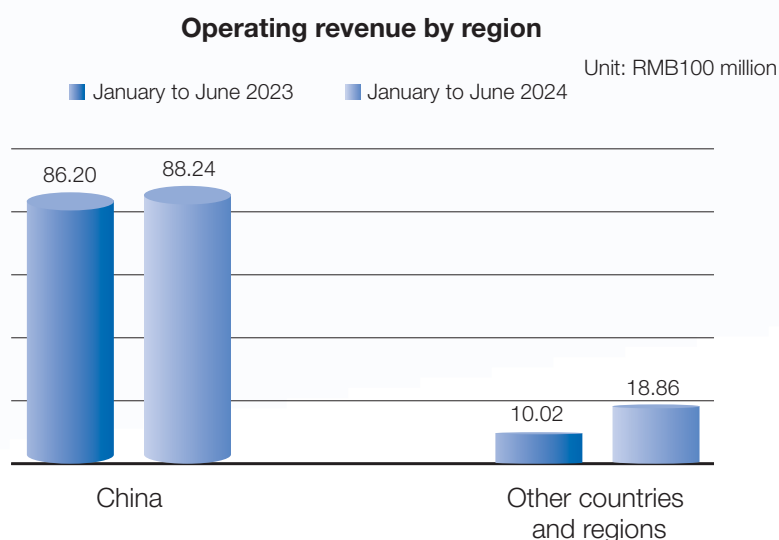
SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

③ Equipment manufacturing business



The Group's engineering manufacturing achieved revenue of RMB1.196 billion during this reporting period, representing a year-on-year increase of 7.45%, which is mainly due to the Company adheres to independent technological innovation and focuses on the research and development of new non-ferrous metal processes, new technologies, new materials and new equipment. In the first half of the year, the Indonesian electrolytic aluminum project and other projects have steadily advanced and the revenue scale has increased; at the same time, we continued to strengthen the cost reduction in all aspects of the entire production process. The measures have achieved good results, with the gross profit margin of this business segment increased by 2.29% year-on-year.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

2. Explanation of the distribution of principal businesses by sector

The Company's overseas business achieved revenue of RMB1.886 billion during the reporting period, representing a year-on-year increase of 88.32%, which is mainly due to the Company's insistence on implementing the "going global" strategy and giving full play to the advantages of the Company's entire process industry chain and engineering construction industry chain, overseas business revenue continued to grow year-on-year during the reporting period.

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

Applicable Not applicable

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

IV OPERATING OVERVIEW FOR THE REPORTING PERIOD**(I) Analysis of principal business****1 Analysis of changes in relevant items on financial statements**

Unit: '000 Currency: RMB

Item	Amount for the current period	Amount for the corresponding period of last year	Change in percentage (%)
Operating revenue	10,710,476	9,622,056	11.31
Operating cost	9,684,950	8,577,496	12.91
Sales expenses	60,095	50,253	19.58
Administrative expenses	470,888	465,645	1.13
Finance expenses	104,985	32,770	220.37
R&D expenses	315,561	320,492	-1.54
Net cash flow from operating activities	-2,034,849	-862,869	N/A
Net cash flows from investing activities	702,903	803,200	-12.49
Net cash flows from financing activities	1,269,801	-3,713,763	N/A

Explanation of reasons for changes in operating revenue: The Company's core competitiveness of engineering design and equipment manufacturing business income has increased, the engineering construction business structure has improved, and the proportion of overseas industrial project income has increased significantly, further promoting the optimization and development of the Company's business structure, and operating income increased year-on-year.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

Explanation of reasons for changes in operating cost: Due to the cost increases with revenue.

Explanation of reasons for changes in sales expense: No significant changes.

Explanation of reasons for changes in administrative expense: No significant changes.

Explanation of reasons for changes in finance expense: As the impact of the appreciation of the US dollar weakened, the Company's exchange income decreased RMB56 million year-on-year.

Explanation of reasons for changes in R&D expense: No significant changes.

Explanation of reasons for changes in net cash flow from operating activities: The Company paid project payables which have fall due, and operating cash outflows increased year-on-year.

Explanation of reasons for changes in net cash flow from investing activities: The Company recovered the equity transfer payment of Miyu Company in the same period last year, and there is no such business in this period.

Explanation of reasons for changes in net cash flow from financing activities: The Company's financing scale increased during the current reporting period, but it remained within a reasonable range; it repaid US\$350 million in perpetual bonds in the same period last year, and there was no such business in this period.

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

Applicable Not applicable

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

Applicable Not applicable

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

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

Unit: RMB'000

Item	Amount at the end of the current period	Amount at the end of the current period over total assets (%)	Amount at the end of the corresponding period of last year	Amount at the end of the corresponding period of last year over total assets (%)	Change in balance as at the end of the current period as compared with balance as at the end of the corresponding period of last year (%)	Explanation
Held-for-trading financial assets	0	0.00	700,506	1.71	-100.00	Structured deposits are redeemed upon maturity.
Short-term borrowings	2,118,493	5.08	1,343,848	3.28	57.64	The Company's financing scale increased, but remained within a reasonable range.
Advance receipts	94	0.01	1,613	0.01	-94.17	Revenue recognized from rent received in advance.
Non-current liabilities due within one year	2,419,333	5.80	1,424,748	3.48	69.81	Borrowings due within one year increased.

Other explanation

None

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

2. Circumstance of overseas assets

Applicable Not applicable

(1) Asset size

Of which: overseas assets amounted to 4,293,243 (Unit: '000, Currency: RMB), accounting for 10.29% of total assets.

(2) Explanation on the high proportion of overseas assets

Applicable Not applicable

Other explanations

None

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

Applicable Not applicable

Unit:'000 Currency: RMB

Item	Carrying value as at 30 June 2024	Reason for the restriction
Currency funds	682,234	Frozen, pledged
Accounts receivable	2,520	Pledged
Financing receivables	1,320	Pledged
Total	686,074	

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

4. Other explanation

Applicable Not applicable

(1) Liquidity and capital resources

As at 30 June 2024, the Group's bank deposits and cash held were RMB3.978 billion, representing a decrease of RMB84 million from 31 December 2023, with no significant changes.

The Group's sources of funds are mainly operating income, bank borrowings and issuance of bonds, with diversified financing channels and good repayment performance at maturity. Cash held is mainly in Renminbi and US dollars and borrowings are mainly at fixed interest rates. The Group has formulated strict fund management measures, closely monitors the liquidity position as well as the condition of the financial market, so as to formulate appropriate financial strategies.

As at 30 June 2024, the Group's current assets other than bank deposits and cash amounted to RMB29.012 billion, of which RMB16.327 billion were notes and accounts receivable, RMB7.543 billion were contract assets, RMB1.778 billion were prepayments and other receivables and RMB2.12 billion were inventories.

As at 30 June 2024, the Group's current liabilities were RMB27.74 billion, including notes payable and accounts payable of RMB15.294 billion. As at 30 June 2024, the Group's net current assets (i.e., the difference between total current assets and current liabilities) were RMB5.251 billion, representing a decrease of RMB56 million as compared with the net current assets as of 31 December 2023.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

(2) Cash flows

Net cash flow from operating activities. For the six months ended 30 June 2024, the net cash outflow from operating activities was RMB2.035 billion, representing an increase of RMB1.172 billion year-on-year, which was mainly due to the Company's payment of project payables which have fall due, and the increase in operating cash outflow year-on-year.

Net cash flow from investing activities. For the six months ended 30 June 2024, the net cash inflow generated from investing activities was RMB703 million, representing a year-on-year decrease of RMB100 million, which was mainly due to the recovery of the equity transfer amount of Miyu Company in the same period last year. There was no such business in the current period.

Net cash flow from financing activities. For the six months ended 30 June 2024, the net cash inflow from financing activities was RMB1.27 billion, representing a year-on-year increase of RMB4.984 billion, which was mainly due to the increase in the Company's financing scale during the reporting period and the increase in financing cash inflows; in the same period last year, US\$350 million in perpetual bonds issued overseas were redeemed, there was no such business in the current period.

(3) Pledge of assets

The Group pledged receivables of RMB2.52 million to obtain short-term loans of RMB2.52 million.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

(4) Gearing ratio

The Company monitors its capital structure on the basis of gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as the total borrowings and other liabilities (including short-term borrowings, long-term borrowings, trade and other payables, contract liabilities and dividends payable shown in the consolidated balance sheet) minus restricted cash, time deposits and cash and cash equivalents. Total capital is calculated as equity, as shown in the consolidated balance sheet, plus net debt minus non-controlling interests. The Group's gearing ratios were approximately 55.78% and 43.56% as at 30 June 2024 and 31 December 2023, respectively. The increase of gearing ratio as of 30 June 2024 as compared with that as of 31 December 2023 was primarily due to the increase in borrowings of the Group as compared with those at the beginning of the year, yet maintained within the target range controlled by the Group.

(5) Contingent liabilities

As of 30 June 2024, the Group did not have any material contingent liabilities.

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

Applicable Not applicable

As of 30 June 2024, the Company's long-term equity investment balance (original value) was RMB798.241 million, representing a decrease of RMB4.283 million or 0.53% from the beginning of the year. Among them, the long-term equity investment impairment provision was RMB48.2186 million, which is consistent with the beginning of the year.

(1) Major equity investments

Applicable Not applicable

(2) Significant non-equity investments

Applicable Not applicable

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

(3) Financial assets measured at fair value

Applicable Not applicable

Unit: '000 Currency: RMB

Category of Asset	Amount as at the beginning of the period	Amount as at the end of the period
Financing receivables	453,487	351,846
Held-for-trading financial assets	700,506	0
Other equity instrument investments	49,248	48,913
Total	1,203,241	400,759

Investment in securities

Applicable Not applicable

Description of investment in securities

Applicable Not applicable

Investment in private funds

Applicable Not applicable

Investment in derivatives

Applicable Not applicable

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

(V) Disposal of significant assets and equities

Applicable Not applicable

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

Applicable Not applicable

Unit: '000 Currency: RMB

Company name	Business scope	Total assets	Net assets	Operating revenue	Net profit
Shenyang Aluminum & Magnesium Engineering & Research Institute Co., Ltd.	Engineering survey and design	1,636,555	642,586	537,459	27,632
Guiyang Aluminum & Magnesium Design Institute Co., Ltd.	Engineering survey and design	1,665,241	430,202	494,499	35,591
Changsha Engineering & Research Institute Limited for Nonferrous Metallurgy	Engineering survey and design	2,475,836	1,081,245	660,458	46,559
China Nonferrous Metals Processing Technology Co., Ltd.	Engineering design and equipment manufacturing	2,029,191	604,190	541,980	27,608
China Nonferrous Metals Changsha Investigation and Design Research Institute Co., Ltd.	Engineering survey and design	1,179,891	162,380	321,355	-4,186
Kunming Survey and Design Institute Co., Ltd. of China Nonferrous Metals Industry	Engineering survey and design	1,392,718	485,509	692,051	28,990
Kunming Non-ferrous Metallurgical Design and Research Institute Corporation	Engineering survey and design	626,216	252,204	211,863	73,332
Sixth Metallurgical Construction Company of China Nonferrous Metals Industry	Building and construction	11,734,197	2,308,896	2,845,987	16,339
Ninth Metallurgical Construction Co., Ltd.	Building and construction	9,762,551	1,831,216	2,153,470	4,408
China Nonferrous Metals Industry's 12th Metallurgical Construction Co., Ltd.	Building and construction	4,485,888	867,538	1,296,476	28,792
CHALIECO (Tianjin) Construction Co., Ltd.	Building and construction	1,477,320	507,429	403,977	4,546

Notes:

1. The Company transferred 100% equity interest it held in China Nonferrous Metals Changsha Investigation and Design Research Institute Co., Ltd., a subsidiary of the Company, to Changsha Engineering & Research Institute Limited for Nonferrous Metallurgy, a subsidiary of the Company, at zero consideration, and China Nonferrous Metals Changsha Investigation and Design Research Institute Co., Ltd. completed the industrial and commercial changes on 3 July 2024.
2. The Company injected 100% equity interest it held in Chalieco (Tianjin) Construction Co., Ltd., a subsidiary of the Company, to China Nonferrous Metals Industry's 12th Metallurgical Construction Co., Ltd., a subsidiary of the Company, and the industrial and commercial changes of Chalieco (Tianjin) Construction Co., Ltd. and China Nonferrous Metals Industry's 12th Metallurgical Construction Co., Ltd. are being processed.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

(VII) Particulars of structured entities controlled by the Company

Applicable Not applicable

V OTHER DISCLOSURES**(I) Possible risks and countermeasures**

Applicable Not applicable

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

1. Safety and environmental risks

The enterprises affiliated to the Company are involved in the field of construction. The construction site has the characteristics of difficult operating environment, complex processes, frequent personnel movements, etc., making management and control difficult.

Countermeasures: In the first half of 2024, the Company launched the “Safe Production Tackling Campaign”: The first is to strengthen the implementation of the safety standardization system, improve and perfect the Company’s safety and environmental protection management and control system, continuously strengthen safety inspections and hidden danger investigation and rectification, organize various special inspections, and resolutely prevent the occurrence of major or larger accidents; the second is to focus on the intrinsic safety of the project, establish a three-level supervision and inspection mechanism, comprehensively carry out special rectification actions for the safety of engineering construction projects, establish a safety and environmental protection inspection team, and strengthen supervision, inspection, assistance and guidance in key areas, key parts and key projects on a regular basis; the third is to improve employees’ safety management awareness and capabilities, organize special study, training and examinations on production safety laws and regulations in the field of engineering construction, carry out safety production month and other activities, and create a strong cultural atmosphere of safety and environmental protection within the Company; the fourth is to take the Three-year Campaign on Rectifying Ecological and Environmental Issues as the main line, clear the stock, curb the increment and strive to create green construction sites.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

2. Reform and business transformation risks

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

Countermeasures: The first is to optimize the organizational structure and staffing. In the first half of 2024, the headquarters of the Company streamlined functional departments, compressed management levels, and established a listed company structure with operationalized functional positioning, clear responsibility boundaries, efficient business processes and streamlined management organizations, gradually transformed from the role of managers and service providers to the role of value creators, and built an excellent business unit headquarters oriented by value creation to provide top-level support for the construction of a new business responsibility system; secondly, we will solidly push forward the work of the “four determinations” at all levels and the reform works of improving labor efficiency, vigorously push forward the market-oriented reform of our affiliated enterprises, implement the improvement of labor efficiency, vigorously compress the management levels, launch the horizontal integration of specialization of enterprises in key areas, utilize the market-oriented mechanism to attract excellent resources and talents to the advantageous industries, and construct the system of employee-enterprises business partnership; thirdly, we will fully implement the work arrangement of the “1+3+6” reform system, actively push forward the implementation of various reform tasks, carry through the systematic structural market-oriented reform and continue to strengthen the building of capacity, dynamics and vitality.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

3. Market changes and market competition risks

The non-ferrous industry is the traditional principal business of the Company, and each member unit has certain technological and brand advantages and strong market competitiveness, but the contract value of the non-ferrous industry does not account for a sufficient proportion.

Countermeasures: The first is to focus on the principal non-ferrous businesses, strengthen technological leadership, tap the potential of the existing market, keep a close eye on the existing market of domestic non-ferrous metals and relevant industries, expand market share, make full use of the Company's multi-professional, full industry chain integration and comprehensive engineering design qualification (Grade A) advantages, identifying market opportunities and winning market opportunities in the high-end, intelligent and green development of the manufacturing industry, and in the in-depth fusion of technological services with the advanced manufacturing industry; the second is to strengthen internal and external collaboration, enhance the ability to undertake EPC projects, cultivate a "wolf culture", and establish a comprehensive market development landscape of employees' "aiming at the market, focusing on projects, obtaining contracts and seeking incremental growth", gradually increases the internal market share within Chinalco; the third is to adhere to adapting measures to local conditions, develop overseas markets, and keep pace with the overseas expansion of Chinalco and the business units, comprehensively expand relevant businesses such as EPC, maintenance and repair, and mining within Chinalco, focus on the development of markets such as India and Indonesia, continuously improve overseas marketing networks and promote overseas localized operations; the fourth is to implement excess operation reward policies to stimulate marketing enthusiasm.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

4. Cash flow risk

Due to the impact of the external market environment, we still face great difficulties in project collection in 2024.

Countermeasures: The first is to take the monthly capital budget as the handhold, set the collection target scientifically, strengthen the collection of “two funds”, strictly determine the expenditure based on the collection, grasp the collection for large projects, and strictly control the payment of large amount of cash; the second is to optimize the appraisal system, incorporate the rate of sales return and the operation net cash flow into the scope of quarterly appraisal, implement the policies based on the classification of the survey and design enterprises and the construction enterprises, carry out the sales return rate assessment of construction enterprises in a targeted manner, guide and encourage enterprises to strengthen collections, so as to safeguard the safety and stability of the capital chain; the third is to upgrade the project progress control standards, strictly enforce the control of production by collection on the basis of determining expenditure by collection; the fourth is to reduce the dependence on funds during project expansion and implementation and reduce financial risks by optimizing the business model.

(II) OTHER DISCLOSURES

Applicable Not applicable

1. Contract of significance

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

2. Business in connection with sanctioned countries

The Company confirmed that during the reporting period, the Company did not enter into any new business in connection with sanctioned countries, nor did it have any business planning or arrangement for transactions with sanctioned countries. The Board has no intention to enter into any new business with sanctioned countries.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

3. Interim dividend

The Board has not made any recommendation on the payment of an interim dividend for the six months ended 30 June 2024.

4. Purchase, redemption or sale of listed securities

The Company or any of its subsidiaries did not purchase, sell or redeem any of the Company's listed securities (including sale of treasury shares) during the six months ended 30 June 2024.

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

The Board shall fulfill its duty to prepare the Company's financial statements as of 30 June 2024 so as to give a true and fair view of production and operational condition of the Company and of the business performance and cash flow of the Company. The management of the Company has provided the Board with the necessary explanation and data to facilitate the review of the Company's financial statements by the Board. The Directors are not aware of any significant uncertainties, that is, events or incidents that may cast significant doubt on the Company's ability to continue as a going concern.

6. Accounting policies

The accounting policies adopted by the Group to prepare the unaudited condensed consolidated financial statements as of 30 June 2024 are consistent with the principal accounting policies for the preparation of the audited consolidated financial statements for the year ended 31 December 2023.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

7. Events After the Balance Sheet Date

(1) Share-based payment incentive plan

The Company held the 21st meeting of the fourth session of the board of directors and the 17th meeting of the fourth session of the board of supervisors on 18 June 2024, and considered and approved the “Proposal in Relation to the Initial Grant to Participants of the Company’s 2023 Restricted Share Incentive Scheme” (the “**Scheme**”), which determines that 18 June 2024 will be the initial grant date, and 27,158,300 restricted shares will be initially granted to 240 participants who meet the grant conditions at a grant price of RMB2.37 per share.

During the process of payment and verification of capital after the initial grant, one participant voluntarily gave up part of the awarded restricted shares, and three participants were adjusted to positions that did not meet the grant conditions, and were no longer being granted. As a result, the actual number of participants under the initial grant was 237, and the actual number of restricted shares granted was 26.7696 million shares. Except for the above matters, the actual grant situation of the Scheme is consistent with the restricted share grant matters as considered and approved at the 21st meeting of the fourth session of the board of directors held on 18 June 2024.

On 26 July 2024, the Company completed the registration for the initial grant of part of the restricted shares under the Company’s 2023 incentive plan at the Shanghai Branch of China Securities Depository and Clearing Corporation Limited. The Company granted 26.7696 million restricted shares under the initial grant, accounting for 93.05% of the total number of restricted shares granted and 0.90% of the Company’s total share capital before the grant. The reserved grant portion consists of 2 million shares, accounting for 6.95% of the total number of restricted shares granted and 0.07% of the Company’s total share capital before the grant. For details, please refer to the “Announcement of China Aluminum International Engineering Corporation Limited on Completion of Registration of the Grant Under the 2023 Restricted Share Incentive Scheme” disclosed by the Company on the website of SSE on 30 July 2024 (No. Temp 2024-040) and the “Announcement on Completion of Registration of the Grant Under the 2023 Restricted Share Incentive Scheme” disclosed by the Company on the website of Stock Exchange on 29 July 2024.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

As at the date of disclosure of this interim report, there are a total of 237 participants under the initial grant of the Scheme, which are directors, senior management personnel, other management personnel and core technology (business) backbone personnel who were working in the Company (including branches and holding subsidiaries) upon the announcement of the Scheme by the Company, excluding the heads of central state-owned enterprises under the management of the Party Committee of the State-owned Assets Supervision and Administration Commission of the State Council, as well as the Company's independent directors, external directors, supervisors, shareholders or de facto controllers who individually or collectively hold more than 5% of the Company's shares, and their spouses, parents and children. If the above-mentioned participants complete the relevant performance assessment targets, the lock-up period and the unlocking time of each period under the Scheme are as follows:

Unlocking arrangement	Unlocking schedule	Proportion of the Restricted Shares to be unlocked of total number of the Restricted Shares granted
First Unlocking Period of the first grant and the reserved grant	Commencing from the first trading day upon the expiry of 24 months from the date of completion of registration of the grant to the last trading day upon the expiry of 36 months from the date of completion of registration of the grant	40%
Second Unlocking Period of the first grant and the reserved grant	Commencing from the first trading day upon the expiry of 36 months from the date of completion of registration of the grant to the last trading day upon the expiry of 48 months from the date of completion of registration of the grant	30%
Third Unlocking Period of the first grant and the reserved grant	Commencing from the first trading day upon the expiry of 48 months from the date of completion of registration of the grant to the last trading day upon the expiry of 60 months from the date of completion of registration of the grant	30%

- (2) As of 26 August 2024, the Company has no other post-balance sheet events that should be disclosed.

SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

8. Changes in Personnel and Information of Directors and Supervisors

Save as disclosed in this interim report, pursuant to Rule 13.51B(1) of the Listing Rules of the Stock Exchange, the changes in the directors and supervisors of the Company subsequent to the publication of the 2023 annual report of the Company and up to the date of disclosure of this interim report as required by paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules of the Stock Exchange are set out below:

- (1) Non-executive Director ZHANG Decheng has been a director of Chinalco Overseas Holdings Co., Ltd., CTG, WCS Singapore Holdings, and WCS Project Company with effect from April 2024, a director of Oriental Vision Company and Sunshine Vision Company, Chinalco Investment Holdings Co., Ltd. and Chinalco Capital Holdings Limited with effect from May 2024, and a supervisor of Chinalco Research Institute of Science and Technology Co., Ltd. with effect from July 2024.
- (2) Independent non-executive Director SIU Chi Hung ceased to serve as an independent non-executive director of Central China Management Company Limited with effect from May 2024, ceased to serve as an independent non-executive director of MicroPort NeuroTech Limited with effect from June 2024 and has been an independent non-executive director of Sichuan Energy Investment Development Co., Ltd. with effect from August 2024.
- (3) Supervisor LIN Ni ceased to serve as a supervisor of Chinalco Assets Operation Management Co., Ltd. with effect from July 2024 and has been the Chairman of the Board of Supervisors of Aluminum Corporation of China Limited with effect from August 2024.

Save as disclosed in this interim report and above, there are no other information required to be disclosed by the Directors and Supervisors pursuant to Rule 13.51B(1) of the Listing Rules of the Stock Exchange.

SECTION 5 CORPORATE GOVERNANCE

I SHAREHOLDERS' MEETING

Session of meeting	Convening date	Websites designated for disclosure of resolutions	Resolutions disclosing date	Resolutions
The annual general meeting of 2023	18 June 2024	www.sse.com.cn, www.hkexnews.hk	19 June 2024 (A Share), 18 June 2024 (H Share)	The annual general meeting of 2023 considered and approved all 16 resolutions through on-site registered voting combined with online voting
The first A Share class meeting of 2024				The first A Share class meeting of 2024 considered and approved all 4 resolutions through on-site registered voting combined with online voting
The first H Share class meeting of 2024				The first H Share class meeting of 2024 considered and approved all 4 resolutions through on-site registered voting

SECTION 5 CORPORATE GOVERNANCE

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

Applicable Not applicable

Particulars of the general meeting

Applicable Not applicable

The 2023 annual general meeting, the first A Share class meeting of 2024 and the first H Share class meeting of 2024 of the Company were convened by the Board and presided over by Mr. LI Yihua, the chairman of the Company. The convening, holding and voting of the meetings were in compliance with the laws and regulations such as the Company Law of the People's Republic of China, and the Articles of Association of China Aluminum International Engineering Corporation Limited. For details of the meeting, please refer to the announcements on resolutions of the general meeting disclosed by the Company.

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

Applicable Not applicable

Name	Position	Change
LIU Ruiping	Executive Director	Departed
LIU Dongjun	Executive Director	Elected
ZHOU Xinzhe	Non-executive Director	Departed
YANG Xu	Non-executive Director	Elected
GUI Weihua	Independent Director	Departed
ZHANG Ting'an	Independent Director	Elected
ZHAO Hongmei	Secretary to the Board	Terminated
TAO Fulun	Secretary to the Board	Engaged

SECTION 5 CORPORATE GOVERNANCE

Descriptions of changes in Directors, Supervisors and senior management of the Company✓Applicable Not applicable

1. On 28 March 2024, Ms. ZHAO Hongmei resigned from her positions of the Company's secretary to the Board, joint company secretary and authorized representative due to adjustments in work division. On 28 March 2024, the Company held the 19th meeting of the fourth session of the Board and agreed to appoint Mr. TAO Fulun as the Company's secretary to the Board, with a term starting from the date of appointment by the 19th meeting of the fourth session of the Board until the date of expiry of the term of the fourth session of the Board, it was agreed to appoint Mr. TAO Fulun and Ms. NG Ka Man as the Company's joint company secretaries, with a term starting from the date of appointment by the 19th meeting of the fourth session of the Board of Directors until the date of expiry of the term of the fourth session of the board of directors, it was agreed that Mr. TAO Fulun be appointed to replace Ms. ZHAO Hongmei as the authorized representative of the Company with effect from the date of consideration and approval at the 19th meeting of the fourth session of the Board. For details, please refer to the "Announcement of China Aluminum International Engineering Corporation Limited on the Change of Secretary to the Board, Joint Company Secretary and Authorised Representative" (No. Temp 2024-014) disclosed by the Company on the website of SSE on 29 March 2024 and the "Announcement on the Change of Secretary to the Board, Company Secretary and Authorised Representative" disclosed by the Company on the website of the Stock Exchange on 28 March 2024.
2. On 18 June 2024, Mr. LIU Ruiping tendered his resignation to the Board of the Company as an Executive Director and a member of the Nomination Committee of the Board; Mr. ZHOU Xinzhe tendered his resignation to the Board of the Company as a Non-executive Director, a member of the Risk Management Committee of the Board, a member of the Audit Committee of the Board, a member of the Remuneration Committee of the Board, and a member of the Strategy Committee of the Board; and Mr. GUI Weihua ceased to be an independent non-executive Director, a member and the chairman of the Remuneration Committee of the Board, a member of the Nomination Committee of the Board and a member of the Strategic Committee of the Board as he has served as an independent non-executive Director for six consecutive years. On 18 June 2024, the Company convened the 2023 annual general meeting and elected Mr. LIU Dongjun as an executive Director of the fourth session of the Board of the Company, Mr. YANG Xu as a non-executive Director of the fourth session of the Board of the Company, and Mr. ZHANG Ting'an as an independent non-executive Director of the fourth session of the Board of the Company, all of them with terms commencing from the date of passing of the election at the general meeting of the Company to the date of expiration of the term of office of the fourth session of the Board. On 18 June 2024, the Company convened the 21st meeting of the fourth session of the Board, resolved to appoint Mr. LIU Dongjun as a member of the Nomination Committee of the fourth session of the Board of the Company, Mr. YANG Xu as a member of the Risk Management Committee, a member of the Audit Committee, a member of the Remuneration Committee and a member of the Strategic Committee of the fourth session of the Board of the Company, and Mr. ZHANG Ting'an as a member and the chairman of the Remuneration Committee, a member of the Nomination Committee and a member of the Strategic Committee of the fourth session of the Board of the Company, with a term starting from the date of appointment by the 21st meeting of the fourth session of the Board of Directors until the date of expiry of the term of the fourth session of the Board of Directors. For details, please refer to the "Announcement of China Aluminum International Engineering Corporation Limited on the Resolutions of the 2023 Annual General Meeting, the First A Share Class Meeting of 2024 and the First H Share Class Meeting of 2024" (No. 2024-026), the "Announcement of China Aluminum International Engineering Corporation Limited on Resolutions of the 21st Meeting of the Fourth Session of the Board" (No. Temp 2024-031), the "Announcement of China Aluminum International Engineering Corporation Limited on the Appointment of Members and Chairman of the Special Committees of the Board" (No. Temp 2024-027) disclosed by the Company on the website of SSE on 19 June 2024 and the "Poll Results of the 2023 Annual General Meeting, the First A Share Class Meeting of 2024 and the First H Share Class Meeting of 2024" and the "Appointment of Members and Chairman of Special Committees of the Board" disclosed by the Company on the website of the Stock Exchange on 18 June 2024.

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

Whether to distribute profit or transfer reserves	No
Number of bonus shares for every 10 shares (share)	0
Amount of dividend for every 10 shares (RMB) (tax inclusive)	0
Number of shares converted for every 10 shares (share)	0

Particulars of proposal for profit distribution or for converting capital reserve into share capital
No

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

Applicable Not applicable

Overview of the matter**Query index**

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

Temp 2023-068

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Overview of the matter**Query index**

The Company disclosed the “Announcement on Receipt of Reply from the SASAC on the 2023 Restricted Share Incentive Scheme” on 3 April 2024.

Temp 2024-015

The Company disclosed the “Verification Opinions of the Board of Supervisors of China Aluminum International Engineering Corporation Limited on the Participants of the Company’s 2023 Restricted Share Incentive Scheme” on 12 June 2024. The Company’s Board of Supervisors believes that the participants under the Scheme are in compliance with relevant laws, regulations and prescriptive documents, and meet the conditions for participants stipulated in the “China Aluminum International Engineering Corporation Limited 2023 Restricted Share Incentive Scheme (Draft)”, and they are legal and valid as a participant under the Scheme.

Temp 2024-025

The Company disclosed the “Announcement on the Poll Results of the 2023 Annual General Meeting, the First A Share Class Meeting of 2024 and the First H Share Class Meeting of 2024” on 19 June 2024. The meetings considered and approved the “2023 Restricted Share Incentive Scheme of China Aluminum International Engineering Corporation Limited (Revised Draft)” and its summary, the “Administrative Measures for the 2023 Restricted Share Incentive Scheme of China Aluminum International Engineering Corporation Limited”, the “Administrative Measures for the Implementation and Evaluation of the 2023 Restricted Share Incentive Scheme of China Aluminum International Engineering Corporation Limited”, and the “Relevant Matters in Relation to the Submission of a Proposal to the General Meeting and Class Meetings to Authorize the Board of Directors to Handle Matters in Relation to the Company’s 2023 Restricted Share Incentive Scheme”, among other resolutions.

Temp 2024-026

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Overview of the matter**Query index**

The Company disclosed the “Self-Investigation Report of China Aluminum International Engineering Corporation Limited on the Trading of the Company’s Shares by Informants of Insider Information and Participants under the 2023 Restricted Share Incentive Scheme” on 19 June 2024, and, after self-inspection, there was no case of using the insider information of the Scheme for trading to obtain benefits.

Temp 2024-028

The Company disclosed the “Announcement of China Aluminum International Engineering Corporation Limited on the Initial Grant of Restricted Shares to the Participants of the Company’s 2023 Restricted Share Incentive Scheme” on 19 June 2024, the initial grant date of the Company’s restricted shares shall be 18 June 2024, and 27,158,300 restricted shares will be initially granted to 240 participants who meet the grant conditions at a grant price of RMB2.37 per share.

Temp 2024-030

On 30 July 2024, the Company disclosed the “Announcement on Completion of Registration of the Grant Under the 2023 Restricted Share Incentive Scheme”, during the process of payment and verification of capital after the initial grant, one participant voluntarily gave up part of the awarded restricted shares, and three participants were adjusted to positions that did not meet the grant conditions and were no longer being granted. As a result, the actual number of participants under the initial grant was 237, and the actual number of restricted shares granted was 26,769,600 shares.

Temp 2024-040

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

Applicable Not applicable

Other explanation

Applicable Not applicable

Particulars of employee stock option plan

Applicable Not applicable

Other incentive measures

Applicable Not applicable

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2023 Restricted Share Incentive Scheme

The 2023 Restricted Share Incentive Scheme of the Company and the related resolutions were considered and approved by the Shareholders at the Annual General Meeting and the Class Meetings held on 18 June 2024. The number of Restricted Shares to be granted under the Scheme shall not exceed 29,506,100 shares in total. Details of the Restricted Shares granted to the directors, chief executives and other employees of the Company under the 2023 Restricted Share Incentive Scheme as at the end of the reporting period are set out below.

Name/Description of category of Grantee	Position(s)	Number of the Restricted Shares granted (0,000 shares)	Grant date (Note 3)	Grant price (RMB/share) (Note 4)	Proportion of the total share capital of the Company as at the date of adoption of the draft Restricted Share Incentive Scheme (%) (Note 5)
Li Yihua	Chairman and executive director	26.74	18 June 2024	2.37	0.01
Liu Jing	Executive director and general manager	26.74	18 June 2024	2.37	0.01
Liu Dongjun	Executive director	20.06	18 June 2024	2.37	0.01
Zhao Hongmei	Executive director and chief financial officer	20.06	18 June 2024	2.37	0.01
Other senior management (5 persons)		98.98	18 June 2024	2.37	0.03
Other management personnel and core technical (business) backbone personnel (231 persons)		2523.25	18 June 2024	2.37	0.85
Total First Grant		2715.83	18 June 2024	2.37	0.92
Reserved Grant		200	– (Note 6)	– (Note 6)	0.07
Total (240 persons)		2915.83	–	–	0.99

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Notes:

1. Some figures shown as totals herein may not be an arithmetic aggregation of the figures preceding them due to rounding adjustments.
2. Save as disclosed in the table above, none of the Participants are directors, chief executives or substantial shareholders of the Company, or any of their respective associates, nor are any of the Participants service providers to the Company. The number of Restricted Shares granted to any one Participant under the Scheme through all of the share incentive schemes in effect does not exceed, in the aggregate, 1% of the Company's total share capital or 1% of the total number of ordinary A shares.
3. The Validity Period of the 2023 Restricted Share Incentive Scheme shall commence from the date of completion of registration of the first grant of the Restricted Shares to the date when all the Restricted Shares which have been granted to the Participants are unlocked or repurchased, and shall not exceed 72 months in any event. The unlocking schedule arrangements of the Restricted Shares under the first grant and the reserved grant of the 2023 Restricted Share Incentive Scheme are set out below:

Unlocking arrangement	Unlocking schedule	Proportion of the Restricted Shares to be unlocked of total number of the Restricted Shares granted
First Unlocking Period of the first grant and the reserved grant	Commencing from the first trading day upon the expiry of 24 months from the date of completion of registration of the grant to the last trading day upon the expiry of 36 months from the date of completion of registration of the grant	40%
Second Unlocking Period of the first grant and the reserved grant	Commencing from the first trading day upon the expiry of 36 months from the date of completion of registration of the grant to the last trading day upon the expiry of 48 months from the date of completion of registration of the grant	30%
Third Unlocking Period of the first grant and the reserved grant	Commencing from the first trading day upon the expiry of 48 months from the date of completion of registration of the grant to the last trading day upon the expiry of 60 months from the date of completion of registration of the grant	30%

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The unlocking of the Restricted Shares under the first grant and the reserved grant of the 2023 Restricted Share Incentive Scheme is subject to performance appraisal requirements at the Company's level and performance appraisal requirements at the individual level. The performance appraisal at the Company's level includes the cash return on net assets (EOE), the compound growth rate of net profit attributable to shareholders of the parent company and the economic value-added increment (Δ EVA). The performance appraisal requirements at the individual level shall be conducted in accordance with the Appraisal Management Measures for the Implementation of the 2023 Restricted Share Incentive Scheme of China Aluminum International Engineering Corporation Limited and shall be decided by the Board. Please refer to the circular of the Company dated 17 May 2024 and the announcement of the Company dated 18 June 2024 for details of the status of the unlocking arrangement for the Restricted Shares and the performance appraisal requirements.

During the reporting period, the Restricted Shares granted under the Restricted Share Incentive Scheme remained in the Lock-up Period. As disclosed in the announcement of the Company dated 18 June 2024 in relation to the first grant of Restricted Shares to Participants under the 2023 Restricted Share Incentive Scheme, 2 Participants are no longer included in the scope of Participants due to job change, voluntary waiver of subscription, etc. for a total of 347,800 shares, and the grant of such Restricted Shares was cancelled. Apart from that, as at the end of the reporting period, no other Restricted Shares have been cancelled or lapsed.

4. The fair value of the Restricted Shares shall be determined according to the market price on the Grant Date and the subscription price paid by the Participant. The closing prices of the Company's A shares on the Grant Date (i.e. 18 June 2024) and the date immediately preceding the Grant Date of Restricted Shares (i.e. 17 June 2024) were RMB4.37 and RMB4.32 respectively.
5. As at the date of approval of the Restricted Share Incentive Scheme at the general meeting (i.e. 18 June 2024), the total number of issued shares of the Company was 2,959,066,667.
6. Participants under the reserved grant will be determined within 12 months after the Scheme has been considered and approved by the shareholders' general meeting and the Class Meetings as stipulated in the Company's Articles of Association then in effect (where applicable). The basis for determining the reserved Participants is determined with reference to the basis for the first grant, and the interests of the reserved grant will not be re-granted to Participants who have received the first grant. Prior to each grant of the reserved Restricted Shares, a Board meeting shall be convened to consider and approve the relevant proposal and the circumstance of the grant shall be disclosed. The Grant Price shall not be less than the nominal value of the Shares and shall not be less than the higher of the following prices: (1) 50% of the average trading price of the Shares of the Company on the trading day preceding the date of the announcement of the Board resolution on the reserved grant of the Restricted Shares; (2) 50% of the average trading price of the Company's Shares for 20 trading days, 60 trading days or 120 trading days preceding the date of the announcement of the Board resolution on the reserved grant of the Restricted Shares.

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

The Company has always been committed to improving the level of corporate governance and regards corporate governance as an indispensable part of creating value for shareholders. With reference to the code provisions set out in the Corporate Governance Code in Appendix C1 to the Listing Rules of the Stock Exchange, the Company has established a modern corporate governance structure composed of the shareholders' general meeting, the Board, the Board of Supervisors and the senior management that can effectively balance each other's powers and operate independently. The Company has also adopted the Corporate Governance Code as its corporate governance practices. As a company listed on the Stock Exchange, the Company has been committed to maintaining a high standard of corporate governance practices. For the six months ended 30 June 2024, the Company complied with all the code provisions and, where appropriate, adopted the recommended best practices set out in the Corporate Governance Code contained in Appendix C1 to the Listing Rules of the Stock Exchange.

(II) Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers for securities transactions by Directors, Supervisors and relevant employees

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules of the Stock Exchange as the code of conduct and rules governing dealings by all of our Directors and Supervisors in the securities of the Company. Having made specific enquiries to the Directors and Supervisors of the Company, all Directors and Supervisors have confirmed that they had strictly complied with the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers 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 for Securities Transactions by Directors of Listed Issuers. The Company is not aware of any breach of the guidelines by its relevant employees. The Board will examine the corporate governance practices and operations of the Company from time to time so as to ensure the compliance with relevant requirements under the Listing Rules of the Stock Exchange and to protect Shareholders' interests.

(III) Independent Non-Executive Directors

The Company has appointed a sufficient number of independent non-executive Directors with appropriate professional qualifications or appropriate accounting or related financial management expertise in accordance with the requirements of the Listing Rules of the Stock Exchange. The Company has appointed a total of three independent non-executive Directors, being Mr. ZHANG Ting'an (formerly known as ZHANG Enting), Mr. SIU Chi Hung and Mr. TONG Pengfang.

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(IV) Audit Committee

The Company has established an Audit Committee in accordance with the requirements of the Listing Rules of the Stock Exchange, the main duties of which are to review the Company's internal control system and provide guidance on the establishment of a corporate internal control mechanism; to review the Company's financial controls and to review the Company's system of internal control; and to discuss the risk management and internal control system with the management to ensure that the management has discharged its duty to establish effective systems. Such discussion shall include the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, as well as the adequacy of training programs and relevant budget thereof for staff; to study, on its own initiative or at the request of the Board, the results of major investigations into risk management and internal control matters and the management's response to such investigations; and to make recommendations to the Board on the engagement or dismissal of the Company's responsible person for financial matters; to propose to the Board the appointment, reappointment or replacement of relevant intermediaries, such as accounting firms, and their remuneration, to review the remuneration and terms of engagement of the auditors and to handle any issues relating to the resignation or dismissal of the auditors; to review and monitor the independence and objectivity of the auditors in accordance with applicable standards and the effectiveness of the audit process, and the Audit Committee shall discuss the nature, scope and relevant aspects of the audits with the auditors before the auditors commence their work; and to formulate and implement policies on the provision of non-audit services by the auditor. For purposes of such requirements, "auditor" shall include any entity that is under the same control, ownership, or management of the company responsible for the audit, or a third party who reasonably has knowledge of all relevant information and would reasonably conclude that such organization is a part of the local or international businesses of the company responsible for auditing. The audit committee shall report to the Board and make recommendations on any matters that should be acted upon or improved; review the Company's financial statements and financial information in annual reports, interim reports and quarterly reports, review the internal control evaluation reports and the completeness thereof, and review the statements and any significant opinions regarding financial reporting contained in the report. Before submitting relevant statements and reports to the Board, the Audit Committee shall review the following matters in particular: (i) Any changes in accounting policies and practices; (ii) Where important judgments are involved; (iii) Significant adjustments arising from audits; (iv) The assumptions of the Company as a going concern and any qualified opinions; (v) Whether the accounting standards and other provisions are complied with; for the purposes of the preceding paragraph, (i) members of the audit committee shall liaise with the Board and the senior management. The Audit Committee shall have meetings with the Company's auditors at least twice a year; and (ii) the Audit Committee shall consider any significant or unusual items that are, or may need to be, reflected in such reports and accounts, it shall give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or auditors, and it shall make recommendations to the Board on any changes in

SECTION 5 CORPORATE GOVERNANCE

accounting policies, accounting estimates or significant accounting errors, that are attributable to matters other than changes in accounting standards; to ensure that the works of the Company's internal and external audit institutions are coordinated; it should also ensure that the internal audit function has sufficient resources to operate within the Company and has an appropriate status; and to review and monitor its effectiveness; to review the financial and accounting policies and practices of the Company and its subsidiaries; to review the auditor's management letter, any material queries raised by the auditor to management as regards accounting records, financial accounts or systems of control and the management's response; to ensure that the Board will provide a timely response to the issues raised in the auditor's management letter; to report to the Board on the matters in the Corporate Governance Code of Appendix C1 of the Listing Rules of the Stock Exchange; to consider other topics, as defined by the Board; and to review the following arrangements set up by the Company: Employees of the Company can raise concerns in confidence about possible improprieties in financial reporting, internal controls, or other areas. The Audit Committee shall ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action; and act as the key representative body for overseeing the relationship between the Company and the auditors.

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

(V) Review of interim results

On 23 August 2024, the Audit Committee reviewed and confirmed the Company's unaudited interim results for the six months ended 30 June 2024, and was of the view that the unaudited interim results for the six months ended 30 June 2024 are in compliance with applicable accounting standards and legal requirements, and that appropriate disclosure was made.

SECTION 6 ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

I ENVIRONMENTAL INFORMATION

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

Applicable Not applicable

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

Applicable Not applicable

1. Administrative penalties imposed due to environmental issues

Applicable Not applicable

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

Applicable Not applicable

The Company attaches great importance to ecological environment protection and pollution prevention, and no general or above environmental emergencies occurred during the reporting period. The Company actively advocates the concept of green development and continues to strengthen the intrinsic environmental protection of engineering projects during survey and design; it strictly abides by national laws and regulations on environmental protection and carries out environmental impact assessment work in accordance with the law; in accordance with the national and local requirements on environmental protection and pollution prevention at construction sites, the Company carries out identification of environmental impact factors before the commencement of the project, and compiles environmental protection and green construction plans; during the construction process, the Company strictly complies with the “six 100%” requirements, and carries out strict control on the discharge of sewage, discharge of exhaust gas, dust control, noise control, and disposal of construction waste. Priority will be given to the use of energy-saving and environmentally friendly new technologies, techniques, equipment and materials in construction to minimize the impact of construction on the environment.

SECTION 6 ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

3. Reason for not disclosing other environmental informationApplicable Not applicable**(III) Explanation of subsequent development or changes of environmental information disclosed in the reporting period**Applicable Not applicable**(IV) Information on efforts conducive to ecological protection, pollution prevention and control, and fulfillment of environmental responsibility**Applicable Not applicable

The Company adheres to the guidance of Xi Jinping Thought on Ecological Civilization, resolutely implements the spirit of the 20th National Congress of the Communist Party of China and the 3rd Plenum of the 20th Central Committee of the Communist Party of China, firmly establishes and puts into practice the concept of “lucid waters and lush mountains are invaluable assets”, and strictly abides by the laws and regulations of the state and the localities. During the reporting period, the Company entered into safety and environmental protection target responsibility letters with various enterprises and departments, and all employees have signed a safety and environmental protection “one position, two responsibilities” responsibility list to strengthen the environmental protection awareness of all employees and promote the performance of environmental protection duties by all employees. The Group continues to promote environmental protection work, discharges various pollutants in accordance with laws and regulations, strengthens ecological and environmental protection work at the first line of production, and conscientiously fulfills the subject responsibility for corporate environmental protection; we actively launched the activities of the June 5th Environment Day, deeply integrated the spirit of the 20th National Congress of the Communist Party of China, that of the 2nd Plenum of the 20th Central Committee of the Communist Party of China and the Xi Jinping Thoughts on Ecological Civilization with the Company’s production and operation, continued to promote the research and development of environmentally-friendly and energy-saving technologies as well as the application of such technologies, so as to facilitate the orderly and healthy development of environmental protection and pollution control works of the Company.

The Company has released the “2023 Environmental, Social and Corporate Governance Report”, summarizing the Company’s commitments and achievements in ESG over the past year. The Company participated in the 2024 National Nonferrous Metals Eco-Environmental Protection Conference (the Energy Saving, Pollution Reduction and Carbon Reduction Workshop), as well as the Eighth Carbon Reduction Festival of Chinalco, so as to promote the Company’s green and low-carbon development and ecological and environmental protection works.

(V) Measures adopted for reducing carbon emissions during the reporting period and their effectsApplicable Not applicable

SECTION 6 ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

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

Applicable Not applicable

Since 2024, Chalieco has thoroughly studied, applied and implemented General Secretary Xi Jinping's important remarks on the works in relation to "agriculture, rural areas and farmers", applied and implemented the spirits of the National Working Conference for the Effective Connection of Consolidation and Expansion of Poverty Alleviation Achievements and Rural Revitalization, solidly promoted the work of linking up with and assisting rural revitalization of the Company's affiliated enterprises, with a total investment of RMB1.4030 million, including RMB1.3580 million for purchasing farm products with the nature of assistance and RMB45,000 for supporting the work.

GAMI paid close attention to industrial assistance, investing special funds to help Jinkeng Village Collective Company to grow pollution-free green ecological rice and raise fish in rice fields of more than 200 acres, and invited experts from agricultural stations to provide technical guidance and training on aquaculture of fish in rice fields. The Habitat Drinking Water Improvement Project was promoted, and every effort was made to ensure that the safety of drinking water is realized for villagers; CINF grasped the implementation of the monitoring of prevention of return to poverty. The rural revitalization team stationed in Tianmashan Village, Hexiangqiao Town, Longhui County, Shaoyang City, Hunan Province conducted household inspections and visits to 1,087 households in the village, and regular visits were made to 10 monitoring households and 186 poverty alleviated households in the village to implement assistance measures; CNPT promoted employment assistance, by helping Wangcun Village, Cangtuo Town, Xin'an County in setting up public welfare positions and photovoltaic power generation positions, carrying out skills training, introducing works and other measures, a total of 169 people have achieved transfer employment, the working team stationed in the village was awarded the advanced collective title of Luoyang City's "Hundred Towns, Thousand Villages, Thousand Teams and Thousand Industries" Project in 2023, and Comrade Lu Tingge, the first secretary stationed in the village, was awarded the advanced individual title of Luoyang City's "Hundred Towns, Thousand Villages, Thousand Teams and Thousand Industries" Project in 2023.

SECTION 7 KEY MATTERS

I PERFORMANCE OF COMMITMENTS

(I) Commitments of the Company and its de facto 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(ies) to the commitment	Content of commitment	Date of commitment	Whether there is time limit for performance	Term of commitment	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
Commitments related to major asset restructuring	Others	Chinalco and its parties acting in concert, Luoyang Institute and Yunnan Aluminum International	Maintaining the independence of the listed company	2022	No	/	Yes	N/A	N/A
	Resolving related party transactions	Chinalco and its parties acting in concert, Luoyang Institute and Yunnan Aluminum International	Reducing and regulating related transactions	2022	No	/	Yes	N/A	N/A
	Resolving competition among peers	Chinalco and its parties acting in concert, Luoyang Institute and Yunnan Aluminum International	Avoiding the competition of peers	2022	No	/	Yes	N/A	N/A
	Others	Directors and senior management of the Company, Chinalco and its parties acting in concert, Luoyang Institute and Yunnan Aluminum International	Measures to make up for diluted return for the current period	2022	No	/	Yes	N/A	N/A
Commitments related to IPO	Others	the Company, our Directors and senior management personnel	Making up for diluted return for the current period	2016, 2017	No	/	Yes	N/A	N/A
	Resolving competition among peers	Chinalco	Peer competition	2012, 2016, 2017	No	/	Yes	N/A	N/A
	Resolving related party transactions	Chinalco	Related party transactions	2016	No	/	Yes	N/A	N/A
	Others	Chinalco	Defect in title of land	2017	No	/	Yes	N/A	N/A
	Others	The Company	Real estate related business	2017	No	/	Yes	N/A	N/A

SECTION 7 KEY MATTERS

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

Applicable Not applicable

III NON-COMPLIANT GUARANTEE

Applicable Not applicable

IV AUDIT OF INTERIM REPORT

Applicable Not applicable

V CHANGES AND TREATMENT OF MATTERS RELATED TO NONSTANDARD AUDIT OPINIONS IN THE FINANCIAL REPORT OF THE PREVIOUS YEAR

Applicable Not applicable

VI BANKRUPTCY AND REORGANIZATION RELATED ISSUES

Applicable Not applicable

SECTION 7 KEY MATTERS

VII MATERIAL LITIGATION AND ARBITRATION

- The Company was involved in material litigation or arbitration during the reporting period
The Company was not involved in any material litigation or arbitration during the reporting period

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

- Applicable Not applicable

Summary and type of the issue

The construction contract dispute between Nuclear Industry Eastern China Construction Engineering Group Ltd. and Sixth Metallurgical Construction, a wholly-owned subsidiary of the Company

Query index

For details, please refer to the Company's Announcement No.Temp 2024-036 issued on 6 July 2024 on the designated media for information disclosure

SECTION 7 KEY MATTERS

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

✓Applicable □Not applicable

Unit:'0,000 Currency: RMB

Within the reporting period:

Plaintiff (Applicant)	Defendant (Respondent)	Party with several and joint liability	Litigation or arbitration	Basic information of litigation (arbitration)	Amount involved in the litigation (arbitration)	Whether estimated liability arose from the litigation (arbitration) and the amount thereof	Progress of the litigation (arbitration)	Judgment/award and impact	Enforcement of the judgment (award)
Henan Huitao Construction Engineering Co., Ltd.	Sixth Metallurgical Company, Palm Ecological Town Development Joint Stock Co., Ltd., Xihua County Yuzi Zongye Construction Management Co., Ltd.	Henan Xinliheng Engineering Co., Ltd.	Litigation	Engineering project construction contract dispute	4,313.87	-	Retrial	Not decided	-
Sixth Metallurgical Company	Kaifeng Caijin Heating Co., Ltd.	None	Litigation	Engineering project construction contract dispute	4,009.15	-	Second trial in progress	Not decided	-
Twelfth Metallurgical Company	Taiyuan Jiaxin Palm Real Estate Development Co., Ltd.	None	Litigation	Engineering project construction contract dispute	5,331.00	-	Case closed	Case concluded and closed	The court has made a final decision.
Sixth Metallurgical Company	Zhonghe Anshan Shengshide Properties Co., Ltd.	None	Litigation	Engineering project construction contract dispute	5,500.00	-	Case closed	Case concluded and closed	The court has made a final decision.
China Fourth Metallurgical Construction Group Co., Ltd.	CINF	None	Litigation	Engineering project construction contract dispute	8,434.06	-	Case closed	Performance completed	The case is closed after completion of performance.
Zhumadian Development Zone Jia Fu Cheng Real Estate Co., Ltd.	Sixth Metallurgical Company	None	Litigation	Engineering project construction contract dispute	17,612.63	-	Case closed	Plaintiff withdraws lawsuit	The plaintiff applied to the court to withdraw the lawsuit, and the court made a ruling on 7 February 2024, allowing the plaintiff to withdraw the lawsuit.

SECTION 7 KEY MATTERS

Within the reporting period:

Plaintiff (Applicant)	Defendant (Respondent)	Party with several and joint liability	Litigation or arbitration	Basic information of litigation (arbitration)	Amount involved in the litigation (arbitration)	Whether estimated liability arose from the litigation (arbitration) and the amount thereof	Progress of the litigation (arbitration)	Judgment/award and impact	Enforcement of the judgment (award)
Sixth Metallurgical Company	Weishi County Ruilong Properties Co., Ltd.	None	Litigation	Engineering project construction contract dispute	8,518.92	-	Case closed	Case closed by withdrawal of lawsuit	Sixth Metallurgical Company and Ruilong reached a settlement, and Sixth Metallurgical Company applied to the court to withdraw the lawsuit. On 17 July 2024, a civil ruling was received from the court, which ruled that Sixth Metallurgical Company was allowed to withdraw the lawsuit.
Mianchi Branch Company of Zhongkuang Construction Group Co., Ltd.	Chinalco Zhongzhou Mining Co., Ltd., Sanmenxia Branch Company of Chinalco Zhongzhou Mining Co., Ltd.	Chaleco	Litigation	Engineering project construction contract dispute	12,906.00	-	Case closed	Performance completed	The case is closed after completion of performance.
GAMI	Guizhou Province Huada Real Estate Development Co., Ltd.	None	Litigation	Engineering project construction contract dispute	11,139.01	-	Case closed	Huada Company, the defendant, went bankrupt and got reorganized	Case closed and being transferred to a bankruptcy case.
Wu Zhengyong	Twelfth Metallurgical Company	None	Litigation	Engineering project construction contract dispute	7,404.04	-	Case closed	Dismissal of lawsuit	The court ruled to dismiss the plaintiff's lawsuit.
Shanxi Mengjie Yukun Investment Co., Ltd.	Pingyao County Dongsheng Construction Comprehensive Development Co., Ltd.	Twelfth Metallurgical Company	Litigation	Contract dispute	6,090.66	-	Case closed	Case closed by withdrawal of lawsuit	The plaintiff applied to the court to withdraw the lawsuit, and the court made a ruling which allowed the plaintiff to withdraw the lawsuit.
SAMI	Panjin Hetai Real Estate Development Co., Ltd.	None	Litigation	Disputes over confirmation of bankruptcy claims	7,710.49	-	First trial in progress	Not decided	-
China Nonferrous Metal Industry Xi'an Geotechnical Engineering Co., Ltd.	Shenyang Branch Company of China Aluminum International Engineering Corporation Limited	None	Litigation	Engineering project construction contract dispute	7,539.51	-	Second trial in progress	Not decided	-
Sixth Metallurgical Company	Panxian Panzhou Ancient City Development Management Co., Ltd., etc.	None	Litigation	Engineering project construction contract dispute	38,175.21	-	First trial in progress	Not decided	-

(III) Other explanation

Applicable Not applicable

SECTION 7 KEY MATTERS

VIII SUSPECTED VIOLATIONS OF LAWS AND REGULATIONS BY AND PUNISHMENTS UPON THE LISTED COMPANY AND ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDER, DE FACTO CONTROLLER, AND RECTIFICATIONS

Applicable Not applicable

IX CREDIBILITY OF THE COMPANY AND ITS CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER DURING THE REPORTING PERIOD

Applicable Not applicable

X MATERIAL RELATED-PARTY TRANSACTIONS

(I) Related-party transactions related to daily operations

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

Applicable Not applicable

SECTION 7 KEY MATTERS

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

Applicable Not applicable

Related party (connected person)	Type of related party (connected) transactions	Related party (connected) transaction matters	Pricing rules for related party (connected) transactions	Amount of related party (connected) transactions (RMB'000)	Whether the authorized quota is exceeded
Chinalco and its subsidiaries	Acceptance of services	Engineering, construction and supervision services	Market rates	30,978	No
Chinalco and its subsidiaries	Acceptance of services	Logistics services and other business	Market rates	3,059	No
Joint ventures of Chinalco	Acceptance of services	Engineering, construction and supervision services	Market rates	2,883	No
Affiliates of Chinalco	Acceptance of services	Logistics services and other business	Market rates	329	No
Affiliates of the Company	Procurement of commodities	Procurement of primary and secondary materials	Market rates	28,439	No
Chinalco and its subsidiaries	Procurement of commodities	Procurement of primary and secondary materials	Market rates	8,919	No
Joint ventures of the Company	Procurement of commodities	Procurement of primary and secondary materials	Market rates	858	No
Joint ventures of Chinalco	Procurement of commodities	Procurement of primary and secondary materials	Market rates	245	No
Chinalco and its subsidiaries	Provision of services	Engineering construction services	Market rates	1,947,164	No
Chinalco and its subsidiaries	Provision of services	Engineering consultation and design	Market rates	375,897	No
Affiliates of the Company	Provision of services	Engineering construction services	Market rates	242,437	No
Joint ventures of Chinalco	Provision of services	Engineering construction services	Market rates	47,685	No
Chinalco and its subsidiaries	Provision of services	Logistics services and other business	Market rates	4,858	No
Affiliates of Chinalco	Provision of services	Engineering construction services	Market rates	4,406	No
Joint ventures of Chinalco	Provision of services	Engineering consultation and design	Market rates	844	No
Chinalco and its subsidiaries	Sales of commodities	Equipment manufacturing	Market rates	107,624	No
Joint ventures of Chinalco	Sales of commodities	Equipment manufacturing	Market rates	31,640	No
Affiliates of Chinalco	Sales of commodities	Equipment manufacturing	Market rates	1,703	No
Chinalco and its subsidiaries	Lease-in and lease-out	Renting out land and buildings	Agreed-upon price	1,493	No
Chinalco and its subsidiaries	Lease-in and lease-out	Lease of land and buildings	Agreed-upon price	7,586	No

SECTION 7 KEY MATTERS

3. Events not disclosed in provisional announcements

Applicable Not applicable

(II) Related party transactions arising from the acquisition of assets or the acquisition or disposal of equity interests

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

Applicable Not applicable

SECTION 7 KEY MATTERS

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

Applicable Not applicable

3. Events not disclosed in provisional announcements

Applicable Not applicable

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

Applicable Not applicable

SECTION 7 KEY MATTERS

(III) 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

SECTION 7 KEY MATTERS

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

Applicable Not applicable

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

Applicable Not applicable

3. Events not disclosed in provisional announcements

Applicable Not applicable

Unit: '000 Currency: RMB

Related party	Related party relationship	Provision of funds to related party			Provision of funds to the listed company by related party		
		Opening balance	Accrual	Balance as at the end of the period	Opening balance	Accrual	Balance as at the end of the period
Chinalco Finance Company Limited	Wholly owned subsidiary of the parent				2,679,000	2,567,200	5,246,200
Total					2,679,000	2,567,200	5,246,200

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

Related party funds provided by related parties to the Company are finance company's borrowings
No impact

SECTION 7 KEY MATTERS

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

Unit: '000 Currency: RMB

Related party	Related party relationship	Maximum daily deposit	Range of deposit interest rate	Opening balance	Incurred during the period		Closing balance
					Total amount deposited during the period	Total amount withdrawn during the period	
Chinalco Finance Company Limited	Controlled subsidiary of the parent	6,000,000	0.525%-1.755%	1,369,771	641,610		2,011,381
Total	/	/	/	1,369,771	641,610		2,011,381

2. Loan business✓Applicable Not applicable

Unit: '000 Currency: RMB

Related party	Related party relationship	Loan facility	Range of loan interest rate	Opening balance	Incurred during the period		Closing balance
					Total amount lent during the period	Total amount repaid during the period	
Chinalco Finance Company Limited	Controlled subsidiary of the parent	8,000,000	2.7%-4.18%	2,679,000	2,567,200		5,246,200
Total	/	/	/	2,679,000	2,567,200		5,246,200

SECTION 7 KEY MATTERS

3. Credit business or other financial business

Applicable Not applicable

Unit: '000 Currency: RMB

Related party	Related party relationship	Business type	Total amount	Actual amount incurred
Chinalco Finance Company Limited	Controlled subsidiary of the parent	Factoring business	2,000,000	0
		Other financial services	34,000	0
Chinalco Commercial Factoring Co., Ltd.	Controlled subsidiary of the parent	Factoring financing business (factoring limit)	940,000	35,000
		Factoring financing business (factoring service fee and handling fee)	600,000	5,780
		Trade payables factoring service (balance of existing factored trade payables)	250,000	11,620

4. Other explanation

Applicable Not applicable

(VI) Other significant related-party transactions

Applicable Not applicable

(VII) Others

Applicable Not applicable

SECTION 7 KEY MATTERS

XI MATERIAL CONTRACTS AND THEIR PERFORMANCE

1 Custody, contracting and leasing matters

Applicable Not applicable

SECTION 7 KEY MATTERS

2 Performed and outstanding material guarantees during the reporting period

Applicable Not applicable

Unit: '000 Currency: RMB

The guarantor	Relation of the guarantor to the listed company	The guaranteed	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 the guarantee	Main debt	Collateral (if any)	Guarantee performed or not	Overdue or not	Overdue amount	Counter guaranteed		
China Aluminum International Engineering Corporation Limited	Headquarters	Ningyong Expressway Company	985,780	2021/9/17	2019/10/31	2047/10/31	General guarantee		Nil	No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Ningyong Expressway Company	1,445,239	2022/3/31	2022/3/31	2047/3/21	General guarantee		Nil	No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Ningyong Expressway Company	214,300	2021/3/18	2021/3/18	2046/3/18	General guarantee		Nil	No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Ningyong Expressway Company	257,160	2021/12/28	2021/12/28	2046/12/28	General guarantee		Nil	No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Ningyong Expressway Company	385,740	2022/5/25	2022/5/28	2047/5/28	General guarantee		Nil	No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Ningyong Expressway Company	214,300	2021/3/18	2021/4/20	2049/4/20	General guarantee		Nil	No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Ningyong Expressway Company	191,584	2021/12/28	2022/1/6	2049/1/6	General guarantee		Nil	No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Linyun Expressway Company	600,040	2021/9/17	2019/10/31	2047/10/31	Joint liability guarantee		Nil	No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Linyun Expressway Company	42,860	2020/9/28	2020/9/28	2048/9/28	General guarantee		Nil	No	No	0	Nil	No	

SECTION 7 KEY MATTERS

The guarantor	Relation of the guarantor to the listed company	The guaranteed	Guarantees provided for external parties (except those for subsidiaries)											Related party guarantee or not	Related relationship
			Guaranteed amount	Date of guarantee signing (agreement date)	Commencement date	Ending date	Type of the guarantee	Main debt	Collateral (if any)	Guarantee					
										performed or not	Overdue or not	Overdue amount	Counter guaranteed		
China Aluminum International Engineering Corporation Limited	Headquarters	Linyun Expressway Company	257,160	2020/11/26	2021/1/4	2048/1/4	General guarantee		Nil	No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Linyun Expressway Company	214,300	2022/1/18	2022/1/25	2048/1/25	General guarantee		Nil	No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Linyun Expressway Company	85,720	2020/9/28	2020/10/20	2048/10/20	General guarantee		Nil	No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Linyun Expressway Company	214,300	2021/12/20	2021/12/20	2048/12/20	General guarantee		Nil	No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Linyun Expressway Company	42,860	2020/9/28	2020/9/28	2043/9/28	General guarantee		Nil	No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Linyun Expressway Company	21,430	2022/5/12	2022/5/12	2045/5/12	General guarantee		Nil	No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Linyun Expressway Company	171,440	2020/12/21	2020/12/21	2043/12/22	General guarantee		Nil	No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Linyun Expressway Company	428,600	2020/12/29	2021/5/28	2046/5/28	General guarantee		Nil	No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Linyun Expressway Company	428,600	2021/12/1	2021/12/17	2046/12/17	General guarantee		Nil	No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Linshuang Expressway Company	715,762	2021/12/24	2021/12/24	2046/12/24	General guarantee		Nil	No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Linshuang Expressway Company	42,860	2020/10/12	2020/11/4	2043/1/4	General guarantee		Nil	No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Linshuang Expressway Company	214,300	2020/12/22	2021/7/24	2044/10/24	General guarantee		Nil	No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Linshuang Expressway Company	21,430	2022/1/25	2021/3/11	2044/3/11	General guarantee		Nil	No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Linshuang Expressway Company	428,600	2020/12/30	2021/4/15	2046/4/15	General guarantee		Nil	No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Linshuang Expressway Company	209,157	2021/12/1	2021/12/30	2046/12/30	General guarantee		Nil	No	No	0	Nil	No	
China Aluminum International Engineering Corporation Limited	Headquarters	Linshuang Expressway Company	219,443	2021/12/24	2021/12/30	2046/12/30	General guarantee		Nil	No	No	0	Nil	No	
Hanzhong Ninth Metallurgical Construction Co., Ltd.	Controlled subsidiary	Mian County Urban and Rural Infrastructure Construction Co., Ltd.	31,750	2015/10/20	2015/10/20	2027/10/19	General guarantee		Nil	No	No	0	Nil	No	

SECTION 7 KEY MATTERS

The guarantor	Relation of the guarantor to the listed company	The guaranteed amount	Guarantees provided for external parties (except those for subsidiaries)										Related party guarantee or not	Related relationship
			Guaranteed amount	Date of signing (agreement date)	Commencement date	Ending date	Type of the guarantee	Main debt	Collateral (if any)	Guarantee performed or not	Overdue or not	Overdue amount		
Cumulative amount of guarantees provided during the reporting period (excluding those for subsidiaries)													-4,550	
Total balance of guarantees at the end of the reporting period (A) (excluding those for subsidiaries)													8,084,715	
Guarantees provided by the Company to subsidiaries														
Cumulative amount of guarantees provided for subsidiaries during the reporting period													-6,483	
Total balance of guarantees provided for subsidiaries at the end of the reporting period (B)													447,124	
Total amount of guarantees provided by the Company (including those provided for subsidiaries)														
Total amount of guarantees (A+B)													8,531,839	
Ratio of total amount of guarantees to net assets of the Company (%)													132.85%	
Including:														
Amount of guarantees provided for shareholders, de facto 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)													447,124	
Total amount of guarantees in excess of 50% of net assets (E)													5,320,717	
Total of the above three types of guarantees (C+D+E)													5,767,841	
Explanation on the potential joint liability arising from the immature guarantees													Nil	
Explanation on the guarantees													Nil	

SECTION 7 KEY MATTERS

3 Other material contracts

Applicable Not applicable

XII DESCRIPTION OF THE PROGRESS OF THE USE OF PROCEEDS

Applicable Not applicable

XIII EMPLOYEES AND REMUNERATION POLICY

As of 30 June 2024, the Company had a total of 11,947 registered employees, including 11,174 employees in service, among which male employees accounted for 8,544 and female employees accounted for 2,630, representing 76.46% and 23.54%, respectively. Moreover, the Company has off-post reserved labor force of 773 persons.

The following table shows a breakdown of the employees in service by business segment as of 30 June 2024:

	Number of employees in service	Percentage in the total number
Operation and management personnel	3,585	32.08%
Engineering technicians	5,943	53.19%
Production and operation personnel	1,343	12.02%
Service and other personnel	303	2.71%
Total	11,174	100.00%

The following table shows a breakdown of the employees in service by level of education as of 30 June 2024:

	Number of employees in service	Percentage in the total number
Postgraduate degree and above	1,117	10.00%
Undergraduate degree	5,922	53.00%
Diploma degree	1,788	16.00%
TAFE (Technical And Further Education) and below	2,347	21.00%
Total	11,174	100.00%

SECTION 7 KEY MATTERS

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

For the first half of 2024, the Company's employee expenses amounted to RMB652 million.

Pursuant to the Labor Contract Law, the Company signs written employment contracts with its employees, which stipulates the terms of the probationary period and penalties for non-compliance, termination of the employment contract, payment of salary and financial compensation, as well as social insurance premiums. The Company has taken a variety of measures to improve employment relationship management and fulfill its statutory obligations in a practical manner. The Company provides training for employees according to corporate business development strategies, operation objectives and job responsibilities and keeps exploring innovative training models.

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

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

XIV EXPLANATIONS OF OTHER MATERIAL MATTERS

Applicable Not applicable

SECTION 8 CHANGES IN SHARES AND SHAREHOLDERS

I EQUITY INTERESTS

As at 30 June 2024, the total share capital of the Company was RMB2,959,066,667, divided into 2,959,066,667 Shares of RMB1.00 each (including 399,476,000 H Shares and 2,559,590,667 A Shares).

II CHANGES IN SHARE CAPITAL

(I) Table of changes in shares

1. Table of changes in shares

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

2. Explanation of changes in shares

Applicable Not applicable

On 26 July 2024, the Company completed the registration procedures for the first grant of shares under the 2023 Restricted Share Incentive Scheme, the Shanghai Branch of China Securities Depository and Clearing Corporation Limited issued the Certificate of Change in Registration of Securities, and the number of shares under the first grant was 26,769,600 shares. Upon completion of this grant, the total share capital of the Company changed from 2,959,066,667 shares to 2,985,836,267 shares. For details of the aforesaid matter, please refer to the Announcement of China Aluminum International Engineering Corporation Limited Regarding the Completion of Registration of the Grant under the 2023 Restricted Share Incentive Scheme disclosed by the Company on the website of the SSE on 30 July 2024 (Announcement No.: Temp 2024-040) and the Announcement Regarding the Completion of Registration of the Grant under the 2023 Restricted Share Incentive Scheme disclosed by the Company on the website of the Stock Exchange on 29 July 2024.

SECTION 8 CHANGES IN SHARES AND SHAREHOLDERS

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

Applicable Not applicable

On 26 July 2024, the Company completed the registration procedures for the initial grant of shares under the 2023 Restricted Share Incentive Scheme, and the number of shares under the initial grant was 26,769,600 shares. Upon completion of this grant, the total share capital of the Company changed from 2,959,066,667 shares to 2,985,836,267 shares. The changes in shares arising from this grant had a relatively small impact on the Company's financial indicators such as earnings per share and net assets per share.

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

On 26 July 2024, the Company completed the registration procedures for the initial grant of shares under the 2023 Restricted Share Incentive Scheme, the Shanghai Branch of China Securities Depository and Clearing Corporation Limited issued the Certificate of Change in Registration of Securities, and the number of shares under the initial grant was 26,769,600 shares, all of which were outstanding shares subject to trading restriction. For details of the aforesaid matter, please refer to the Announcement of China Aluminum International Engineering Corporation Limited Regarding the Completion of Registration of the Grant under the 2023 Restricted Share Incentive Scheme disclosed by the Company on the website of the SSE on 30 July 2024 (Announcement No.: Temp 2024-040) and the Announcement Regarding the Completion of Registration of the Grant under the 2023 Restricted Share Incentive Scheme disclosed by the Company on the website of the Stock Exchange on 29 July 2024.

SECTION 8 CHANGES IN SHARES AND SHAREHOLDERS

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

The Company is a subsidiary of Chinalco and listed on the Main Board of the Stock Exchange (Stock Code: 2068) on 6 July 2012 with an offering price of HK\$3.93 per H Share. The Company is listed on the SSE (Stock Code: 601068) on 31 August 2018 with an offering price of RMB3.45 per A Share and 295,906,667 A Shares were issued. As at 30 June 2024, the total number of Shares in issuance of the Company is 2,959,066,667 shares, which is comprised of 399,476,000 H Shares, representing 13.5% of the issued share capital, and 2,559,590,667 A Shares, representing 86.5% of the issued share capital.

(II) Total number of shareholders:

Total number of ordinary shareholders at the end of reporting period (unit)	42,702
Total number of shareholders of preferred shares with voting right reinstated at the end of reporting period (unit)	Not applicable

SECTION 8 CHANGES IN SHARES AND SHAREHOLDERS

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

Unit: Share

Name of shareholders (Full name)	Increase or reduction during this reporting period	Number of shares held as at the end of the period	Proportion (%)	Number of restricted shares held (shares)	Pledged, marked or frozen		Nature of shareholders
					Status of shares	Number	
Aluminum Corporation of China (中國鋁業集團有限公司)	0	2,176,758,534	73.56	0	None	0	State-owned legal person
HKSCC Nominees Limited	0	399,476,000	13.50	0	Unknown	/	Overseas legal person
Luoyang Engineering & Research Institute for Nonferrous Metals Processing	0	86,925,466	2.94	0	None	0	State-owned legal person
Hong Kong Securities Clearing Company Limited	-2,647,163	6,471,872	0.22	0	None	0	Overseas legal person
Aladdin Environmental Protection Co., Ltd.	0	5,600,000	0.19	0	None	0	Others
XU Biao	3,417,000	4,417,000	0.15	0	None	0	Domestic natural person
GU Jing	206,000	2,773,100	0.09	0	None	0	Domestic natural person
WAN Li	2,700,000	2,700,000	0.09	0	None	0	Domestic natural person
WANG Yandong	324,200	2,098,500	0.07	0	None	0	Domestic natural person
LIN Ling	1,683,600	2,033,600	0.07	0	None	0	Domestic natural person

SECTION 8 CHANGES IN SHARES AND SHAREHOLDERS

**Shareholding of the top 10 holders of shares not subject to selling restrictions
(excluding the lending of shares through refinancing facilities and the
locked shares of senior management personnel)**

Name of shareholders	Number of outstanding shares held not subject to selling restrictions	Class and number of shares	
		Share Class	Number
Aluminum Corporation of China (中國鋁業集團有限公司)	2,176,758,534	Renminbi ordinary shares	2,176,758,534
HKSCC Nominees Limited	399,476,000	Overseas listed foreign shares	399,476,000
Luoyang Engineering & Research Institute for Nonferrous Metals Processing	86,925,466	Renminbi ordinary shares	86,925,466
Hong Kong Securities Clearing Company Limited	6,471,872	Renminbi ordinary shares	6,471,872
Aladdin Environmental Protection Co., Ltd.	5,600,000	Renminbi ordinary shares	5,600,000
XU Biao	4,417,000	Renminbi ordinary shares	4,417,000
GU Jing	2,773,100	Renminbi ordinary shares	2,773,100
WAN Li	2,700,000	Renminbi ordinary shares	2,700,000
WANG Yandong	2,098,500	Renminbi ordinary shares	2,098,500
LIN Ling	2,033,600	Renminbi ordinary shares	2,033,600
Description of special account for repurchase of the top ten shareholders	Not applicable		
Explanations on the entrusting voting right, trustee voting right and waive of voting right of the above shareholders	Not applicable		
Explanation of related party relationship or acting in concert in respect of the above shareholders	<p>Note 1: The number of shares held by Aluminum Corporation of China did not include A shares of the Company indirectly held through its subsidiary Luoyang Engineering & Research Institute for Nonferrous Metals Processing and H shares of the Company indirectly held through its subsidiary YAIC. Chinalco and its subsidiaries held a total of 2,283,179,000 shares of the Company, including 2,263,684,000 A shares and 19,495,000 H shares, accounting for 77.16% of the total share capital of the Company.</p> <p>Note 2: The 399,476,000 H shares of the Company held by HKSCC Nominees Limited included the 19,495,000 H shares held by Chinalco through its subsidiary YAIC.</p> <p>Note 3: Except the above, the Company is not aware that the above shareholders have any related relationship or are acting in concert among each other.</p>		
Explanation of shareholders of preferred shares with reinstated voting rights and the number of shares held	Not applicable		

SECTION 8 CHANGES IN SHARES AND SHAREHOLDERS

Shareholders holding more than 5% of shares, top ten shareholders and top ten holders of outstanding shares not subject to sales restriction and outstanding participating in the lending of shares in the refinancing business

Applicable Not applicable

Changes in top ten shareholders and top ten holders of outstanding shares not subject to sales restriction compared with the previous period due to lending/returning of refinancing loans

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

SECTION 8 CHANGES IN SHARES AND SHAREHOLDERS

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

As at 30 June 2024, so far as known to the directors of the Company, the following persons (other than the Directors, Supervisors or chief executives of the Company) had interests or short positions in the Shares and underlying Shares of the Company which would fall to be disclosed pursuant to Divisions 2 and 3 of Part XV of the SFO, or recorded in the register required to be kept pursuant to Section 336 of the SFO, or who were directly and/or indirectly deemed to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company:

Name of shareholders	Class of Shares	Capacity/Nature of interest	Number of Shares Held (Share)	Approximate percentage of shareholding in relevant class of Shares (%) (Note 1)	Approximate percentage of shareholding in total share capital (%) (Note 1)
Chinalco (Note 2)	A Share	Beneficial owner	2,176,758,534 (Long position)	85.04	73.56
		Interest of controlled corporation	86,925,466 (Long position)	3.40	2.94
Guizhou Construction Investment Group Co., Ltd. (Note 3)	H Share	Beneficial owner	69,096,000 (Long position)	17.30	2.34
CNMC Trade Company Limited	H Share	Beneficial owner	59,225,000 (Long position)	14.83	2.00
Peaktrade Investments Ltd.	H Share	Beneficial owner	59,210,000 (Long position)	14.82	2.00
Leading Gain Investments Limited (Note 4)	H Share	Nominee of another person (other than passive trustee)	29,612,000 (Long position)	7.41	1.00
China XD Group	H Share	Beneficial owner	29,612,000 (Long position)	7.41	1.00

Note 1: The percentage is calculated by dividing number of relevant class of Shares in issue of the Company as at 30 June 2024 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. Among them, Chinalco directly holds 2,176,758,534 A shares, representing approximately 73.56% of the Company's total share capital, Luoyang Institute is a wholly-owned subsidiary of Chinalco and directly holds 86,925,466 A Shares, representing approximately 2.94% of the total share capital of the Company. Chinalco is therefore also deemed to be interested in the A Shares held by Luoyang Institute under the SFO.

Note 3: Upon enquiry, The Seventh Metallurgical Construction Group Co., Ltd. changed its name to Guizhou Construction Investment Group Co., Ltd. on 26 July 2023.

Note 4: Leading Gain Investments Limited is the nominee holder of Beijing Jundao Technology Development Co., Ltd.

SECTION 8 CHANGES IN SHARES AND SHAREHOLDERS

IV INTERESTS HELD BY DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES

As of 30 June 2024, the interests in the Company held by the Directors, Supervisors and chief executives of the Company were as follows:

Name	Position	Nature of interest	Number of A shares held in the Company	Percentage of total share capital as at 30 June 2024
Li Yihua	Chairman, Executive Director	Beneficial owner	267,400 shares	0.01%
Liu Jing	Executive Director, General Manager	Beneficial owner	267,400 shares	0.01%
Liu Dongjun	Executive Director	Beneficial owner	200,600 shares	0.01%
Zhao Hongmei	Executive Director, Chief Financial Officer	Beneficial owner	200,600 shares	0.01%

The above interests beneficially owned by Mr. Li Yihua, Mr. Liu Jing, Mr. Liu Dongjun and Ms. Zhao Hongmei are all interests granted to them under the 2023 Restricted Share Incentive Scheme of the Company.

Save as disclosed above, as of 30 June 2024, none of the other Directors, Supervisors and chief executives of the Company had any interest or short position in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange.

V CHANGES IN CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER

Applicable Not applicable

SECTION 9 PARTICULARS OF PREFERRED STOCK

Applicable Not applicable

SECTION 10 INFORMATION ON BONDS

I CORPORATE BONDS (INCLUDING ENTERPRISE BONDS) AND NON-FINANCIAL ENTERPRISE DEBT FINANCING INSTRUMENTS

Applicable Not applicable

(I) Corporate bonds (including enterprise bonds)

Applicable Not applicable

SECTION 10 INFORMATION ON BONDS

(II) Inter-bank bond market debt financing instruments for non-financial corporations✓Applicable Not applicable**1. Basic information on debt financing instruments for non-financial enterprises**

Unit: '000 Currency: RMB

Name of bonds	Abbreviation	Code	Date of issuance	Date on which the interests start to count	Maturity date	Balance of bonds	Interest rate (%)	Means for repayment of principal amount and interests	Trading venue	Investor suitability arrangements (if any)	Trading mechanism	Whether there is a risk of termination of listing and trading
China Aluminum International 2023 First Tranche of Sustainable MTN	23Zhong Lv Guo Gong	102382877 MTN001	2023/10/27	2023/10/27	2025/10/27	1,500,000	4.17	Interest shall be paid once a year	interbank market	Nil	Bidding, quotation, enquiry and agreement	No
China Aluminum International 2023 Second Tranche of Sustainable MTN	23Zhong Lv Guo Gong	102383165 MTN002	2023/11/24	2023/11/24	2025/11/24	1,300,000	3.77	Interest shall be paid once a year	interbank market	Nil	Bidding, quotation, enquiry and agreement	No

SECTION 10 INFORMATION ON BONDS

Company's mitigation measures to the risk of termination of listing and trading of bonds

Applicable Not applicable

Overdue bonds

Applicable Not applicable

Explanation of overdue debts

Applicable Not applicable

2. Triggering and enforcement of Company or investor option clauses, investor protection clauses

Applicable Not applicable

SECTION 10 INFORMATION ON BONDS

3. Adjustments to credit rating results

Applicable Not applicable

Other explanation

Nil

4. Implementation and variations of guarantees, debt repayment plans and other debt repayment guarantee measures during the reporting period and their impacts

Applicable Not applicable

Other explanation

Nil

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

Applicable Not applicable

SECTION 10 INFORMATION ON BONDS

(III) Particulars of proceeds of corporate bonds

- None of the Company's corporate bonds involved the use of proceeds or rectification during the reporting period
- Corporate bonds are involved in the use of proceeds or rectification during the reporting period

(IV) Other matters that should be disclosed for special variety bonds

- Applicable Not applicable

(V) Important matters in relation to corporate bonds during the reporting period

- Applicable Not applicable

(VI) Losses in the scope of the Company's consolidated statements for the reporting period exceeded 10% of net assets at the end of the previous year

- Applicable Not applicable

SECTION 10 INFORMATION ON BONDS

(VII) Key accounting figures and financial indicators

✓Applicable □Not applicable

Unit: '000 Currency: RMB

Key indicators	As at the	As at the	Increase/ decrease at the end of this reporting period compared with the end of the previous year (%)
	end of this reporting period	end of the previous year	
Current ratio	1.19	1.22	0.03
Quick ratio	1.11	1.11	0.00
Gearing ratio (%)	84.59	82.28	2.31

Key indicators	The current reporting period (From January to June)	The corresponding period of last year	Changes for this reporting period as compared with the corresponding period of last year (%)
	Net profit attributable to parent company after deduction of non-recurring gain or loss	66,325	-1,021,136
EBITDA/all debts ratio	0.01	-0.07	N/A
Interest coverage multiple	2.71	-6.37	N/A
Cash interest coverage multiple	-12.95	1.81	-816.11
EBITDA interest cover multiple	3.15	-6.07	N/A
Loan repayment rate (%)	100.00	100.00	0.00
Interest repayment rate (%)	100.00	100.00	0.00

SECTION 10 INFORMATION ON BONDS

II PARTICULARS OF CONVERTIBLE CORPORATE BONDS

Applicable Not applicable

SECTION 11 FINANCIAL REPORT

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Prepared by: China Aluminum International Engineering Corporation Limited

Expressed in thousands of RMB

Item	Notes	As at 30 June 2024 (Unaudited)	As at 31 December 2023
Current assets:			
Cash and cash equivalents	5.1	3,977,772	4,061,290
Held-for-trading financial assets	5.2		700,506
Bills receivable	5.3	251,257	223,057
Accounts receivable	5.4	16,075,764	15,114,750
Financing receivables	5.5	351,846	453,487
Prepayments	5.6	430,237	509,994
Other receivables	5.7	1,348,294	1,352,121
Including: Interests receivable	5.7	5,900	4,830
Dividends receivable	5.7	4,428	21,462
Inventories	5.8	2,119,605	2,229,446
Contract assets	5.9	7,543,277	6,721,256
Non-current assets due within one year	5.10	142,246	171,605
Other current assets	5.11	749,388	578,468
Total current assets		32,989,686	32,115,980
Non-current assets:			
Long-term receivables	5.12	1,664,319	1,680,909
Long-term equity investments	5.13	750,023	754,306
Other equity instrument investments	5.14	48,913	49,248
Investment properties	5.15	803,043	766,966
Fixed assets	5.16	2,413,971	2,409,495
Construction in progress	5.17	70,208	76,590
Right-of-use assets	5.18	34,643	39,680
Intangible assets	5.19	1,314,388	1,314,681
Development costs	5.20	4,725	4,716
Goodwill	5.21	875	875
Long-term deferred expenses	5.22	37,580	33,689
Deferred tax assets	5.23	1,164,369	1,205,680
Other non-current assets	5.24	422,570	490,988
Total non-current assets		8,729,627	8,827,823
Total assets		41,719,313	40,943,803

SECTION 11 FINANCIAL REPORT

Item	Notes	As at 30 June 2024 (Unaudited)	As at 31 December 2023
Current liabilities:			
Short-term loans	5.25	2,118,493	1,343,848
Bills payable	5.26	3,634,647	3,837,044
Accounts payable	5.27	11,659,269	12,552,196
Receipts in advance		94	1,613
Contract liabilities	5.28	4,191,284	4,137,373
Employee compensation payables	5.29	235,448	234,078
Taxes payable	5.30	124,708	163,013
Other payables	5.31	1,632,378	1,539,677
Non-current liabilities due within one year	5.32	2,419,333	1,424,748
Other current liabilities	5.33	1,724,267	1,576,228
Total current liabilities		27,739,921	26,809,818
Non-current liabilities:			
Long-term loans	5.34	6,878,192	6,179,831
Lease liabilities	5.35	25,787	26,128
Long-term payables	5.36		1,069
Long-term employee compensation payables	5.37	516,194	521,152
Deferred income	5.38	59,032	79,662
Deferred tax liabilities	5.23	71,282	71,643
Total non-current liabilities		7,550,487	6,879,485
Total liabilities		35,290,408	33,689,303

SECTION 11 FINANCIAL REPORT

Item	Notes	As at 30 June 2024 (Unaudited)	As at 31 December 2023
Shareholders' equity:			
Share capital	5.39	2,959,067	2,959,067
Other equity instruments	5.40	3,764,520	4,741,920
Including: Perpetual bonds		3,764,520	4,741,920
Capital reserves	5.41	876,119	898,789
Other comprehensive income	5.42	150,503	152,900
Including: Translation differences arising from translation of foreign currency financial statements		104,029	106,821
Special reserve	5.43	280,875	218,980
Surplus reserve	5.44	229,735	229,735
Including: Statutory surplus reserve		229,735	229,735
Retained Earnings	5.45	-2,116,510	-2,184,850
Equity attributable to owners of the parent		6,144,309	7,016,541
Non-controlling interests		284,596	237,959
Total shareholders' equity		6,428,905	7,254,500
Total liabilities and shareholders' equity		41,719,313	40,943,803

Legal Representative:
Li Yihua

Chief Financial Officer:
Zhao Hongmei

Head of Accounting Department:
Cao Duolin

SECTION 11 FINANCIAL REPORT

STATEMENT OF FINANCIAL POSITION OF THE PARENT

Prepared by: China Aluminum International Engineering Corporation Limited

Expressed in thousands of RMB

Item	Notes	As at 30 June 2024 (Unaudited)	As at 31 December 2023
Current assets:			
Cash and cash equivalents		2,236,402	2,015,895
Held-for-trading financial assets			700,506
Bills receivable		2,437	
Accounts receivable	14.1	1,307,738	1,305,360
Financing receivables		49,690	35,923
Prepayments		104,261	208,265
Other receivables	14.2	6,214,549	5,715,378
Including: Interests receivable	14.2	356,888	356,888
Dividends receivable	14.2	773,177	786,857
Inventories		2,106	2,154
Contract assets		202,340	282,873
Non-current assets due within one year		251,283	330,798
Other current assets		232,466	201,133
Total current assets		10,603,272	10,798,285
Non-current assets:			
Long-term receivables		2,202,374	2,130,358
Long-term equity investments	14.3	8,664,053	8,523,097
Other equity instrument investments			
Investment properties			
Fixed assets		129,967	133,576
Construction in progress			
Intangible assets		119,797	123,185
Development costs		3,823	3,823
Long-term deferred expenses			
Deferred tax assets		114,492	117,535
Other non-current assets			
Total non-current assets		11,234,506	11,031,574
Total assets		21,837,778	21,829,859

SECTION 11 FINANCIAL REPORT

Item	Notes	As at 30 June 2024 (Unaudited)	As at 31 December 2023
Current liabilities:			
Short-term loans		1,500,000	880,000
Bills payable		635,796	626,231
Accounts payable		1,588,699	1,662,346
Contract liabilities		900,456	882,994
Employee compensation payables		16,187	17,317
Taxes payable		5,489	13,704
Other payables		3,431,168	3,556,410
Including: Dividends payable		76,649	28,792
Non-current liabilities due within one year		2,223,929	1,257,500
Other current liabilities			1,823
Total current liabilities		10,301,724	8,898,325
Non-current liabilities:			
Long-term loans		3,772,668	4,083,018
Long-term employee compensation payables		3,478	3,496
Total non-current liabilities		3,776,146	4,086,514
Total liabilities		14,077,870	12,984,839

SECTION 11 FINANCIAL REPORT

Item	Notes	As at 30 June 2024 (Unaudited)	As at 31 December 2023
Share capital		2,959,067	2,959,067
Other equity instruments		3,764,520	4,741,920
Including: Perpetual bonds		3,764,520	4,741,920
Capital reserves		1,111,316	1,133,916
Other comprehensive income		12,386	12,328
Special reserve		37	4
Surplus reserve		229,735	229,735
Including: Statutory surplus reserve		229,735	229,735
Retained Earnings		-317,153	-231,950
Total shareholders' equity		7,759,908	8,845,020
Total liabilities and shareholders' equity		21,837,778	21,829,859

Legal Representative:
Li Yihua

Chief Financial Officer:
Zhao Hongmei

Head of Accounting Department:
Cao Duolin

SECTION 11 FINANCIAL REPORT

CONSOLIDATED INCOME STATEMENT

Prepared by: China Aluminum International Engineering Corporation Limited

Expressed in thousands of RMB

Item	Notes	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
I. Operating revenue	5.46	10,710,476	9,622,056
Less: Operating costs	5.46	9,684,950	8,577,496
Taxes and surcharges	5.47	50,758	51,345
Selling and distribution expenses	5.48	60,095	50,253
General and administrative expenses	5.49	470,888	465,645
Research and development expenses	5.50	315,561	320,492
Finance expenses	5.51	104,985	32,770
Including: Interest expenses		157,163	201,717
Interest income		29,603	87,521
Add: Other income	5.52	8,642	2,903
Investment income	5.53	30,872	5,637
Gains from changes in fair value (“-” for losses)	5.54	4,844	
Impairment of credit losses	5.55	158,579	140,384
Impairment losses/(reversals) on assets	5.56	24,663	-1,217,747
Gains from assets disposal	5.57	164	2,558
II. Operating profit/(losses)		251,003	-942,210
Add: Non-operating income	5.58	44,851	3,913
Less: Non-operating expenses	5.59	26,522	8,425
III. Profit/(losses) before income tax		269,332	-946,722
Less: Income tax expenses	5.60	70,238	-130,615
IV. Net profit/(losses) for the year		199,094	-816,107
(1) Classification according to operation continuity			
Including: Net profit/(losses) from continuing operations		199,094	-816,107
Net profit/(losses) from discontinued operations			
(2) Classification according to ownership			
Including: Shareholders of the company		155,989	-831,259
Non-controlling interests		43,105	15,152

SECTION 11 FINANCIAL REPORT

Item	Notes	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
V. Other comprehensive income, net of tax		-2,258	-25,850
Other comprehensive income (net of tax) attributable to shareholders of the company	5.42	-2,397	-26,251
(1) Other comprehensive income that will not be reclassified to profit or loss		396	-5,314
a. Remeasurement gains or losses of a defined benefit plan		74	10
b. Changes in fair value of other equity instrument investments		322	-5,324
(2) Other comprehensive income to be reclassified to profit or loss		-2,793	-20,937
a. Translation differences arising from translation of foreign currency financial statements		-2,793	-20,937
Other comprehensive income (net of tax) attributable to non-controlling interests		139	401
VI. Total comprehensive income		196,836	-841,957
Attributable to:			
Total comprehensive income attributable to owners of the parent		153,592	-857,510
Total comprehensive income attributable to non-controlling interests		43,244	15,553
VII. Earnings per share			
(1) Basic earnings per share	15.2	0.02	-0.30
(2) Diluted earnings per share			

Legal Representative:
Li Yihua

Chief Financial Officer:
Zhao Hongmei

Head of Accounting Department:
Cao Duolin

SECTION 11 FINANCIAL REPORT

INCOME STATEMENT OF THE PARENT

Prepared by: China Aluminum International Engineering Corporation Limited Expressed in thousands of RMB

Item	Notes	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
I. Operating revenue	14.4	747,316	486,785
Less: Operating costs	14.4	662,496	488,535
Taxes and surcharges		2,277	4,829
Selling and distribution expenses		15,596	14,817
General and administrative expenses		61,659	62,316
Research and development expenses		16,156	34,556
Finance expenses		102,014	39,696
Including: Interest expenses		135,364	151,912
Interest income		1,726	26,446
Add: Other income		121	542
Investment income	14.5	92,447	184,941
Including: Income from investment in associates and joint ventures		4,557	4,491
Gains from changes in fair value (“-” for losses)		4,844	
Impairment of credit losses		12,285	124,045
Impairment losses/(reversals) on assets		6,832	-33,501
Gains from assets disposal		38	-41
II. Operating profit/(losses)		3,685	118,022
Add: Non-operating income		1,187	46
Less: Non-operating expenses		207	18
III. Profit/(losses) before income tax		4,665	118,050
Less: Income tax expenses		2,219	13,864
IV. Net profit/(losses) for the year		2,446	104,186
(1) Net profit/(losses) from continuing operations		2,446	104,186
(2) Net profit/(losses) from discontinued operations			

SECTION 11 FINANCIAL REPORT

Item	Notes	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
V. Other comprehensive income, net of tax		58	-1
(1) Other comprehensive income that will not be reclassified to profit or loss		58	-1
a. Remeasurement gains or losses of a defined benefit plan		58	-1
b. Changes in fair value of other equity instrument investments			
(2) Other comprehensive income to be reclassified to profit or loss			
a. Translation differences arising from translation of foreign currency financial statements			
VI. Total comprehensive income		2,504	104,185

Legal Representative:
Li Yihua

Chief Financial Officer:
Zhao Hongmei

Head of Accounting Department:
Cao Duolin

SECTION 11 FINANCIAL REPORT

CONSOLIDATED STATEMENT OF CASH FLOW

Prepared by: China Aluminum International Engineering Corporation Limited Expressed in thousands of RMB

Item	Notes	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
I. Cash flows from operating activities			
Proceeds from sales of goods or rendering of services		8,948,152	9,731,115
Refund of taxes		177,368	26,617
Proceeds from other operating activities	5.61	100,525	101,747
Sub-total of cash inflows		9,226,045	9,859,479
<hr style="border-top: 1px dashed #000;"/>			
Payment for goods and services		9,507,792	9,004,927
Payment to and for employees		1,096,215	1,062,639
Payments of various taxes		192,718	373,370
Payment for other operating activities	5.61	464,169	281,412
Sub-total of cash outflows		11,260,894	10,722,348
<hr style="border-top: 1px dashed #000;"/>			
Net cash flows from operating activities	5.62	-2,034,849	-862,869
<hr style="border-top: 1px dashed #000;"/>			
II. Cash flows from investing activities			
Proceeds from disposal of investments		701,302	
Investment income received		43,876	3,500
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets		2,950	849,355
Net proceeds from disposal of subsidiaries and other business units			
Proceeds from other investing activities			
Sub-total of cash inflows		748,128	852,855
<hr style="border-top: 1px dashed #000;"/>			
Payment for acquisition of fixed assets, intangible assets and other long-term assets		45,225	49,655
Payment for acquisition of investments			
Net payment for acquisition of subsidiaries and other business units			
Payment for other investing activities			
Sub-total of cash outflows		45,225	49,655
<hr style="border-top: 1px dashed #000;"/>			
Net cash flows from investing activities		702,903	803,200

SECTION 11 FINANCIAL REPORT

Item	Notes	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
III. Cash flows from financing activities			
Proceeds from investors			
Including: Proceeds from non-controlling shareholders of subsidiaries			
Proceeds from borrowings		3,315,745	3,228,981
Proceeds from other financing activities			
Sub-total of cash inflows		3,315,745	3,228,981
<hr style="border-top: 1px dashed #000;"/>			
Repayments of borrowings		842,805	4,133,109
Payment for dividends, profit distributions or interest		202,747	322,193
Including: Dividends and profits paid to non-controlling shareholders of subsidiaries		493	134,772
Repayments for perpetual bonds		1,000,000	2,460,710
Payment for other financing activities	5.61	392	26,732
Sub-total of cash outflows		2,045,944	6,942,744
<hr style="border-top: 1px dashed #000;"/>			
Net cash flows from financing activities		1,269,801	-3,713,763
<hr style="border-top: 1px dashed #000;"/>			
IV. Effect of foreign exchange rate changes on cash and cash equivalents		18,079	36,985
<hr style="border-top: 1px dashed #000;"/>			
V. Net increase/(decrease) in cash and cash equivalents	5.62	-44,066	-3,736,447
Add: Cash and cash equivalents at the beginning of the year	5.62	3,339,604	6,857,364
<hr style="border-top: 1px dashed #000;"/>			
VI. Cash and cash equivalent at the end of the period	5.62	3,295,538	3,120,917

Legal Representative:
Li Yihua

Chief Financial Officer:
Zhao Hongmei

Head of Accounting Department:
Cao Duolin

SECTION 11 FINANCIAL REPORT

STATEMENT OF CASH FLOW OF THE PARENT

Prepared by: China Aluminum International Engineering Corporation Limited Expressed in thousands of RMB

Item	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
I. Cash flows from operating activities		
Proceeds from sales of goods or rendering of services	796,558	628,185
Refund of taxes	945	11,641
Proceeds from other operating activities	193,520	136,930
Sub-total of cash inflows	991,023	776,756
Payment for goods and services	575,570	489,548
Payment to and for employees	152,028	130,016
Payments of various taxes	15,793	24,051
Payment for other operating activities	147,515	132,604
Sub-total of cash outflows	890,906	776,219
Net cash flows from operating activities	100,117	537
II. Cash flows from investing activities		
Proceeds from disposal of investments	1,463,521	1,752,410
Investment income received	98,209	55,632
Proceeds from other investing activities	127,907	58,220
Sub-total of cash inflows	1,689,637	1,866,262
Payment for acquisition of fixed assets, intangible assets and other long-term assets	137	1,582
Payment for acquisition of investments	1,267,800	3,005,325
Payment for other investing activities	234,900	
Sub-total of cash outflows	1,502,837	3,006,907
Net cash flows from investing activities	186,800	-1,140,645

SECTION 11 FINANCIAL REPORT

Item	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
III. Cash flows from financing activities		
Proceeds from investors		
Proceeds from borrowings	1,700,000	1,080,000
Proceeds from other financing activities	13,023,272	14,534,202
Sub-total of cash inflows	14,723,272	15,614,202
Repayments of borrowings	431,000	1,915,732
Payment for dividends, profit distributions or interest	144,588	187,421
Repayments for perpetual bonds	1,000,000	
Payment for other financing activities	13,219,036	13,500,063
Sub-total of cash outflows	14,794,624	15,603,216
Net cash flows from financing activities	-71,352	10,986
IV. Effect of foreign exchange rate changes on cash and cash equivalents		
	11,304	10,810
V. Net increase/(decrease) in cash and cash equivalents		
Add: Cash and cash equivalents at the beginning of the year	1,995,314	3,079,758
VI. Cash and cash equivalent at the end of the period	2,222,183	1,961,446

Legal Representative:
Li Yihua

Chief Financial Officer:
Zhao Hongmei

Head of Accounting Department:
Cao Duolin

SECTION 11 FINANCIAL REPORT

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Prepared by: China Aluminum International Engineering Corporation Limited

Expressed in thousands of RMB

Item	Equity attributable to owners of the parent							Non-controlling interests	Total shareholders' equity			
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Other comprehensive income	Special reserve			Surplus reserve	Undistributed profit	Sub-total
I. Balance at the end of previous year	2,959,067		4,741,920		898,789	152,900	218,980	229,735	-2,184,850	7,016,541	237,959	7,254,500
Add: Changes in accounting policies												
Correction of prior period errors												
Business combination under common control												
Others												
II. Balance at the beginning of the year	2,959,067		4,741,920		898,789	152,900	218,980	229,735	-2,184,850	7,016,541	237,959	7,254,500
III. Changes in equity during the period ("+" for increase)			-977,400		-22,670	-2,397	61,895		68,340	-872,232	46,637	-825,595
(I) Total comprehensive income						-2,397			155,988	153,592	43,244	196,836
(II) Shareholders' contributions and decrease of capital			-977,400		-22,670					-1,000,070		-1,000,070
1. Contribution by ordinary shareholders												
2. Contribution by other equity instrument investors			-1,000,000							-1,000,000		-1,000,000
3. Amounts of share-based payments recognized in equity												
4. Others			22,600		-22,670				-87,649	-70	-493	-88,142
(III) Profit distribution												
1. Appropriation to surplus reserves												
2. Appropriation to general reserve												
3. Distribution to shareholders												
4. Others												
(IV) Transfer within equity												
1. Capital reserves converted to share capital												
2. Surplus reserves converted to share capital												
3. Loss made up by surplus reserves												
4. Changes in the defined benefit plan transferred to retained earnings												
5. Other comprehensive income transferred to retained earnings												
6. Others												
(V) Special Reserve							61,895			61,895	3,886	65,781
1. Appropriation during the period							171,889			171,889	13,414	185,303
2. Utilisation during the period							-109,994			-109,994	-9,528	-119,522
(VI) Others												
IV. Balance at the end of the period	2,959,067		3,764,520		876,119	150,503	280,875	229,735	-2,116,510	6,144,309	294,996	6,429,305

Legal Representative: Li Yihua

Chief Financial Officer: Zhao Hongmei

Head of Accounting Department: Cao Duolin

SECTION 11 FINANCIAL REPORT

For the six months ended 30 June 2023 (Unaudited)
Equity attributable to owners of the parent

Item	Other equity instruments				Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Sub-total	Non-controlling interests	Total shareholders' equity
	Share capital	Preference shares	Perpetual bonds	Others								
I. Balance at the end of previous year	2,959,067		2,433,685		919,257	170,071	219,378	229,735	599,235	7,530,428	2,925,560	10,455,988
Add: Changes in accounting policies												
Correction of prior period errors												
Business combination under common control												
Others												
II. Balance at the beginning of the year	2,959,067		2,433,685		919,257	170,071	219,378	229,735	599,235	7,530,428	2,925,560	10,455,988
III. Changes in equity during the period ("-" for decrease)					-7,782	-26,251	15,748		-880,413	-888,698	-2,502,134	-3,400,832
(I) Total comprehensive income						-26,251			-881,259	-857,510	15,152	-842,358
(II) Shareholders' contributions and decrease of capital					-7,782					-7,782	-2,516,756	-2,524,538
1. Contribution by ordinary shareholders												
2. Contribution by other equity instrument investors												
3. Amounts of share-based payments recognized in equity												
4. Others					-7,782					-7,782	-56,046	-63,828
(III) Profit distribution												
1. Appropriation to surplus reserves												
2. Appropriation to general reserve												
3. Distribution to shareholders												
4. Others												
(IV) Transfer within equity												
1. Capital reserves converted to share capital												
2. Surplus reserves converted to share capital												
3. Loss made up by surplus reserves												
4. Changes in the defined benefit plan transferred to retained earnings												
5. Other comprehensive income transferred to retained earnings												
6. Others												
(V) Special Reserve							15,748			15,748	-530	15,218
1. Appropriation during the period							107,783			107,783	11,213	118,996
2. Utilisation during the period							-92,035			-92,035	-11,743	-103,778
(VI) Others												
IV. Balance at the end of the period	2,959,067		2,433,685		911,475	143,820	235,126	229,735	-281,178	6,631,730	423,426	7,055,156

Legal Representative: Li Yihua

Chief Financial Officer: Zhao Hongmei

Head of Accounting Department: Cao Duolin

SECTION 11 FINANCIAL REPORT

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY OF THE PARENT

Prepared by: China Aluminum International Engineering Corporation Limited

Expressed in thousands of RMB

Item	Other equity instruments						Total shareholders' equity			
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Other comprehensive income		Special reserve	Surplus reserve	Undistributed profit
I. Balance at the end of previous year	2,959,067		4,741,920		1,133,916	12,328	4	229,735	-231,950	8,845,020
Add: Changes in accounting policies										
Correction of prior period errors										
Others										
II. Balance at the beginning of the year	2,959,067		4,741,920		1,133,916	12,328	4	229,735	-231,950	8,845,020
III. Changes in equity during the period ("-" for decrease)			-977,400		-22,600	58	33		-85,203	-1,085,112
(I) Total comprehensive income						58			2,446	2,504
(II) Shareholders' contributions and decrease of capital			-1,000,000						-87,649	-1,087,649
1. Contribution by ordinary shareholders										
2. Contribution by other equity instrument investors			-1,000,000							-1,000,000
3. Amounts of share-based payments recognized in equity										
4. Others									-87,649	-87,649
(III) Profit distribution										
1. Appropriation to surplus reserves										
2. Appropriation to general reserve										
3. Distribution to shareholders										
4. Others										
(IV) Transfer within equity			22,600		-22,600					
1. Capital reserves converted to share capital										
2. Surplus reserves converted to share capital										
3. Loss made up by surplus reserves										
4. Changes in the defined benefit plan transferred to retained earnings										
5. Other comprehensive income transferred to retained earnings										
6. Others			22,600		-22,600		33			33
(V) Special Reserve							167			167
1. Appropriation during the period										
2. Utilisation during the period							-134			-134
(VI) Others										
IV. Balance at the end of the period	2,959,067		3,764,520		1,111,316	12,386	37	229,735	-317,153	7,759,908

Legal Representative: Li Yihua

Chief Financial Officer: Zhao Hongmei

Head of Accounting Department: Cao Duolin

SECTION 11 FINANCIAL REPORT

For the six months ended 30 June 2023 (Unaudited)

Item	Other equity instruments						Total shareholders' equity			
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Other comprehensive income		Special reserve	Surplus reserve	Undistributed profit
I. Balance at the end of previous year	2,959,067		2,433,685		1,146,631	12,210	33	229,735	-127,039	6,654,322
Add: Changes in accounting policies										
Correction of prior period errors										
Others										
II. Balance at the beginning of the year	2,959,067		2,433,685		1,146,631	12,210	33	229,735	-127,039	6,654,322
III. Changes in equity during the period ("-" for decrease)										
(I) Total comprehensive income						-1			55,033	54,939
(II) Shareholders' contributions and decrease of capital						-1			104,186	104,185
1. Contribution by ordinary shareholders										
2. Contribution by other equity instrument investors										
3. Amounts of share-based payments recognized in equity										
4. Others										
(III) Profit distribution										
1. Appropriation to surplus reserves										
2. Appropriation to general reserve										
3. Distribution to shareholders										
4. Others										
(IV) Transfer within equity										
1. Capital reserves converted to share capital										
2. Surplus reserves converted to share capital										
3. Loss made up by surplus reserves										
4. Changes in the defined benefit plan transferred to retained earnings										
5. Other comprehensive income transferred to retained earnings										
6. Others										
(V) Special Reserve										
1. Appropriation during the period										
2. Utilisation during the period										
(VI) Others										
IV. Balance at the end of the period	2,959,067		2,433,685		1,146,631	12,209	-33	229,735	-72,006	6,709,321

Legal Representative: Li Yihua

Chief Financial Officer: Zhao Hongmei

Head of Accounting Department: Cao Duolin

SECTION 11 FINANCIAL REPORT

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2024 (All amounts in RMB'000 unless otherwise stated)

1. GENERAL INFORMATION**1.1 Company's profile**

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

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

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

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.

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

SECTION 11 FINANCIAL REPORT

1. GENERAL INFORMATION (Continued)

1.1 Company's profile (Continued)

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

The Company and its subsidiaries are principally engaged in construction business.

Chalieco's business scope includes engineering technology and design consulting, engineering construction and installation, equipment manufacturing, and trade business.

The ultimate controller of Chalieco is Aluminum Corporation of China.

The Company's and consolidated financial statements and the notes to financial statements have been approved by the 4th Board of Directors in the 22nd board meeting on 26 August 2024.

2. BASIS OF PREPARATION

The financial statements are prepared in accordance with the Accounting Standards for Business Enterprises and corresponding application guidance, interpretations and other related provisions issued by the Ministry of Finance (collectively, "ASBEs"). In addition, the Company discloses relevant financial information in accordance with 'Compilation Rules for Information Disclosure of Companies that Offer Securities to the Public No. 15 – General Provisions on Financial Reporting' (revised in 2023) issued by China Securities Regulatory Commission.

The financial statements of the Company have been prepared on going concern basis.

The Company adopts the accrual basis of accounting. Except for certain financial instruments, the financial statements are prepared under the historical cost convention. In the event that impairment of assets occurs, a provision for impairment is made accordingly in accordance with the relevant regulations.

SECTION 11 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES**3.1 Statement of compliance with the Accounting Standards for Business Enterprises**

The financial statements have been prepared in compliance with the Accounting Standards for Business Enterprises to truly and completely present the Company's and consolidated financial position as at 30 June 2024 and the Company's and consolidated operating results and cash flows for the period from January to June 2024.

3.2 Accounting Period

The accounting period of the Company is from 1 January to 31 December of each calendar year.

3.3 Operating cycle

The Company takes a 12-month year as a usual operating cycle.

3.4 Functional currency

The Company and domestic subsidiaries use Renminbi ("RMB") as their functional currency. Offshore subsidiaries determine their functional currency according to the primary economic environment where they operate. The financial statements of the Company have been prepared in RMB.

3.5 Methodology for determining materiality criteria and basis for selection

Item	Materiality criteria
Material receivables with impairment of credit losses on an individual basis	Impairment of credit losses exceeding 1% of net assets
Material receivables written-off in the current period	More than 10 million RMB
Material impairment of credit losses recovered or reversed	More than 20 million RMB
Material prepayments with aging more than 1 year	More than 10 million RMB
Material construction in progress	More than 10 million RMB
Material associates	More than 50 million RMB
Material subsidiaries	The subsidiary's total assets account for the group's total assets by over 5%
Material contract liabilities with aging more than 1 year	More than 10 million RMB
Material other receivables with aging more than 1 year	More than 10 million RMB
Material litigation	More than 50 million RMB

SECTION 11 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.6 Accounting treatments for business combinations involving enterprises under common control and business combinations not involving enterprises under common control

3.6.1 Business combinations involving enterprises under common control

For a business combination involving enterprises under common control, the assets acquired and liabilities assumed are measured based on their carrying amounts in the consolidated financial statements of the ultimate controlling party at the combination date. The difference between the carrying amount of the net assets acquired and the consideration paid for the combination is adjusted against share premium in the capital reserve, with any excess adjusted against retained earnings.

Business combinations under the same control are achieved through multiple transactions

In the consolidated financial statements, the assets and liabilities of the acquiree obtained by the acquirer during the combination are measured at their carrying amounts in the ultimately controlling party's consolidated financial statements on the acquisition date. The difference between the sum of the carrying amount of the investment held before the combination and the carrying amount of the newly paid consideration on the acquisition date and the carrying amount of the net assets obtained in the combination shall be adjusted to the capital reserve. If the capital reserve is insufficient to offset, retained earnings shall be adjusted. For the long-term equity investment held by the acquirer before obtaining the control right of the acquiree, the relevant profits and losses, other comprehensive income and other changes in owner's equity that have been recognized from the later date between the date of obtaining the original equity and the date when the acquirer and the acquiree are under the same party's ultimately control to the acquisition date, shall be offset against the opening retained earnings or current profits and losses during the comparative statement period.

SECTION 11 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.6 Accounting treatments for business combinations involving enterprises under common control and business combinations not involving enterprises under common control (Continued)

3.6.2 Business combinations involving enterprises not under common control

For business combinations involving enterprises not under common control, the consideration costs include acquisition-date fair value of assets transferred, liabilities incurred or assumed and equity securities issued by the acquirer in exchange for control of the acquiree. At the acquisition date, the acquired assets, liabilities and contingent liabilities of the acquiree are measured at their fair value. The acquiree's identifiable assets, liabilities and contingent liabilities, are recognised at their acquisition-date fair value.

Where the combination cost exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised as goodwill, and subsequently measured on the basis of its cost less accumulated impairment provisions. Where the combination cost is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised in profit or loss for the current period after reassessment.

Business combinations not under the same control are achieved through multiple transactions

In the consolidated financial statements, the sum of the consideration paid on the acquisition date and the fair value of the acquiree's equity held before the acquisition date on the acquisition date shall be recognized as the acquisition cost. For the equity of the acquiree already held, it shall be remeasured at its fair value on the acquisition date, and the difference between the fair value and its carrying amount shall be included in the current investment income. The equity of the acquiree already held before the acquisition date involves other comprehensive income and changes in other owner's equity, which are converted into current income on the acquisition date, except for other comprehensive income generated by changes in net liabilities or net assets caused by the acquiree's remeasurement of the defined benefit plan.

SECTION 11 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.6 Accounting treatments for business combinations involving enterprises under common control and business combinations not involving enterprises under common control (Continued)

3.6.3 Transaction costs for business combination

The overhead for the business combination, including the expenses for audit, legal services, valuation advisory, and other administrative expenses, are recorded in profit or loss for the current period when incurred. The transaction costs of equity or debt securities issued as the considerations of business combination are included in the initial recognition amount of the equity or debt securities.

3.7 Judgment criteria for control and consolidated financial statements

3.7.1 Judgment criteria for control

The scope of consolidated financial statements is based on control. Control exists when the Company has power over the investee; exposure, or rights to variable returns from its involvement with the investee and has the ability to affect its returns through its power over the investee. The Company will reassess when changes in relevant facts and circumstances result in changes to the relevant elements involved in the definition of control.

In determining whether to include a structured entity in the scope of consolidation, the Company evaluates whether to control the structured entity on the basis of a combination of all the facts and circumstances, including an assessment of the purpose and design for which the structured entity was established, the identification of the types of variable returns, and whether it assumes some or all of the variability of the returns through its participation in its related activities.

SECTION 11 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.7 Judgment criteria for control and consolidated financial statements (Continued)

3.7.2 Basis of preparation of consolidated financial statements

The consolidated financial statements are prepared by the Company based on the financial statements of the Company and its subsidiaries and other relevant information. When preparing consolidated financial statements, the accounting policies and accounting periods of the subsidiaries should be consistent with those established by the Company, and all significant intra-company balances and transactions are eliminated.

Where a subsidiary or business was acquired during the reporting period, through a business combination involving enterprises under common control, the financial statements of the subsidiary or business are included in the consolidated financial statements as if the combination had occurred at the date that the ultimate controlling party first obtained control.

Where a subsidiary or business was acquired during the reporting period, through a business combination involving enterprises not under common control, the identifiable assets and liabilities of the acquired subsidiaries or business are included in the scope of consolidation from the date that control commences.

The portion of a subsidiary's equity that is not attributable to the parent is treated as non-controlling interests and presented separately in the consolidated balance sheet within shareholders' equity. The portion of net profit or loss of subsidiaries for the period attributable to non-controlling interests is presented separately in the consolidated income statement below the "net profit" line item. When the amount of loss for the current period attributable to the non-controlling shareholders of a subsidiary exceeds the non-controlling shareholders' share of the opening owners' equity of the subsidiary, the excess is still allocated against the non-controlling interests.

3.7.3 Purchase of subsidiaries' non-controlling interests

The difference between the cost of long-term equity investment newly acquired due to the purchase of non-controlling interest and the share of net assets of the subsidiary continuously calculated from the purchase date or merger date according to the newly increased shareholding ratio, and the difference between the disposal price obtained as a result of partial disposal of the equity investment in the subsidiary without loss of control and the share of net assets continuously calculated since the purchase date or the merger date corresponding to the disposal of the long-term equity investment of the subsidiary, should be adjusted to the capital reserve in the consolidated balance sheet, with any excess adjusted to retained earnings.

SECTION 11 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.7 Judgment criteria for control and consolidated financial statements (Continued)

3.7.4 Disposal of subsidiaries

When the Company loses control over a subsidiary because of disposing part of equity investment or other reasons, the remaining part of the equity investment is re-measured at fair value at the date when the control is lost. A gain or loss is recognised in the current period and is calculated by the aggregate of consideration received in disposal and the fair value of remaining part of the equity investment deducting the share of net assets in proportion to previous shareholding percentage in the former subsidiary since acquisition date and the goodwill.

Other comprehensive income related to the equity investment of the former subsidiary shall be accounted for on the same basis as the direct disposal of the relevant assets or liabilities of the former subsidiary at the time of loss of control, and other changes in owner's equity related to the former subsidiary under the equity method of accounting shall be transferred to current profit or loss at the time of loss of control.

3.8 Joint arrangement classification and accounting treatment for joint operation

A joint arrangement is an arrangement of which two or more parties have joint control. The Company classifies joint arrangements into joint operations and joint ventures.

3.8.1 Joint operations

A joint operation is a joint arrangement whereby the joint operators have rights to the assets, and obligations for the liabilities, relating to the arrangement.

The Company recognizes the following items relating to its interest in a joint operation, and account for them in accordance with relevant accounting standards:

- A. Its solely-held assets, and its share of any assets held jointly;
- B. Its solely-assumed liabilities, and its share of any liabilities assumed jointly;
- C. Its revenue from the sale of its share of the output arising from the joint operation;
- D. Its share of the revenue from the sale of the output by the joint operation;
- E. Its solely-incurred expenses, and its share of any expenses incurred jointly.

SECTION 11 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.8 Joint arrangement classification and accounting treatment for joint operation (Continued)

3.8.2 Joint ventures

A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement.

The Company adopts equity method under long-term equity investment in accounting for its investment in joint venture.

3.9 Cash and cash equivalents

Cash comprises cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents include short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value.

3.10 Foreign currency transactions and translation financial statements in foreign currency

3.10.1 Foreign currency transactions

Foreign currency transactions are translated to the functional currency of the Company at the spot exchange rates on the dates of the transactions.

On the balance sheet date, foreign currency monetary items shall be translated at the spot exchange rate on the balance sheet date. The exchange difference arising from the difference between the spot exchange rate on the balance sheet date and the spot exchange rate upon initial recognition or the last balance sheet date will be recognised in profit or loss for the period. The foreign currency non-monetary items measured at historical cost shall still be measured by the functional currency translated at the spot exchange rate on the date of the transaction. Foreign currency non-monetary items measured at fair value are translated at the spot exchange rate on the date of determination of the fair value. The difference between the amounts of the functional currency before and after the translation will be recognised in profit or loss or other comprehensive income for the period based on the nature of the non-monetary items.

SECTION 11 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.10 Foreign currency transactions and translation financial statements in foreign currency (Continued)

3.10.2 Translation of financial statements denominated in foreign currency

When translating the financial statements denominated in foreign currency of overseas subsidiaries, assets and liabilities on the balance sheet are translated at the spot exchange rate prevailing at the balance sheet date; equity items except for “retained profit” are translated at the spot exchange rates at the dates on which such items arose.

Income and expenses items in the income statement are translated at the prevailing spot exchange rate on the transaction date.

All items in the cash flow statements shall be translated at the prevailing spot exchange rate on the date that the cash flow transaction occurred. Effects arising from changes of exchange rate on cash shall be presented separately as the “effect of foreign exchange rate changes on cash and cash equivalents” item in the cash flow statements.

The differences arising from translation of financial statements shall be included in the “other comprehensive income” in shareholders’ equity in the balance sheet.

When a foreign operation is disposed of and control is lost, all or a proportionate share of the foreign-currency translation differences related to the foreign operation, as shown under shareholders’ equity in the balance sheet, are transferred to profit or loss for the period in which the foreign operation is disposed of.

SECTION 11 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.11 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or an equity instrument of another enterprise.

3.11.1 Recognition and derecognition of financial instruments

A financial asset or a financial liability is recognized when the Company becomes one of the parties under a financial instrument contract.

Financial asset that satisfied any of the following criteria shall be derecognised:

- ① The contractual rights to receive the cash flows from the financial asset has terminated; or
- ② The financial asset has been transferred and meets the derecognition criteria for the transfer of financial asset as described below in “Transfer of financial assets”.

A financial liability (or a part thereof) is derecognised only when the present obligation is discharged in full or in part. If an agreement is entered between the Company (debtor) and a creditor to replace the existing financial liabilities with new financial liabilities, and the contractual terms of the new financial liabilities are substantially different from those of the existing financial liabilities, the existing financial liabilities shall be derecognised and the new financial liabilities shall be recognised.

Conventionally traded financial assets shall be recognised and derecognised at the trading date.

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.11 Financial instruments (Continued)

3.11.2 Classification and measurement of financial assets

The Company classifies financial assets according to the business model for managing the financial assets and characteristics of the contractual cash flows as follows: financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income, and financial assets measured at fair value through profit or loss.

Financial assets measured at amortized cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated at fair value through profit or loss:

- The Company's business model of managing the financial assets aims at collecting contractual cash flows;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to the initial recognition, the effective interest rate method is adopted to measure the amortized cost of such financial assets. Gains or losses arising from financial assets that are measured at amortized cost and are not part of any hedging relationship shall be recorded in the current profit or loss when the financial assets are derecognized, amortized according to the effective interest method or impaired.

SECTION 11 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.11 Financial instruments (Continued)

3.11.2 Classification and measurement of financial assets (Continued)

Financial assets measured at fair value through other comprehensive income

A financial asset is classified as measured at fair value through other comprehensive income if it meets both of the following conditions and is not designated at fair value through profit or loss:

- The Company's business model of managing the financial asset aims at both collecting contractual cash flows and selling the financial assets.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to the initial recognition, such financial assets are subsequently measured at fair value. The interest, impairment of credit losses or gain and exchange loss or gain calculated using the effective interest rate method are included in the current profit or loss, while other gains or losses are included in other comprehensive income. When derecognized, the accumulated gains or losses previously recorded in other comprehensive income shall be transferred out from other comprehensive income and recorded in the current profit or loss.

SECTION 11 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.11 Financial instruments (Continued)

3.11.2 Classification and measurement of financial assets (Continued)

Financial assets measured at fair value through profit or loss

The Company classifies the financial assets other than those measured at amortised cost and measured at fair value through other comprehensive income as financial assets measured at fair value through profit or loss. Upon initial recognition, the Company irrevocably designates certain financial assets that are required to be measured at amortised cost or at fair value through other comprehensive income as financial assets measured at fair value through profit or loss in order to eliminate or significantly reduce accounting mismatch.

Upon initial recognition, such financial assets are measured at fair value. Except for those held for hedging purposes, gains or losses (including interests and dividend income) arising from such financial assets are recognised in the profit or loss for the current period.

The business model of managing financial assets refers to how the Company manages financial assets to generate cash flows. That is, the Company's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. The Company determines the business model for managing financial assets on the basis of objective facts and specific business objectives for managing financial assets determined by key management personnel.

SECTION 11 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.11 Financial instruments (Continued)

3.11.2 Classification and measurement of financial assets (Continued)

Financial assets measured at fair value through profit or loss (Continued)

The Company assesses the characteristics of contractual cash flow characteristics of financial assets to determine whether the contractual cash flows generated by the relevant financial assets on specified dates are solely payments of principal and interest on the principal amount outstanding. The principal refers to the fair value of the financial assets at the initial recognition. Interest includes consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks, costs and profits. In addition, the Company evaluates the contractual terms that may result in a change in the time distribution or amount of contractual cash flows from a financial asset to determine whether it meets the requirements of the above contractual cash flow characteristics.

All affected financial assets are reclassified on the first day of the first reporting period following the change in the business model where the Company changes its business model for managing financial assets; otherwise, financial assets shall not be reclassified after initial recognition.

Financial assets are measured at fair value at the time of initial recognition. For financial assets measured at fair value through profit or loss, relevant transaction costs are directly recorded into current profit or loss; for other classes of financial assets, the relevant transaction costs are included in the initial recognition amount. For accounts receivable arising from the sale of products or provision of services, which do not contain or do not take into account the material financing component, the Company is entitled to collect the consideration amount as expected as the initial recognition amount.

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.11 Financial instruments (Continued)

3.11.3 Classification and measurement of financial liabilities

At initial recognition, financial liabilities of the Company are classified as: financial liabilities measured at fair value through profit or loss, and financial liabilities measured at amortized cost. For financial liabilities not classified as measured at fair value through profit or loss, relevant transaction costs are included in the amount initially recognised.

Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated at fair value through profit or loss upon initial recognition. Such financial liabilities are subsequently measured at fair value, and the gains or losses from the change in fair value and the dividend or interest expenses related to the financial liabilities are included in the profit or loss of the current period.

Financial liabilities measured at amortized cost

Other financial liabilities are subsequently measured at amortised cost using the effective interest rate method, and the gains or losses arising from derecognition or amortisation are recognised in profit or loss for the current period.

Financial guarantee contract

Financial guarantee contracts do not belong to financial liabilities measured at fair value through profit or loss. They are measured at fair value at initial recognition and are subsequently measured at the higher of the amount of the impairment of credit losses determined in accordance with the expected credit loss model and the amount initially recognized less the cumulative amortisation.

SECTION 11 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.11 Financial instruments (Continued)

3.11.3 Classification and measurement of financial liabilities (Continued)

The distinction between financial liabilities and equity instruments

Financial liabilities refer to liabilities that meet one of the following conditions:

- ① A contractual obligation to pay in cash or other financial assets to other parties.
- ② A contractual obligation to exchange financial assets or financial liabilities with another party under potentially adverse conditions.
- ③ A non-derivative contract that has to be settled with or can be settled with the entity's own equity instruments in the future, under which the entity will deliver a variable number of its own equity instruments.
- ④ A derivative contract that has to be settled with or can be settled with the entity's own equity instruments in the future, except for a derivative contract in which a fixed number of its own equity instruments are to be exchanged for a fixed amount of cash or other financial assets.

An equity instrument is a contract that certifies ownership of the remaining interest in an entity's assets after all liabilities have been deducted.

If the Company cannot unconditionally avoid fulfilling a contractual obligation by paying cash or delivering other financial assets, such contractual obligation meets the definition of financial liabilities.

Where a financial instrument must or may be settled with the Company's own equity instruments, the Company's own equity instruments used to settle such instrument should be considered as to whether it is as a substitute for cash or other financial assets or for the purpose of enabling the holder of the instrument to be entitled to the remaining interest in the assets of the issuer after deducting all of its liabilities. For the former, it is a financial liability of the Company; for the latter, it is the Company's own equity instruments.

SECTION 11 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.11 Financial instruments (Continued)

3.11.4 Fair value of financial instruments

For the determination of fair value of financial assets and financial liabilities, see Note 3.12.

3.11.5 Impairment of financial assets

On the basis of expected credit losses, the Company conducts impairment accounting treatment for the following items and recognises the allowance:

- Financial assets measured at amortized cost;
- Receivables and debt investments measured at fair value and accounted for in other comprehensive income;
- Contract assets as defined in the Accounting Standards for Business Enterprises No. 14 – Revenue;
- Lease receivables;
- Financial guarantee contracts (except for financial assets measured at fair value through profit or loss, transfer of financial assets that do not meet the conditions for derecognition or those caused by continuing involvement in transferred financial assets).

Measurement of expected credit losses

The term “expected credit losses” (ECLs) refers to the weighted average of the credit loss of a financial instrument weighted by the risk of default. Credit loss refers to the difference between all contractual cash flows in accordance with the contract and all the cash flows expected to receive, discounted at the original effective interest rate, that is, the present value of all cash shortfalls.

The Company takes into account reasonable and well-founded information such as past events, current conditions and forecasts of future economic conditions, and calculates the probability-weighted amount of the present value of the difference between the cash flows receivable from the contract and the cash flows expected to be received weighted by the risk of default.

SECTION 11 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.11 Financial instruments (Continued)

3.11.5 Impairment of financial assets (Continued)

Measurement of expected credit losses (Continued)

The Company measures ECLs of financial instruments at different stages. If the credit risk of the financial instrument did not increase significantly upon initial recognition, it is at the first stage, and the Company makes provision for impairment based on the ECLs within the next 12 months; if the credit risk of a financial instrument increased significantly upon initial recognition but has not yet incurred credit impairment, it is at the second stage, and the Company makes provision for impairment based on the lifetime ECLs of the instrument; if the financial instrument incurred credit impairment upon initial recognition, it is at the third stage, and the Company makes provision for impairment based on the lifetime ECLs of the instrument.

For financial instruments with low credit risk at the balance sheet date, the Company assumes that the credit risk has not increased significantly upon initial recognition, and makes provision for impairment based on the ECLs within the next 12 months.

Lifetime ECLs represent the ECLs resulting from all possible default events over the expected life of a financial instrument. The 12-month ECLs are the ECLs resulting from possible default events on a financial instrument within 12 months (or a shorter period if the expected life of the financial instrument is less than 12 months) after the balance sheet date, and is a portion of lifetime ECLs.

The maximum period to be considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk, including renewal options.

The Company calculates interest income on the basis of the Gross carrying amount before impairment provisions and the effective interest rate for financial instruments at the first and second stages and with low credit risk. For financial instruments at the third stage, the interest income is calculated on the basis of the amortized cost of the Gross carrying amount less the impairment provision and the effective interest rate.

SECTION 11 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.11 Financial instruments (Continued)

3.11.5 Impairment of financial assets (Continued)

Accounts receivable and contract assets

When the credit risk characteristics are significantly different and the information of ECLs can be assessed at a reasonable cost, it would be estimated whether the credit risk of the relevant financial instrument has increased significantly since the initial recognition and measured the ECLs on an individual basis.

- A. Bills receivable
 - Bills receivable group 1: banker's acceptance
 - Bills receivable group 2: commercial acceptance bills
- B. Accounts receivable
 - Accounts receivables group: aging group
- C. Contract assets
 - Contract assets group: aging group

For the bills receivable and contract assets divided into groups, the Company calculates the expected credit loss through default risk exposure and the lifetime expected credit loss rate by referring to the historical credit loss experience, combining the current situation and the forecast of the future economic situation.

For the accounts receivable divided into groups, the Company refers to the historical credit loss experience and combines the current situation with the forecast of the future economic situation to compile a comparison table between the age of receivables/overdue days and the lifetime expected credit loss rate and to calculate the expected credit loss.

SECTION 11 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.11 Financial instruments (Continued)

3.11.5 Impairment of financial assets (Continued)

Other receivables

The Company divides other receivables into several groups according to the credit risk characteristics, and calculates the expected credit losses on the basis of the groups which are determined as follows:

- Other receivables group: aging group

For other receivables divided into groups, the Company calculates the expected credit losses by default risk exposure and the expected credit losses rate over the next 12 months or the entire duration.

Long-term receivables

The Company's long-term receivables include long-term receivables from customers and repurchase payment under BT contract, etc.

According to the credit risk characteristics, the Company divides long term receivables into several groups. The expected credit loss is calculated on the basis of the groups which are determined as follows:

- Long-term receivables group: aging group

For receivables of engineering and service receivables, the Company refers to historic credit losses experience, combined with the current situation and forecast for the future economic situation, to calculate the expected credit losses by default risk exposure and the lifetime expected credit loss rate.

For other receivables beside mentioned above that are divided into groups, the expected credit losses are calculated by default risk exposure and the expected credit loss rate within the next 12 months or the entire duration.

SECTION 11 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.11 Financial instruments (Continued)

3.11.5 Impairment of financial assets (Continued)

Debt investment and other debt investment

For debt investment and other debt investment, the Company calculates the ECLs based on the default risk exposure and the ECLs rate within the next 12 months or the entire duration according to the nature of the investment and the various types of counterparties and risk exposures.

An assessment of a significant increase in credit risk

By comparing the risk of default of financial instruments on the balance sheet date with the risk of default on the initial recognition date, the Company determines the relative change of default risk within the expected duration of financial instruments, so as to evaluate whether the credit risk of financial instruments has significantly increased since the initial recognition.

In determining whether credit risk has increased significantly since the initial recognition, the Company considers reasonable and supportable information, including forward-looking information that can be obtained without unnecessary additional cost or effort. Information considered by the Company includes:

- The debtor fails to pay the principal and interest as due under the contract;
- A material deterioration, if any, of the external or internal credit rating of the financial instrument that has occurred or is expected to occur;
- A serious deterioration of the debtor's business results occurred or is expected to occur;
- A change in the existing or anticipated technological, market, economic or legal environment which will have a material adverse effect on the debtor's ability to repay the Company.

According to the nature of financial instruments, the Company evaluates whether credit risk increases significantly on the basis of individual financial instruments or a group of financial instruments. When assessing on the basis of a group of financial instruments, the Company may classify financial instruments based on common credit risk characteristics, such as overdue information and credit risk rating.

If overdue for more than 30 days, the Company determines that the credit risk of the financial instrument has increased significantly.

SECTION 11 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.11 Financial instruments (Continued)

3.11.5 Impairment of financial assets (Continued)

Credit-impaired financial assets

On the balance sheet date, the Company evaluates whether credit impairment has occurred in financial assets measured at amortized cost and debt investments measured at fair value through other comprehensive income. When one or more events which have an adverse effect on the expected future cash flows of a financial asset occur, the financial asset becomes a credit-impaired financial asset. Evidence of credit impairment of financial assets includes the following observable information:

- Major financial difficulties occur to the issuer or the debtor;
- A breach of contract by the debtor, such as a default or late payment of interest or principal;
- The Company, for economic or contractual considerations relating to the debtor's financial difficulties, gives concessions that the debtor would not have made under any other circumstances;
- The debtor is likely to go bankrupt or undergo other financial restructuring;
- The financial difficulties of the issuer or debtor result in the disappearance of an active market for the financial asset.

SECTION 11 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.11 Financial instruments (Continued)

3.11.5 Impairment of financial assets (Continued)

Presentation of ECLs

ECLs are remeasured at each balance sheet date to reflect changes in the financial instrument's credit risk upon initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss for the current period. For financial assets measured at amortised cost, the provisions of impairment are deducted from the carrying amount of the financial assets presented in the balance sheet; for debt investments at fair value through other comprehensive income, the Company makes provisions of impairment in other comprehensive income without reducing the carrying amount of the financial asset.

Write-off

The Gross carrying amount of a financial asset is directly written off to the extent that there is no realistic prospect of recovery of the contractual cash flows of the financial asset (either partially or in full). Such write-off constitutes derecognition of such financial asset. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

If a write-off of financial assets is subsequently recovered, the recovery is credited to profit or loss in the period in which the recovery occurs.

SECTION 11 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.11 Financial instruments (Continued)

3.11.6 Transfer of financial assets

Transfer of financial assets refers to the transfer or delivery of financial assets to another party other than the issuer of such financial assets (the transferee).

If the Company transfers substantially all the risks and rewards of ownership of the financial asset to the transferee, the financial asset shall be derecognised. If the Company retains substantially all the risks and rewards of ownership of a financial asset, the financial asset shall not be derecognised.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, it accounts for the transaction as follows: if the Company does not retain control, it derecognises the financial asset and recognises any resulting assets or liabilities; if the control over the financial asset is not waived, the relevant financial asset is recognised according to the extent of its continuing involvement in the transferred financial asset and the relevant liability is recognised accordingly.

3.11.7 Offset of financial assets and financial liabilities

If the Company owns the legitimate rights of offsetting the recognised financial assets and financial liabilities, which are enforceable currently, and the Company plans to realise the financial assets or to clear off the financial liabilities on a net amount basis or simultaneously, the net amount of financial assets and financial liabilities shall be presented in the balance sheet upon offsetting. Otherwise, financial assets and financial liabilities are presented separately in the balance sheet without offsetting.

SECTION 11 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.12 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company measures the relevant asset and liability at fair value, based on the presumption that the orderly transaction to sell the asset or transfer the liability takes place either in the principal market for the relevant asset or liability, or in the absence of a principal market, in the most advantageous market for relevant the asset or liability. The principal or the most advantageous market must be a trading market accessible by the Company at the measurement date. The Company adopts the presumption that market participants would use when pricing the asset or liability in their best economic interest.

If there exists an active market for a financial asset or financial liability, the Company uses the quotation on the active market as its fair value. If the market for a financial instrument is inactive, the Company uses valuation technique to recognise its fair value.

Fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its best use or by selling it to another market participant that would use the asset in its best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs, and using unobservable inputs only if the observable inputs aren't available or impractical.

Assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole. Level 1: based on quoted prices (unadjusted) in active markets for identical assets or liabilities obtainable at the measurement date. Level 2: observable inputs for the relevant asset or liability, either directly or indirectly, except for Level 1 input. Level 3: unobservable inputs for the relevant assets or liability.

At each balance sheet date, the Company reassesses assets and liabilities measured at fair value that are recognized in the financial statements on a recurring basis to determine whether transfers have occurred between fair value measurement hierarchy levels.

SECTION 11 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.13 Inventories

3.13.1 Classification of inventories

Inventories include raw materials, work in progress, stock goods, revolving materials, spare parts and property development costs, which are measured at the lower of cost and net realizable value. Revolving materials include low-value consumables and packaging materials.

3.13.2 Measurement method of cost of inventories

Inventories are initially measured at cost. Raw materials and finished goods are calculated using weighted average method.

3.13.3 Recognition of net realisable value of inventories and provision for inventory impairment

At the balance sheet date, provision for inventory impairment is made when the cost is higher than the net realisable value.

Net realisable value of inventories refers to the amount of the estimated price of inventories less the estimated cost incurred upon completion, estimated sales expenses and taxes and levies. The realisable value of inventories shall be determined on the basis of definite evidence, purpose of holding the inventories and effect of after-balance-sheet-date events.

The Company usually make provision for inventory impairment based on categories of inventories. Provision for inventory impairment is made in accordance with the category of inventories for inventories with large quantities and low unit prices.

At the balance sheet date, in case the factors causing inventory impairment no longer exists, the original provision for inventory impairment shall be reversed.

3.13.4 Inventory stock taking system

The Company maintains a perpetual inventory system as its inventory stock taking system.

3.13.5 Amortization methods of low-value consumables and packaging materials

Low-value consumables are charged to profit or loss when they are used.

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.14 Long-term equity investments

Long-term equity investments include equity investments in subsidiaries and equity investments in joint ventures and associates. Associates of the Company are those investees that the Company imposes significant influence over.

3.14.1 Determination of initial investment cost

Long-term equity investments acquired through business combinations: for a long-term equity investment acquired through a business combination involving enterprises under common control, the investment cost shall be the absorbing party's share of the carrying amount of the owners' equity under the consolidated financial statements of the ultimate controlling party on the date of combination. For a long-term equity investment acquired through a business combination involving enterprises not under common control, the investment cost of the long-term equity investment shall be the cost of combination.

Long-term equity investments acquired through other means: for a long-term equity investment acquired by cash payment, the initial investment cost shall be the purchase cost actually paid; for a long-term equity investment acquired by issuing equity securities, the initial investment cost shall be the fair value of equity securities issued.

3.14.2 Subsequent measurement and recognition of profit or loss

Investments in subsidiaries shall be accounted for using the cost method. Except for the investments which meet the conditions of holding for sale, investments in associates and joint ventures shall be accounted for using the equity method.

For a long-term equity investment accounted for using the cost method, the cash dividends or profits declared by the investees for distribution shall be recognised as investment gains and included in profit or loss for the current period, except the case of receiving the actual consideration paid for the investment or the declared but not yet distributed cash dividends or profits which is included in the consideration.

SECTION 11 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.14 Long-term equity investments (Continued)

3.14.2 Subsequent measurement and recognition of profit or loss (Continued)

For a long-term equity investment accounted for using the equity method, where the initial investment cost exceeds the investor's interest in the fair value of the investee's identifiable net assets at the acquisition date, no adjustment shall be made to the investment cost of the long-term equity investment. Where the initial investment cost is less than the investor's interest in the fair value of the investee's identifiable net assets at the acquisition date, adjustment shall be made to the carrying amount of the long-term equity investment, and the difference shall be charged to profit or loss for the current period.

Under the equity method, investment gain and other comprehensive income shall be recognised based on the Company's share of the net profits or losses and other comprehensive income made by the investee, respectively. Meanwhile, the carrying amount of long-term equity investment shall be adjusted. The carrying amount of long-term equity investment shall be reduced based on the Group's share of profit or cash dividend distributed by the investee. In respect of the other movement of net profit or loss, other comprehensive income and profit distribution of investee, the carrying amount of long-term equity investment shall be adjusted and included in the capital reserves (other capital reserves). The Group shall recognise its share of the investee's net profits or losses based on the fair values of the investee's individual separately identifiable assets at the time of acquisition, after making appropriate adjustments thereto according to the accounting policies and accounting periods of the Company.

For additional equity investment made in order to obtain significant influence or common control over investee without resulted in control, the initial investment cost under the equity method shall be the aggregate of fair value of previously held equity investment and additional investment cost on the date of transfer. For investments in non-trading equity instruments that were previously classified as at fair value through other comprehensive income, the cumulative fair value changes associated with them that were previously included in other comprehensive income are transferred to retained earnings upon the change to the equity method of accounting.

SECTION 11 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.14 Long-term equity investments (Continued)

3.14.2 Subsequent measurement and recognition of profit or loss (Continued)

In the event of loss of common control or significant influence over investee due to partial disposal of equity investment, the remaining equity interest after disposal shall be accounted for according to the Accounting Standard for Business Enterprises No. 22 – Recognition and measurement of Financial Instruments. The difference between its fair value and carrying amount shall be included in profit or loss for the current period. In respect of other comprehensive income recognised under previous equity investment using equity method, it shall be accounted for in accordance with the same accounting treatment for direct disposal of relevant asset or liability by investee at the time when equity method was ceased to be used. Movement of other owners' equity related to the previous equity investment shall be transferred to profit or loss for the current period.

In the event of loss of control over investee due to partial disposal of equity investment, the remaining equity interest which can apply common control or impose significant influence over the investee after disposal shall be accounted for using equity method. Such remaining equity interest shall be treated as accounting for using equity method since it is obtained and adjustment was made accordingly. For the remaining equity interest which cannot apply common control or impose significant influence over the investee after disposal, it shall be accounted for using the Accounting Standard for Business Enterprises No. 22 – Recognition and measurement of Financial Instruments. The difference between its fair value and carrying amount as at the date of losing control shall be included in profit or loss for the current period.

If the shareholding ratio of the Company is reduced due to the capital increase of other investors, and as a result, the Company loses the control of but still can apply common control or impose significant influence over the investee, the net asset increase due to the capital increase of the investee attributable to the Company shall be recognised according to the new shareholding ratio, and the difference with the original carrying amount of the long-term equity investment corresponding to the shareholding ratio reduction part that should be carried forward shall be recorded in the profit or loss for the current period; and then it shall be adjusted according to the new shareholding ratio as if equity method is used for accounting when acquiring the investment.

In respect of the transactions between the Company and its associates and joint ventures, the share of unrealised gain or loss arising from internal transactions shall be eliminated by the portion attributable to the Company. Investment gain or loss shall be recognised accordingly. However, any unrealised loss arising from internal transactions between the Company and an investee is not eliminated to the extent that the loss is impairment loss of the transferred assets.

SECTION 11 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.14 Long-term equity investments (Continued)

3.14.3 Basis for determining the common control and significant influence on the investee

Common control is the contractually agreed sharing of control over an arrangement, which relevant activities of such arrangement must be decided by unanimously agreement from parties who share control. When determining if there is any common control, it should first be identified if the arrangement is controlled by all the participants or the group consisting of the participants, and then determined if the decision on the arranged activity can be made only with the unanimous consent of the participants sharing the control. If all the participants or a group of participants can only decide the relevant activities of certain arrangement through concerted action, it can be considered that all the participants or a group of participants share common control on the arrangement. If there are two or more participant groups that can collectively control certain arrangement, it does not constitute common control. When determining if there is any common control, the relevant protection rights will not be taken into account.

Significant influence is the power of the investor to participate in the financial and operating policy decisions of an investee, but to fail to control or joint control the formulation of such policies together with other parties. When determining if there is any significant influence on the investee, the influence of the voting shares of the investee held by the investor directly and indirectly and the potential voting rights held by the investor and other parties which are exercisable in the current period and converted to the equity of the investee, including the warrants, stock options and convertible bonds that are issued by the investee and can be converted in the current period, shall be taken into account.

When the Company holds directly or indirectly through the subsidiary 20% (inclusive) to 50% of the voting shares of the investee, it is generally considered to have significant influence on the investee, unless there is concrete evidence to prove that it cannot participate in the production and operation decision-making of the investee and cannot pose significant influence in this situation. When the Company owns less than 20% of the voting shares of the investee, it is generally considered that it has not significantly influenced on the investee, unless there is concrete evidence to prove that it can participate in the production and operation decision-making of the investee and can impose significant influence in this situation.

3.14.4 Method of impairment testing and impairment provision

For the method for making impairment provision for the investment in subsidiaries, associates and joint ventures, please refer to Note 3.21.

SECTION 11 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.15 Investment property

Investment property refers to real estate held to earn rentals or for capital appreciation, or both. The investment property of the Company includes leased land use rights, land use rights held for sale after appreciation, and leased buildings and construction.

Investment properties are initially measured at acquisition cost, and depreciated or amortized using the same policy as that for fixed assets or intangible assets.

For the impairment of the investment properties accounted for using the cost model, refer to Note 3.21.

Gains or losses arising from the sale, transfer, retirement or disposal of an item of investment property are determined as the difference among the net disposal proceeds, the carrying amount of the item, related taxes and surcharges, and are recognised in profit or loss for current period.

3.16 Fixed assets

3.16.1 Recognition of fixed assets

Fixed assets represent the tangible assets held by the Company for use in production of goods, use in supply of services, rental or for administrative purposes with useful lives over one accounting year.

Fixed assets are recognised only when its related economic benefits are likely to flow to the Company and its cost can be reliably measured.

The Company's fixed assets are initially measured at the actual cost at the time of acquisition.

Subsequent expenditures incurred for a fixed asset are included in the cost of the fixed asset when it is probable that the associated economic benefits will flow to the Company and the related cost can be reliably measured. The cost of routine repairs of fixed assets that do not qualify as capitalised subsequent expenditure is charged to current profit or loss or included in the cost of the related assets in accordance with the beneficiary object when incurred. The carrying amount of the replaced part is derecognised.

SECTION 11 FINANCIAL REPORT

**3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES
(Continued)****3.16 Fixed assets (Continued)****3.16.2 Depreciation of fixed assets**

The Company adopts the straight-line method for depreciation. Provision for depreciation will be started when the fixed asset reaches its expected usable state, and stopped when the fixed asset is derecognized or classified as a non-current asset held for sale. Without regard to the depreciation provision, the Company determines the annual depreciation rate by category, estimated useful lives and estimated residual value of the fixed assets as below:

Type	Estimated useful life of depreciation (years)	Estimated residual value rate %	Annual depreciation rate %
Plant and buildings	8-45	5.00	12.13-2.11
Machinery and equipment	8-20	5.00	12.13-4.75
Motor vehicles	5-14	5.00	19.40-6.79
Office equipment and others	4-10	5.00	24.25-9.50

Where, for the fixed assets for which impairment provision is made, to determine the depreciation rate, the accumulated amount of the fixed asset impairment provision that has been made shall be deducted.

3.16.3 The impairment test method and impairment provision method of the fixed assets are set out in Note 3.21.

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.16 Fixed assets (Continued)

3.16.4 The Company will review the useful lives, estimated net residual value and depreciation method of the fixed assets at the end of each year.

When there is any difference between the useful lives estimate and the originally estimated value, the useful lives of the fixed asset shall be adjusted. When there is any difference between the estimated net residual value estimate and the originally estimated value, the estimated net residual value shall be adjusted.

3.16.5 Disposal of fixed assets

A fixed asset is derecognised on disposal or when it is expected that there shall be no economic benefit arising from using or after disposal. Where the fixed assets are sold, transferred, retired or damaged, the income received after disposal after deducting the carrying amount and related taxes are recognised in profit or loss for the current period.

3.17 Construction in progress

Construction in progress of the Company is recognised based on the actual construction cost, including all necessary expenditures incurred for construction projects, capitalised borrowing costs for the construction in progress before it has reached the working condition for its intended use, and other related expenses during the construction period.

A construction in progress is reclassified to fixed assets when it has reached the working condition for its intended use.

The method for impairment provision of construction in progress is set out in Note 3.21.

SECTION 11 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.18 Borrowing costs

3.18.1 Recognition principle for the capitalisation of the borrowing costs

The borrowing costs incurred by the Company directly attributable to the acquisition, construction or production of a qualifying asset will be capitalised and included in the cost of relevant asset. Other borrowing costs will be recognised as expenses when incurred according to the incurred amount, and included in the profit or loss for the current period. When the borrowing costs meet all the following conditions, capitalisation shall be started:

- ① The capital expenditure has been incurred, which includes the expenditure incurred by paying cash, transferring non-cash assets or undertaking interest-bearing liabilities for acquiring, constructing or producing the qualifying assets;
- ② Borrowing costs have been incurred;
- ③ The acquisition, construction or production activity necessary for the asset to be ready for its intended use or sale has been started.

3.18.2 Capitalisation period of borrowing costs

When a qualifying asset acquired, constructed or produced by the Company is ready for its intended use or sale, the capitalisation of the borrowing costs shall discontinue. The borrowing costs incurred after a qualifying asset is ready for its intended use or sale shall be recognised as expenses when incurred according to the incurred amount, and included in the profit or loss for the current period.

Capitalisation of borrowing costs shall be suspended during periods in which the acquisition, construction or production of a qualifying asset is interrupted abnormally, when the interruption is for a continuous period of more than 3 months. The capitalisation of the borrowing costs shall be continued in the normal interruption period.

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.18 Borrowing costs (Continued)

3.18.3 Calculation methods for capitalisation rate and capitalised amount of the borrowing costs

Where funds are borrowed for a specific purpose, the amount of interest to be capitalised shall be the actual interest expense incurred on that borrowing for the period less any bank interest earned from depositing the borrowed funds before being used into banks or any investment income on the temporary investment of those funds. Where funds are borrowed for general purpose, the Company shall determine the amount of interest to be capitalised on such borrowings by applying a capitalisation rate to the weighted average of the excess amounts of cumulative expenditures on the asset over and above the amounts of specific-purpose borrowings. The capitalisation rate shall be the weighted average of the interest rates applicable to the general-purpose borrowings.

During the capitalisation period, exchange differences on a specific purpose borrowing denominated in foreign currency shall be capitalised. Exchange differences related to general-purpose borrowings denominated in foreign currency shall be included in profit or loss for the current period.

3.19 Intangible assets

3.19.1 Measure of intangible assets

Intangible assets of the Company include software, land use rights, patent rights, copyrights, franchise rights, etc.

The intangible asset is initially measured at cost, and its useful life is determined upon acquisition. If the useful life is finite, the intangible asset will be amortised over the estimated useful life using the amortisation method that can reflect the estimated realisation of the economic benefits related to the asset, starting from the time when it is available for use. If it is unable to reliably determine the estimated realisation, straight-line method shall be adopted for amortisation. The intangible assets with uncertain useful life will not be amortised.

SECTION 11 FINANCIAL REPORT

**3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES
(Continued)****3.19 Intangible assets (Continued)****3.19.1 Measure of intangible assets (Continued)**

The amortization method for intangible assets with finite useful lives is as follows:

Item	Useful life (Year)	Basis for determining useful life	Amortization method	Notes
Land use rights	50	Duration of title registration	Straight-line	–
Patent rights	6-8	Expected years of economic benefits	Straight-line	–
Software	10	Expected years of economic benefits	Straight-line	–
Copyrights	10-47	Expected years of economic benefits	Straight-line	–

The Company reviews the useful life and amortisation method of the intangible assets with finite useful life at the end of each year. If it is different from the previous estimates, the original estimates will be adjusted, and will be treated as a change in accounting estimate.

If it is estimated on the balance sheet date that certain intangible asset can no longer bring future economic benefit to the company, the carrying amount of the intangible asset will be entirely transferred into the profit or loss for the current period.

The impairment method for the intangible assets is set out in Note 3.21.

SECTION 11 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.19 Intangible assets (Continued)

3.19.2 Basis for determining an indefinite service life

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

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

3.20 Research and development expenditure

The Company's research and development expenses are expenses directly related to the Company's research and development activities, including research and development personnel's salaries, direct costs, depreciation and long-term deferred expenses, design costs, equipment commissioning costs, amortization of intangible assets, outsourced R&D expenses, and other expenses. Among them, the salaries of research and development personnel are included in research and development expenses in accordance with the allocation of project labor hour. Equipment, production lines and sites shared by R&D activities and other production and operation activities are allocated to R&D expenses according to the proportion of labor hour and area.

Expenditure on an internal research and development project is classified into expenditure incurred during the research phase and expenditure incurred during the development phase.

Expenditure during the research phase is expensed when incurred.

Expenditure during the development phase is capitalised if the product or process is technically and commercially feasible; the Company intends to complete the development; the intangible asset can generate economic benefits, including there is evidence that the products produced using the intangible asset has a market or the intangible asset itself has a market; if the intangible asset is for internal use, there is evidence that there is usage for the intangible asset; there is sufficient support in terms of technology, financial resources and other resources in order to complete the development and use or sell the intangible asset; and development costs can be measured reliably. Other development expenditure is recognised as an expense in the period in which it is incurred.

SECTION 11 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.20 Research and development expenditure (Continued)

Research and development projects of the Company will enter into the development phase when they meet the above conditions, technical and economic feasibility research is finished and necessary approval of the project is obtained.

Capitalised expenditure on the development phase is presented as “development costs” in the balance sheet, and is transferred to intangible assets when the project is completed to its intended use.

Capitalisation conditions of specific R&D projects are:

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

SECTION 11 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.21 Impairment of assets

Impairment of long-term equity investments in subsidiaries, associates and joint ventures, investment properties measured using a cost model, fixed assets, construction in progress, right-of-use assets, intangible assets, goodwill and others (excluding inventories, deferred tax assets and financial assets) subsequently measured at cost is determined as follows:

The Company determines if there is any indication of asset impairment as at the balance sheet date. If there is any evidence indicating that an asset may be impaired, recoverable amount shall be estimated for impairment test. Goodwill arising from business combinations, intangible assets with an indefinite useful life and intangible assets not ready for use will be tested for impairment annually, regardless of whether there is any indication of impairment.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from the asset. The Company estimates the recoverable amount of an individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the Company shall determine the recoverable amount of the asset group to which the asset belongs. The determination of an asset group is based on whether major cash inflows generated by the asset group are independent of the cash inflows from other assets or asset groups. When the recoverable amount of an asset or an asset group is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction amount is charged to profit or loss and an impairment provision is made accordingly.

For the purpose of impairment test of goodwill, the carrying amount of goodwill acquired in a business combination is allocated to the relevant asset groups on a reasonable basis from the acquisition date; where it is difficult to allocate to the related asset groups, it is allocated to the combination of related asset groups. The related asset groups or combination of asset groups are those which can benefit from the synergies of the business combination and are not larger than the reportable segments identified by the Company.

In the impairment test, if there is any indication that an asset group or a combination of asset groups related to goodwill may be impaired, the Company first tests the asset group or set of asset groups excluding goodwill for impairment, calculates the recoverable amount and recognises the corresponding impairment loss. An impairment test is then carried out on the asset group or combination of asset groups containing goodwill by comparing its carrying amount with its recoverable amount. If the recoverable amount is lower than the carrying amount, an impairment loss is recognised for goodwill.

An impairment loss recognised shall not be reversed in a subsequent period.

SECTION 11 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.22 Long-term deferred expenses

The long-term prepaid expenses incurred by the Company shall be recognised based on the actual cost, and evenly amortised over the estimated benefit period. For the long-term prepaid expense that cannot benefit the subsequent accounting periods, its value after amortisation shall be entirely included in the profit or loss for the current period.

3.23 Employee benefits

3.23.1 Scope of employee benefits

Employee benefits refer to all forms of consideration or compensation given by the Company in exchange for service rendered by employees or for the termination of employment relationship. Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits. Benefits provided to the Company's spouse, children, dependents, family members of deceased employees or other beneficiaries are also part of the employee benefits.

Employee benefits are presented as "employee benefits payable" and "long-term employee benefits payable" in the balance sheet, respectively, according to liquidity.

3.23.2 Short-term staff remuneration

Employee wages or salaries actually incurred, bonuses, and social insurance contributions such as medical insurance, work injury insurance, maternity insurance, and housing fund, contributed at the applicable benchmarks and rates, are recognised as a liability as the employees provide services, with a corresponding charge to profit or loss or included in the cost of assets where appropriate.

3.23.3 Post-employment benefits

Post-employment benefit plans include defined contribution plans and defined benefit plans. Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into a separate fund and the Company has no future obligations for payment. Defined benefit plans are post-employment benefit plans other than defined contribution plans.

SECTION 11 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.23 Employee benefits (Continued)

3.23.3 Post-employment benefits (Continued)

Defined contribution plans

Defined contribution plans include basic pension insurance, and unemployment insurance, etc.

During the accounting period in which an employee provides service, the amount payable calculated according to the defined contribution plan is recognised as a liability and included in the profit or loss for the current period or the cost of relevant assets.

Defined benefit plans

For defined benefit plans, the actuarial valuation is conducted by an independent actuary on the annual balance sheet date, and the cost of providing benefits is determined using the expected cumulative benefit unit method. The employee benefits cost arising from the Company's defined benefit plan includes the following components:

- ① Service cost, including current service cost, past service cost, and any gain or loss on settlement. In particular, the current service cost refers to the increase in the present value of obligations of defined benefit plans arising from the service provided by staff in the current period; the past service cost refers to the increase or decrease in the present value of obligations of defined benefit plans related to the service of the staff in the previous period arising from the revision of defined benefit plans.
- ② Net interest on net liabilities or net assets of defined benefit plans, including interest income from the assets under the plans, interest expense arising from the obligations of defined benefit plans, and interest affected by asset caps.
- ③ Change in remeasurements of the net liabilities or net assets of defined benefit plans.

Unless other accounting standards require or allow employee benefit costs to be included in asset costs, the above item ① and ② will be recognized in the current profit and loss. Item ③ will be recognized in other comprehensive income and will not be transferred back to profit or loss in the subsequent accounting period. When the original defined benefit plan is terminated, all the part originally recognized in other comprehensive income will be transferred to retained profit within the scope of equity.

SECTION 11 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.23 Employee benefits (Continued)

3.23.4 Termination benefits

When the Company provides termination benefits to employees, employee benefits liabilities arising from termination benefits are recognised in profit or loss for the current period at the earlier of the following dates: when the Company cannot revoke unilaterally compensation for dismissal due to the cancellation of labour relationship plans and employee redundant proposals; the Company recognises cost and expenses related to payment of compensation for dismissal and restructuring.

For the early retirement plans, economic compensations before the actual retirement date were classified as termination benefits. During the period from the date of cease of render of services to the actual retirement date, relevant wages and contribution to social insurance for the employees proposed to be paid are recognized in profit or loss on a one-off basis. Economic compensation after the official retirement date, such as normal pension, is accounted for as post-employment benefits.

3.23.5 Other long-term employee benefits

Other long-term employee benefits provided by the Company to employees that meet the conditions for defined contribution plans are accounted for in accordance with the relevant provisions relating to defined contribution plans as stated above. If the conditions for defined benefit plans are met, the benefits shall be accounted for in accordance with the relevant provisions relating to defined benefit plans, but the “changes arising from the remeasurement of net liabilities or net assets of defined benefit plans” in the relevant employee benefits shall be included in the current profit and loss or the relevant costs of assets.

3.24 Provisions

Obligations pertinent to the contingencies which satisfy the following conditions are recognised by the Company as provisions:

- (1) the obligation is a current obligation borne by the Company;
- (2) It is likely that an outflow of economic benefits from the Company will be resulted from the performance of the obligation; and
- (3) the amount of the obligation can be reliably measured.

SECTION 11 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.24 Provisions (Continued)

The provisions shall be initially measured based on the best estimate for the expenditure required for the performance of the current obligation, after taking into account relevant risks, uncertainties, time value of money and other factors pertinent to the contingencies. If the time value of money has significant influence, the best estimates shall be determined after discounting the relevant future cash outflow. The Company reviews the carrying amount of the provisions on the balance sheet date and adjust the carrying amount to reflect the current best estimates.

If all or some expenses incurred for settlement of recognised provisions are expected to be borne by the third party, the compensation amount shall, on a recoverable basis, be recognised as asset separately, and compensation amount recognised shall not be more than the carrying amount of provisions.

3.25 Share-based payment and equity instruments

3.25.1 Classification of share-based payment

Share-based payment includes equity-settled share-based payment and cash-settled share-based payment.

3.25.2 Determination of fair value of equity instruments

The Company determines the fair value of equity instruments such as options granted for which an active market exists based on quoted prices in an active market. For equity instruments such as options granted for which no active market exists, the fair value is determined by using option pricing models and other methods. The option pricing model selected takes into account the following factors: A. the exercise price of the option; B. the life of the option; C. the current price of the underlying shares; D. the expected volatility of the share price; E. the expected dividends on the shares; and F. the risk-free interest rate during the life of the option.

3.25.3 Basis for recognizing the best estimate of a viable equity instrument

At each balance sheet date during the vesting period, the Company revises the number of equity instruments expected to be exercisable based on the best estimate of the latest available subsequent information, such as changes in the number of employees with exercisable rights. On the date of vesting, the final estimated number of exercisable equity instruments shall be the same as the actual number of exercisable equity instruments.

SECTION 11 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.25 Share-based payment and equity instruments (Continued)

3.25.4 Accounting treatment related to the implementation, modification and termination of share-based payment plans

Equity-settled share-based payments are measured at the fair value of the equity instruments granted to employees. If the options are exercisable immediately after the grant, the related costs or expenses are recognized at the grant date based on the fair value of the equity instruments, with a corresponding increase in capital reserve. If the option is not exercisable until the completion of services within the vesting period or the fulfillment of specified performance conditions, at each balance sheet date during the vesting period, the services acquired during the period are recognized in the relevant cost or expense and capital reserve at the fair value of the equity instruments at the grant date, based on the best estimate of the number of equity instruments that will be exercisable. No further adjustments are made to the related costs or expenses recognized and to total owners' equity after the vesting date.

Cash-settled share-based payments are measured at the fair value of the Company's assumption of liabilities determined by calculations based on shares or other equity instruments. Where options are exercisable immediately after grant, the fair value of the liability assumed by the Company is recognized at the grant date in the relevant cost or expense, with a corresponding increase in the liability. For cash-settled share-based payments that become exercisable after the completion of services within the vesting period or the fulfillment of specified performance conditions, the services acquired during the period are recognized as a cost or expense and a corresponding liability at the amount of the fair value of the liability assumed by the Company at each balance sheet date during the vesting period, based on the best estimate of the circumstances under which the rights will become exercisable. At each balance sheet date prior to settlement of the related liability and at the date of settlement, the fair value of the liability is remeasured, and the change is recognized in profit or loss for the period.

When the Company modifies a share-based payment plan, if the modification increases the fair value of the equity instruments granted, an increase in services acquired is recognized accordingly to the increase in the fair value of the equity instruments; if the modification increases the number of equity instruments granted, the increase in the fair value of the equity instruments is recognized accordingly as an increase in services acquired. The increase in the fair value of equity instruments is the difference between the fair value of the equity instruments before and after the modification at the date of modification. If the modification reduces the total fair value of the share-based payment or otherwise modifies the terms and conditions of the share-based payment plan in a manner that is not favorable to the employee, the acquired services continue to be accounted for as if the change had never occurred, unless the Company cancels some or all of the equity instruments granted.

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.25 Share-based payment and equity instruments (Continued)

3.25.4 Accounting treatment related to the implementation, modification and termination of share-based payment plans (Continued)

If the granted equity instruments are cancelled during the vesting period (except for those cancelled due to non-market performance conditions that are not met by the conditions for exercisability), the Company treats the cancellation of the granted equity instruments as an acceleration of the exercise of the options, and the amount to be recognized during the remaining vesting period is immediately recognized in profit or loss and capital reserve is recognized. If the employees or other parties can choose to satisfy the non-option conditions but fail to do so during the vesting period, the Company treats the cancellation as a cancellation of the equity instruments granted.

3.25.5 Restricted shares

Under the Share Incentive Scheme, the Company grants restricted shares to the incentive recipients, who subscribe for the shares first, and if the unlocking conditions stipulated in the Share Incentive Scheme are not subsequently met, the Company repurchases the shares at a pre-agreed price. If the restricted shares issued to employees have fulfilled the registration and other capital increase procedures in accordance with the relevant regulations, on the date of grant, the Company recognizes share capital and capital reserve (share premium) based on the subscription monies received from employees; and also recognizes treasury stock and other payables in respect of the repurchase obligation.

SECTION 11 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.26 Perpetual bonds and other financial instruments

3.26.1 Classification of financial liabilities and equity instruments

Financial instruments issued by the Company are classified as financial assets, financial liabilities or equity instruments on the basis of the substance of the contractual arrangements and the economic nature not only its legal form, together with the definition of financial asset, financial liability and equity instruments on initial recognition.

3.26.2 Accounting treatment of perpetual bonds

Financial instruments issued by the Company are initially recognised and measured in accordance with the financial instrument standards; thereafter, interest or dividends are accrued on each balance sheet date and accounted for in accordance with relevant specific ASBEs, i.e. to determine the accounting treatment for interest expenditure or dividend distribution of the instrument based on the classification of the financial instrument issued. For financial instruments classified as equity instruments, their interest expenses or dividend distributions are treated as profit distribution of the Company, and their repurchases and cancellations are treated as changes in equity; for financial instruments classified as financial liabilities, their interest expenses or dividend distribution are in principle accounted for with reference to borrowing costs, and the gains or losses arising from their repurchases or redemption are included in the profit or loss for the current period.

For the transaction costs such as fees and commissions incurred by the Company for issuing financial instruments, if such financial instruments are classified as debt instruments and measured at amortised cost, they are included in the initial measured amount of the instruments issued; if such financial instruments are classified as equity instruments, they are deducted from equity.

SECTION 11 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.27 Revenue

3.27.1 General principles

The Company recognizes revenue when it satisfies a performance obligation in the contract, i.e. when the customer obtains control of the relevant goods or services.

Where a contract has two or more performance obligations, the Company allocates the transaction price to each performance obligation based on the percentage of respective unit price of goods or services guaranteed by each performance obligation, and recognises as revenue based on the transaction price that is allocated to each performance obligation.

If one of the following conditions is fulfilled, the Company performs its performance obligation within a certain period; otherwise, it performs its performance obligation at a point in time:

- ① when the customer simultaneously receives and consumes the benefits provided by the Company when the Company performs its obligations under the contract;
- ② when the customer is able to control the goods in progress in the course of performance by the Company under the contract;
- ③ when the goods produced by the Company under the contract are irreplaceable and the Company has the right to payment for performance completed to date during the whole contract term.

For performance obligations performed within a certain period, the Company recognises revenue by measuring the progress towards complete of that performance obligation within that certain period. When the progress of performance cannot be reasonably determined, if the costs incurred by the Company are expected to be compensated, the revenue shall be recognised at the amount of costs incurred until the progress of performance can be reasonably determined.

SECTION 11 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.27 Revenue (Continued)

3.27.1 General principles (Continued)

For performance obligations performed at a point in time, the Company recognizes revenue at the point of time at which the customer obtains control of relevant goods or services. To determine whether a customer has obtained control of goods or services, the Company considers the following indications:

- ① The Company has the present right to receive payment for the goods or service, which is when the customer has the present payment obligations for the goods or service.
- ② The Company has transferred the legal title of the good to the customer, which is when the client possesses the legal title of the goods.
- ③ The Company has transferred physical possession of the goods to the customer, which is when the customer has physical possession of the goods.
- ④ The Company has transferred all of the substantial risks and rewards of ownership of the goods to the customer, which is when the customer obtains all of the substantial risks and rewards of ownership of the goods to the customer.
- ⑤ The customer has accepted the good or service.
- ⑥ Other information indicates that the customer has obtained control of the goods.

The Company's right to consideration in exchange for goods or services that the Company has transferred to customers (and such right depends on factors other than passage of time) is accounted for as contract assets, and contract assets are subject to impairment based on ECLs. The Company's unconditional right to receive consideration from customers (only depends on passage of time) is accounted for as accounts receivable. The Company's obligation to transfer goods or services to customers for which the Company has received or should receive consideration from customers is accounted for as contract liabilities.

Contract assets and contract liabilities under the same contract are presented on a net basis. Where the net amount has a debit balance, it is presented in "contract assets" or "other non-current assets" according to its liquidity. Where the net amount has a credit balance, it is presented in "contract liabilities" or "other non-current liabilities" according to its liquidity.

SECTION 11 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.27 Revenue (Continued)

3.27.2 Specific methods

The specific methods for Revenue recognition of the Company's main business are as follows:

Construction contract

The construction contract between the Company and the client usually includes the obligation to perform engineering construction. Due to the client's control over the assets under construction during the company's performance process, the company recognizes them as performance obligations to be fulfilled within a certain period of time, and recognizes revenue based on the progress of performance, except for those where the progress of performance cannot be reasonably determined. The Company determines the performance progress of the services provided based on the cost incurred using the Input Method. When the progress of performance cannot be reasonably determined, if the company is expected to be compensated for the costs incurred, revenue shall be recognized based on the amount of costs incurred until the progress of performance can be reasonably determined.

Service providing contract

The service providing contracts between the Company and clients mainly involve performance obligations such as engineering design consulting. Due to the non-substitutability of the services provided by the company during the performance process, and the Company has the right to collect payment for the accumulated performance portion completed to date throughout the entire contract period, it shall be regarded as a performance obligation to be performed within a certain period of time, and recognizes revenue based on the Output Method, except for those where the progress of performance cannot be reasonably determined. When the progress of performance cannot be reasonably determined, if the company is expected to be compensated for the costs incurred, revenue shall be recognized based on the amount of costs incurred until the progress of performance can be reasonably determined.

Equipment manufacturing business

For the equipment manufacturing business of the company, the construction contract was regarded as a performance obligation to be performed within a certain period of time after evaluation and the revenue was recognized according to the performance progress within that period. On the balance sheet date, the contract performance progress shall be determined according to the proportion of the accumulative contract cost incurred to the total estimated contract cost, and the accumulative revenue to be recognized shall be calculated according to the estimated total contract revenue multiplied by the corresponding performance progress. The amount after deducting the accumulative recognized revenue in previous periods shall be recognized as the contract income of the current period. At the same time, the accumulative contract cost incurred after deducting the accumulative recognized cost in previous accounting periods shall be recognized as the contract cost of the current period. Other equipment manufacturing contracts that do not regarded as a performance obligation to be performed within a certain period of time after evaluation by the company shall be recognized as revenue when the completion is delivered to the customer.

SECTION 11 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.28 Contract costs

Contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer.

Incremental costs of obtaining a contract are those costs that the Company incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained e.g. sales commission. The Company recognises the incremental costs of obtaining a contract with a customer as an asset if it expects to recover those costs. Other costs of obtaining a contract are expensed when incurred.

If the costs incurred in fulfilling a contract are not within the scope of inventories or other ASBEs, the Company recognises an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- ① the costs relate directly to an existing contract or to a specifically identifiable anticipated contract, including direct labour, direct materials, allocations of overheads (or similar costs), costs that are explicitly chargeable to the customer and other costs that are incurred only because the Company entered into the contract;
- ② the costs generate or enhance resources of the Company that will be used in satisfying (or in continuing to satisfy) performance obligations in the future;
- ③ the costs are expected to be recovered.

Assets recognised for the incremental costs of obtaining a contract and assets recognised for the costs to fulfil a contract (the “assets related to contract costs”) are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate and recognised in profit or loss for the current period.

SECTION 11 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.28 Contract costs (Continued)

The Company recognises an impairment loss in profit or loss to the extent that the carrying amount of an asset related to contract costs exceeds:

- ① remaining amount of consideration that the Company expects to receive in exchange for the goods or services to which the asset relates;
- ② the cost estimated to be happened for the transfer of related goods or services.

The costs of contract performance recognised as assets, if the amortisation period is less than one year or a normal operating cycle upon the initial recognition, are presented as “Inventories” item, and if the amortisation period is more than one year or a normal operating cycle upon the initial recognition, are presented as “other non-current assets” item.

The contract obtaining costs recognised as assets, if the amortisation period is less than one year or a normal operating cycle upon the initial recognition, are presented as “other current assets” item, and if the amortization period is more than one year or a normal operating cycle upon the initial recognition, are presented as “other non-current assets” item.

3.29 Government grants

A government grant is recognised when the grant will be received and that the Company will comply with the conditions attaching to the grant.

If a government grant is in the form of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of non-monetary asset, it is measured at fair value; if the fair value cannot be obtained in a reliable way, it is measured at the nominal amount of RMB1.

Government grants obtained for acquisition or construction of long-term assets or other forms of long-term asset formation are classified as government grants related to assets, while the remaining government grants are classified as government grants related to revenue.

SECTION 11 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.29 Government grants (Continued)

Regarding the government grant not clearly defined in the official documents and can form long-term assets, the part of government grant which can be referred to the value of the assets is classified as government grant related to assets and the remaining part is government grant related to revenue. For the government grant that is difficult to distinguish, the entire government grant is classified as government grant related to revenue.

A government grant related to an asset is offset against the carrying amount of the related asset. A government grant that compensates the Company for expenses or losses already incurred is recognised as deferred income and offset against related expenses during the period of recognition of related expenses. If the grant is a compensation for related costs, expenses or losses to be incurred in subsequent periods, the grant shall be recognised as deferred income, and offset against related expenses over the periods in which the related costs, expenses or losses are recognised. A government grant measured at nominal amount is directly included in profit or loss for the current period. The Company adopts a consistent approach to the same or similar government grants.

A government grant related to daily activities is recognised in other gains or used to offset related costs relying on the essence of economic business; otherwise, recognised in non-operating income.

For the repayment of a government grant already recognised, if the carrying amount of relevant assets was written off at initial recognition, the carrying amount of the assets shall be adjusted; if there is any related deferred income, the repayment shall be offset against the carrying amount of the deferred income, and any excess shall be recognised in profit or loss for the current period; otherwise, the repayment shall be recognised immediately in profit or loss for the current period.

3.30 Deferred tax assets and deferred tax liabilities

Income tax comprises current income tax expense and deferred income tax expense, which are included in profit or loss for the current period as income tax expenses, except for deferred tax related to transactions or events that are directly recognised in owners' equity which are recognised in owners' equity, and deferred tax arising from a business combination, which is adjusted against the carrying amount of goodwill.

Temporary differences arising from the difference between the carrying amount of an asset or liability and its tax base at the balance sheet date of the Company shall be recognised as deferred income tax using the balance sheet liability method.

SECTION 11 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.30 Deferred tax assets and deferred tax liabilities (Continued)

All the taxable temporary differences are recognised as deferred income tax liabilities except for those incurred in the following transactions:

- (1) The initial recognition of goodwill, and the initial recognition of an asset or liability in a transaction which is neither a business combination nor affects accounting profit or taxable profit (or deductible loss) when the transaction occurs;
- (2) The taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, and the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The Company recognises a deferred income tax asset for the carry forward of deductible temporary differences, deductible losses and tax credits to subsequent periods, to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, deductible losses and tax credits can be utilised, except for those incurred in the following transactions:

- (1) The transaction is neither a business combination nor affects accounting profit or taxable profit (or deductible loss) when the transaction occurs;
- (2) The deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, the corresponding deferred income tax asset is recognised when both of the following conditions are satisfied: it is probable that the temporary difference will reverse in the foreseeable future, and it is probable that taxable profits will be available in the future, against which the temporary difference can be utilised.

At the balance sheet date, deferred income tax assets and deferred income tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, and their tax effect is reflected accordingly.

At the balance sheet date, the Company reviews the carrying amount of a deferred income tax asset. If it is probable that sufficient taxable profits will not be available in future periods to allow the benefit of the deferred tax asset to be utilised, the carrying amount of the deferred tax asset is reduced. Any such reduction in amount is reversed when it becomes probable that sufficient taxable profits will be available.

SECTION 11 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.30 Deferred tax assets and deferred tax liabilities (Continued)

At the balance sheet date, deferred tax assets and deferred tax liabilities are presented as net amounts after offsetting when both of the following criteria are met:

- (1) The taxpayer of the Company has the legal right to net settlement of current tax assets and current tax liabilities;
- (2) Deferred tax assets and deferred tax liabilities are related to income taxes levied by the same tax collection authority on the same taxpayer within the Company.

3.31 Leases

3.31.1 Identification of leases

On the beginning date of the contract, the Company (as a lessee or lessor) assesses whether the customer in the contract has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use and has the right to direct the use of the identified asset throughout the period of use. If a contract conveys the right to control the use of an identified asset and multiple identified assets for a period of time in exchange for consideration, the Company identifies such contract is, or contains, a lease.

3.31.2 The Company as lessee

On the beginning date of the lease, the Company recognises right-of-use assets and lease liabilities for all leases, except for short-term lease and low-value asset lease with simplified approach.

The accounting policy for right-of-use assets is set out in Note 3.32.

The lease liability is initially measured at the present value of the lease payments that are not paid at the beginning date of the lease using the interest rate implicit in the lease. Where the interest rate implicit in the lease cannot be determined, the incremental borrowing rate is used as the discount rate. Lease payments include fixed payments and in-substance fixed payments, less any lease incentives receivable; variable lease payments that are based on an index or a rate; the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; payments for terminating the lease, if the lease term reflects the lessee exercising that option of terminating; and amounts expected to be payable by the lessee under residual value guarantees. Subsequently, the interest expense on the lease liability for each period during the lease term is calculated using a constant periodic rate of interest and is recognised in profit or loss for the current period. Variable lease payments not included in the measurement of lease liabilities are recognised in profit or loss for the period in which they actually arise.

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.31 Leases (Continued)

3.31.2 The Company as lessee (Continued)

Short-term lease

A short-term lease is a lease that, at the commencement date, has a lease term of 12 months or less, except for a lease that contains a purchase option.

The Company will record the lease payment amount of short-term lease into the cost of relevant assets or current profit or loss in each period of the lease term according to the straight-line method.

Leases of low value assets

A low-value asset lease is a lease that the value of a single leased asset is below RMB40 thousand when it is a new asset.

Lease payments on low-value asset leases are recognised on a straight-line basis over the lease term, and either included in the cost of the related asset or charged to profit or loss for the current period.

For a low-value asset lease, the Company chooses the above simplified approach based on the specific circumstances of each lease.

SECTION 11 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.31 Leases (Continued)

3.31.2 The Company as lessee (Continued)

Lease modifications

A lessee shall account for a lease modification as a separate lease if both: ① the modification increases the scope of the lease by adding the right to use one or more underlying assets; and ② the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the contract.

If a lease modification that is not accounted for as a separate lease, on the day of the lease modification, the Company re-allocates the consideration in the modified lease, re-determines the lease term, and re-measures the present value of lease liability according to the revised lease payments and revised discount rate.

For lease modifications that result in decrease in the lease scope or the lease term, the Company decreases the carrying amount of the right-of-use asset accordingly and recognizes in profit or loss of current period any gain or loss relating to the partial or full termination of the lease.

For all other lease modifications that result in remeasurement of lease liabilities, the Company makes a corresponding adjustment to the carrying amount of right-of-use asset.

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.31 Leases (Continued)

3.31.3 The Company as lessor

When the Company is a lessor, a lease is classified as a finance lease whenever the terms of the lease transfer substantially all the risks and rewards of asset ownership to the lessee. All leases other than financial leases are classified as operating leases.

Finance leases

Under finance leases, the Company accounts for finance lease receivables at the beginning of the lease term at the net lease investment, which is the sum of the unsecured residual value and the present value of the lease receipts outstanding at the commencement date of the lease, discounted at the interest rate implicit in the lease. The Company as lessor calculates and recognises interest income for each period of the lease term based on a fixed periodic interest rate. Variable lease payments acquired by the Company as lessor that are not included in the net measurement of lease investments are included in profit or loss for the period when they are actually incurred.

Derecognition and impairment of finance lease receivables are accounted for in accordance with the requirements under the Accounting Standard for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments and the Accounting Standards for Business Enterprises No. 23 – Transfer of Financial Assets.

Operating lease

Lease payments under operating leases are recognised in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in relation to operating leases are capitalised and amortised over the lease term on the same basis as rental income and recognised in profit or loss for the current period. The variable lease payments obtained in relation to operating leases that are not included in the lease payments are recognised in profit or loss in the period in which they actually incurred.

SECTION 11 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.31 Leases (Continued)

3.31.3 The Company as lessor (Continued)

Lease modifications

If an operating lease is modified, the Company will treat it as a new lease for accounting treatment from the effective date of the modification, and the amount of lease payments received in advance or receivable related to the lease before the modification will be regarded as the amount of new lease payments.

The Company will treat the finance lease modification as a separate lease if the following conditions are met: ① the modification increases the scope of the lease by adding the right to use one or more underlying assets; and ② the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the contract.

If the finance lease modification is not accounted for as a separate lease, the Company will deal with the modified lease under the following circumstances: ① If the modification takes effect on the commencement date of the lease, the lease will be classified as an operating lease, and the Company will treat it as a new lease from the effective date of the lease modification, and take the net investment in lease before the effective date of the lease modification as the carrying amount of the leased asset; ② If the modification takes effect on the commencement date of the lease, the lease will be classified as a finance lease, and the Company will conduct accounting treatment in accordance with the provisions of the “Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments” concerning the modification or renegotiation of the contract.

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.32 Right-of-use assets

3.32.1 Recognition conditions of right-of-use assets

The right-of-use assets are defined as the right to use the underlying assets in the lease term for the Company as a lessee.

On the commencement date of the lease term, right-of-use assets are initially measured at cost. The cost includes: the amount of the initial measurement of the lease liability; the lease payment made on or before the commencement date of the lease term, less any lease incentive received if any; the initial direct costs incurred by the lessee; whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease. The Company as a lessee recognises and measures the costs of demolition and restoration according to “Accounting Standards for Business Enterprises No.13 – Contingencies”, and subsequently adjusts for any remeasurement of lease liability.

3.32.2 Depreciation method of the right-of-use assets

The Company calculates depreciation on a straight-line basis. Right-of-use assets in which the Company as a lessee is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated over the remaining useful life. Otherwise, right-of-use assets are depreciated over the shorter of the lease term and its remaining useful life.

3.32.3 Methods of impairment testing and provision for impairment for right-of-use assets are set out in Note 3.21.

SECTION 11 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.33 Production safety expense

The Company makes appropriation to production safety fee according to provisions of the Notice on Printing and Issuing the Measures for Management of Appropriation to and Use of Production Safety Fund of Enterprises issued by the Ministry of Finance and the State Administration of Work Safety.

Provisions for production safety expenses are included in the cost of related products or profit or loss of the current period and included in “special reserves” correspondingly.

When the provisions for production safety expenses and maintenance costs are utilised within the prescribed scope, if such production safety expenses are applied and related to revenue expenditures, specific reserve is directly offset. When fixed assets are incurred, they are included in the “construction in progress” item and transferred to fixed assets when the status of the assets is ready for intended use. They are then offset against specific reserve based on the amount included in fixed assets while corresponding amount is recognised in accumulated depreciation. Such fixed assets are no longer depreciated in subsequent periods.

3.34 Debt reorganization

3.34.1 The Company as debtor

Debt is derecognized when the present obligation of the debt is discharged, specifically, gains or losses related to debt restructuring are recognized when uncertainty about the process and outcome of executing the debt restructuring agreement is eliminated.

If a debt restructuring is carried out by settling the debt with an asset, the Company derecognizes the debt when the related asset and the debt settled meet the conditions for derecognition, and the difference between the carrying amount of the debt settled and the carrying amount of the asset transferred is recognized in profit or loss for the current period.

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.34 Debt reorganization (Continued)

3.34.1 The Company as debtor (Continued)

For debt restructuring by converting debt to equity instruments, the Company derecognizes the debt when the debt settled meets the conditions for derecognition. The Company initially recognizes an equity instrument at the fair value of the equity instrument. If the fair value of the equity instrument cannot be reliably measured, it is measured at the fair value of the debt settled. The difference between the carrying amount of the debt settled and the amount recognized for the equity instrument is recognized in profit or loss.

If debt restructuring is carried out by modifying other terms, the Company recognizes and measures the restructured debt in accordance with the provisions of ASBE No. 22, "Recognition and Measurement of Financial Instruments" and ASBE No. 37, "Presentation of Financial Instruments".

If debt restructuring is carried out by using multiple assets to settle debts or by combining them, the Company recognizes and measures equity instruments and restructured debts in accordance with the aforementioned methods, and the difference between the carrying value of the debts settled and the sum of the carrying value of the transferred assets and the recognized amounts of equity instruments and restructured debts is recognized in profit or loss for the current period.

SECTION 11 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.34 Debt reorganization (Continued)

3.34.2 The Company as creditor

Claims are derecognized when the contractual right to receive cash flows from the claims is terminated. Specifically, gains or losses related to debt restructuring are recognized when uncertainty about the process and outcome of debt restructuring agreements is eliminated.

For debt restructuring by means of settlement of debts by assets, the Company initially recognizes assets other than transferred financial assets at cost, of which the cost of inventories, including the fair value of the abandoned claims and other costs directly attributable to bringing the assets to their current location and condition, such as taxes, transportation, handling and insurance, etc., are measured at cost. The cost of an investment in an associate or joint venture includes the fair value of the relinquished claim and other costs such as taxes directly attributable to the asset. The cost of investment property, including the fair value of the relinquished claims and other costs such as taxes directly attributable to the asset. The cost of property, plant and equipment includes the fair value of the relinquished claim and other costs directly attributable to the asset, such as taxes, transportation, loading and unloading, installation, and professional services, incurred before the asset is brought to its intended useable condition. The cost of an intangible asset consists of the fair value of the relinquished claim and other costs directly attributable to taxes incurred to bring the asset to its intended use. The difference between the fair value and the carrying amount of the relinquished claims is recognized in profit or loss.

If a debt restructuring by way of conversion of debt to equity instruments results in the Company converting the debt to an equity investment in an associate or joint venture, the Company measures the initial investment cost of the debt at the fair value of the abandoned claim and other costs directly attributable to the asset, such as taxes. The difference between the fair value of the relinquished claim and the carrying amount is recognized in profit or loss.

If debt restructuring is carried out by modifying other terms, the Company recognizes and measures the restructured claims in accordance with the provisions of ASBE No. 22, "Recognition and Measurement of Financial Instruments".

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.34 Debt reorganization (Continued)

3.34.2 The Company as creditor (Continued)

For debt restructuring using multiple assets to settle debts or a combination of them, the Company first recognizes and measures the transferred financial assets and restructuring claims in accordance with the provisions of ASBE No. 22, "Recognition and Measurement of Financial Instruments", and then, in proportion to the fair value of each of the assets other than the transferred financial assets, the fair value of the waived claim. The fair value of each asset other than the transferred financial assets is then allocated to the net amount after deducting the recognized amounts of the transferred financial assets and restructuring claims, and the cost of each asset is determined separately on this basis in accordance with the aforementioned method. The difference between the fair value and the carrying amount of the abandoned claims is recognized in profit or loss.

3.35 Non-monetary asset exchange

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

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

SECTION 11 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.36 Segment

The Company determines operating segments based on internal organizational structure, management requirements, and internal reporting systems, and determines reporting segments and discloses segment information based on operating segments.

Operating segments refer to the components of the Company that meet all of the following conditions:

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

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

3.37 Significant accounting policies and estimates

The Company conducts an ongoing evaluation of the significant accounting estimates and key assumptions used in the light of historical experience and other factors, including reasonable expectations of future events. Significant accounting estimates and key assumptions that are likely to result in the risk of a material adjustment in the carrying amount of assets and liabilities during the next fiscal year are set out below:

(1) Revenue recognition on engineering construction contract

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

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.37 Significant accounting policies and estimates (Continued)

(2) Receivable and contract asset impairment provision

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

(3) Income tax

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

(4) Retirement and internal retirement benefits liabilities

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

SECTION 11 FINANCIAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

3.38 Changes in significant accounting policies and accounting estimates

3.38.1 Significant changes in accounting policies

There are no significant changes in accounting policies of our company in this period.

3.38.2 Changes in significant accounting estimates

There are no significant changes in accounting estimates of our company in this period.

SECTION 11 FINANCIAL REPORT

4. TAXATION**4.1 Major types of taxes and respective tax rates**

Tax type	Tax basis	Tax rate %
Value added tax (VAT)	Taxable value-added amount (the taxable amount is calculated based on the balance of taxable sales multiplied by the applicable tax rate after deducting the allowable input tax for the current period)	3, 5, 6, 9, 13
City maintenance and construction tax	The sum of VAT actually paid	1, 5, 7
Educational surcharge	The sum of VAT actually paid	2, 3
Corporate income tax	Taxable income	25% (except overseas subsidiaries, preferential treatments as set out in Note 4.2)

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

Name of taxpayer	Income tax rate %
China Aluminum International Engineering Corporation Limited	15
Shenyang Aluminum and Magnesium Engineering and Research Institute Company Limited	15
Shenyang Aluminum-Magnesium Technology Co., Ltd.	15
Beijing Autosky Science & Technology Co., Ltd.	15
Guiyang Aluminium Magnesium Design & Research Institute Co., Ltd.	15
China Nonferrous Metals Processing Technology Co., Ltd.	15
Luoyang Foyang Decoration Engineering Co., Ltd.	15
Shenzhen Changkan Reconnaissance Design Co., Ltd.	15
China Sixth Metallurgical Construction Co., Ltd.	15
China Nonferrous Metals Industry's 12th Metallurgical Construction Co., Ltd.	15
China Aluminum International (Tianjin) Construction Co., Ltd.	15
Jiuye Construction Co., Ltd.	15
Jiuye Steel Structure Co., Ltd.	15
Zhengzhou Jiuye Sanwei Chemical Machinery Co., Ltd.	15
Kunming Engineering & Research Institute of Nonferrous Metallurgy Co., Ltd.	15
Shenyang Shengxin Construction Engineering Project Management Co., Ltd.	20
Hunan Changye Construction Drawing Examination Co., Ltd.	20

SECTION 11 FINANCIAL REPORT

4. TAXATION (Continued)**4.1 Major types of taxes and respective tax rates (Continued)**

Name of taxpayer	Income tax rate
	%
Hunan Huachu Project Management Co., Ltd.	20
Luoyang Jincheng Construction Supervision Co., Ltd.	20
Jiuye (Shaanxi) Construction Co., Ltd.	20
Shanxi Nonferrous Metal 12th Metallurgical Advanced Materials Co., Ltd.	20
Kunming Prospecting Institute Technology Development Company	20
Kunming Kehui Electric Co., Ltd.	20
Yunnan Jinji'an Construction Consulting Supervision Co., Ltd.	20
Mian County Jiuye Kindergarten	0

Overseas taxpayers of the Company and their applicable income tax rates are set out below:

Name of taxpayer	Income tax rate
	%
China Nonferrous Metals Industry's 12th Metallurgical (Indonesia) Co., Ltd.	2.65
China Aluminum International Engineering (India) Private Limited	30.00
Chalieco Hong Kong Corporation Limited	16.50
Chalieco Malaysia Sdn. Bhd.	24.00
China Nonferrous Metals Kunming Prospecting Design Institute African Congo (Kinshasa) Company	15.00

4.2 Tax preferential treatments**4.2.1 Tax preferences applicable to high-tech companies**

- 1) China Aluminum International Engineering Corporation Limited received the High-tech Enterprise Certificate on 18 October 2022 (Certificate number: GR202211000726, valid for three years), which complies with Article 93 of the Regulations on Application of the Income Tax Law of the People's Republic of China, and as a High-tech Enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for year 2024.

SECTION 11 FINANCIAL REPORT

4. TAXATION (Continued)

4.2 Tax preferential treatments (Continued)

4.2.1 Tax preferences applicable to high-tech companies (Continued)

- 2) Shenyang Aluminum and Magnesium Engineering and Research Institute Company Limited received the High-tech Enterprise Certificate on 20 December 2023 (Certificate number: GR202321001685, valid for three years), which complies with Article 93 of the Regulations on Application of the Income Tax Law of the People's Republic of China, and as a High-tech Enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for year 2024.
- 3) Shenyang Aluminum-Magnesium Technology Co., Ltd. received the High-tech Enterprise Certificate on 20 December 2023 (Certificate number: GR202321002023, valid for three years), which complies with Article 93 of the Regulations on Application of the Income Tax Law of the People's Republic of China, and as a High-tech Enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for year 2024.
- 4) Beijing Autosky Science & Technology Co., Ltd. received the High-tech Enterprise Certificate on 1 December 2022 (Certificate number: GR202211004572, valid for three years), which complies with Article 93 of the Regulations on Application of the Income Tax Law of the People's Republic of China, and as a High-tech Enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for year 2024.
- 5) Guiyang Aluminium Magnesium Design & Research Institute Co., Ltd., as a High-tech Enterprise vigorously supported by the State, received the High-tech Enterprise Certificate on 19 December 2022 (Certificate number: GR202252000612, valid for three years), which complies with Article 93 of the Regulations on Application of the Income Tax Law of the People's Republic of China, and as a High-tech Enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for year 2024.
- 6) China Nonferrous Metals Processing Technology Co., Ltd. received the High-tech Enterprise Certificate on 8 December 2023 (Certificate number: GR202341004338, valid for three years), which complies with Article 93 of the Regulations on Application of the Income Tax Law of the People's Republic of China, and as a High-tech Enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for year 2024.

SECTION 11 FINANCIAL REPORT

4. TAXATION (Continued)

4.2 Tax preferential treatments (Continued)

4.2.1 Tax preferences applicable to high-tech companies (Continued)

- 7) Luoyang Foyang Decoration Engineering Co., Ltd. received the High-tech Enterprise Certificate on 22 November 2023 (Certificate number: GR202341001075, valid for three years), which complies with Article 93 of the Regulations on Application of the Income Tax Law of the People's Republic of China, and as a High-tech Enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for year 2024.
- 8) Shenzhen Changkan Reconnaissance Design Co., Ltd. received the High-tech Enterprise Certificate on 15 November 2023 (Certificate number: GR202344203700, valid for three years), which complies with Article 93 of the Regulations on Application of the Income Tax Law of the People's Republic of China, and as a High-tech Enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for year 2024.
- 9) China Sixth Metallurgical Construction Co., Ltd. of China Nonferrous Metals Industry received the High-tech Enterprise Certificate on 1 December 2022 (Certificate number: GR202241001733, valid for three years), which complies with Article 93 of the Regulations on Application of the Income Tax Law of the People's Republic of China, and as a High-tech Enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for year 2024.
- 10) China Nonferrous Metals Industry's 12th Metallurgical Construction Co., Ltd. received the High-tech Enterprise Certificate on 12 December 2022 (Certificate number: GR202214001133, valid for three years), which complies with Article 93 of the Regulations on Application of the Income Tax Law of the People's Republic of China, and as a High-tech Enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for year 2024.
- 11) China Aluminum International (Tianjin) Construction Co., Ltd. received the High-tech Enterprise Certificate on 19 December 2022 (Certificate number: GR202212002914, valid for three years), which complies with Article 93 of the Regulations on Application of the Income Tax Law of the People's Republic of China, and as a High-tech Enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for year 2024.

SECTION 11 FINANCIAL REPORT

4. TAXATION (Continued)

4.2 Tax preferential treatments (Continued)

4.2.1 Tax preferences applicable to high-tech companies (Continued)

- 12) Jiuye Construction Co., Ltd. received the High-tech Enterprise Certificate on 3 November 2022 (Certificate number: GR202261000437, valid for three years), which complies with Article 93 of the Regulations on Application of the Income Tax Law of the People's Republic of China, and as a High-tech Enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for year 2024.
- 13) Jiuye Steel Structure Co., Ltd. received the High-tech Enterprise Certificate on 14 December 2022 (Certificate number: GR202261005406, valid for three years), which complies with Article 93 of the Regulations on Application of the Income Tax Law of the People's Republic of China, and as a High-tech Enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for year 2024.
- 14) Zhengzhou Jiuye Sanwei Chemical Machinery Co., Ltd. received the Hightech Enterprise Certificate on 8 December 2023 (Certificate number: GR202341003889, valid for three years), which complies with Article 93 of the Regulations on Application of the Income Tax Law of the People's Republic of China. As a high-tech enterprise vigorously supported by the State, it is entitled to a preferential corporate income tax at 15% for year 2024.
- 15) Kunming Engineering & Research Institute of Nonferrous Metallurgy Co., Ltd. received the High-tech Enterprise Certificate on 18 November 2022 (Certificate number: GR202253001003, valid for three years), which complies with Article 93 of the Regulations on Application of the Income Tax Law of the People's Republic of China, and as a High-tech Enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for year 2024.

4.2.2 Tax preferences for small and micro enterprises

- 1) According to the Announcement of the Ministry of Finance and the State Administration of Taxation on the Tax Policies for Further Supporting the Development of Small and Micro Enterprises and Individual Entrepreneurs (Cai Shui [2023] No. 12): small and micro-profit enterprises are credited with 25% of their taxable income per annum and are subject to enterprise income tax at a tax rate of 20%.

SECTION 11 FINANCIAL REPORT

4. TAXATION (Continued)

4.2 Tax preferential treatments (Continued)

4.2.2 Tax preferences for small and micro enterprises (Continued)

- 2) The Company's subsidiaries, Shenyang Shengxin Construction Engineering Project Management Co., Ltd., Hunan Changye Construction Drawing Examination Co., Ltd., Hunan Huachu Project Management Co., Ltd., Luoyang Jincheng Construction Supervision Co., Ltd., Jiuye (Shaanxi) Construction Co., Ltd., Shanxi Nonferrous Metal 12th Metallurgical Advanced Materials Co., Ltd., Kunming Prospecting Institute Technology Development Company, Kunming Kehui Electric Co., Ltd., and Yunnan Jinji'an Construction Consulting Supervision Co., Ltd., are applicable to the aforesaid documents and will pay their taxable income at a preferential rate for FY2024.

4.2.3 Other corporate income tax benefits

- 1) The income of the Mian County Jiuye Kindergarten, which is a qualified non-profit organization, is exempted from corporate income tax.

4.2.4 VAT

- 1) According to the Circular of the Ministry of Finance and the State Administration of Taxation on the Inclusion of the Railway Transportation and Postal Industry in the Pilot Project of Changing Business Tax to Value-added Tax (Cai Shui [2013] No. 106), technology transfer income obtained by China Aluminum International Engineering Corporation Limited is exempted from value-added tax.
- 2) According to the Circular of the Ministry of Finance and the State Administration of Taxation on the Inclusion of the Railway Transportation and Postal Industry in the Pilot Program for the Conversion of Business Tax to Value-added Tax (Cai Shui [2013] No. 106), technology transfer income obtained by China Nonferrous Metals Processing Technology Co., Ltd. is exempted from value-added tax.
- 3) According to the Notice on Value-added Tax Policy for Software Products (Cai Shui [2011] No. 100) issued by the Ministry of Finance and the State Administration of Taxation, Guiyang Zhenxing Al-Mg Science&Technology Industry Development Co., Ltd. is entitled to the preferential tax policy of immediate refund of value-added tax for the portion of the actual tax burden in excess of 3% on the sale of self-produced software.

SECTION 11 FINANCIAL REPORT

4. TAXATION (Continued)**4.2 Tax preferential treatments (Continued)****4.2.4 VAT (Continued)**

- 4) According to the Notice on Value-added Tax Policy for Software Products (Cai Shui [2011] No. 100) issued by the Ministry of Finance and the State Administration of Taxation, Guizhou Chuangxin Light Metal Process & Equipment Engineering Research Center Co., Ltd. is entitled to the preferential tax policy of value-added tax on an immediate basis for the portion of the actual tax burden in excess of 3% on the sale of self-produced software.
- 5) China Nonferrous Metals Industry's 12th Metallurgical Construction Co., Ltd. obtained the filing of the general taxpayer's simplified method of levy determination on May 1, 2016, and according to the Circular of the Ministry of Finance and the State Administration of Taxation on the Pilot Project of Comprehensively Pushing Forward the Change of Business Tax to Value-added Tax (Cai Shui [2016] No. 36), it enjoyed the preferential policies of providing construction services for the A-supply project, providing construction and engineering services for the old project, and sales from May 1, 2016 onwards. real estate acquired before April 30, 2016, can choose the preferential policy of calculating according to the simplified tax method.
- 6) China Nonferrous Metals Industry's 12th Metallurgical Construction Co., Ltd. obtained the filing of tax exemption for cross-border taxable acts of general taxpayers in May 2017, and according to the Circular of the Ministry of Finance and the State Administration of Taxation on the Comprehensively Launching of the Pilot Project of Changing Business Tax to Value-added Tax (Caixian [2016] No. 36), the provision of construction services outside of China by domestic units and individuals may be exempted from the levy of value-added tax temporarily.

SECTION 11 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**5.1 Cash and cash equivalents**

Item	30 June 2024 (Unaudited)	31 December 2023
Cash on hand	1,057	1,359
Cash at banks	1,283,100	1,968,474
Deposits in Chinalco Finance	2,011,381	1,369,771
Other monetary funds	682,234	721,686
Total	3,977,772	4,061,290
Including: Total overseas deposits	193,707	218,783

Notes:

As at 30 June 2024, cash and cash equivalents included restricted cash of RMB682,234 thousand, including deposits at banks secured for bank guarantees and acceptance bills and frozen deposits.

Details of restricted cash are set out below:

Item	30 June 2024 (Unaudited)	31 December 2023
Frozen Deposits	301,075	227,670
Bank's Acceptance Bill Deposit	243,280	344,099
Letter of Guarantee Deposit	116,835	128,917
Letter of Credit Deposit	7,035	6,996
Other Deposit	14,009	14,004
Total	682,234	721,686

5.2 Held-for-trading financial assets

Item	30 June 2024 (Unaudited)	31 December 2023
Fair value through profit and loss	–	700,506
Including: Structured deposits	–	700,506
Total	–	700,506

SECTION 11 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**5.3 Bills receivable**

Item	30 June 2024 (Unaudited)			31 December 2023		
	Gross carrying amount	Impairment of credit losses	Carrying amount	Gross carrying amount	Impairment of credit losses	Carrying amount
Bank acceptance bill	251,257	-	251,257	223,057	-	223,057

(1) Outstanding endorsed or discounted bills that have not matured as at 30 June 2024

Item	Amount not-derecognized as at 30 June 2024
Bank acceptance bills	242,867

5.4 Accounts receivable

(1) An aging analysis of accounts receivable is listed as follows:

Item	30 June 2024 (Unaudited)	31 December 2023
Within 1 year	8,801,724	7,439,141
1 to 2 years	3,366,579	3,651,554
2 to 3 years	2,680,738	2,916,821
3 to 4 years	2,313,441	2,304,217
4 to 5 years	699,707	718,319
More than 5 years	1,767,670	1,783,879
Subtotal	19,629,859	18,813,931
Less: Impairment of credit losses	3,554,095	3,699,181
Total	16,075,764	15,114,750

SECTION 11 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**5.4 Accounts receivable (Continued)**

(2) Accounts receivable and impairment of credit losses by category are listed as follows:

Item	Gross carrying amount		30 June 2024 (Unaudited) Impairment of credit losses		Carrying amount
	Amount	Percentage (%)	Amount	Expected credit	
				loss rate (%)	
Impairment of credit losses on an individual basis	2,161,159	11.01	1,238,528	57.31	922,631
Impairment of credit losses on group basis	17,468,700	88.99	2,315,567	13.26	15,153,133
Including: Aging group	17,468,700	88.99	2,315,567	13.26	15,153,133
Total	19,629,859	100.00	3,554,095	18.11	16,075,764

Item	Gross carrying amount		31 December 2023 Impairment of credit losses		Carrying amount
	Amount	Percentage (%)	Amount	Expected credit	
				loss rate (%)	
Impairment of credit losses on an individual basis	1,912,882	10.17	1,234,444	64.53	678,438
Impairment of credit losses on group basis	16,901,049	89.83	2,464,737	14.58	14,436,312
Including: Aging group	16,901,049	89.83	2,464,737	14.58	14,436,312
Total	18,813,931	100.00	3,699,181	19.66	15,114,750

SECTION 11 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**5.4 Accounts receivable (Continued)**

- (3) Accounts receivable whose impairment of credit losses were assessed individually are listed as follows:

Entity	30 June 2024 (Unaudited)			Reasons
	Gross carrying amount	Impairment of credit losses	Expected credit loss rate (%)	
Company 1	484,287	290,572	60.00	Note
Company 2	266,051	22,155	8.33	Note
Company 3	212,408	78,641	37.02	Note
Company 4	102,186	10,219	10.00	Note
Company 5	99,651	99,651	100.00	Note
Others	996,576	737,290	73.98	Note
Total	2,161,159	1,238,528	57.31	-

Note: The Company recognizes impairment of credit losses for all or a portion of the amounts in conjunction with their expected recoverability.

Entity	31 December 2023			Reasons
	Gross carrying amount	Impairment of credit losses	Expected credit loss rate (%)	
Company 1	481,725	289,035	60.00	Note
Company 3	212,855	78,641	36.95	Note
Company 4	102,186	10,219	10.00	Note
Company 5	99,651	99,651	100.00	Note
Company 6	94,341	28,542	30.25	Note
Others	922,124	728,356	78.99	Note
Total	1,912,882	1,234,444	64.53	-

Note: The Company recognizes impairment of credit losses for all or a portion of the amounts in conjunction with their expected recoverability.

SECTION 11 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**5.4 Accounts receivable (Continued)**

- (4) Accounts receivable whose impairment of credit losses were assessed on aging group basis are listed as follows:

Item	30 June 2024 (Unaudited)		
	Gross carrying amount		
	Amount	Impairment of credit losses	Expected credit loss rate (%)
Within 1 year	8,689,573	44,841	0.50
1 to 2 years	3,250,173	325,017	10.00
2 to 3 years	2,431,100	486,220	20.00
3 to 4 years	1,730,041	519,012	30.00
4 to 5 years	557,443	223,076	40.00
More than 5 years	810,370	717,401	88.53
Total	17,468,700	2,315,567	13.26

Item	31 December 2023		
	Gross carrying amount		
	Amount	Impairment of credit losses	Expected credit loss rate (%)
Within 1 year	7,329,175	38,635	0.50
1 to 2 years	3,566,708	356,671	10.00
2 to 3 years	2,676,281	535,256	20.00
3 to 4 years	1,932,405	579,721	30.00
4 to 5 years	574,964	230,084	40.00
More than 5 years	821,516	724,370	88.17
Total	16,901,049	2,464,737	14.58

SECTION 11 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**5.4 Accounts receivable (Continued)**

(5) Movements in impairment of credit losses for accounts receivable are listed as follows:

Item	Opening balance	Accrued	Movement			Closing balance
			Recover/ reverse (Decrease)	Written off (Decrease)	Others	
Individual basis	1,234,444	68,462	64,443	–	65	1,238,528
Group: Aging group	2,464,737	–149,558	–	–	388	2,315,567
Total	3,699,181	–81,096	64,443	–	453	3,554,095

(6) Significant impairment of credit losses recovered or reversed in the current period are as follows:

Entity	Reason for reversal	Recovery method	Original basis for determining impairment of credit losses	Amount received or recovered
Company 2	The debt was recovered	Asset offsetting	Individual basis	44,196

(7) As at 30 June 2024, accounts receivable from the five largest customers are listed as follows:

Entity	Gross carrying amount	Percentage in total accounts receivable (%)	Impairment of credit losses
Company 7	641,250	3.27	101,658
Company 1	484,287	2.47	290,572
Company 8	464,676	2.37	2,323
Company 9	414,995	2.11	2,075
Company 10	297,227	1.51	93,987
Total	2,302,435	11.73	490,615

SECTION 11 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**5.5 Financing receivables**

Item	30 June 2024 (Unaudited)	31 December 2023
Bills receivable	351,846	453,487

(1) Bills receivable pledged by the Company as at 31 June 2024

Item	Amount pledged as at 30 June 2024
Bank acceptance bills	1,320

(2) Bills receivable endorsed or discounted by the Company but not yet matured at the end of the period

Item	Amount derecognized as at 30 June 2024	Amount not derecognized as at 30 June 2024
Bank acceptance bills	1,141,794	–

5.6 Prepayments

(1) An aging analysis of prepayments is listed as follows:

Item	30 June 2024 (Unaudited)		31 December 2023	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	372,962	86.68	410,598	80.51
1 to 2 years	50,068	11.64	91,111	17.87
2 to 3 years	1,411	0.33	3,138	0.62
More than 3 years	5,796	1.35	5,147	1.00
Total	430,237	100.00	509,994	100.00

SECTION 11 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**5.6 Prepayments (Continued)**

(2) Significant prepayments aged over 1 year are as follows:

Entity	Gross carrying amount	Percentage of total prepayments (%)	Impairment of credit losses
Company 1	16,689	3.88	–
Company 2	9,315	2.17	–
Total	26,004	6.05	–

(3) As at 30 June 2024, prepayments to the five largest suppliers are listed as follows:

Entity	Gross carrying amount as at 30 June 2024 (Unaudited)	Percentage of total prepayments (%)
Company 3	25,520	5.93
Company 1	16,689	3.88
Company 4	13,319	3.10
Company 5	12,000	2.79
Company 6	9,833	2.29
Total	77,361	17.99

SECTION 11 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**5.7 Other receivables**

Item	30 June 2024 (Unaudited)	31 December 2023
Interests receivable	5,900	4,830
Dividends receivable	4,428	21,462
Other receivables	2,580,273	2,573,031
Less: impairment of credit losses	1,242,307	1,247,202
Total	1,348,294	1,352,121

(1) Interests receivable

Item	30 June 2024 (Unaudited)	31 December 2023
Interests receivable	5,900	4,830
Less: Impairment of credit losses	–	–
Total	5,900	4,830

SECTION 11 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**5.7 Other receivables (Continued)****(2) Dividends receivable**

Item	30 June 2024 (Unaudited)	31 December 2023
Chinalco Tendering Co., Ltd.	–	16,201
Sichuan Chuannan Subway Operating Ltd.	3,752	3,752
Chinalco Intelligent (Hangzhou) Security Science Research Institute Ltd.	188	1,021
Chinalco Eco-friendly Technology (Hunan) Ltd.	488	488
Subtotal:	4,428	21,462
Less: Impairment of credit losses	–	–
Total	4,428	21,462

(3) Other receivables

① An aging analysis of other receivables is listed as follows:

Item	30 June 2024 (Unaudited)	31 December 2023
Within 1 year	615,459	545,502
1 to 2 years	325,943	407,202
2 to 3 years	381,072	596,638
3 to 4 years	423,581	370,237
4 to 5 years	357,388	261,548
More than 5 years	476,830	391,904
Subtotal	2,580,273	2,573,031
Less: Impairment of credit losses	1,242,307	1,247,202
Total	1,337,966	1,325,829

SECTION 11 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**5.7 Other receivables (Continued)****(3) Other receivables (Continued)**

- ② As at 30 June 2024 and 31 December 2023, gross carrying amount of other receivables categorized by nature is listed as follows:

Item	Gross carrying amount	30 June 2024 (Unaudited)	
		Impairment of credit losses	Carrying amount
Advance	1,383,985	948,052	435,933
Retention funds or deposits	903,906	150,503	753,403
Financing provided to Party A and its related parties	167,482	99,625	67,857
Reserve fund	28,485	2,422	26,063
Equity transfer payment	6,000	6,000	–
Others	90,415	35,705	54,710
Total	2,580,273	1,242,307	1,337,966

Item	31 December 2023		
	Gross carrying amount	Impairment of credit losses	Carrying amount
Advance	1,147,541	711,690	435,851
Retention funds or deposits	1,146,102	395,371	750,731
Financing provided to Party A and its related parties	167,210	99,520	67,690
Reserve fund	22,946	3,640	19,306
Equity transfer payment	6,000	6,000	–
Others	83,232	30,981	52,251
Total	2,573,031	1,247,202	1,325,829

SECTION 11 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**5.7 Other receivables (Continued)****(3) Other receivables (Continued)**

③ Impairment of credit losses

Impairment of credit losses in the first stage as at 30 June 2024

Item	Gross carrying amount	Expected credit loss rate over the next 12 months (%)	Impairment of credit losses	Carrying amount
Impairment of credit losses on an individual basis	-	-	-	-
Impairment of credit losses on group basis	602,684	0.50	3,013	599,671
Aging group	602,684	0.50	3,013	599,671
Total	602,684	0.50	3,013	599,671

Impairment of credit losses in the second stage as at 30 June 2024

Item	Gross carrying amount	Lifetime expected credit loss rate (%)	Impairment of credit losses	Carrying amount
Impairment of credit losses on an individual basis	-	-	-	-
Impairment of credit losses on group basis	563,305	14.87	83,777	479,528
Aging group	563,305	14.87	83,777	479,528
Total	563,305	14.87	83,777	479,528

SECTION 11 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**5.7 Other receivables (Continued)****(3) Other receivables (Continued)**

③ Impairment of credit losses (Continued)

Impairment of credit losses in the third stage as at 30 June 2024

Item	Gross carrying amount	Lifetime expected credit loss rate (%)	Impairment of credit losses	Carrying amount
Impairment of credit losses				
on an individual basis	929,824	85.70	796,882	132,942
Company 1	208,044	100.00	208,044	–
Company 2	207,229	100.00	207,229	–
Company 3	153,627	60.17	92,437	61,190
Company 4	55,065	100.00	55,065	–
Company 5	47,062	16.69	7,855	39,207
Others	258,797	87.42	226,252	32,545
Impairment of credit losses				
on group basis	484,460	74.03	358,635	125,825
Aging group	484,460	74.03	358,635	125,825
Total	1,414,284	81.70	1,155,517	258,767

SECTION 11 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**5.7 Other receivables (Continued)****(3) Other receivables (Continued)**

③ Impairment of credit losses (Continued)

Impairment of credit losses in the first stage as at 31 December 2023

Item	Gross carrying amount	Expected credit loss rate over the next 12 months (%)	Impairment of credit losses	Carrying amount
Impairment of credit losses on an individual basis	–	–	–	–
Impairment of credit losses on group basis	536,868	0.50	2,681	534,187
Aging group	536,868	0.50	2,681	534,187
Total	536,868	0.50	2,681	534,187

Impairment of credit losses in the second stage as at 31 December 2023

Item	Gross carrying amount	Lifetime expected credit loss rate (%)	Impairment of credit losses	Carrying amount
Impairment of credit losses on an individual basis	–	–	–	–
Impairment of credit losses on group basis	608,694	14.46	88,042	520,652
Aging group	608,694	14.46	88,042	520,652
Total	608,694	14.46	88,042	520,652

SECTION 11 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**5.7 Other receivables (Continued)****(3) Other receivables (Continued)**

③ Impairment of credit losses (Continued)

Impairment of credit losses in the third stage as at 31 December 2023

Item	Gross carrying amount	Lifetime expected credit loss rate (%)	Impairment of credit losses	Carrying amount
Impairment of credit losses				
on an individual basis	932,938	85.50	797,636	135,302
Company 1	208,044	100.00	208,044	–
Company 2	207,229	100.00	207,229	–
Company 3	160,127	57.73	92,437	67,690
Company 4	55,065	100.00	55,065	–
Company 5	47,062	16.69	7,855	39,207
Others	255,411	88.88	227,006	28,405
Impairment of credit losses				
on group basis	494,530	72.56	358,843	135,687
Aging group	494,530	72.56	358,843	135,687
Total	1,427,468	81.02	1,156,479	270,989

SECTION 11 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**5.7 Other receivables (Continued)****(3) Other receivables (Continued)**

④ Movements in the impairment of credit losses of other receivables are listed as follows:

Item	Stage I Expected credit losses over the next 12 months	Stage II Lifetime expected credit losses (no credit impairment)	Stage III Lifetime expected credit losses (credit impaired)	Total
Balance as at 1 January 2024	2,681	88,042	1,156,479	1,247,202
Balance as at 1 January 2024 in the current period	-1,444	-21,006	22,450	-
- Transfer to Stage II	-1,444	1,444	-	-
- Transfer to Stage III	-	-22,450	22,450	-
Additions	1,776	16,741	-22,658	-4,141
Recoveries or reversals	-	-	754	754
Balance as at 30 June 2024	3,013	83,777	1,155,517	1,242,307

⑤ Other receivables written off in the current period

None.

SECTION 11 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**5.7 Other receivables (Continued)****(3) Other receivables (Continued)**

⑥ As at 30 June 2024, other receivables from the five largest customers are listed as follows:

Entity	Nature	Closing balance	Aging	Percentage in total other receivable (%)	Closing balance of impairment of credit losses
Company 1	Advance	208,044	2 to 3 years 3 to 4 years	8.06	208,044
Company 2	Advance	207,229	2 to 3 years 4 to 5 years	8.03	207,229
Company 3	Financing provided to Party A and its related parties	153,627	More than 5 years	5.95	92,437
Company 6	Advance	139,771	More than 5 years	5.42	139,771
Company 7	Retention funds or deposits	111,964	Within 1 year 1 to 2 years 2 to 3 years	4.34	18,923
Total	-	820,635	-	31.80	666,404

SECTION 11 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**5.8 Inventories****(1) Classification of inventories**

Item	30 June 2024 (Unaudited)		
	Gross carrying amount	Impairment for provision of inventories	Carrying amount
Raw materials	220,188	9,480	210,708
Work in progress	1,255,511	250,867	1,004,644
Stock goods	1,393,925	561,675	832,250
Turnover materials and spare parts	15,983	–	15,983
Properties under development	120,840	64,820	56,020
Total	3,006,447	886,842	2,119,605

Item	31 December 2023		
	Gross carrying amount	Impairment for provision of inventories	Carrying amount
Raw materials	315,097	11,475	303,622
Work in progress	1,355,293	250,216	1,105,077
Stock goods	1,312,703	561,675	751,028
Turnover materials and spare parts	13,914	–	13,914
Properties under development	120,625	64,820	55,805
Total	3,117,632	888,186	2,229,446

Note: As at 30 June 2024, the amount of property in inventories in the process of applying for and handling registration or transfer of the title certificates is RMB1,109,549 thousand.

SECTION 11 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**5.8 Inventories (Continued)****(2) Movements in the provision of inventories in current period are listed as follows:**

Item	Opening balance	Additions		Decreases			Closing Balance (Unaudited)
		Provision	Others	Reversed	Written-off	Others	
Raw materials	11,475	-	-	1,995	-	-	9,480
Work in progress	250,216	651	-	-	-	-	250,867
Stock goods	561,675	-	-	-	-	-	561,675
Properties under development	64,820	-	-	-	-	-	64,820
Total	888,186	651	-	1,995	-	-	886,842

5.9 Contract assets

Item	Gross carrying amount	30 June 2024 (Unaudited)	
		Impairment of credit losses	Carrying amount
Engineering and construction contracting	8,230,254	1,366,723	6,863,531
Engineering design and consultancy	503,313	30,287	473,026
Equipment manufacturing	237,932	31,212	206,720
Total	8,971,499	1,428,222	7,543,277

Item	31 December 2023		
	Gross carrying amount	Impairment of credit losses	Carrying amount
Engineering and construction contracting	7,454,658	1,403,306	6,051,352
Engineering design and consultancy	503,232	28,573	474,659
Equipment manufacturing	231,303	36,058	195,245
Total	8,189,193	1,467,937	6,721,256

SECTION 11 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**5.9 Contract assets (Continued)****(1) Impairment of credit losses**

Item	As at 30 June 2024 (Unaudited)				
	Gross carrying amount		Impairment of credit losses		Carrying amount
	Amount	Percentage (%)	Amount	Expected credit losses rate (%)	
Impairment of credit losses on an individual basis	1,283,835	14.31	470,010	36.61	813,825
Impairment of credit losses on a group basis	7,687,664	85.69	958,212	12.46	6,729,452
Including: Aging group	7,687,664	85.69	958,212	12.46	6,729,452
Total	8,971,499	100.00	1,428,222	15.92	7,543,277

Item	As at 31 December 2023				
	Gross carrying amount		Impairment of credit losses		Carrying amount
	Amount	Percentage (%)	Amount	Expected credit losses rate (%)	
Impairment of credit losses on an individual basis	1,082,333	13.22	461,855	42.67	620,478
Impairment of credit losses on a group basis	7,106,860	86.78	1,006,082	14.16	6,100,778
Including: Aging group	7,106,860	86.78	1,006,082	14.16	6,100,778
Total	8,189,193	100.00	1,467,937	17.93	6,721,256

SECTION 11 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**5.9 Contract assets (Continued)****(1) Impairment of credit losses (Continued)**

Impairment of credit losses on an individual basis

Item	As at 30 June 2024 (Unaudited)			Reason
	Gross carrying amount	Impairment of credit losses	Expected credit losses rate (%)	
Project 1	168,772	151,895	90.00	Note
Project 2	160,268	160,268	100.00	Note
Project 3	56,381	5,638	10.00	Note
Project 4	30,610	29,940	97.81	Note
Project 5	29,660	29,660	100.00	Note
Others	838,144	92,609	11.05	Note
Total	1,283,835	470,010	36.61	-

Note: Impairment of credit losses were accrued in accordance with project execution and expected settlement.

Item	As at 31 December 2023			Reason
	Gross carrying amount	Impairment of credit losses	Expected credit losses rate (%)	
Project 1	168,772	151,895	90.00	Note
Project 2	160,268	160,268	100.00	Note
Project 3	56,381	5,638	10.00	Note
Project 4	30,610	29,940	97.81	Note
Project 5	29,660	29,660	100.00	Note
Others	636,642	84,454	13.27	Note
Total	1,082,333	461,855	42.67	-

Note: Impairment of credit losses were accrued in accordance with project execution and expected settlement.

SECTION 11 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**5.9 Contract assets (Continued)****(1) Impairment of credit losses (Continued)**

Impairment of credit losses on a group basis

Item: Aging group

Aging	As at 30 June 2024 (Unaudited)		
	Contract assets	Impairment of credit losses	Expected credit losses rate (%)
Within 1 year	4,778,460	23,892	0.50
1 to 2 years	1,204,381	120,438	10.00
2 to 3 years	602,033	120,407	20.00
3 to 4 years	311,831	93,549	30.00
4 to 5 years	134,731	53,892	40.00
More than 5 years	656,228	546,034	83.21
Total	7,687,664	958,212	12.46

Aging	As at 31 December 2023		
	Contract assets	Impairment of credit losses	Expected credit losses rate (%)
Within 1 year	3,970,419	20,012	0.50
1 to 2 years	1,297,530	129,753	10.00
2 to 3 years	658,067	131,613	20.00
3 to 4 years	340,726	102,218	30.00
4 to 5 years	195,607	78,243	40.00
More than 5 years	644,511	544,243	84.44
Total	7,106,860	1,006,082	14.16

SECTION 11 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**5.9 Contract assets (Continued)****(2) Movements in impairment of credit losses for contract assets are listed as follows:**

Item	Opening balance	Movement				Closing balance (Unaudited)
		Accrued	Reverse	Written-off	Others (Decrease)	
Engineering and construction contracting	1,403,306	-36,583	-	-	-	1,366,723
Engineering design and consultancy	28,573	1,714	-	-	-	30,287
Equipment manufacturing	36,058	-4,846	-	-	-	31,212
Total	1,467,937	-39,715	-	-	-	1,428,222

5.10 Non-current assets due within one year

Item	30 June 2024 (Unaudited)	31 December 2023
Long-term receivables due within 1 year	142,246	171,605

SECTION 11 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**5.11 Other current assets**

Item	30 June 2024 (Unaudited)	31 December 2023
Deductible VAT input	524,100	380,250
Prepaid tax	210,196	188,599
Others	15,092	9,619
Total	749,388	578,468

5.12 Long-term receivables

- (1) **Gross carrying amount of long-term receivables categorized by nature is listed as follows:**

Item	Gross carrying amount	30 June 2024 (Unaudited)		Discount rate range
		Impairment of credit losses	Carrying amount	
Repurchase payment under BT Contract	113,464	56,732	56,732	Note
Long-term receivables from customers	2,126,264	376,431	1,749,833	Note
Subtotal	2,239,728	433,163	1,806,565	-
Less: Current portion of long-term receivables due within one year	199,308	57,062	142,246	Note
Total	2,040,420	376,101	1,664,319	-

SECTION 11 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**5.12 Long-term receivables (Continued)**

- (1) Gross carrying amount of long-term receivables categorized by nature is listed as follows: (Continued)**

Item	Gross carrying amount	31 December 2023		
		Impairment of credit losses	Carrying amount	Discount rate range
Repurchase payment under BT Contract	113,463	56,732	56,731	Note
Long-term receivables from customers	2,180,359	384,576	1,795,783	Note
Subtotal	2,293,822	441,308	1,852,514	-
Less: Current portion of long-term receivables due within one year	235,365	63,760	171,605	Note
Total	2,058,457	377,548	1,680,909	-

Note: Discount in accordance with contractual interest rate.

- (2) Movements in the impairment of credit losses of long-term receivables for the current period are as follows:**

Item	Impairment of credit losses
Amount as at 1 January 2024	377,548
Additions	-1,447
Amount as at 30 June 2024	376,101

SECTION 11 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**5.13 Long-term equity investments****(1) Classification of long-term equity investment**

Item	1 January 2024	Additions for the period	Reductions for the period	30 June 2024 (Unaudited)
Investment in joint ventures	67,823	2,695	–	70,518
Investment in associates	734,701	6,623	13,601	727,723
Subtotal	802,524	9,318	13,601	798,241
Less: Impairment provision	48,218	–	–	48,218
Total	754,306	9,318	13,601	750,023

SECTION 11 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5.13 Long-term equity investments (Continued)

(2) Long-term equity investments breakdown

Investee	Investment cost	Opening balance	Increase in investment	Decrease in investment	Investment gain or loss recognised under equity method	Movements during this period				Closing Balance (Unaudited)	Closing balance of provision for impairment	
						OCI movements	Other equity movements	Cash dividends or profits declared	Loss allowance			Others
① Joint venture												
Shanghai Fengtong Equity Investment Fund Partnership (Limited Partnership)	79,200	67,823	-	-	2,695	-	-	-	-	-	70,518	-
Zhongji Sunward Technology Co., Ltd.	40,000	8,843	-	-	-	-	-	-	-	-	8,843	-
② Associates												
Zhuzhou Tianqiao Crane Co., Ltd.	39,200	58,980	-	-	2,695	-	-	-	-	-	61,675	-
Taikang Haowen construction Co., Ltd.	727,451	734,701	-	-	6,693	-	-70	13,601	-	-	727,723	48,218
Loudi Haochuang development construction Co., Ltd.	171,836	174,425	-	-	190	-	-	-	-	-	174,615	-
Others	108,640	108,640	-	-	-	-	-	-	-	-	108,640	-
	100,000	100,000	-	-	-	-	-	-	-	-	100,000	-
	346,975	351,636	-	-	6,503	-	-70	13,601	-	-	344,468	48,218
Total	806,651	802,524	-	-	9,388	-	-70	13,601	-	-	798,241	48,218

Notes:

- A. The name of Shanghai Fengtong Investment Management Partnership (Limited Partnership) was changed to Shanghai Fengtong Equity Investment Fund Partnership (Limited Partnership);
- B. In 2015, the Company and Shanhe Intelligent Equipment Co., Ltd ("Shanhe Equipment") jointly established Zhongji Sunward Technology Co., Ltd. ("Zhongji Shanhe"), in which the Company holds 49% equity interest. Pursuant to the Articles of Association of Zhongji Shanhe, neither Shanhe Equipment nor the Company can decide the major business activities of Zhongji Shanhe alone, i.e., both parties need to unanimously agree in order to make such decisions, and thus the Company and Shanhe Equipment jointly control Zhongji Shanhe.
- C. Taikang Haowen construction Co., Ltd. and Loudi Haochuang development construction Co., Ltd. are still in the construction phase.

SECTION 11 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**5.14 Other equity instrument investments****(1) Details of other equity instrument investments**

Item	30 June 2024 (Unaudited)	31 December 2023
Yunnan Huineng Power Sales Co., Ltd.	20,882	19,725
Guizhou Aerospace Wujiang Electro-mechanical Equipment Co., Ltd.	13,900	13,900
Yunnan Zhonghui Energy Co., Ltd	4,642	4,501
Others	9,489	11,122
Total	48,913	49,248

(2) Investment in other equity instruments at the end of the period

Item	Gains/losses in current period	Accumulated gains/losses as of 30 June 2024	Income from dividends recognized in the current period	Amount transferred from other comprehensive income to retained earnings	Reason for transfer in
Guizhou Aerospace Wujiang Electro-mechanical Equipment Co., Ltd.	-	3,928	-	-	-
Yunnan Huineng Power Sales Co., Ltd.	1,157	5,882	-	-	-
Yunnan Zhonghui Energy Co., Ltd	141	349	-	-	-
Shandong Yixing Carbon New Material Co., Ltd.	-	-18,000	-	-	-
Others	-837	-46,079	-	-	-
Total	461	-53,920	-	-	-

SECTION 11 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**5.15 Investment properties**

Item	Plant and buildings	Land use rights	Total
I. Original Cost			
1. 1 January 2024	776,401	182,351	958,752
2. Increase	55,636	–	55,636
(1) Procurement	–	–	–
(2) Transfer from own-occupied real estate or inventory	55,636	–	55,636
3. Decrease	1,816	–	1,816
(1) Disposal	–	–	–
(2) Transfer to own-occupied real estate	1,816	–	1,816
4. 30 June 2024	830,221	182,351	1,012,572
II. Accumulated depreciation and amortization			
1. 1 January 2024	147,643	44,143	191,786
2. Increase	15,586	2,203	17,789
(1) Provision	12,030	2,203	14,233
(2) Transfer from own-occupied real estate or inventory	3,556	–	3,556
3. Decrease	46	–	46
(1) Disposal	–	–	–
(2) Transfer to own-occupied real estate	46	–	46
4. 30 June 2024	163,183	46,346	209,529
III. Provision for impairment			
1. 1 January 2024	–	–	–
2. Increase	–	–	–
3. Reductions for the period	–	–	–
4. 30 June 2024	–	–	–
IV. Carrying amount			
1. 30 June 2024 (Unaudited)	667,037	136,006	803,043
2. 1 January 2024	628,758	138,208	766,966

Note: As at 30 June 2024, the amount of investment properties pending certificates of ownership is RMB126,933 thousand.

SECTION 11 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**5.16 Fixed assets**

Item	30 June 2024 (Unaudited)	31 December 2023
Fixed assets	2,413,971	2,409,495
Fixed assets to be disposed of	-	-
Total	2,413,971	2,409,495

(1) Fixed assets

① Fixed assets

Item	Plant and buildings	Machinery and equipment	Motor vehicles	Office equipment and others	Total
I. Original Cost					
1. 1 January 204	2,948,845	836,848	260,219	435,095	4,481,007
2. Increase	132,659	9,158	685	4,079	146,581
(1) Additions	62,087	9,081	685	4,073	75,926
(2) Transferred in from construction in progress	7,784	-	-	-	7,784
(3) Others	62,788	77	-	6	62,871
3. Decrease	72,405	1,864	1,102	698	76,069
(1) Disposals	-	1,864	1,041	552	3,457
(2) Others	72,405	-	61	146	72,612
4. 30 June 2024	3,009,099	844,142	259,802	438,476	4,551,519
II. Accumulated depreciation					
1. 1 January 204	867,286	647,084	209,126	344,016	2,067,512
2. Increase	41,154	14,845	4,550	12,596	73,145
(1) Provision	41,154	14,782	4,550	12,593	73,079
(2) Others	-	63	-	3	66
3. Decrease	3,699	1,768	1,046	596	7,109
(1) Disposals	-	1,768	988	499	3,255
(2) Others	3,699	-	58	97	3,854
4. 30 June 2024	904,741	660,161	212,630	356,016	2,133,548

SECTION 11 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**5.16 Fixed assets (Continued)****(1) Fixed assets (Continued)**

① Fixed assets (Continued)

Item	Plant and buildings	Machinery and equipment	Motor vehicles	Office equipment and others	Total
III. Provision for impairment					
1. 1 January 2024	3,347	9	128	516	4,000
2. Increase	-	-	-	-	-
(1) Provision	-	-	-	-	-
3. Decrease	-	-	-	-	-
(1) Disposals	-	-	-	-	-
4. 30 June 2024	3,347	9	128	516	4,000
IV. Carrying amount					
1. 30 June 2024 (Unaudited)	2,101,011	183,972	47,044	81,944	2,413,971
2. 1 January 2024	2,078,212	189,755	50,965	90,563	2,409,495

SECTION 11 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**5.16 Fixed assets (Continued)****(1) Fixed assets (Continued)**

- ② Fixed assets in the process of applying for and handling registration or transfer of the title certificates

Item	Carrying amount	Reasons for failure to get certificate of ownership
Plant and Buildings	275,152	Processing

5.17 Construction in progress

Item	30 June 2024 (Unaudited)	31 December 2023
Construction in progress	70,208	76,590
Construction materials	–	–
Total	70,208	76,590

(1) Construction in progress

- ① Details of construction in progress

Item	30 June 2024 (Unaudited)			31 December 2023		
	Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment	Carrying amount
Yue Liang Wan health project	42,580	–	42,580	41,809	–	41,809
Others	28,507	879	27,628	35,660	879	34,781
Total	71,087	879	70,208	77,469	879	76,590

SECTION 11 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**5.17 Construction in progress (Continued)****(1) Construction in progress (Continued)**

② Movements of material construction in progress

Project	1 January 2024	Additions	Transferred out to fixed assets	Other decreases	Accumulated capitalized interest	Including: interest capitalized in the current period	30 June 2024 (Unaudited)
Yue Liang Wan health project	41,809	771	-	-	26,023	-	42,580
Others	35,660	631	7,784	-	-	-	28,507
Total	77,469	1,402	7,784	-	26,023	-	71,087

Project	Budget	Proportion of investment to budget %	Project progress	Sources of funding	Current interest capitalization rate %
Yue Liang Wan health project	498,000	88.30	88.30	Self-funding/loan	-
Others	-	-	-	-	-
Total	498,000	-	-	-	-

SECTION 11 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**5.18 Right-of-use assets**

Item	Plant and buildings
I. Original Cost:	
1. 1 January 2024	49,617
2. Increase	–
(1) Additions	–
3. Decrease	2,958
(1) Others	2,958
4. 30 June 2024	46,659
II. Accumulated depreciation	
1. 1 January 2024	9,937
2. Increase	5,037
(1) Provision	5,037
3. Decrease	2,958
(1) Others	2,958
4. 30 June 2024	12,016
III. Provision for impairment	
1. 1 January 2024	–
2. Increase	–
3. Decrease	–
4. 30 June 2024	–
IV. Carrying amount	
1. 30 June 2024 (Unaudited)	34,643
2. 1 January 2024	39,680

SECTION 11 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**5.19 Intangible assets****(1) Intangible assets**

Item	Land use right	Patent right	Software	Franchise right	Others	Total
I. Original Cost						
1. 1 January 2024	834,286	257,816	180,650	690,735	1,544	1,965,031
2. Increase	-	115	3,976	10,408	-	14,499
(1) Additions	-	75	3,976	-	-	4,051
(2) Others	-	40	-	10,408	-	10,448
3. Decrease	-	-	227	-	-	227
(1) Disposal	-	-	227	-	-	227
4. 30 June 2024	834,286	257,931	184,399	701,143	1,544	1,979,303
II. Accumulated amortization						
1. 1 January 2024	251,451	255,873	142,630	-	396	650,350
2. Increase	9,730	834	4,058	-	17	14,639
(1) Provision	9,730	834	4,058	-	17	14,639
3. Decrease	-	-	74	-	-	74
(1) Disposal	-	-	74	-	-	74
4. 30 June 2024	261,181	256,707	146,614	-	413	664,915
III. Provision for impairment						
1. 1 January 2024	-	-	-	-	-	-
2. Increase	-	-	-	-	-	-
3. Decrease	-	-	-	-	-	-
4. 30 June 2024	-	-	-	-	-	-
IV. Carrying amount						
1. 30 June 2024 (Unaudited)	573,105	1,224	37,785	701,143	1,131	1,314,388
2. 1 January 2024	582,835	1,943	38,020	690,735	1,148	1,314,681

SECTION 11 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**5.20 Development costs**

Item	1 January 2024	Increase	Decrease	30 June 2024 (Unaudited)
Integrated management and control platform	3,823	–	–	3,823
Geotechnical data intelligence system development	755	–	–	755
Others	138	49	40	147
Total	4,716	49	40	4,725

5.21 Goodwill**(1) Original Cost**

The name of the invested entity	1 January 2024	Additions for the period Arising from		Reductions for the period		30 June 2024 (Unaudited)
		business combination	Others	Disposal	Others	
China Nonferrous Metals Industry Huakun Engineering Construction Co., Ltd.	579	–	–	–	–	579
Kunming Kehui Electric Co., Ltd.	296	–	–	–	–	296
Total	875	–	–	–	–	875

5.22 Long-term deferred expenses

Item	1 January 2024	Increase	Decrease Amortization	Others	30 June 2024 (Unaudited)
Rental cost of the underground garage of Twelfth Metallurgical Company	8,743	–	128	–	8,615
Fuping Steel Structure Factory	7,196	199	920	–	6,475
Site renovation costs	3,574	–	489	–	3,085
Others	14,176	17,886	12,657	–	19,405
Total	33,689	18,085	14,194	–	37,580

SECTION 11 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**5.23 Deferred tax assets and deferred tax liabilities****(1) Unoffset deferred tax assets and deferred tax liabilities**

Item	30 June 2024 (Unaudited)		31 December 2023	
	Deductible/taxable		Deductible/taxable	
	temporary differences	Deferred tax assets/liabilities	temporary differences	Deferred tax assets/liabilities
Deferred tax assets:				
Provision for impairment of credit losses and assets	5,901,654	990,676	5,936,163	1,019,812
Deductible tax losses	707,334	106,244	762,512	118,108
Retirement and termination benefits	456,078	84,662	459,706	86,030
Changes in fair value of other equity instrument investments	21,025	3,153	21,025	3,154
Lease impact	1,941	293	-	-
Others	78,389	12,606	71,845	11,337
Subtotal	7,166,421	1,197,634	7,251,251	1,238,441
Deferred tax liabilities:				
Appreciation on asset from appraisal for business combinations involving entities not under common control	265,725	53,067	270,616	53,428
Changes in fair value of other equity instrument investment	3,558	590	3,558	589
Lease impact	-	-	3,394	508
Changes in fair value of held-for-trading financial assets	-	-	506	76
Others	496,754	50,890	495,337	49,803
Subtotal	766,037	104,547	773,411	104,404

(2) Deferred tax assets and deferred tax liabilities that are presented at the net amount after offset:

Item	Offset amount of deferred tax assets and liabilities at the end of the period	Deferred tax assets or liabilities after offset at the end of the period	Offset amount of deferred tax assets and liabilities at the end of last year	Deferred tax assets or liabilities after offset at the end of last year
Deferred tax assets	33,265	1,164,369	32,761	1,205,680
Deferred tax liabilities	33,265	71,282	32,761	71,643

SECTION 11 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**5.23 Deferred tax assets and deferred tax liabilities (Continued)**

- (3) Deductible temporary differences and deductible tax losses for which deferred tax assets are not recognised are listed as follows:**

Item	30 June 2024 (Unaudited)	31 December 2023
Deductible temporary differences	2,281,003	2,551,062
Including: Provision for impairment of credit losses and assets	2,145,535	2,386,015
Changes in fair value of other equity instrument investment	29,337	42,918
Retirement and termination benefits	106,131	122,129
Deductible losses	3,293,407	3,253,026
Total	5,574,410	5,804,088

- (4) Deductible losses, for which no deferred tax assets are recognized, will expire in the following years:**

Year	30 June 2024 (Unaudited)	31 December 2023
2024	–	90,222
2025	377,944	411,204
2026	345,686	350,689
2027	263,274	263,274
2028	358,171	358,171
2029	182,129	146,333
2030	761,139	761,139
2031	77,634	77,634
2032	307,395	307,395
2033	486,965	486,965
2034	133,070	–
Total	3,293,407	3,253,026

SECTION 11 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**5.24 Other non-current assets**

Item	30 June 2024 (Unaudited)	31 December 2023
Long-term contract assets	686,728	684,033
Runover materials	259,218	256,201
Prepayment for property purchased	–	54,581
Assets held for disposal	17,550	19,322
Others	538	1,919
Subtotal	964,034	1,016,056
Less: Provision for impairment	541,464	525,068
Total	422,570	490,988

(1) Movements in impairment of credit losses for other non-current assets are listed as follows:

Item	Opening balance	Accrued	Movement		Others	Closing balance (Unaudited)
			Reverse	Written off (Decrease)		
Long-term contract assets	501,475	16,396	–	–	–	517,871
Others	23,593	–	–	–	–	23,593
Total	525,068	16,396	–	–	–	541,464

SECTION 11 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**5.25 Short-term loans****(1) Short-term loans by category are listed as follows:**

Item	30 June 2024 (Unaudited)	31 December 2023
Credit loans	2,115,973	1,336,851
Pledged loans	2,520	6,997
Total	2,118,493	1,343,848

Note: As at 30 June 2024, the company obtained short-term loans amounting to RMB2,520 thousand by pledging accounts receivable with a carrying value of RMB2,520 thousand, as well as all the rights and interests and revenues under the contracts to which the accounts receivable belonged.

5.26 Bills payable

Item	30 June 2024 (Unaudited)	31 December 2023
Commercial acceptance bills	–	–
Bank acceptance bills	3,634,647	3,837,044
Total	3,634,647	3,837,044

SECTION 11 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**5.27 Accounts payable**

Item	30 June 2024 (Unaudited)	31 December 2023
Within 1 year	8,369,193	8,606,023
1 to 2 years	1,574,991	2,428,404
2 to 3 years	526,631	495,913
More than 3 year	1,188,454	1,021,856
Total	11,659,269	12,552,196

Including: material accounts payable aged over 1 year

Item	30 June 2024 (Unaudited)	Reasons for non-repayment or non-carryover
Company 1	44,121	Payment conditions not satisfied yet
Company 2	25,708	Payment conditions not satisfied yet
Company 3	21,001	Payment conditions not satisfied yet
Company 4	20,888	Payment conditions not satisfied yet
Company 5	20,514	Payment conditions not satisfied yet
Total	132,232	–

SECTION 11 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**5.28 Contract liabilities**

Item	30 June 2024 (Unaudited)	31 December 2023
Engineering and construction contracting	2,283,719	2,531,889
Equipment manufacturing	1,074,118	1,017,718
Engineering design and consultancy	833,447	587,766
Total	4,191,284	4,137,373

Including: material contract liabilities aged over 1 year

Item	30 June 2024 (Unaudited)	Reasons for non-repayment or non-carryover
Company 1	122,573	Project not completed
Company 2	49,623	Project not completed
Company 3	46,047	Project not completed
Company 4	17,274	Project not completed
Company 5	16,287	Project not completed
Total	251,804	–

5.29 Employee compensation payables

Item	1 January 2024	Accrued	Paid	30 June 2024 (Unaudited)
Short-term employee benefits	158,694	923,191	914,586	167,299
Post-employment benefits – defined contribution plans	14,701	131,811	127,597	18,915
Termination benefits	60,683	15,374	26,823	49,234
Total	234,078	1,070,376	1,069,006	235,448

SECTION 11 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**5.29 Employee compensation payables (Continued)****(1) Short-term employee compensation**

Item	1 January 2024	Accrued	Paid	30 June 2024 (Unaudited)
Salaries, bonuses, and allowances	110,704	664,247	653,209	121,742
Employee welfare	–	51,922	51,777	145
Social insurance	5,915	70,122	73,272	2,765
Including: 1. Medical insurance and Maternity insurance	5,549	66,179	69,225	2,503
2. Work-related injury insurance	366	3,943	4,047	262
Housing fund	7,719	82,306	81,455	8,570
Union fund and employee education fund	31,014	17,655	20,489	28,180
Other short-term employee benefits	3,342	36,939	34,384	5,897
Total	158,694	923,191	914,586	167,299

(2) Defined contribution plans

Item	1 January 2024	Accrued	Paid	30 June 2024 (Unaudited)
Post-employment benefits	14,701	131,811	127,597	18,915
Including: 1. Basic pension insurance	7,487	112,643	110,399	9,731
2. Unemployment insurance	942	4,703	4,713	932
3. Annuity	6,272	14,465	12,485	8,252
Total	14,701	131,811	127,597	18,915

SECTION 11 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**5.30 Taxes payable**

Item	30 June 2024 (Unaudited)	31 December 2023
Value added tax	83,823	87,659
Corporate income tax	21,115	34,166
Urban maintenance and construction tax	2,111	6,851
House property tax	1,488	2,723
Land use tax	4,399	1,405
Individual income tax	5,700	22,793
Educational surcharges (including local education surcharge)	3,805	4,785
Others	2,267	2,631
Total	124,708	163,013

5.31 Other payables

Item	30 June 2024 (Unaudited)	31 December 2023
Dividends payable	79,058	31,201
Other payables	1,553,320	1,508,476
Total	1,632,378	1,539,677

(1) Dividends payable

Item	30 June 2024 (Unaudited)	31 December 2023
Ordinary share dividend	2,409	2,409
Dividends on perpetual bonds classified as equity instruments	76,649	28,792
Total	79,058	31,201

SECTION 11 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**5.31 Other payables (Continued)****(2) Other payables**

Item	30 June 2024 (Unaudited)	31 December 2023
Guarantees and deposits payable	751,615	730,470
Payables for advances	300,846	301,005
Temporary payment	239,216	222,528
Others	261,643	254,473
Total	1,553,320	1,508,476

Including: significant other payables with aging of more than 1 year

Entity	Closing balance (Unaudited)	Reasons for non-repayment or non-carryover
Company 1	33,988	Payment conditions not satisfied yet
Company 2	19,310	Payment conditions not satisfied yet
Company 3	16,559	Payment conditions not satisfied yet
Company 4	14,380	Payment conditions not satisfied yet
Company 5	11,552	Payment conditions not satisfied yet
Total	95,789	–

SECTION 11 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**5.32 Non-current liabilities due within one year**

Item	30 June 2024 (Unaudited)	31 December 2023
Long-term loans due within one year	2,408,535	1,414,590
Lease liabilities due within one year	10,798	10,158
Total	2,419,333	1,424,748

5.33 Other current liabilities

Item	30 June 2024 (Unaudited)	31 December 2023
Pending VAT output	1,481,400	1,392,043
Endorsed or discounted Bills receivable but not yet matured	242,867	184,185
Total	1,724,267	1,576,228

5.34 Long-term loans

Item	30 June 2024 (Unaudited)	31 December 2023	Rate range
Credit loans	8,919,603	7,225,797	Note
Guaranteed loans	367,124	368,624	Note
Subtotal	9,286,727	7,594,421	–
Less: long-term loans due within one year	2,408,535	1,414,590	Note
Total	6,878,192	6,179,831	–

Notes: As at 30 June 2024, the long-term loans rate range is 2.35% to 4.90%.

SECTION 11 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**5.35 Lease liabilities**

Item	30 June 2024 (Unaudited)	31 December 2023
Lease liabilities	39,114	39,506
Less: unrecognized financing expenses	2,529	3,220
Less: lease liabilities due within one year	10,798	10,158
Total	25,787	26,128

5.36 Long-term payables

Item	30 June 2024 (Unaudited)	31 December 2023
Special payables	–	1,069

(1) Special payables

Item	1 January 2024	Additions	Reductions	30 June 2024 (Unaudited)
Research funding for research and development of prototype of furnace-building robot for aluminum electrolysis cell lining	1,046	–	1,046	–
Others	23	–	23	–
Total	1,069	–	1,069	–

SECTION 11 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**5.37 Long-term employee compensation payables**

Item	30 June 2024 (Unaudited)	31 December 2023
Post-employment benefits-net liabilities under defined benefit plan	438,594	496,124
Termination benefits	126,834	85,711
Subtotal	565,428	581,835
Less: Portion due within one year	49,234	60,683
Total	516,194	521,152

(1) Movements of defined benefit plan are listed as follows:

Present value of obligations of defined benefit plan

Item	30 June 2024 (Unaudited)	31 December 2023
I. Opening balance	581,835	628,919
II. Defined benefit cost included in current profit and loss	11,977	28,393
1. Current service cost	–	3,068
2. Past service cost	5,404	8,945
3. Net interest	6,573	16,380
III. Defined benefit costs included in other comprehensive income	–88	2,801
1. Actuarial gain	–88	2,801
IV. Other changes	–28,296	–78,278
1. Benefits paid	–28,296	–78,278
V. Closing balance	565,428	581,835

SECTION 11 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**5.37 Long-term employee compensation payables (Continued)****(1) Movements of defined benefit plan are listed as follows: (Continued)**

Net liabilities of defined benefit plan

Item	30 June 2024 (Unaudited)	31 December 2023
I. Opening balance	581,835	628,919
II. Defined benefit costs recognized in profit or loss for the period	11,977	28,393
III. Defined benefit costs recognized in other comprehensive income	-88	2,801
IV. Benefits paid in the period	-28,296	-78,278
V. Closing balance	565,428	581,835

(2) The key actuarial assumptions

Item	30 June 2024 (Unaudited)	31 December 2023
Discount rate	2.75%	2.75%
Mortality rate	China Life Insurance Mortality Table (2010-2013)	China Life Insurance Mortality Table (2010-2013)
Annual increase rate of medical benefits	8.00%	8.00%
Annual growth rate of pension benefits for beneficiaries	4.50%	4.50%

5.38 Deferred income

Item	1 January 2024	Additions	Reductions	30 June 2024 (Unaudited)
Government grants	79,662	9,168	29,798	59,032

Government grants recorded in deferred income refer to Note 7 GOVERNMENT GRANTS.

SECTION 11 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**5.39 Share capital (Unit: thousand share)**

Item	Opening balance	New share issued	Increase/Decrease (+,-)			Subtotal	Closing balance (Unaudited)
			Bonus shares	Shares converted from provident fund	Others		
Aluminum Corporation of China Luoyang Engineering&Research Institute for Nonferrous Metals Processing	2,176,759	-	-	-	-	-	2,176,759
Holders of overseas listed H shares	86,925	-	-	-	-	-	86,925
Public ordinary shareholders	399,476	-	-	-	-	-	399,476
	295,907	-	-	-	-	-	295,907
Total	2,959,067	-	-	-	-	-	2,959,067

5.40 Other equity instruments

Outstanding financial instruments	Date of issuance	Stock interest rate or interest rate	Issue price	Quantity	Amount	Expiration date or renewal status	Conversion	
							conditions	Conversion
Industrial Bank Renewable Trust Loan	FY 2022	Determined through listing pricing and centralized allocation	100	10,000	969,000	3+N years	N/A	N/A
Postal Savings Bank of China-2023 First Medium Term Notes	FY 2023	Determined through listing pricing and centralized allocation	100	15,000	1,497,600	2+N years	N/A	N/A
Postal Savings Bank of China-2023 Second Medium Term Notes	FY 2023	Determined through listing pricing and centralized allocation	100	13,000	1,297,920	2+N years	N/A	N/A
Total	-	-	-	38,000	3,764,520	-	-	-

SECTION 11 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**5.40 Other equity instruments (Continued)**

Movements in preferred shares, perpetual bonds and other financial instruments outstanding at the end of the period:

Outstanding financial instruments	31 December 2023		Additions		Reductions		30 June 2024 (Unaudited)	
	Number	Book value	Number	Book value	Number	Book value	Number	Book value
Industrial Bank Renewable Trust Loan	10,000	977,400	-	-	10,000	977,400	-	-
Industrial Bank Renewable Trust Loan	10,000	969,000	-	-	-	-	10,000	969,000
Postal Savings Bank of China-2023 First Medium Term Notes	15,000	1,497,600	-	-	-	-	15,000	1,497,600
Postal Savings Bank of China-2023 Second Medium Term Notes	13,000	1,297,920	-	-	-	-	13,000	1,297,920
Total	48,000	4,741,920	-	-	10,000	977,400	38,000	3,764,520

5.41 Capital reserves

Item	1 January 2024	Increase	Decrease	30 June 2024 (Unaudited)
Equity premium	910,049	-	-	910,049
Other capital reserves	-11,260	-	22,670	-33,930
Total	898,789	-	22,670	876,119

SECTION 11 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**5.42 Other comprehensive income****(1) Other comprehensive income attributable to the Company in the balance sheet:**

Item	1 January 2024	Movements during the period		30 June 2024 (Unaudited)
		Net-of-tax amount attributable to the Company	Less: previously recognized amount transferred to retained earnings	
I. Items that will not be reclassified to profit or loss	46,079	396	–	46,475
1. Remeasurement of net defined benefit plan	81,951	74	–	82,025
2. Changes in fair value of other equity instrument investments	-35,872	322	–	-35,550
II. Other comprehensive income reclassified into profit or loss	106,821	-2,793	–	104,028
1. Translation differences arising from translation of foreign currency financial statements	106,821	-2,793	–	104,028
Total other comprehensive income	152,900	-2,397	–	150,503

SECTION 11 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**5.42 Other comprehensive income (Continued)****(2) Other comprehensive income attributable to the Company in the income statement:**

Item	Movements during the period				
	Before-tax amount	Less: previously recognized amount transferred to profit or loss	Less: income tax expense	Net-of-tax amount attributable to non-controlling interests	Net-of-tax amount attributable to the Company
I. Items that will not be reclassified to profit or loss	630	-	95	139	396
1. Remeasurement of net defined benefit plan	88	-	14	-	74
2. Changes in fair value of other equity instrument investments	542	-	81	139	322
II. Other comprehensive income reclassified into profit or loss	-2,793	-	-	-	-2,793
1. Translation differences arising from translation of foreign currency financial statements	-2,793	-	-	-	-2,793
Total other comprehensive income	-2,163	-	95	139	-2,397

SECTION 11 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**5.43 Special reserve**

Item	1 January 2024	Increase	Decrease	30 June 2024 (Unaudited)
Production safety fee	218,980	171,888	109,993	280,875

5.44 Surplus reserve

Item	1 January 2024	Increase	Decrease	30 June 2024 (Unaudited)
Statutory surplus reserve	229,735	–	–	229,735

5.45 Retained earnings

Item	For the six months ended 30 June 2024 (Unaudited)	For the year ended 31 December 2023
Retained earnings as at 31 December 2023 (before adjustment)	-2,184,850	599,235
Total adjustments for opening retained earnings ("+" for increase; "-" for decrease)	–	–
Retained earnings as at 1 January 2024 (after adjustment)	-2,184,850	599,235
Add: Net profits for the period attributable to shareholders of the Company	155,989	-2,657,963
Less: Appropriation for statutory surplus reserve	–	–
Interest payable on perpetual bonds	87,649	126,122
Others	–	–
Retained earnings as at 30 June 2024	-2,116,510	-2,184,850

SECTION 11 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**5.46 Operating revenue and operating costs****(1) Operating revenue and operating costs**

Item	For the six months ended 30 June 2024 (Unaudited)		For the six months ended 30 June 2023 (Unaudited)	
	Operating revenue	Operating Costs	Operating revenue	Operating Costs
Revenue from principal activities	10,638,536	9,627,702	9,519,656	8,496,462
Other operating activities	71,940	57,248	102,400	81,034
Total	10,710,476	9,684,950	9,622,056	8,577,496

(2) Operating revenue and operating costs by major segments

Major segments	For the six months ended 30 June 2024 (Unaudited)		For the six months ended 30 June 2023 (Unaudited)	
	Revenue	Costs	Revenue	Costs
Principal activities:				
Engineering and construction contracting	8,500,060	7,961,102	7,312,512	6,686,446
Engineering survey, design and consultancy	955,542	647,704	1,113,879	809,055
Equipment manufacturing	1,182,934	1,018,896	1,093,265	1,000,961
Subtotal	10,638,536	9,627,702	9,519,656	8,496,462
Other operating activities:				
Sales of materials	20,568	19,453	33,368	26,517
Lease revenue	30,777	16,418	31,023	10,645
Others	20,595	21,377	38,009	43,872
Subtotal	71,940	57,248	102,400	81,034
Total	10,710,476	9,684,950	9,622,056	8,577,496

SECTION 11 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**5.46 Operating revenue and operating costs (Continued)****(3) Disaggregated information of operating income**

- ① Operating revenue for the period by reporting segment

Segment	For the six months ended 30 June 2024 (Unaudited)		
	Revenue from contracts with clients	Lease income	Total
Engineering and construction contracting	8,534,709	15,345	8,550,054
Engineering exploration, design and consultancy	958,783	5,570	964,353
Equipment manufacturing	1,186,207	9,862	1,196,069
Total	10,679,699	30,777	10,710,476

- ② Operating revenue for the period by revenue recognition time

Revenue recognition time	For the six months ended 30 June 2024 (Unaudited)			Total
	Engineering and construction contracting	Engineering survey, design and consultancy	Equipment manufacturing	
Recognised at a point in time	-	-	915,902	915,902
Recognised over a period time	8,534,709	958,783	270,305	9,763,797
Total	8,534,709	958,783	1,186,207	10,679,699

SECTION 11 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**5.46 Operating revenue and operating costs (Continued)****(3) Disaggregated information of operating income (Continued)**

③ Details of operating revenue

Item	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
Operating revenue	10,710,476	9,622,056
Less: Revenue not related to principal activities	71,940	102,400
Operating revenue net of revenue not related to principal activities and revenue lacking commercial substance	10,638,536	9,519,656

5.47 Taxes and surcharges

Item	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
House property tax	15,414	14,466
Urban maintenance and construction tax	10,667	10,691
Stamp tax	9,264	11,438
Land use tax	6,587	6,704
Educational surcharges	4,908	4,875
Local educational surcharges	3,309	3,171
Others	609	–
Total	50,758	51,345

Note: The criteria of taxes and surcharges accrued and paid refer to Note 4. TAXATION.

SECTION 11 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**5.48 Selling and distribution expenses**

Item	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
Employee compensation	43,810	37,417
Travel expenses	5,451	3,311
Business expense	2,283	2,811
Warehousing and logistics	901	94
Rental expense	328	291
Depreciation and amortization	491	344
Others	6,831	5,985
Total	60,095	50,253

5.49 General and administrative expenses

Item	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
Employee compensation	301,583	313,354
Depreciation and amortization	52,090	49,040
Office expenses	21,936	23,401
Litigation expense	14,153	11,377
Travel expenses	14,143	11,844
Advisory expenses	10,944	12,959
Intermediary expenses	8,146	7,713
Business expenses	7,462	7,445
Repair expense	5,791	3,284
Property management fee	4,990	5,496
Technical service fee	2,886	2,296
Postal and telecommunications expenses	2,323	2,973
Foreign affairs expenses	1,543	1,707
Machine material consumption	1,253	472
Others	21,645	12,284
Total	470,888	465,645

SECTION 11 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**5.50 Research and development expenses**

Item	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
Employee compensation	207,446	178,405
Raw materials and main materials	80,700	106,938
Outsourced R&D expenses	12,108	14,296
Depreciation and amortization	1,171	2,535
Other expenses	14,136	18,318
Total	315,561	320,492

5.51 Finance expenses

Item	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
Total interest expense	157,163	201,717
Interest expenses – Actuarial expense	6,573	8,200
Less: interest income	29,603	87,521
Exchange losses	156,323	535,629
Less: exchange gains	217,217	653,521
Handling charges	21,017	4,877
Others	10,729	23,389
Total	104,985	32,770

SECTION 11 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**5.52 Other income**

Item	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
Income related	8,642	2,903
Total	8,642	2,903

5.53 Investment income

Item	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
Gain on long-term equity investment accounted for under the equity method	9,388	4,899
Investment income from disposal of long-term equity investments	–	1,345
Investment income from debt reorganization	21,877	–607
Others	–393	–
Total	30,872	5,637

5.54 Gains from change in fair value

Item	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
Held-for-trading financial assets	4,844	–

SECTION 11 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**5.55 Impairment of credit losses**

Item	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
Impairment of credit losses on accounts receivable	145,539	77,621
Impairment of credit losses on other receivables	4,895	52,245
Impairment of credit losses on long-term receivables	8,145	10,518
Total	158,579	140,384

5.56 Impairment losses on assets

Item	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
Impairment losses on contract assets	23,319	-1,208,141
Impairment losses on inventories	1,344	-9,606
Total	24,663	-1,217,747

5.57 Gains from assets disposal

Item	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
Gains from disposals of fixed assets (“-” for losses)	134	2,558
Gains from disposals of intangible assets (“-” for losses)	30	-
Total	164	2,558

SECTION 11 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**5.58 Non-operating income**

Item	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)	Amount included in non-recurring gain or loss for the period
Approved unpayable balances	33,281	399	33,281
Insurance compensation	3,456	–	3,456
Income from penalty	1,607	1,852	1,607
Income from liquidated damages	1,367	200	1,367
Others	5,140	1,462	5,140
Total	44,851	3,913	44,851

5.59 Non-operating expenses

Item	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)	Amount included in non-recurring gain or loss for the period
Penalty expenses	12,287	4,684	12,287
Compensation expenses	11,109	307	11,109
Loss on destruction and retirement of non-current assets	17	–	17
Others	3,109	3,434	3,109
Total	26,522	8,425	26,522

SECTION 11 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**5.60 Income tax expenses****(1) Details of income tax expenses**

Item	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
Income tax expense for the year calculated according to the tax law and relevant regulations	29,301	52,751
Deferred income tax expense	40,937	-183,366
Total	70,238	-130,615

(2) Reconciliation between income tax expenses and accounting profit is as follows:

Item	For the six months ended 30 June 2024 (Unaudited)
Profits/losses before tax	269,332
Expected income tax expenses at applicable tax rate	40,400
Effect of different tax rates applied by subsidiaries	8,464
Adjustment to income tax of previous years	-1,674
Effect of gains or losses from joint ventures and associates accounted for using the equity method	-1,408
Effect of non-deductible costs, expenses and losses	13,403
Effect of using the deductible temporary differences or deductible losses for which no deferred tax asset was recognized in the previous period	-8,277
Effect of deductible temporary differences or deductible losses for which no deferred tax asset was recognized this period	25,338
Income tax impact of interest on perpetual bonds recorded in equity	-6,008
Income tax expenses	70,238

SECTION 11 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**5.61 Notes on cash flow statement****(1) Proceeds from other operating activities**

Item	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
Cash received for transaction	51,253	–
Interest on demand deposits received	28,533	85,358
Government grants received related to income	9,169	9,112
Cash received for payment on behalf	–	7,277
Others	11,570	–
Total	100,525	101,747

(2) Payment for other operating activities

Item	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
Production safety expenses paid	119,522	92,035
Net repayment of provisional receipts	118,439	–
R&D expense and intermediary fee paid	31,198	–
Office expense paid	30,971	39,522
Reserve fund and current account paid	24,308	50,710
Bank handling fees paid	21,017	20,921
Travel expense paid	19,594	4,878
Litigation loss paid	11,109	15,155
Hospitality expense paid	9,745	11,379
Leasehold storage and logistics fees paid	1,229	10,256
Others	77,037	36,556
Total	464,169	281,412

SECTION 11 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**5.61 Notes on cash flow statement (Continued)****(3) Payment for other financing activities**

Item	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
Payment of principal and interest of lease obligation	392	8,732
Perpetual bond issuance cost	-	18,000
Total	392	26,732

(4) Changes in liabilities arising from financing activities

Item	Opening balance	Change in Cash		Change in non-cash Interest accrued		Closing Balance (Unaudited)
		Cash inflow	Cash outflow	others	others	
Short-term loans	1,343,848	1,519,638	755,219	10,226	-	2,118,493
Long-term loans	6,179,831	1,796,107	140,911	83,607	-1,040,442	6,878,192
Long-term loans due within one year	1,414,590	-	97,666	51,168	1,040,442	2,408,534
Lease liability	36,286	-	392	691	-	36,585
Total	8,974,555	3,315,745	994,188	145,692	-	11,441,804

SECTION 11 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**5.62 Supplementary information on cash flow statement****(1) Supplementary information on cash flow statement**

Item	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
1. Reconciliation of net profit/loss to cash flows from operating activities:		
Net profit/loss	199,094	-816,107
Add: Impairment on assets	-24,663	1,217,747
Impairment of credit losses	-158,579	-140,384
Depreciation of fixed assets, investment properties and right-of-use assets	92,349	89,696
Amortization of intangible assets	14,639	15,079
Amortization of long-term deferred expenses	14,194	18,903
Loss on disposal of fixed assets, intangible assets and other long-term assets/(gains)	-147	-
Loss on change in fair value	-4,844	-
Finance expenses	139,084	110,026
Investment loss/(gains)	-30,872	-6,243
(Increase)/Decrease in deferred tax assets	41,311	-184,937
Increase/(Decrease) in deferred tax liability	361	-396
Increase in inventories	89,368	-58,323
(Increase)/Decrease of operating receivables	-1,562,096	-274,350
Increase/(Decrease) of operational payables	-844,048	-833,580
Net cash outflows from operating activities	-2,034,849	-862,869

SECTION 11 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**5.62 Supplementary information on cash flow statement (Continued)****(1) Supplementary information on cash flow statement (Continued)**

Item	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
2. Material investing and financing activities not requiring the use of cash:		
Conversion of debt into capital	-	-
Convertible bonds due within one year	-	-
New right-of-use assets in the current period	-	-
3. Net changes in cash and cash equivalents:		
Closing balance of cash	3,295,538	3,120,917
Less: Opening balance of cash	3,339,604	6,857,364
Add: Closing balance of cash equivalents	-	-
Less: Opening balance of cash equivalents	-	-
Net increase/decrease in cash and cash equivalents	-44,066	-3,736,447

SECTION 11 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**5.62 Supplementary information on cash flow statement (Continued)****(2) Details of cash and cash equivalents**

Item	30 June 2024 (Unaudited)	31 December 2023
1. Cash	3,295,538	3,339,604
Including: Cash in hand	1,057	1,359
Bank deposits available on demand	3,294,481	3,338,245
Other monetary funds available on demand	682,234	–
Less: restricted cash and fixed deposits of more than three months	682,234	–
2. Cash equivalents	–	–
Including: Bond investments with a maturity of 3 months or less	–	–
3. Cash and cash equivalents as at the end of the period	3,295,538	3,339,604

5.63 Notes to statement of changes in shareholders' equity

(1) Shareholders' contributions and decrease of capital for the period – other decrease of RMB22,670 thousand, including:

- ① Decrease of RMB22,600 thousand in the handling fee for the issuance of perpetual bonds originally included in the capital reserve due to the impact of the repayment of perpetual bonds;
- ② Recognition of decrease in proportionate share of capital reserve of associates of RMB70 thousand.

(2) Retained earnings

Other decrease of RMB87,649 thousand in retained earnings for the period is the impact of interest payments on perpetual bonds.

SECTION 11 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**5.64 Foreign currency translation****(1) Items in foreign currency**

Item	Closing balance in foreign currency	Exchange rate	Closing balance translated into RMB
Cash and cash equivalents	–	–	533,777
Including: USD	56,638	7.1268	403,647
IDR	228,262,784	0.0004	101,120
INR	180,379	0.0872	15,721
VND	44,677,186	0.0003	12,778
SAR	300	0.5248	157
HKD	316	0.9127	288
EUR	5	7.6617	36
SGD	6	5.2790	30
Accounts receivable	–	–	1,612,905
Including: USD	175,446	7.1268	1,250,367
IDR	796,991,103	0.0004	318,796
VND	88,421,634	0.0003	26,526
MYR	22,482	0.6625	14,895
INR	26,622	0.0872	2,321
Accounts payable	–	–	771,764
Including: USD	77,480	7.1268	552,186
IDR	474,218,437	0.0004	210,079
VND	32,077,247	0.0003	9,174
EUR	35	7.6617	264
INR	697	0.0872	61
Other accounts receivable	–	–	270,399
Including: USD	36,804	7.1268	262,293
IDR	17,355,450	0.0004	7,688
MYR	393	0.6625	260
VND	551,048	0.0003	158
Other accounts payable	–	–	3,487
Including: USD	98	7.1268	699
IDR	4,859,603	0.0004	2,153
VND	2,054,545	0.0003	588
INR	538	0.0872	47

SECTION 11 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**5.64 Foreign currency translation (Continued)****(2) Foreign operations**

Significant foreign entity	Principal place of business	local reporting currency	Selection basis
Chalieco Hong Kong Corporation Limited	Hong Kong, China	USD	Business income

5.65 Assets with restricted ownership or use rights

Item	Closing carrying amount	Reason for restriction
Cash and cash equivalents	682,234	Frozen deposit, Letter of credit deposit, Letter of guarantee deposit, Bank's acceptance bill deposit
Accounts receivable	2,520	Pledged
Financing receivable	1,320	Pledged

5.66 Leases**(1) As the lessee**

Item	For the six months ended 30 June 2024
Interest expense of lease liability	691
Total cash outflows related to lease	27,946
Total	28,637

SECTION 11 FINANCIAL REPORT

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**5.66 Leases (Continued)****(2) As the lessor**

- 1) For operating lease

Subsequent to balance sheet date	30 June 2024
1st year	109,564
2nd year	97,857
3rd year	89,562
4th year	84,714
5th year	85,317
Total	467,014

SECTION 11 FINANCIAL REPORT

6. INTEREST IN OTHER ENTITIES

6.1 Interests in subsidiaries

(1) Material composition of the Company

Name	Business Type	Principal place of business	Place of incorporation	Business nature	Shareholding %		Acquisition method
					Direct	Indirect	
China Nonferrous Metals Processing Technology Co., Ltd.	1	Luoyang, Henan	High-tech Zone, Luoyang City	Technical development and equipment sales	92.35	-	2
China Sixth Metallurgical Construction Co., Ltd.	1	Zhengzhou, Henan	Huaine Road, Zhengzhou City	Construction projects	100.00	-	2
CINF Engineering Co., Ltd.	1	Changsha, Hunan	Furong District, Changsha City	Survey and design	100.00	-	2
Jiuye Construction Co., Ltd.	1	Xianyang, Shanxi	Weicheng District, Xianyang City, Shaanxi Province	Engineering construction	73.17	-	3
Shenyang Aluminum and Magnesium Engineering and Research Institute Company Limited	1	Shenyang, Liaoning	Heping District, Shenyang City	Engineering survey and design	100.00	-	1
China Nonferrous Metals Industry's 12th Metallurgical Construction Co., Ltd.	1	Taiyuan, Shanxi	Xinghualing District, Taiyuan City	Construction projects	100.00	-	2
China Nonferrous Metal Changsha Survey and Design Institute Co., Ltd.	1	Changsha, Hunan	Furong District, Changsha City	Survey and design	100.00	-	2
Guiyang Aluminium Magnesium Design & Research Institute Co., Ltd.	1	Guiyang, Guizhou	Guanshanhu District, Guiyang City	Design consultancy	100.00	-	1
Kunming Prospecting Design Institute of China Nonferrous Metals Industry Co., Ltd.	1	Kunming, Yunnan	Panlong District, Kunming City	Engineering survey and design	100.00	-	2
Kunming Engineering & Research Institute of Nonferrous Metallurgy Co., Ltd.	1	Kunming, Yunnan	Panlong District, Kunming City	Engineering survey and design	67.00	-	2

Note:

- Business type: 1. Domestic non-financial subsidiaries; 2. Domestic financial subsidiaries; 3. Overseas subsidiaries; 4. Public institutions, and 5. Infrastructure units.
- Means of acquisition: 1. Incorporation; 2. Business combination under common control; 3. Business combination not under common control; 4. Others.

SECTION 11 FINANCIAL REPORT

6. INTEREST IN OTHER ENTITIES (Continued)**6.1 Interests in subsidiaries (Continued)****(2) Material non-wholly owned subsidiaries:**

Name	Percentage of ownership interest held by non-controlling interests %	Profit or loss attributable to non-controlling shareholders during the period	Dividend declared to non-controlling shareholders during the period	Balance of non-controlling interests as at the end of the period
China Nonferrous Metals Processing Technology Co., Ltd.	7.65	-2,195	-	-7,085
Jiuye Construction Co., Ltd.	26.83	-2,660	-	-224,466
China Aluminum Shandong Engineering Technology Corporation Limited	40.00	-56	-	109,082
Kunming Engineering & Research Institute of Nonferrous Metallurgy Co., Ltd.	33.00	-24,272	-	-36,193

(3) Key financial information about material non-wholly owned subsidiaries:

Name	As at 30 June 2024 (Unaudited)					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
China Nonferrous Metals Processing Technology Co., Ltd.	964,174	1,065,017	2,029,191	1,363,606	61,395	1,425,001
Jiuye Construction Co., Ltd.	8,524,755	1,237,796	9,762,551	6,492,517	1,438,818	7,931,335
China Aluminum Shandong Engineering Technology Corporation Limited	494,642	112,930	607,572	890,914	-	890,914
Kunming Engineering & Research Institute of Nonferrous Metallurgy Co., Ltd.	531,393	94,823	626,216	256,124	117,888	374,012

SECTION 11 FINANCIAL REPORT

6. INTEREST IN OTHER ENTITIES (Continued)**6.1 Interests in subsidiaries (Continued)****(3) Key financial information about material non-wholly owned subsidiaries: (Continued)**

Name	As at 31 December 2023					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
China Nonferrous Metals Processing Technology Co., Ltd.	1,099,704	1,078,512	2,178,216	1,514,017	62,408	1,576,425
Jiuye Construction Co., Ltd.	8,113,993	1,277,044	9,391,037	6,500,721	1,054,271	7,554,992
China Aluminum Shandong Engineering Technology Corporation Limited	576,092	125,971	702,063	971,496	16,000	987,496
Kunming Engineering & Research Institute of Nonferrous Metallurgy Co., Ltd.	432,963	100,031	532,994	237,722	115,632	353,354

For the six months ended 30 June 2024 (Unaudited)

Name	Operating revenue	Net profit	Total	Cash flows
			comprehensive income	from operating activities
China Nonferrous Metals Processing Technology Co., Ltd.	541,980	27,608	27,608	14,602
Jiuye Construction Co., Ltd.	2,153,470	4,408	4,408	-757,751
China Aluminum Shandong Engineering Technology Corporation Limited	314,323	94	94	-16,867
Kunming Engineering & Research Institute of Nonferrous Metallurgy Co., Ltd.	211,863	73,332	73,792	44,928

SECTION 11 FINANCIAL REPORT

6. INTEREST IN OTHER ENTITIES (Continued)**6.1 Interests in subsidiaries (Continued)****(3) Key financial information about material non-wholly owned subsidiaries: (Continued)**

Name	For the six months ended 30 June 2023 (Unaudited)			
	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities
China Nonferrous Metals Processing Technology Co., Ltd.	551,637	-4,117	-4,126	56,237
Jiuye Construction Co., Ltd.	2,040,749	-89,804	-89,804	-289,490
China Aluminum Shandong Engineering Technology Corporation Limited	242,427	-61,537	-61,537	15,359
Kunming Engineering & Research Institute of Nonferrous Metallurgy Co., Ltd.	121,173	28,184	29,394	-11,555

6.2 Changes in the scope of consolidation due to other reasons**Former subsidiaries no longer included in the scope of consolidation during the period**

(1) Basic information of former subsidiaries

No.	Name	Place of incorporation	Business nature	Shareholding (%)	Voting rights (%)	Reason
1	Luoyang Kaiying Technology Co., Ltd.	Luoyang, Henan	Software and information technology services	100.00	100.00	Deregister
2	Guizhou Yundu Real Estate Co., Ltd.	Duyun, Guizhou	Construction projects	100.00	100.00	Consolidation merger

SECTION 11 FINANCIAL REPORT

6. INTEREST IN OTHER ENTITIES (Continued)**6.3 Interests in joint ventures or associates****(1) Material joint ventures or associates**

Name	Principal place of business	Registration place	Business nature	Shareholding (%)		Accounting treatment of investments in joint ventures or associates
				Direct	Indirect	
① Joint ventures						
Shanghai Fengtong Equity Investment Fund Partnership (Limited Partnership)	Shanghai	Shanghai	Investment company	40.00	–	Equity method
Zhongji Sunward Technology Co., Ltd.	Hunan	Hunan	Metallurgical equipment manufacturing	–	49.00	Equity method
② Associates						
Taikang Haowen construction Co., Ltd.	Henan	Henan	Building construction	–	47.50	Equity method
Loudi Haochuang development construction Co., Ltd.	Hunan	Hunan	Civil engineering construction	–	40.00	Equity method
Zhuzhou Tianqiao Crane Co., Ltd.	Hunan	Hunan	Manufacturing	3.80	–	Equity method

SECTION 11 FINANCIAL REPORT

6. INTEREST IN OTHER ENTITIES (Continued)**6.3 Interests in joint ventures or associates (Continued)****(2) Key financial information of material joint ventures**

Item	Shanghai Fengtong Equity Investment Fund Partnership (Limited Partnership)		Zhongji Sunward Technology Co., Ltd.	
	As at 30 June 2024	As at 31 December 2023	As at 30 June 2024	As at 31 December 2023
Current assets	67,602	70,116	298,789	260,446
Non-current assets	-	-	7,797	10,711
Total assets	67,602	70,116	306,586	271,157
Current liabilities	8,310	10,550	180,923	151,342
Non-current liabilities	-	-	-	-
Total liabilities	8,310	10,550	180,923	151,342
Net assets	59,292	59,566	125,663	119,815
Adjustment:	-	-	-	-
Carrying amount of equity investment in joint ventures	8,843	8,843	61,675	58,709
Fair value of equity investments with publicly quoted prices	-	-	-	-

SECTION 11 FINANCIAL REPORT

6. INTEREST IN OTHER ENTITIES (Continued)**6.3 Interests in joint ventures or associates (Continued)****(2) Key financial information of material joint ventures (Continued)**

Item	Shanghai Fengtong Equity Investment Fund Partnership (Limited Partnership)		Zhongji Sunward Technology Co., Ltd.	
	For the six months ended	For the six months ended	For the six months ended	For the six months ended
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
Operating revenue	-	-	75,598	86,361
Finance expenses	-1	-16	212	-123
Income tax expenses	-	-	556	-282
Net profit	-274	-223	5,472	3,926
Other comprehensive income	-	-	-	-
Total comprehensive income	-274	-223	5,472	3,926
Dividends received from joint ventures during the year	-	-	-	-

SECTION 11 FINANCIAL REPORT

6. INTEREST IN OTHER ENTITIES (Continued)**6.3 Interests in joint ventures or associates (Continued)****(3) Key financial information of material associates**

Item	Taikang Haowen construction Co., Ltd.		Loudi Haochuang development construction Co., Ltd.		Zhuzhou Tianqiao Crane Co., Ltd.	
	As at 30 June 2024	As at 31 December 2023	As at 30 June 2024	As at 31 December 2023	As at 31 March 2024	As at 31 December 2023
Current assets	80,258	126,652	64,440	77,371	3,106,978	3,109,036
Non-current assets	751,104	735,077	623,566	613,842	1,256,490	1,003,549
Total assets	831,362	861,729	688,006	691,213	4,363,468	4,112,585
Current liabilities	-32,818	-32,451	19,706	21,413	1,755,916	1,618,709
Non-current liabilities	630,000	660,000	509,500	511,000	168,356	184,650
Total liabilities	597,182	627,549	529,206	532,413	1,924,272	1,803,359
Net assets	234,180	234,180	158,800	158,800	2,439,196	2,309,226
Company's share of net assets	108,640	108,640	100,000	100,000	174,615	174,425
Adjustments	-	-	-	-	-	-
Carrying amount of interests in associates	108,640	108,640	100,000	100,000	174,615	174,425
Fair value of investments in associates which have quoted market price	-	-	-	-	-	-

SECTION 11 FINANCIAL REPORT

6. INTEREST IN OTHER ENTITIES (Continued)**6.3 Interests in joint ventures or associates (Continued)****(3) Key financial information of material associates (Continued)**

Item	Taikang Haowen construction Co., Ltd.		Loudi Haochuang development construction Co., Ltd.		Zhuzhou Tianqiao Crane Co., Ltd.	
	For the six months ended 30 June 2024	For the six months ended 30 June 2023	For the six months ended 30 June 2024	For the six months ended 30 June 2023	For the first three months of fiscal year	For the six months ended 30 June 2023
Operating revenue	-	-	-	-	226,468	564,339
Net profit	-	-	-	-	2,394	-7,365
Other comprehensive income	-	-	-	-	-11,965	-77,319
Total comprehensive income	-	-	-	-	-9,571	-84,684
Dividends received from associates during this period	-	-	-	-	-	-

SECTION 11 FINANCIAL REPORT

7. GOVERNMENT GRANTS**7.1 Government grants recognized in deferred revenue**

Item	1 January 2024	Increase	Decrease	30 June 2024
Tongchuan New District Urban Roads + Underground Comprehensive Pipeline Corridor Overall Package PPP Project	51,900	–	–	51,900
Policy support payments for the overall relocation of the Shandong subsidiary	16,000	–	16,000	–
Others	11,762	9,168	13,798	7,132
Total	79,662	9,168	29,798	59,032

8. RISKS RELATED TO FINANCIAL INSTRUMENTS

The Company's major financial instruments include various equity investments, debt investments, derivative financial instruments, long-term and short-term borrowings, receivables and payables. See relevant sections of this report for details on financial instruments. Risks associated with the above financial instruments and risk management policies adopted by the Company to reduce these risks are set out below. Management manages and monitors these risk exposures to ensure that the above risks are controlled within the prescribed range.

8. RISKS RELATED TO FINANCIAL INSTRUMENTS (Continued)

8.1 Risk management objectives and policies

Main risks associated with the Company's financial instruments include credit risk, liquidity risk and market risk (including foreign exchange risk, interest rate risk and other price risks).

(1) Credit risk

Credit risk refers to the risk that one party to a financial instrument fails to perform its obligation, causing financial losses to the other party.

The Company's credit risk mainly involves receivables. Specific measures to control this risk are as follows:

The Company's accounts receivable are mainly generated from the engineering construction business. The Company's internal control system requires that the Company perform credit assessment on each client before submitting a bid and if the construction lasts over one year, reperform the credit assessment on a regular basis. Based on its contract review system, the project management department, the financial department, the legal department and other departments jointly review the contract to determine reasonable payment terms so as to minimize our advance risk. Operating cash flows linked performance indicators are in place to urge subsidiaries to speed up collection of receivables. The Company reviews the collection of receivables on an individual basis on the balance sheet date and requires additional guarantee in respect of key accounts associated with potential structural risks to ensure adequate impairment of credit losses for unrecoverable receivables. See Notes 3.11 above for expected credit loss policies.

SECTION 11 FINANCIAL REPORT

8. RISKS RELATED TO FINANCIAL INSTRUMENTS (Continued)**8.1 Risk management objectives and policies (Continued)****(2) Liquidity risk**

Liquidity risk refers to the risk that the Company is short of funds when performing its settlement obligations by delivery of cash or other financial assets.

The financial department continuously monitors the Company's short-term and long-term fund requirements to maintain adequate cash reserve. The Company utilizes multiple financing means including notes, bank borrowings and entrusted loans to maintain the balance between sustainability and flexibility of financing. The Company has obtained credit lines from several commercial banks with higher credit ratings to meet its demand for working capital and capital expenditure. Management monitors the use of bank borrowings and ensures compliance with loan agreements.

(3) Market risk

Market risk refers to the risk that the fair value or future cash flow of financial instruments fluctuate as market prices changes, including exchange rate risk, interest rate risk and other price risks.

a. Interest rate risk

Interest rate risk refers to the risk that the fair value or future cash flow of financial instruments fluctuate due to changes in market interest rates. The Company's interest rate risk mainly arise from both recognized interest-bearing financial instruments and unrecognized financial instruments (e.g. certain loan commitments).

The Company's interest rate risk arises mainly from long-term interest-bearing debt such as long-term bank borrowings and bonds payable. Financial liabilities with floating interest rates expose the Company to cash flow interest rate risk, while financial liabilities with fixed interest rates expose the Company to fair value interest rate risk. The Company determines the relative proportions of fixed-rate and floating-rate contracts based on the prevailing market conditions and maintains an appropriate mix of fixed-rate and floating-rate instruments through regular reviews and monitoring.

SECTION 11 FINANCIAL REPORT

8. RISKS RELATED TO FINANCIAL INSTRUMENTS (Continued)**8.1 Risk management objectives and policies (Continued)****(3) Market risk (Continued)**

a. Interest rate risk (Continued)

The Company closely monitors the impact of interest rate changes on the Company's interest rate risk. The Company does not currently have an interest rate hedging policy. However, management is responsible for monitoring interest rate risk and will consider hedging significant interest rate exposure when required. An increase in interest rates could increase the cost of new interest-bearing debt as well as interest expense on the Company's outstanding interest-bearing debt with floating interest rates and have a material adverse effect on the Company's financial results. Management will make timely adjustments based on the most recent market conditions, which may be in the form of interest rate swaps arranged to reduce interest rate risk.

For financial instruments held at the balance sheet date that expose the Company to fair value interest rate risk, the effect on net income and shareholders' equity in the sensitivity analysis above is the effect of re-measuring the above financial instruments at the new interest rate, assuming that the change in interest rates occurs at the balance sheet date. For floating rate non-derivative instruments held at the balance sheet date that expose the Company to cash flow interest rate risk, the impact on net profit and shareholders' equity in the above sensitivity analysis is the impact of the change in the above interest rates on interest expense or income estimated on an annualized basis. The analysis for the prior year was based on the same assumptions and methodology.

b. Exchange rate risk

Exchange rate risk refers to the risk that the fair value or future cash flow of financial instruments fluctuate due to changes in foreign exchange rates. The exchange rate risk mainly comes from financial instruments denominated in foreign currencies other than the functional currency.

Exchange rate risk mainly represents the exposure of the Company's financial position and cash flows to fluctuations in foreign exchange rates. Except for the subsidiary established in Hong Kong which holds assets denominated in Hong Kong dollars, there is only a small amount of Hong Kong market investment business, and the proportion of foreign currency assets and liabilities held by the Company to the overall assets and liabilities is insignificant. Therefore, the Company considers that the exposure to exchange rate risk is not material.

SECTION 11 FINANCIAL REPORT

8. RISKS RELATED TO FINANCIAL INSTRUMENTS (Continued)**8.2 Capital management**

The capital management policies of the Company are made to ensure the continuous operation of the Company, in order to provide returns to shareholders and benefits to other stakeholders and to maintain the optimum capital structure for minimizing capital costs.

In order to maintain or adjust the capital structure, the Company may adjust dividends paid to shareholders, return capital to shareholders, issue new shares or dispose of assets to reduce its debts.

The Company manages its capital structure on the basis of gearing ratio. This ratio is calculated as net debt divided by total capital. Net debts are calculated as the total borrowings and other liabilities (including Short-term loans, Long-term loans due within one year and Bond payable due within one year, Bonds payable and Long-term loans) less cash and cash equivalents listed in Cash Flow Statement. Total capital includes shareholders' equity attributable to the parent company and non-controlling interest.

The Company monitors capital management by using the gearing ratio which is shown as follows:

Item	30 June 2024 (Unaudited)	31 December 2023
Short-term loans	2,118,493	1,343,848
Long-term loans due within one year	2,408,535	1,414,590
Long-term loans	6,878,192	6,179,831
Less: Cash and cash equivalents listed in Cash Flow Statement	3,295,538	3,339,604
Net debts	8,109,682	5,598,665
Total equity attributable to equity owners of the Company	6,428,905	7,254,500
Total capital	14,538,587	12,853,165
Gearing ratio	55.78%	43.56%

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9. FAIR VALUE

The level in which fair value measurement is categorised is determined by the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement. The levels are defined as follows:

Level 1 inputs: unadjusted quoted prices in active markets that are observable at the measurement date for identical assets or liabilities.

Level 2 inputs: inputs other than Level 1 inputs that are either directly or indirectly observable for underlying assets or liabilities.

Level 3 inputs: inputs that are unobservable for underlying assets or liabilities.

Item	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
I. Recurring fair value measurement	–	–	400,759	400,759
Financing receivables	–	–	351,846	351,846
Financial assets classified as FVOCI	–	–	48,913	48,913

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 11 FINANCIAL REPORT

10. RELATED PARTIES AND RELATED PARTY TRANSACTIONS**10.1 Information about the parent of the Company**

Name	Registration place	Business nature	Registered capital (RMB0,000)	Shareholding percentage %	Percentage of voting rights %
Aluminum Corporation of China	PRC	Mineral resources (excluding oil and natural gas) development, nonferrous metal smelting and processing, related trading and engineering and technical services	2,520,000	76.50	76.50

The ultimate controlling party of the Company is Aluminum Corporation of China (which is owned and controlled by SASAC). On 30 June 2024, China Aluminum Group directly held 73.56% equity interest in the Company and indirectly held 2.94% equity interest in the Company through its subsidiary, Luoyang Institute. China Aluminum Group held in aggregate a 76.50% equity interest in the Company.

10.2 Information about the subsidiaries of the Company

For details about the material subsidiaries of the Company, refer to Note 6.1.

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10. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)**10.3 Information about joint ventures and associates of the Company**

For details about the material joint ventures and associates of the Company, refer to Note 6.3.

Other joint ventures or associates that had related-party transactions with the Company during the current period, or had balances resulting from related-party transactions with the Company in prior periods, are described below:

Name	Related party relationship
Yunnan Linshuang Expressway Co., Ltd.	An associate of the Company
Loudi Haochuang development construction Co., Ltd.	An associate of the Company
Yunnan Miyu Expressway Investment and Development Co., Ltd.	An associate of the Company
Yunnan Ningyong Expressway Co., Ltd.	An associate of the Company
Taikang Haowen construction Co., Ltd.	An associate of the Company
Yunnan Linyun Expressway Co., Ltd.	An associate of the Company
Sichuan Chuannan Rail Transit Operation Co., Ltd.	An associate of the Company
Tongchuan Zhaojin Cadre College Construction Operation Management Co., Ltd.	An associate of the Company
Guizhou Zhongcheng Education Construction Operation Management Co., Ltd.	An associate of the Company
Guizhou Tongye Construction Development Co., Ltd.	An associate of the Company
Luoyang Huazhong Aluminum Co., Ltd.	An associate of the Company
Chinalco Shituo Intelligent Technology Co., Ltd.	An associate of the Company
Jiangsu CNPT-Rabily Industrial Co., Ltd.	An associate of the Company
Qinghai Chinalco Industrial Services Co., Ltd.	An associate of the Company
Zhongji Sunward Technology Co., Ltd.	A joint venture of the Company

SECTION 11 FINANCIAL REPORT

10. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)**10.4 Information about other related parties**

Name	Related party relationship
Zunyi Aluminum Co., Ltd.	Ultimately controlled by the same parent
Zibo Dongshan Industrial Co., Ltd.	Ultimately controlled by the same parent
Zibo Dadi Real Estate Development Co., Ltd.	Ultimately controlled by the same parent
Chongqing Swa Construction Engineering Co. Ltd.	Ultimately controlled by the same parent
Chongqing Swa Mechanical & Electrical Equipment Engineering Co., Ltd.	Ultimately controlled by the same parent
Chongqing Guochuang Light Alloy Research Institute Co., Ltd.	Ultimately controlled by the same parent
Chinalco Shanxi Advanced Materials Co., Ltd.	Ultimately controlled by the same parent
Zhongzhou Branch of Aluminum Corporation of China Limited	Ultimately controlled by the same parent
Shanxi Chinalco Huarun Co., Ltd.	Ultimately controlled by the same parent
China Copper Tibet Mining Co., Ltd.	Ultimately controlled by the same parent
China Copper Mineral Resources Co., Ltd.	Ultimately controlled by the same parent
China Copper Huazhong Copper Co., Ltd.	Ultimately controlled by the same parent
China Copper Southeast Copper Co., Ltd.	Ultimately controlled by the same parent
China Copper (Shanghai) Copper Industry Co., Ltd	Ultimately controlled by the same parent
Chinalco Shanxi Advanced Materials Co., Ltd.	Ultimately controlled by the same parent
Chinalco Asset Management Co., Ltd.	Ultimately controlled by the same parent
Chinalco Capital Holdings Limited	Ultimately controlled by the same parent
Chinalco Zhongzhou Advanced Materials Technology Co., Ltd.	Ultimately controlled by the same parent
Chinalco Zhongzhou Aluminum Co., Ltd.	Ultimately controlled by the same parent
Chinalco Zhongzhou Mining Co., Ltd.	Ultimately controlled by the same parent
Chinalco Intelligence Copper Innovation Science & Technology (Yunnan) Co., Ltd.	Ultimately controlled by the same parent
Chinalco Intelligent Digital Dimension (Hangzhou) Engineering Design & Research Institute Co., Ltd.	Ultimately controlled by the same parent
Chinalco Intelligent Technology Development Co., Ltd.	Ultimately controlled by the same parent
Chalco Zhengzhou Nonferrous Metals Research Institute Co., Ltd.	Ultimately controlled by the same parent
Chinalco Information Technology Co., Ltd.	Ultimately controlled by the same parent
Chinalco Advanced Materials Co., Ltd.	Ultimately controlled by the same parent
Chinalco Southwest Aluminum Cold Rolled Strip Co., Ltd.	Ultimately controlled by the same parent
Chinalco Southwest Aluminum Sheet & Strip Co., Ltd.	Ultimately controlled by the same parent

SECTION 11 FINANCIAL REPORT

10. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)**10.4 Information about other related parties (Continued)**

Name	Related party relationship
Chalco Materials Co., Ltd.	Ultimately controlled by the same parent
Chalco Materials Supply & Marketing Co., Ltd.	Ultimately controlled by the same parent
Chinalco Logistics Group (Chongqing) Co., Ltd.	Ultimately controlled by the same parent
The Middle International Inland Port of China Aluminum Logistics Group Ltd.	Ultimately controlled by the same parent
Chinalco Logistics Group Co., Ltd.	Ultimately controlled by the same parent
Chinalco Logistics Group Southeast Asia International Land Port Co., Ltd.	Ultimately controlled by the same parent
Chinalco Investment Development Co., Ltd.	Ultimately controlled by the same parent
Chalco Special Aluminum (Chongqing) Co., Ltd.	Ultimately controlled by the same parent
Chinalco Shenyang Nonferrous Metal Processing Co., Ltd.	Ultimately controlled by the same parent
Chinalco Commercial Factoring Co., Ltd.	Ultimately controlled by the same parent
Chinalco Shanxi Aluminum Co., Ltd. (Xiaoyi aluminum ore)	Ultimately controlled by the same parent
Chinalco Shanxi Aluminum Co., Ltd.	Ultimately controlled by the same parent
Chalco Shandong Co., Ltd.	Ultimately controlled by the same parent
Chinalco Shandong Advanced Materials Co., Ltd.	Ultimately controlled by the same parent
Chinalco Shandong Advanced Materials Co., Ltd.	Ultimately controlled by the same parent
Chinalco Shandong Environment protection technology Co., Ltd.	Ultimately controlled by the same parent
Chalco Sapa Special Aluminum Materials (Chongqing) Co., Ltd.	Ultimately controlled by the same parent
Chinalco Lubrication Technology Co., Ltd.	Ultimately controlled by the same parent
Chinalco Ruimin Co., Ltd.	Ultimately controlled by the same parent
Chalco Aluminum & Electric Co., Ltd.	Ultimately controlled by the same parent
Chalco Qingdao Light Metal Co., Ltd.	Ultimately controlled by the same parent
China Aluminum Ningxia Energy Group Co., Ltd.	Ultimately controlled by the same parent
Chalco Neimenggu Resources Development Co., Ltd.	Ultimately controlled by the same parent
Minera China Ico Peru	Ultimately controlled by the same parent
Chinalco Luoyang Copper Co., Ltd.	Ultimately controlled by the same parent
Chinalco Luoyang Copper Processing Co., Ltd.	Ultimately controlled by the same parent
Chalco Mining Co., Ltd.	Ultimately controlled by the same parent
Chalco Mining Co., Ltd.	Ultimately controlled by the same parent
Chinalco Science and Technology Research Institute Co., Ltd.	Ultimately controlled by the same parent

SECTION 11 FINANCIAL REPORT

10. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)**10.4 Information about other related parties (Continued)**

Name	Related party relationship
Chinalco Group Shanxi Jiaokou Xinghua Science and Technology Co., Ltd.	Ultimately controlled by the same parent
Chinalco Group Shanxi Jiaokou Xinghua Science and Technology Co., Ltd.	Ultimately controlled by the same parent
Chinalco Environmental Protection and Energy Saving Group Co., Ltd.	Ultimately controlled by the same parent
China Copper Huazhong Copper Co., Ltd.	Ultimately controlled by the same parent
Chinalco Henan Aluminum Co., Ltd.	Ultimately controlled by the same parent
Chinalco Henan Luoyang Aluminum Processing Co., Ltd.	Ultimately controlled by the same parent
Chinalco Henan Luoyang Aluminum Foil Co., Ltd.	Ultimately controlled by the same parent
Chalco International Trade Co., Ltd.	Ultimately controlled by the same parent
Chalco International Trade Group Co., Ltd.	Ultimately controlled by the same parent
Chinalco Guangxi Nonferrous Rare Earth Development Co., Ltd.	Ultimately controlled by the same parent
Chinalco Industrial Service Co., Ltd.	Ultimately controlled by the same parent
Chinalco Innovation Development Investment Co., Ltd.	Ultimately controlled by the same parent
Chinalco Materials Application Research Institute Co., Ltd.	Ultimately controlled by the same parent
China Aluminum Insurance Brokerage (Beijing) Co., Ltd	Ultimately controlled by the same parent
China Aluminum Insurance Brokerage (Beijing) Co., Ltd	Ultimately controlled by the same parent
Chalco (Shanghai) Carbon Co., Ltd.	Ultimately controlled by the same parent
China Changcheng Aluminum Co., Ltd.	Ultimately controlled by the same parent
China Yunnan International Economic and Technical Cooperation Co., Ltd.	Ultimately controlled by the same parent
China Copper Industry Co., Ltd	Ultimately controlled by the same parent
Chalco Zunyi Alumina Co., Ltd.	Ultimately controlled by the same parent
Chalco Hong Kong Limited	Ultimately controlled by the same parent
Chalco Guinea Limited	Ultimately controlled by the same parent
Aluminum Corporation of China Limited	Ultimately controlled by the same parent
Zhengzhou Chinalco Construction and Development Co., Ltd.	Ultimately controlled by the same parent
Zhengzhou Yinjian Real Estate Co., Ltd.	Ultimately controlled by the same parent
Zhengzhou Aluminum & Magnesium Technology Co., Ltd.	Ultimately controlled by the same parent
Zhengzhou Aluminum City Labor Service Company	Ultimately controlled by the same parent
Yunnan Copper Real Estate Co., Ltd.	Ultimately controlled by the same parent
Yunnan Copper Real Estate Co., Ltd.	Ultimately controlled by the same parent
Yunnan Zhonghui Energy Co., Ltd.	Ultimately controlled by the same parent

SECTION 11 FINANCIAL REPORT

10. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)**10.4 Information about other related parties (Continued)**

Name	Related party relationship
Yunnan Yuntong Zinc Co., Ltd.	Ultimately controlled by the same parent
Yunnan Yunlv Zexin Aluminum Industry Co, Ltd	Ultimately controlled by the same parent
Yunnan Yunlv Yongxin Aluminum Industry Co, Ltd	Ultimately controlled by the same parent
Yunnan Yunlv Logistik investment Co, Ltd	Ultimately controlled by the same parent
Yunnan Yunlv Runxin Aluminum Industry Co, Ltd	Ultimately controlled by the same parent
Yunnan Yunlv Lvyuan Huibang Engineering Technology Co., Ltd.	Ultimately controlled by the same parent
Yunnan Yunlv Huixin Economic and Trade Co., Ltd.	Ultimately controlled by the same parent
Yunnan Yunlv Haixin Aluminum Co., Ltd.	Ultimately controlled by the same parent
Yunnan Yuanxin Carbon Co., Ltd.	Ultimately controlled by the same parent
Yunnan Yongchang Lead & Zinc Co., Ltd.	Ultimately controlled by the same parent
Yunnan Metallurgical Renda Information Technology Industry Co., Ltd.	Ultimately controlled by the same parent
Yunnan Metallurgical Kunming Heavy Industry Co., Ltd.	Ultimately controlled by the same parent
Yunnan Metallurgical Group Jinshui Property Management Co., Ltd.	Ultimately controlled by the same parent
Yunnan Metallurgical Group Co., Ltd.	Ultimately controlled by the same parent
Yunnan Wenshan Aluminum Co., Ltd.	Ultimately controlled by the same parent
Yunnan Copper Mineral Resources Exploration and Development Co., Ltd.	Ultimately controlled by the same parent
Yunnan Copper Technology Development Co., Ltd.	Ultimately controlled by the same parent
Yunnan Copper Co., Ltd.	Ultimately controlled by the same parent
Yunnan Copper Senior Technical School	Ultimately controlled by the same parent
Yunnan Copper Real Estate Development Co., Ltd.	Ultimately controlled by the same parent
Yunnan Copper(Group) Co., Ltd.	Ultimately controlled by the same parent
Yunnan Copper (Group) Titanium Co., Ltd.	Ultimately controlled by the same parent
Yunnan Aluminium Co., Ltd.	Ultimately controlled by the same parent
Yunnan Lancang Lead Mining Co., Ltd.	Ultimately controlled by the same parent
Yunnan Keli Environmental Protection Co., Ltd.	Ultimately controlled by the same parent
Yunnan Jinsha Mining Co., Ltd.	Ultimately controlled by the same parent
Yunnan Jinding Zinc Industry Co., Ltd.	Ultimately controlled by the same parent
Yunnan Haoxin Aluminum Foil Co., Ltd.	Ultimately controlled by the same parent
Yunnan Diging Nonferrous Metals Co., Ltd.	Ultimately controlled by the same parent
Yunnan Diqing Mining Development Co., Ltd.	Ultimately controlled by the same parent
Yunnan Defu Environmental Protection Co., Ltd.	Ultimately controlled by the same parent
Yunnan Chuxiong Mining and Metallurgy Co., Ltd.	Ultimately controlled by the same parent

SECTION 11 FINANCIAL REPORT

10. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)**10.4 Information about other related parties (Continued)**

Name	Related party relationship
Yunnan Chihong Resource Comprehensive Utilization Co., Ltd.	Ultimately controlled by the same parent
Yunnan Chihong Zinc & Germanium Co., Ltd.	Ultimately controlled by the same parent
Yunnan Chihong International Germanium Co., Ltd.	Ultimately controlled by the same parent
Yuxi Yuntong Real Estate Development Co., Ltd.	Ultimately controlled by the same parent
Yuxi Mining Co, Ltd Dahongshan Copper mine	Ultimately controlled by the same parent
Yuxi Mining Co, Ltd	Ultimately controlled by the same parent
Yuxi Dahongshan Mining Co, Ltd	Ultimately controlled by the same parent
Yimen Copper Co., Ltd.	Ultimately controlled by the same parent
Yiliang Chihong Mining Co., Ltd.	Ultimately controlled by the same parent
Xinbaerhuyouqi Yishengyuan Mining Co., Ltd.	Ultimately controlled by the same parent
Xinbaerhuyouqi Rongda Mining Co., Ltd.	Ultimately controlled by the same parent
Southwest Aluminum (Group) Co., Ltd.	Ultimately controlled by the same parent
Southwest Aluminum (Group) Co., Ltd.	Ultimately controlled by the same parent
Southwest Aluminum (Group) Co., Ltd.	Ultimately controlled by the same parent
Xizang Xihu Mining Co., Ltd.	Ultimately controlled by the same parent
Xizang Jinlong Mining Co., Ltd.	Ultimately controlled by the same parent
Northwest Aluminum Co., Ltd.	Ultimately controlled by the same parent
Northwest Aluminum Co., Ltd.	Ultimately controlled by the same parent
Suzhou New Changguang Thermal Energy Technology Co., Ltd.	Ultimately controlled by the same parent
Shanxi Chinalco Taiyue Advanced Materials Co., Ltd.	Ultimately controlled by the same parent
Shanxi Chalco Industry Service Co., Ltd.	Ultimately controlled by the same parent
Shanxi Advanced Materials Co., Ltd.	Ultimately controlled by the same parent
Shanxi 12th Metallurgical Asset Management Co., Ltd.	Ultimately controlled by the same parent
Shanxi Longmen Aluminum Co., Ltd.	Ultimately controlled by the same parent
Shanxi Jinzheng Construction Project Management Co., Ltd.	Ultimately controlled by the same parent
Shanxi Huaze Aluminum & Electrical Co., Ltd.	Ultimately controlled by the same parent
Shanxi Huaxing Aluminum Co., Ltd.	Ultimately controlled by the same parent
Shanxi Huasheng Aluminum Industry Co., Ltd.	Ultimately controlled by the same parent
Shandong Yixing Carbon New Material Co., Ltd.	Ultimately controlled by the same parent
Shandong Yixing Carbon New Material Co., Ltd.	Ultimately controlled by the same parent
Shandong Shanlv Environmental Advanced Materials Co., Ltd.	Ultimately controlled by the same parent
Shandong Aluminum Industry Vocational College	Ultimately controlled by the same parent

SECTION 11 FINANCIAL REPORT

10. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)**10.4 Information about other related parties (Continued)**

Name	Related party relationship
Shandong Aluminum Industry Co., Ltd.	Ultimately controlled by the same parent
Shandong Huayu Alloy Materials Co., Ltd.	Ultimately controlled by the same parent
Qijing Yunlv Yuxin Aluminum Co., Ltd	Ultimately controlled by the same parent
Qijing Tuoyuan Real Estate Development Co., Ltd.	Ultimately controlled by the same parent
Qinghai Hongxin Mining Co., Ltd.	Ultimately controlled by the same parent
Qingdao Boxin Aluminum Co., Ltd.	Ultimately controlled by the same parent
Pingguo Aluminum Co., Ltd.	Ultimately controlled by the same parent
Ningxia Yinxing Coal Industry Co., Ltd.	Ultimately controlled by the same parent
Ningxia Wangwa Coal Industry Co., Ltd.	Ultimately controlled by the same parent
Ningde Yuntong Real Estate Co., Ltd.	Ultimately controlled by the same parent
Neimengu Huayun Advanced Materials Co., Ltd.	Ultimately controlled by the same parent
Luoyang Nonferrous Metal Processing Design and Research Institute Co., Ltd	Ultimately controlled by the same parent
Longxi Northwest Aluminum Foil Co., Ltd.	Ultimately controlled by the same parent
Liangshan Mining Co., Ltd.	Ultimately controlled by the same parent
Lao Mining Services Ltd.	Ultimately controlled by the same parent
Lanzhou Aluminum Co., Ltd	Ultimately controlled by the same parent
Lanzhou Liancheng Aluminum Co., Ltd	Ultimately controlled by the same parent
Lasa Tianli Mining Co., Ltd.	Ultimately controlled by the same parent
Kunming Zhengji Real Estate Co., Ltd.	Ultimately controlled by the same parent
Kunming Metallurgical Research Institute Co., Ltd.	Ultimately controlled by the same parent
Jinlv Real Estate Development Co., Ltd.	Ultimately controlled by the same parent
Hunan Changkan Business Management Co., Ltd.	Ultimately controlled by the same parent
Hunan Changkan Trade and Commercial Development Co., Ltd.	Ultimately controlled by the same parent
Hulunbeier Chihong Mining Co., Ltd.	Ultimately controlled by the same parent
Honghe Yuntong Real Estate Development Co., Ltd.	Ultimately controlled by the same parent
Heqing Yixin Aluminum Co., Ltd.	Ultimately controlled by the same parent
Henan Zhongzhou Aluminum Construction Co., Ltd.	Ultimately controlled by the same parent
Henan Chinalco Equipment Co., Ltd.	Ultimately controlled by the same parent
Henan Chinalco Construction Engineering Co., Ltd.	Ultimately controlled by the same parent
Henan Changxing Industrial Co., Ltd.	Ultimately controlled by the same parent
Henan Changlv Industrial Service Co., Ltd	Ultimately controlled by the same parent
Henan Changcheng Zhongxin Industry Co., Ltd.	Ultimately controlled by the same parent
Henan Changcheng IT Co., Ltd.	Ultimately controlled by the same parent
Henan Xinshang Technology Co., Ltd.	Ultimately controlled by the same parent

SECTION 11 FINANCIAL REPORT

10. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)**10.4 Information about other related parties (Continued)**

Name	Related party relationship
Henan Xinshang Environmental Protection Technology Co., Ltd.	Ultimately controlled by the same parent
Henan Jiuli Technology Co., Ltd.	Ultimately controlled by the same parent
Henan Huahui Nonferrous Engineering Design Co., Ltd.	Ultimately controlled by the same parent
Hejin Hongtai Fly Ash Development Co., Ltd.	Ultimately controlled by the same parent
Hangzhou Knight Valve Co., Ltd.	Ultimately controlled by the same parent
Harbin East Light Specialty Materials Co., Ltd.	Ultimately controlled by the same parent
Guizhou Light Alloy New Material Retreat to Park Project	Ultimately controlled by the same parent
Guizhou Huaren Advanced Materials Co., Ltd.	Ultimately controlled by the same parent
Guizhou Huajin Aluminum Co., Ltd.	Ultimately controlled by the same parent
Guiyang Aluminum & Magnesium Asset Management Co., Ltd.	Ultimately controlled by the same parent
Guangxi Chinalco Construction Supervision and Consulting Co., Ltd.	Ultimately controlled by the same parent
Guangxi Huasheng Advanced Materials Co., Ltd.	Ultimately controlled by the same parent
Gansu Hualu Aluminum Co., Ltd.	Ultimately controlled by the same parent
Fushun Aluminium Co., Ltd.	Ultimately controlled by the same parent
Northeast Light Alloy Co., Ltd.	Ultimately controlled by the same parent
Daxinganling Jinxin Mining Co., Ltd.	Ultimately controlled by the same parent
Chuxiong Dianzhong Nonferrous Metals Co., Ltd.	Ultimately controlled by the same parent
Chifeng Yuntong Non-Ferrous Metal Co., Ltd.	Ultimately controlled by the same parent
Chibi Changcheng Carbon Products Co., Ltd.	Ultimately controlled by the same parent
Chihong Industrial Development (Shanghai) Co., Ltd.	Ultimately controlled by the same parent
ChiHong Technology Engineering Co., Ltd.	Ultimately controlled by the same parent
Beijing Chalco United Property Management Co., Ltd.	Ultimately controlled by the same parent
Beijing Aluminum Energy Fresh Environmental Technology Co., Ltd.	Ultimately controlled by the same parent
Baotou Chinalco technology service development Co., Ltd.	Ultimately controlled by the same parent
Baotou Aluminium Co., Ltd.	Ultimately controlled by the same parent
China Ico Mining Corporation International	Ultimately controlled by the same parent
Taiyuan China Nonferrous Metal Industry and 12th Metallurgical Real Estate Development Co., Ltd.	An associate of our parent
Yunnan Sotong Yunnan Aluminum Carbon Material Co., Ltd.	An associate of our parent

SECTION 11 FINANCIAL REPORT

10. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)**10.4 Information about other related parties (Continued)**

Name	Related party relationship
Sichuan Liwu Copper Mining Co., Ltd.	An associate of our parent
Yunnan Tianye Chemical Co., Ltd	An associate of our parent
Yunnan Simao Shanshui Copper Company Limited	An associate of our parent
Beida Medical Zibo Hospital Co., Ltd.	An associate of our parent
Baotou Sendu Carbon Co., Ltd.	An associate of our parent
Maguan Yunnan Copper and Zinc Industry Co., Ltd.	An associate of our parent
Yunnan Yunchuang Tender Co., Ltd.	An associate of our parent
Chalco Guizhou Industrial Service Co., Ltd.	An associate of our parent
Qinghai Haiyuan Aluminum Co., Ltd.	An associate of our parent
Henan Changcheng Logistics Co., Ltd.	An associate of our parent
China Rare Earth Group Co., Ltd.	An associate of our parent
Guangxi Hualei Advanced Materials Co., Ltd.	A joint venture of our parent
Chalco Zibo international trading Co., Ltd.	A joint venture of our parent
Chongqing Shangjiangchen Real Estate Co., Ltd.	A joint venture of our parent
Guangxi Huayin Aluminum Industry Co., Ltd.	A joint venture of our parent
Chinalco Industrial Service Technology Co., Ltd.	A joint venture of our parent

SECTION 11 FINANCIAL REPORT

10. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)**10.5 Transactions with related parties****(1) Purchases/sales**

① Purchase of goods/receiving of services

Related party	Nature of transaction	For the six months ended 30 June 2024 (Unaudited)	
		Amount	Percentage to the same type of transaction (%)
A subsidiary of China Aluminum Group	Provide engineering, construction and supervision services	30,978	0.39
An associate of the Company	Procurement of main materials and auxiliary materials	28,439	2.79
A subsidiary of China Aluminum Group	Procurement of main materials and auxiliary materials	8,919	0.88
A subsidiary of China Aluminum Group	Back-up service and other business	3,059	14.31
Joint ventures of China Aluminum Group	Provide engineering, construction and supervision services	2,883	0.04
Joint ventures of the Company	Procurement of main materials and auxiliary materials	858	0.08
An associate of China Aluminum Group	Back-up service and other business	329	1.54
Joint ventures of China Aluminum Group	Procurement of main materials and auxiliary materials	245	0.02

Related party	Nature of transaction	For the six months ended 30 June 2023 (Unaudited)	
		Amount	Percentage to the same type of transaction (%)
A subsidiary of China Aluminum Group	Provide engineering, construction and supervision services	7,298	0.11
A subsidiary of China Aluminum Group	Procurement of main materials and auxiliary materials	3,651	0.35
A subsidiary of China Aluminum Group	Back-up service and other business	3,121	6.37

Note: The pricing of related party transactions negotiated between the parties by reference to market price.

SECTION 11 FINANCIAL REPORT

10. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)**10.5 Transactions with related parties (Continued)****(1) Purchases/sales (Continued)**

② Sales of goods/rendering of services

Related party	Nature of transaction	For the six months ended 30 June 2024 (Unaudited)	
		Amount	Percentage to the same type of transaction (%)
A subsidiary of China Aluminum Group	Provide engineering construction services	1,947,164	23.16
A subsidiary of China Aluminum Group	Provide engineering design services	375,897	33.78
An associate of the Company	Provide engineering construction services	242,437	2.88
A subsidiary of China Aluminum Group	Provide equipment manufacturing and sales	107,624	9.05
Joint ventures of China Aluminum Group	Provide engineering construction services	47,685	0.57
Joint ventures of China Aluminum Group	Provide equipment manufacturing and sales	31,640	2.66
A subsidiary of China Aluminum Group	Back-up service and other business	4,858	6.75
An associate of China Aluminum Group	Provide engineering construction services	4,406	0.05
An associate of China Aluminum Group	Provide equipment manufacturing and sales	1,703	0.14
Joint ventures of China Aluminum Group	Provide engineering design services	844	0.08

SECTION 11 FINANCIAL REPORT

10. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)**10.5 Transactions with related parties (Continued)****(1) Purchases/sales (Continued)**

② Sales of goods/rendering of services (Continued)

Related party	Nature of transaction	For the six months ended 30 June 2023 (Unaudited)	
		Amount	Percentage to the same type of transaction (%)
A subsidiary of China Aluminum Group	Provide engineering construction services	594,654	8.13
A subsidiary of China Aluminum Group	Provide engineering design services	147,701	13.05
A subsidiary of China Aluminum Group	Provide equipment manufacturing and sales	133,925	11.76
A subsidiary of China Aluminum Group	Back-up service and other business	5,131	5.01

Note: The pricing of related party transactions negotiated between the parties by reference to market price.

(2) Leases

① As the lessor

Name of lessee	Name of lessor	Type of assets leased	Lease income recognized in the current period	Lease income recognized in the previous period
China Aluminum Great Wall Construction Co., Ltd.	Chalco Mining Co., Ltd.	Land	423	423
Jiuye Construction Co., Ltd.	Baotou Aluminum (Group) Co., Ltd.	Buildings	860	–
Kunming Prospecting Design Institute of China Nonferrous Metals Industry Co., Ltd	Chinalco Tendering Co., Ltd.	Buildings	210	–

SECTION 11 FINANCIAL REPORT

10. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)**10.5 Transactions with related parties (Continued)****(2) Leases (Continued)**

② As the lessee

Name of lessor	Name of lessee	Type of assets leased	Lease expenses recognized in the current period	Lease expenses recognized in the previous period
China Aluminum Shandong Co., Ltd.	China Aluminum Shandong Engineering Technology Corporation Limited	Buildings	360	-
China Aluminum Shandong Co., Ltd.	Chinalco Wancheng Shandong Construction Co., Ltd.	Buildings	613	-
Luoyang Nonferrous Metal Processing Design and Research Institute Co., Ltd.	China Nonferrous Metals Processing Technology Co., Ltd.	Buildings	1,461	55
Suzhou Nonferrous Metal Design and Research Institute Co., Ltd.	China Nonferrous Metals Processing Technology Co., Ltd.	Buildings	-	434
Yunnan Metallurgical Group Co., Ltd.	Kunming Engineering & Research Institute of Nonferrous Metallurgy Co., Ltd	Buildings	4,719	175
Hunan Changkan Trade and Commercial Development Co., Ltd.	China Nonferrous Metal Changsha Survey and Design Institute Co., Ltd.	Buildings	433	-

Note: The pricing of related party transactions negotiated between the parties by reference to market price.

SECTION 11 FINANCIAL REPORT

10. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)**10.5 Transactions with related parties (Continued)****(3) Guarantee**

① As the guarantor

Guarantee holder	Amount of guarantee	Inception date of guarantee	Maturity date of guarantee	Guarantee expired (Y/N)
Yunnan Ningyong Expressway Co., Ltd.	3,694,103	23 Dec 2019	23 Dec 2053	N
Yunnan Linyun Expressway Co., Ltd.	2,507,310	23 Dec 2019	23 Dec 2053	N
Yunnan Linshuang Expressway Co., Ltd.	1,851,552	6 May 2020	6 May 2054	N
Mian Country Urban Rural Infrastructure Construction Co., Ltd.	31,750	20 Oct 2015	19 Oct 2027	N

(4) Funding from related party

Related party	Amount of funding/ deposit	Inception date	Maturity date	Interest rate	Interest expense/ interest income	Remarks
Funds received:						
Chinalco Finance Company Limited	5,246,200	29 Jul 2022 to 25 Jun 2023	30 Dec 2024 to 24 Jun 2027	2.70-4.18	51,103	Credit loan
Provide deposit service:						
Chinalco Finance Company Limited	2,011,381	-	-	0.525-1.755	9,701	Deposits at banks

(5) Remuneration of key management personnel

The Company has 15 key management personnel as of 30 June 2024, Details about remuneration is as follows:

Item	For the six months ended 30 June 2024	For the six months ended 30 June 2023
Remuneration of key management personnel	3,546	2,064

SECTION 11 FINANCIAL REPORT

10. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)**10.6 Receivables from and payables to related parties****(1) Receivables from related parties**

Item	Related party	As at 30 June 2024 (Unaudited)		As at 31 December 2023	
		Gross carrying amount	Impairment of credit losses	Gross carrying amount	Impairment of credit losses
Accounts receivable	Subsidiaries of China Aluminum Group	1,386,524	177,657	1,218,217	181,780
Accounts receivable	Joint ventures of China Aluminum Group	51,080	2,616	76,743	2,053
Accounts receivable	Associates of China Aluminum Group	24,619	1,892	26,023	2,244
Accounts receivable	Associates of the Company	732,691	31,811	692,234	39,830
Other receivables	Subsidiaries of China Aluminum Group	124,215	30,770	115,219	29,036
Other receivables	Joint ventures of China Aluminum Group	910	187	998	214
Other receivables	Associates of China Aluminum Group	20,989	6,086	21,056	6,106
Other receivables	Associates of the Company	27,500	316	880	179
Prepayments	Subsidiaries of China Aluminum Group	16,237	-	9,768	-
Prepayments	Associates of the Company	6,374	-	-	-
Prepayments	Joint ventures of China Aluminum Group	8	-	195	-

(2) Payables to related parties

Item	Related party	As at	As at
		30 June 2024 (Unaudited)	31 December 2023
Accounts payable	Subsidiaries of China Aluminum Group	60,150	58,510
Accounts payable	Joint ventures of China Aluminum Group	1,609	6,525
Accounts payable	Associates of China Aluminum Group	720	147
Accounts payable	Associates of the Company	47,262	5,161
Other payables	Subsidiaries of China Aluminum Group	46,695	44,655
Other payables	Joint ventures of China Aluminum Group	81	6,525
Other payables	Associates of China Aluminum Group	-	147
Other payables	Associates of the Company	1,015	4,445

SECTION 11 FINANCIAL REPORT

10. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)**10.7 Contract assets and contract liabilities of related parties****(1) Contract assets**

Related party	As at 30 June 2024 (Unaudited)		As at 31 December 2023	
	Gross carrying amount	Impairment of credit losses	Gross carrying amount	Impairment of credit losses
Joint ventures of China				
Aluminum Group	22,035	2,046	15,191	1,984
Associates of China				
Aluminum Group	1,098	5	2,362	12
Associates of the Company	1,728,281	41,577	1,711,914	42,320
Subsidiaries of China				
Aluminum Group	607,101	118,173	356,441	47,305

(2) Contract liabilities

Related party	As at 30 June 2024 (Unaudited)	As at 31 December 2023
Subsidiaries of China Aluminum Group	760,768	590,382
Joint ventures of China Aluminum Group	35,807	29,132
Associates of the Company	6,202	6,702
Associates of China Aluminum Group	953	2,972

SECTION 11 FINANCIAL REPORT

11. COMMITMENTS AND CONTINGENCIES

11.1 Significant commitments

The Company and Yunnan Transportation Investment Construction Group Co., Ltd. (“Yunnan Transportation Investment”) jointly formed a non-government equity investor to work together with the local governments to invest in and establish three project companies, namely Yunnan Ningyong Expressway Co., Ltd. (“Ningyong Expressway”), Yunnan Linyun Expressway Co., Ltd. (“Linyun Expressway”) and Yunnan Linshuang Expressway Co., Ltd. (“Linshuang Expressway”), for the construction and operation of the said expressways under PPP mode. The shareholding of the Company, Yunnan Transportation Investment and the investment vehicle designated by the local governments in the three PPP project companies was 30%, 40% and 30% respectively.

The capital structure of each project company is as follow:

The investment vehicle designated by local government contributed 30% of total project investment (of which RMB30 million is the registered capital and the rest is capital reserve). The Company and Yunnan Transportation Investment respectively contributed RMB30 million and RMB40 million as paid-in registered capital.

Meanwhile, the Company and Yunnan Transportation Investment provide credit enhancement for the difference between the total investment and the capital contribution in proportion to their relative shareholding (3:4), and are liable for the financing for the operation period on a 42.86%:57.14% basis. Each shareholder is liable for the financing for the operation period of the project company according to their shareholding proportion.

According to the relevant agreements, the Company is required to provide credit enhancement up to RMB4.559 billion, RMB3.19 billion and RMB2.086 billion (up to RMB9.835 billion in total) for investment loans granted to Ningyong Expressway, Linyun Expressway and Linshuang Expressway respectively, and issue a letter of undertaking for deficiency. The letter of undertaking for deficiency should be signed up to the above amounts respectively after negotiation with relevant creditors.

As of balance sheet date, the Company has actually issued the letter of undertaking and provided credit enhancement as follows:

Ningyong Expressway was granted a credit line of RMB11 billion by the bank, and the Company has issued a letter of undertaking for deficiency as to RMB9.347 billion or 42.86% of the credit line. The bank has actually granted a loan of RMB9.444 billion, and the Company has provided credit enhancement for RMB3.694 billion of the loan.

SECTION 11 FINANCIAL REPORT

11. COMMITMENTS AND CONTINGENCIES (Continued)**11.1 Significant commitments (Continued)**

Linyun Expressway was granted a credit line of RMB10.1 billion by the bank, and the Company has issued a letter of undertaking for deficiency as to RMB6.0 billion or 42.86% of the credit line. The bank has actually granted a loan of RMB5.85 billion, and the Company has provided credit enhancement for RMB2.507 billion of the loan.

Linshuang Expressway was granted a credit line of RMB9.9 billion by the bank, and the Company has issued a letter of undertaking for deficiency as to RMB4.32 billion or 42.86% of the credit line. The bank has actually granted a loan of RMB4.32 billion, and the Company has provided credit enhancement for RMB1.852 billion of the loan.

11.2 Contingencies**(1) Contingent liabilities arising from pending arbitration and pending litigation and related financial impact**

- ① The Company as the plaintiff

Plaintiff	Defendant	Cause	Amount claimed (RMB ten thousand)	Progress of the case
China Aluminum International Engineering Corporation Limited	Qingdao Xinfu Gongchuang Asset Management Co., Ltd., Shandong Real Estate Development Group Qingdao Company, Liang Yongjian, Wang Xiaoning, Qingdao Liangyou Catering Co., Ltd.	Contract disputes	90,921.54	The case is currently under arbitration.
China Sixth Metallurgical Construction Co., Ltd.	Xincai Development Investment Co., Ltd.	Construction project contract disputes	50,667.33	The case is currently in the first instance.
China Sixth Metallurgical Construction Co., Ltd.	Guizhou Hongcai Investment Group Co., Ltd, Panzhou City Panzhou ancient city development management limited liability company, Panzhou Municipal People's Government, Panzhou City health Bureau	Construction project contract disputes	38,175.21	The case is currently in the first instance.

SECTION 11 FINANCIAL REPORT

11. COMMITMENTS AND CONTINGENCIES (Continued)**11.2 Contingencies (Continued)****(1) Contingent liabilities arising from pending arbitration and pending litigation and related financial impact (Continued)**

① The Company as the plaintiff (Continued)

Plaintiff	Defendant	Cause	Amount claimed (RMB ten thousand)	Progress of the case
China Sixth Metallurgical Construction Co., Ltd.	Egyptian Celluloid Industries Group Ltd.	Construction project contract disputes	20,547.30	The case is currently under arbitration.
China Sixth Metallurgical Construction Co., Ltd.	Tangyin County Rongchuang construction Co., Ltd.	Contract disputes	19,349.68	The case is currently in the first instance.
Jiuye Construction Co., Ltd.	Hanzhong Aviation Intelligent New City Investment Group Co., Ltd. and Hanzhong Aviation Intelligent New City Sewage Treatment Plant	Construction project contract disputes	11,160.90	The case is currently pending execution.
China Sixth Metallurgical Construction Co., Ltd.	Hohhot Economic and Technological Development Zone Ruyi District Management Committee, Inner Mongolia Jinhang Real Estate Development Co., Ltd., Hohhot Economic and Technological Development Zone Boyuan Real Estate Development Co., Ltd., Hohhot Economic and Technological Development Zone Investment and Development Group Co., Ltd.	Construction project contract disputes	8,278.49	The case is currently under arbitration.
Shenyang Aluminum and Magnesium Engineering and Research Institute Company Limited	Panjin Hetai real Estate Development Co., Ltd.	Confirmation of bankruptcy claims disputes	7,710.49	The case is currently in the second instance.

SECTION 11 FINANCIAL REPORT

11. COMMITMENTS AND CONTINGENCIES (Continued)**11.2 Contingencies (Continued)****(1) Contingent liabilities arising from pending arbitration and pending litigation and related financial impact (Continued)**

① The Company as the plaintiff (Continued)

Plaintiff	Defendant	Cause	Amount claimed (RMB ten thousand)	Progress of the case
China Sixth Metallurgical Construction Co., Ltd.	Guizhou Hongcai Investment Group Co., Ltd., Guizhou Hongcai Real Estate Co., Ltd., Guizhou Hongcai Real Estate Development Co., Ltd.	Construction project contract disputes	7,361.68	The case is currently in the first instance.
China Sixth Metallurgical Construction Co., Ltd.	Inner Mongolia Hengda Real Estate Co., Ltd.	Construction project contract disputes	5,208.36	The case is currently in the second instance.

SECTION 11 FINANCIAL REPORT

11. COMMITMENTS AND CONTINGENCIES (Continued)**11.2 Contingencies (Continued)****(1) Contingent liabilities arising from pending arbitration and pending litigation and related financial impact (Continued)**

② The Company as the defendant

Plaintiff	Defendant	Cause	Amount claimed (RMB ten thousand)	Progress of the case
Nuclear industry Eastern China Construction Engineering Group LTD	China Sixth Metallurgical Construction Co., Ltd.	Construction project contract disputes	15,399.38	The case is currently in the first instance.
Guizhou Huaren New Material Co., Ltd.	China Aluminum International Engineering Corporation Limited Guiyang Branch	Construction project contract disputes	14,523.36	The case is currently under arbitration.
Baoji Hui Feng Construction Engineering Co., Ltd.	Jiuye Construction Co., Ltd., Jiuye Construction Co., Ltd. Fifth Engineering Company, Baoji Disabled Persons' Federation	Construction project contract disputes	13,797.59	The case is currently in the first instance.
China Nonferrous Metal Industry Xi'an Geotechnical Engineering Co., Ltd	China Aluminum International Engineering Corporation Limited Shenyang Branch	Construction project contract disputes	7,539.50	The case is currently in the second instance.
Kunming Haokun Concrete Manufacturing Co., Ltd.	China Sixth Metallurgical Construction Co., Ltd., China Sixth Metallurgical Construction Co., Ltd. Yunnan Branch	Sale and purchase contract disputes	6,262.79	The case is currently in the second instance.
Xu Lin	Guizhou Gui'an New District Administrative Committee, China Nonferrous Metals Industry's 12th Metallurgical Construction Co., Ltd., Gui'an New District University Town Landed Silver Project Development Co., Ltd., Fujian Henli Construction Group Co., Ltd.	Construction project contract disputes	5,778.87	The case is currently in the first instance.

SECTION 11 FINANCIAL REPORT

11. COMMITMENTS AND CONTINGENCIES (Continued)**11.2 Contingencies (Continued)****(2) Contingent liabilities arising from guarantee provided to other entities and related financial effects**

As at 30 June 2024, the Company provided guarantees for the following loans:

Name of the guaranteed entity	Guarantee	Amount	Period	Remarks
Yunnan Ningyong Expressway Co., Ltd.	Loan guarantee	3,694,103	23 Dec 2053	–
Yunnan Linyun Expressway Co., Ltd.	Loan guarantee	2,507,310	23 Dec 2053	–
Yunnan Linshuang Expressway Co., Ltd.	Loan guarantee	1,851,552	6 May 2054	–
Mian County Urban Rural Infrastructure Construction Co., Ltd.	Loan guarantee	31,750	19 Oct 2027	–
Total	–	8,084,715	–	–

12. POST BALANCE SHEET DATE EVENTS

12.1 Restricted share incentive scheme

The twenty-first meeting of the fourth session of the Board of the Directors and the seventeenth meeting of the fourth session of the Board of Supervisors of the Company held on June 18, 2024, the Company considered and approved Resolutions on the first Grant of Restricted Shares to participants under the 2023 Restricted Share Incentive Scheme (the “Incentive Scheme”), and a first grant of a total of 27,158,300 Restricted Shares has been determined to be granted to 240 Participants who meet the grant conditions at a price of RMB2.37 per A Share on 18 June 2024.

In the process of payment verification after the first grant date, one Participant voluntarily waived part of the Restricted Shares to be granted, and no further grants were made to three Participants due to their change of work positions and failure to satisfy the conditions of the grant. Therefore, the actual number of Participants for the first grant of the Company was 237 and the number of Restricted Shares actually granted was 26,769,600 shares. Except for the matters described above, the actual grants under the 2023 Restricted Share Incentive Scheme were consistent with the grants of Restricted Shares considered and approved at the twenty-first meeting of the fourth session of the Board of the Directors of the Company held on 18 June 2024.

The Company completed the registration of the first grant of part of Restricted Shares under the 2023 Restricted Share Incentive Scheme of the Company with the Shanghai Branch of the CSDCC on 26 July 2024. There are 26.7696 million Restricted Shares under the first grant of the Company, representing 93.05% of the total number of Restricted Shares granted, and representing 0.90% of the total share capital of the Company before the grant. The reserved grant part of 2.00 million shares, representing 6.95% of the total number of Restricted Shares granted, and representing 0.07% of the total share capital of the Company before the grant.

SECTION 11 FINANCIAL REPORT

12. POST BALANCE SHEET DATE EVENTS (Continued)**12.1 Restricted share incentive scheme (Continued)**

The total number of Participants for the first grant of the Incentive Scheme was 237 who are directors, senior managements, other managements and core technical (operational) backbone of the company (including branches and holding subsidiaries) at the time of the announcement of the Incentive Scheme, excluding the person in charge of the central enterprise managed by the Party Committee of the SASAC of The State Council. It also excludes the company's independent directors, external directors, supervisors, shareholders individually or collectively holding more than 5% of the shares of the Company or a de facto controller and their respective spouse, parents or children. Under the condition that the above Participants complete the relevant performance appraisal targets, the unlocking schedule arrangements of the Restricted Shares under the first grant and the reserved grant of the Incentive Scheme are set out below:

Unlocking arrangement	Unlocking schedule	Proportion of the Restricted Shares to be unlocked of total number of the Restricted Shares granted
First Unlocking Period of the first grant and the reserved grant	Commencing from the first trading day upon the expiry of 24 months from the date of completion of registration of the grant to the last trading day upon the expiry of 36 months from the date of completion of registration of the grant	40%
Second Unlocking Period of the first grant and the reserved grant	Commencing from the first trading day upon the expiry of 36 months from the date of completion of registration of the grant to the last trading day upon the expiry of 48 months from the date of completion of registration of the grant	30%
Third Unlocking Period of the first grant and the reserved grant	Commencing from the first trading day upon the expiry of 48 months from the date of completion of registration of the grant to the last trading day upon the expiry of 60 months from the date of completion of registration of the grant	30%

As at 26 August 2024 (the date on which the report is approved by the Board of Directors), the Company has no other events after the balance sheet date to be disclosed.

SECTION 11 FINANCIAL REPORT

13. OTHER SIGNIFICANT MATTERS

For management purposes, the Company is organized into business units based on products and services with three reportable segments:

- (1) The engineering survey, design and consulting business segment focuses on mining, mineral processing and engineering design for the energy, chemical and environmental protection industries;
- (2) The engineering and construction contracting business segment focuses on metallurgical industry, municipal utilities and steel structures;
- (3) The Equipment Manufacturing segment focuses on customized core metallurgical and processing equipment, environmental protection equipment, mechanical and electronic equipment, industrial automation systems and mine safety monitoring and emergency response intelligent systems.

13.1 Segment reporting

Item	For the six months ended 30 June 2024 (Unaudited)			Total
	Engineering survey, design and consultancy	Engineering and construction contracting	Equipment manufacturing	
Operating revenue	964,353	8,550,054	1,196,069	10,710,476
Operating cost	653,891	8,003,691	1,027,368	9,684,950
Impairment losses on assets	1,146	-24,663	-1,146	-24,663
Impairment of credit losses	-29,644	-116,233	-12,701	-158,578
Operating profits/(losses)	165,342	173,443	-87,782	251,003
Profit/(losses) before income tax	159,512	196,539	-86,719	269,332
Income tax expenses	15,938	39,531	14,769	70,238
Net profit/(losses)	143,574	157,008	-101,488	199,094
Total assets	26,319,945	10,367,918	5,031,450	41,719,313
Total liabilities	15,479,457	17,602,648	2,208,303	35,290,408
Depreciation expense	41,837	34,620	15,892	92,349
Amortization expense	22,455	3,363	3,015	28,833

SECTION 11 FINANCIAL REPORT

14. NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS**14.1 Accounts receivable**

(1) An aging analysis of accounts receivable is listed as follows:

Aging	30 June 2024 (Unaudited)		31 December 2023	
	Gross Carrying amount	Impairment of credit losses	Gross Carrying amount	Impairment of credit losses
Within 1 year	774,422	9,880	740,762	8,037
1 to 2 years	222,940	32,932	246,928	35,215
2 to 3 years	107,398	250	116,267	2,024
More than 3 years	630,709	384,669	631,350	384,671
Total	1,735,469	427,731	1,735,307	429,947

(2) Accounts receivable and impairment of credit losses by category are listed as follows:

Type	Gross carrying amount		30 June 2024 (Unaudited) Impairment of credit losses		Carrying amount
	Amount	Percentage (%)	Amount	Expected credit loss rate (%)	
Impairment of credit losses on an individual basis	532,134	30.66	338,419	63.60	193,715
Impairment of credit losses on group basis	1,203,335	69.34	89,312	7.42	1,114,023
Including:					
Aging group	944,182	54.41	89,312	9.46	854,870
Accounts receivable from subsidiaries	259,153	14.93	-	-	259,153
Total	1,735,469	100.00	427,731	24.65	1,307,738

SECTION 11 FINANCIAL REPORT

14. NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

14.1 Accounts receivable (Continued)

(2) Accounts receivable and impairment of credit losses by category are listed as follows:
(Continued)

Type	Gross carrying amount		31 December 2023 Impairment of credit losses		Carrying amount
	Amount	Percentage (%)	Amount	Expected credit loss rate (%)	
Impairment of credit losses on an individual basis	529,276	30.50	336,586	63.59	192,690
Impairment of credit losses on group basis	1,206,031	69.50	93,361	7.74	1,112,670
Including:					
Aging group	913,699	52.65	93,361	10.22	820,338
Accounts receivable from subsidiaries	292,332	16.85	–	–	292,332
Total	1,735,307	100.00	429,947	24.78	1,305,360

Impairment of credit losses on an individual basis:

Name	30 June 2024 (Unaudited)			Reasons
	Gross carrying amount	Impairment of credit losses	Expected credit loss rate (%)	
Company 1	484,287	290,572	60.00	Note
Company 2	32,881	32,881	100.00	Note
Company 3	14,966	14,966	100.00	Note
Total	532,134	338,419	63.60	–

Note: The Company accruals impairment of credit losses for all or a portion of the amounts in conjunction with their expected recoverability.

SECTION 11 FINANCIAL REPORT

14. NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

14.1 Accounts receivable (Continued)

**(2) Accounts receivable and impairment of credit losses by category are listed as follows:
(Continued)**

Impairment of credit losses on group basis

Item: Aging group

Aging	30 June 2024 (Unaudited)			31 December 2023		
	Gross carrying amount		Impairment of credit losses	Gross carrying amount		Impairment of credit losses
	Amount	Percentage (%)		Amount	Percentage (%)	
Within 1 year	704,931	74.66	3,515	641,816	70.24	3,209
1 to 2 years	88,717	9.40	8,872	111,544	12.21	11,154
2 to 3 years	1,250	0.13	250	10,118	1.11	2,024
More than 3 years	149,284	15.81	76,675	150,221	16.44	76,974
Total	944,182	100.00	89,312	913,699	100.00	93,361

(3) Movements in impairment of credit losses for accounts receivable are listed as follows:

Item	Opening balance	Movement				Closing balance
		Accrued	Recover/reverse (Decrease)	Written off (Decrease)	Others	
Individual basis	336,586	1,996	163	-	-	338,419
Group:	93,361	-4,049	-	-	-	89,312
Portfolio of credit risk characteristics	93,361	-4,049	-	-	-	89,312
Total	429,947	-2,053	163	-	-	427,731

SECTION 11 FINANCIAL REPORT

14. NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

14.1 Accounts receivable (Continued)

- (4) As at 30 June 2024, accounts receivable from the five largest customers are listed as follows:

Entity	Carrying amount	Percentage in total accounts receivable (%)	Impairment of credit losses
Company 1	484,287	27.91	290,572
Company 4	464,676	26.80	2,323
Company 5	200,270	11.55	–
Company 6	141,961	8.19	703
Company 7	132,848	7.66	8,926
Total	1,424,042	82.11	302,524

SECTION 11 FINANCIAL REPORT

**14. NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS
(Continued)****14.2 Other receivables**

Item	30 June 2024 (Unaudited)	31 December 2023
Interests receivable	356,888	356,888
Dividends receivable	773,177	786,857
Other receivables	5,106,311	4,596,794
Less: Impairment of credit losses	21,827	25,161
Total	6,214,549	5,715,378

(1) Interests receivable

Item	30 June 2024 (Unaudited)	31 December 2023
Entrusted loans	356,888	356,888
Less: Impairment of credit losses	-	-
Total	356,888	356,888

SECTION 11 FINANCIAL REPORT

14. NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

14.2 Other receivables (Continued)

(2) Dividends receivable

Investee	30 June 2024 (Unaudited)	1 January 2024	Reason for unrecovery	Impairment (Y/N)
Dividends receivable within 1 year	141,455	147,009	–	–
Including:				
(1) China Nonferrous Metal Changsha Survey and Design Institute Co., Ltd.	5,524	5,524	Not paid yet	No
(2) China Aluminum International Investment Management (Shanghai) Co., Ltd.	10,335	10,335	Not paid yet	No
(3) Shenyang Aluminum and Magnesium Engineering and Research Institute Company Limited	53,480	53,480	Not paid yet	No
(4) CINF Engineering Co., Ltd.	48,197	48,197	Not paid yet	No
(5) China Aluminum International Technology Development Corporation Limited	–	1,978	Not paid yet	No
(6) Kunming Prospecting Design Institute of China Nonferrous Metals Industry Co., Ltd.	–	–	Not paid yet	No
(7) China Aluminum International Aluminum Application Engineering Co., Ltd.	5,550	5,550	Not paid yet	No
(8) Chinalco Southwest Construction Investment Co., Ltd.	13,869	13,869	Not paid yet	No
(9) Chinalco Tendering Co., Ltd.	–	8,076	Not paid yet	No
(10) China Aluminum International Yunnan Aluminum Application Engineering Co., Ltd.	4,500	–	Not paid yet	No

SECTION 11 FINANCIAL REPORT

**14. NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS
(Continued)****14.2 Other receivables (Continued)****(2) Dividends receivable (Continued)**

Investee	30 June 2024 (Unaudited)	1 January 2024	Reason for unrecovery	Impairment (Y/N)
Dividends receivable more than 1 year	631,722	639,848	–	–
Including:				
(1) China Nonferrous Metal Changsha Survey and Design Institute Co., Ltd.	10,375	10,375	Not paid yet	No
(2) China Aluminium Great Wall Construction Co., Ltd.	21,252	21,252	Not paid yet	No
(3) Jiuye Construction Co., Ltd.	144,168	144,168	Not paid yet	No
(4) Shenyang Aluminum and Magnesium Engineering and Research Institute Company Limited	109,866	109,866	Not paid yet	No
(5) CINF Engineering Co., Ltd.	61,027	61,027	Not paid yet	No
(6) Kunming Prospecting Design Institute of China Nonferrous Metals Industry Co., Ltd	66,084	66,084	Not paid yet	No
(7) China Aluminum International Aluminum Application Engineering Co., Ltd.	–	–	Not paid yet	No
(8) China Sixth Metallurgical Construction Co., Ltd.	169,870	169,870	Not paid yet	No
(9) China Aluminum International Technology Development Corporation Limited	45,000	45,000	Not paid yet	No
(10) Chinalco Southwest Construction Investment Co., Ltd.	4,080	4,080	Not paid yet	No
(11) Chinalco Tendering Co., Ltd.	–	8,126	Not paid yet	No
Subtotal	773,177	786,857	–	–
Less: Impairment of credit losses	–	–	–	–
Total	773,177	786,857	–	–

SECTION 11 FINANCIAL REPORT

**14. NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS
(Continued)****14.2 Other receivables (Continued)****(3) Other receivables**

① An aging analysis of other receivables is listed as follows:

Aging	30 June 2024 (Unaudited)	Impairment of credit losses	1 January 2024	Impairment of credit losses
Within 1 year	4,726,433	25	4,183,827	25
1 to 2 years	69,315	1,067	151,538	4,735
2 to 3 years	149,362	1,288	99,732	486
More than 3 years	161,201	19,447	161,697	19,915
Total	5,106,311	21,827	4,596,794	25,161

SECTION 11 FINANCIAL REPORT

**14. NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS
(Continued)****14.2 Other receivables (Continued)****(3) Other receivables (Continued)**

② Other receivables and impairment of credit losses by category are listed as follows:

Classified by impairment of credit losses method:

Type	Gross carrying amount		30 June 2024 (Unaudited) Impairment of credit losses		Carrying amount
	Amount	Percentage (%)	Amount	Expected	
				credit loss rate (%)	
Impairment of credit losses on an individual basis	-	-	-	-	-
Impairment of credit losses on group basis	5,106,311	100.00	21,827	0.43	5,084,484
Including:					
Aging group	72,590	1.42	21,827	29.87	50,763
Accounts receivable from subsidiaries	5,033,721	98.58	-	-	5,033,721
Total	5,106,311	100.00	21,827	0.43	5,084,484

Type	Gross carrying amount		31 December 2023 Impairment of credit losses		Carrying amount
	Amount	Percentage (%)	Amount	Expected	
				credit loss rate (%)	
Impairment of credit losses on an individual basis	-	-	-	-	-
Impairment of credit losses on group basis	4,596,794	100.00	25,161	0.55	4,571,633
Including:					
Aging group	105,871	2.30	25,161	23.77	80,710
Accounts receivable from subsidiaries	4,490,923	97.70	-	-	4,490,923
Total	4,596,794	100.00	25,161	0.55	4,571,633

SECTION 11 FINANCIAL REPORT

14. NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

14.2 Other receivables (Continued)

(3) Other receivables (Continued)

- ② Other receivables and impairment of credit losses by category are listed as follows:
(Continued)

Impairment of credit losses on group basis:

Grouped items: Aging group

Aging	30 June 2024 (Unaudited)			31 December 2023		
	Gross carrying amount	Percentage (%)	Impairment of credit losses	Gross carrying amount	Percentage (%)	Impairment of credit losses
Within 1 year	5,052	6.96	25	5,145	4.86	25
1 to 2 years	10,666	14.69	1,067	47,349	44.72	4,735
2 to 3 years	6,442	8.88	1,288	2,431	2.30	486
More than 3 years	50,430	69.47	19,447	50,946	48.12	19,915
Total	72,590	100.00	21,827	105,871	100.00	25,161

Grouped items: Other receivables from subsidiaries

Item	30 June 2024 (Unaudited)		31 December 2023	
	Gross carrying amount	Impairment of credit losses	Gross carrying amount	Impairment of credit losses
Accounts receivable from subsidiaries	5,033,721	–	4,490,923	–
Total	5,033,721	–	4,490,923	–

SECTION 11 FINANCIAL REPORT

14. NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

14.2 Other receivables (Continued)

(3) Other receivables (Continued)

③ Impairment of credit losses

Impairment of credit losses in the first stage as at 30 June 2024

Item	Gross carrying amount	Expected credit loss rate over the next 12 months (%)	Impairment of credit losses	Carrying amount
Impairment of credit losses on an individual basis	-	-	-	-
Impairment of credit losses on group basis	4,726,433	-	25	4,726,408
Aging group	5,052	0.50	25	5,027
Accounts receivable from subsidiaries	4,721,381	-	-	4,721,381
Total	4,726,433	-	25	4,726,408

Impairment of credit losses in the second stage as at 30 June 2024

Item	Gross carrying amount	Lifetime expected credit loss rate (%)	Impairment of credit losses	Carrying amount
Impairment of credit losses on an individual basis	-	-	-	-
Impairment of credit losses on group basis	218,678	1.08	2,355	216,323
Aging group	17,109	13.77	2,355	14,754
Accounts receivable from subsidiaries	201,569	-	-	201,569
Total	218,678	1.08	2,355	216,323

SECTION 11 FINANCIAL REPORT

14. NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

14.2 Other receivables (Continued)

(3) Other receivables (Continued)

③ Impairment of credit losses (Continued)

Impairment of credit losses in the third stage as at 30 June 2024

Item	Gross carrying amount	Lifetime expected credit loss rate (%)	Impairment of credit losses	Carrying amount
Impairment of credit losses on an individual basis	-	-	-	-
Impairment of credit losses on group basis	161,201	12.06	19,447	141,754
Aging group	50,430	38.56	19,447	30,983
Accounts receivable from subsidiaries	110,771	-	-	110,771
Total	161,201	12.06	19,447	141,754

Impairment of credit losses in the first stage as at 31 December 2023

Item	Gross carrying amount	Expected credit loss rate over the next 12 months (%)	Impairment of credit losses	Carrying amount
Impairment of credit losses on an individual basis	-	-	-	-
Impairment of credit losses on group basis	4,143,249	-	25	4,143,224
Aging group	5,145	0.51	25	5,120
Accounts receivable from subsidiaries	4,138,104	-	-	4,138,104
Total	4,143,249	-	25	4,143,224

SECTION 11 FINANCIAL REPORT

**14. NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS
(Continued)****14.2 Other receivables (Continued)****(3) Other receivables (Continued)**

③ Impairment of credit losses (Continued)

Impairment of credit losses in the second stage as at 31 December 2023

Item	Gross carrying amount	Lifetime expected credit loss rate (%)	Impairment of credit losses	Carrying amount
Impairment of credit losses on an individual basis	-	-	-	-
Impairment of credit losses on group basis	251,270	2.08	5,221	246,049
Aging group	49,780	10.49	5,221	44,559
Accounts receivable from subsidiaries	201,490	-	-	201,490
Total	251,270	2.08	5,221	246,049

Impairment of credit losses in the third stage as at 31 December 2023

Item	Gross carrying amount	Lifetime expected credit loss rate (%)	Impairment of credit losses	Carrying amount
Impairment of credit losses on an individual basis	-	-	-	-
Impairment of credit losses on group basis	161,697	12.32	19,915	141,782
Aging group	50,946	39.09	19,915	31,031
Accounts receivable from subsidiaries	110,751	-	-	110,751
Total	161,697	12.32	19,915	141,782

SECTION 11 FINANCIAL REPORT

14. NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

14.2 Other receivables (Continued)

(3) Other receivables (Continued)

④ Movements in the impairment of credit losses of other receivables are listed as follows:

Impairment of credit losses	Stage I	Stage II	Stage III	Total
	Expected credit losses over the next 12 months	Lifetime expected credit losses (no credit impairment)	Lifetime expected credit losses (credit impaired)	
Balance as at January 1, 2024	25	5,221	19,915	25,161
Balance as at January 1, 2024 in the current period	-53	-8,798	8,851	-
- Transfer to Stage II	-53	53	-	-
- Transfer to Stage III	-	-8,852	8,852	-
Additions	53	5,932	-9,319	-3,334
Balance as at 30 June 2024	25	2,355	19,447	21,827

⑤ As at 30 June 2024, other receivables from the five largest customers are listed as follows:

Entity	Nature	Closing balance	Aging	Proportion to total closing balance of other receivables (%)	Balance of impairment of credit losses
Company 1	Advance	456,499	Within 1 year	8.94	-
Company 2	Advance	300,000	Within 1 year	5.88	-
Company 3	Others	216,168	Within 1 year	4.23	-
Company 4	Advance	211,982	Within 1 year	4.15	-
Company 5	Advance	211,663	Within 1 year	4.15	-
Total	-	1,396,312	-	27.35	-

SECTION 11 FINANCIAL REPORT

14. NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

14.3 Long-term equity investments

Item	1 January 2024	Additions for the period	Reductions for the period	30 June 2024 (Unaudited)
Investment in subsidiaries	8,652,112	150,000	-	8,802,112
Investment in joint ventures	8,844	-	-	8,844
Investment in associates	250,088	4,557	13,601	241,044
Subtotal	8,911,044	154,557	13,601	9,052,000
Less: Impairment provision	387,947	-	-	387,947
Total	8,523,097	154,557	13,601	8,664,053

(1) Investment in subsidiaries

Investee	1 January 2024	Additions for the period	Reductions for the period	30 June 2024 (Unaudited)	Impairment provision in the current period	Impairment provision Closing balance
Guiyang Aluminium Magnesium Design & Research Institute Co., Ltd.	651,767	-	-	651,767	-	-
Shenyang Aluminum and Magnesium Engineering and Research Institute Company Limited	352,257	-	-	352,257	-	-
CINF Engineering Co., Ltd.	387,720	-	-	387,720	-	-
China Nonferrous Metals Industry's 12th Metallurgical Construction Co., Ltd.	1,955,781	150,000	-	2,105,781	-	-
Chalieco Trading Co., Ltd.	200,000	-	-	200,000	-	200,000
China Aluminum International (Tianjin) Construction Co., Ltd.	590,887	-	-	590,887	-	-
China Sixth Metallurgical Construction Co., Ltd.	1,203,000	-	-	1,203,000	-	-
China Nonferrous Metals Processing Technology Co., Ltd.	720,479	-	-	720,479	-	-
Duyun Development Zone Tongda Construction Co., Ltd.	5,000	-	-	5,000	-	-
China Aluminum International Technology Development Corporation Limited	60,000	-	-	60,000	-	-
Wenzhou Tongrun Construction Co., Ltd.	600	-	-	600	-	-
Wenzhou Tonghui Construction Co., Ltd.	27,000	-	-	27,000	-	-

SECTION 11 FINANCIAL REPORT

14. NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

14.3 Long-term equity investments (Continued)

(1) Investment in subsidiaries (Continued)

Investee	1 January 2024	Additions for the period	Reductions for the period	30 June 2024 (Unaudited)	Impairment provision in the current period	Impairment provision Closing balance
China Aluminum International Investment Management (Shanghai) Co., Ltd.	505,739	-	-	505,739	-	-
China Nonferrous Metal Changsha Survey and Design Institute Co., Ltd.	189,273	-	-	189,273	-	-
Chalieco Hong Kong Corporation Limited	65,572	-	-	65,572	-	-
China Aluminum International Engineering (India) Private Limited	5,942	-	-	5,942	-	-
Guangxi Tongrui Investment Construction Co., Ltd.	50,000	-	-	50,000	-	-
Jiuye Construction Co., Ltd.	623,170	-	-	623,170	-	-
China Aluminum International Aluminum Application Engineering Co., Ltd.	144,500	-	-	144,500	-	-
Qingdao Xinfu Gongchuang Asset Management Co., Ltd.	9,000	-	-	9,000	-	-
China Aluminum Shandong Engineering Technology Corporation Limited	187,947	-	-	187,947	-	187,947
Kunming Prospecting Design Institute of China Nonferrous Metals Industry Co., Ltd	363,458	-	-	363,458	-	-
Kunming Engineering & Research Institute of Nonferrous Metallurgy Co., Ltd.	140,000	-	-	140,000	-	-
Chinalco Southwest Construction Investment Co., Ltd.	213,020	-	-	213,020	-	-
Total	8,652,112	150,000	-	8,802,112	-	387,947

SECTION 11 FINANCIAL REPORT

14. NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

14.3 Long-term equity investments (Continued)

(2) Investment in joint ventures & associates

Investee	Investment cost	1 January 2024	Increase in investment	Decrease in investment	Movements during the six months ended 30 June 2024					Impairment provision Closing balance		
					Investment gain or loss recognised under equity method	OCI	Other equity movements	Cash dividends or profits declared	Loss allowance		Others	30 June 2024 (Unaudited)
(1) Associates												
Chinaeco Shituo Intelligent Technology Co., Ltd.	230,836	250,088	-	-	4,557	-	-	13,601	-	-	241,044	-
Chinaeco Tendering Co., Ltd.	9,000	640	-	-	-1,136	-	-	-	-	-	-496	-
Yunnan Ningyong Expressway Co., Ltd.	5,000	23,819	-	-	5,503	-	-	13,601	-	-	15,721	-
Yunnan Linyun Expressway Co., Ltd.	15,000	12,279	-	-	-	-	-	-	-	-	12,279	-
Yunnan Linshuang Expressway Co., Ltd.	15,000	24,029	-	-	-	-	-	-	-	-	24,029	-
Zhuzhou Tangjiao Crane Co., Ltd.	171,836	174,425	-	-	190	-	-	-	-	-	14,896	-
											174,615	-
(2) Joint venture												
Shanghai Fengtong Equity Investment Fund Partnership (Limited Partnership)	40,000	8,844	-	-	-	-	-	-	-	-	8,844	-
Total	270,836	258,932	-	-	4,557	-	-	13,601	-	-	249,888	-

SECTION 11 FINANCIAL REPORT

14. NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

14.4 Operating revenue and operating costs

Major segments	For the six months ended 30 June 2024 (Unaudited)		For the six months ended 30 June 2023 (Unaudited)	
	Revenue	Costs	Revenue	Costs
Principal activities:				
Engineering and construction contracting	611,735	586,433	386,023	447,648
Engineering survey, design and consultancy	123,782	74,430	86,673	40,817
Equipment manufacturing	-	-	1,032	70
Subtotal	735,517	660,863	473,728	488,535
Other operating activities:				
Lease	408	-	26	-
Others	11,391	1,633	13,031	-
Subtotal	11,799	1,633	13,057	-
Total	747,316	662,496	486,785	488,535

14.5 Investment income

Item	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
Gain on long-term equity investment accounted for under the cost method	4,500	120,000
Gain on long-term equity investment accounted for under the equity method	4,556	4,491
Investment income during the holding period of debt investment	58,004	52,298
Investment income during the holding period of other equity instrument investments	-	-
Investment income from entrusted wealth management products	25,621	8,152
Others	-234	-
Total	92,447	184,941

SECTION 11 FINANCIAL REPORT

15. SUPPLEMENTARY INFORMATION**15.1 Breakdown of non-recurring profit and loss for the period**

Item	For the six months ended 30 June 2024 (Unaudited)	Remarks
Gain or loss on disposal of non-current assets	147	–
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)	13,798	–
Financing fee from non-financial enterprises recorded in profit or loss	24,001	–
Gains or losses on debt restructuring	65,197	–
Reversal of impairment of credit losses for receivables and contract assets tested for impairment on an individual basis	21,877	–
Other non-operating income and expenses other than above items	18,346	–
Total non-recurring profit and loss	143,366	–
Less: The impact of income tax	28,924	–
Net non-recurring profit and loss	114,442	–
Less: The impact on non-controlling interests	24,778	–
Non-recurring profit and loss attributable to ordinary shareholders of the company	89,664	–

15.2 Net asset yield and earnings per share

Profit for the reporting period	Weighted average net assets yield (%)	Earnings per share	
		Basic	Diluted
Net profit attributable to ordinary shareholders	2.98	0.02	–
Net profit attributable to ordinary shareholders net of non-recurring gain or loss	–1.07	–0.01	–