IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY PERSON OR ADDRESS IN THE UNITED STATES. THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE ADDRESSEES OUTSIDE OF THE UNITED STATES AND NOT US PERSONS AS DEFINED IN THE SECURITIES ACT.

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached preliminary offering circular (the "Offering Circular"). You are advised to read this disclaimer carefully before accessing, reading or making any other use of the attached Offering Circular. In accessing the attached Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

Confirmation of Your Representation: This Offering Circular is being sent to you at your request and by accepting the e-mail and accessing the attached Offering Circular, you shall be deemed to represent to BOCI Asia Limited, Barclays Bank PLC, DBS Bank Ltd.,Natixis, China CITIC Bank International Limited, BOSC International Company Limited, Standard Chartered Bank and Haitong International Securities Company Limited (together, the "Managers") that (1) you and any customers you represent are non-U.S. persons outside the United States (as defined in Regulation S under the U.S. Securities Act of 1933, as amended (the "Securities Act")) and the e-mail address that you gave us and to which this e-mail has been delivered is not located in the United States, its territories or possessions, and (2) you consent to delivery of the attached Offering Circular and any amendments or supplements thereto by electronic transmission.

The attached Offering Circular has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of the Managers, the Trustee or the Agents (as defined in the attached Offering Circular) nor any of their respective affiliates, directors, officers, employees, representatives, agents and each person who controls any of them nor any of their respective affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the document distributed to you in electronic format and the hard copy version. We will provide a hard copy version to you upon request.

Restrictions: The attached Offering Circular is being furnished in connection with an offering outside the United States in compliance with Regulation S under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the securities described herein. You are reminded that the information in the attached Offering Circular is not complete and may be changed.

THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. THIS OFFERING IS MADE SOLELY IN OFFSHORE TRANSACTIONS PURSUANT TO REGULATION S UNDER THE SECURITIES ACT.

Nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of the issuer of the securities or the Managers, the Trustee or the Agents to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute in the United States or elsewhere a general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) or directed selling efforts (within the meaning of Regulation S under the Securities Act). If a jurisdiction requires that the offering be made by a licensed broker or dealer and any Manager or any affiliate of the Managers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such Manager or such affiliate on behalf of the issuer in such jurisdiction.

You are reminded that you have accessed the attached Offering Circular on the basis that you are a person into whose possession this Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver this Offering Circular, electronically or otherwise, to any other person. If you have gained access to this transmission contrary to the foregoing restrictions, you are not allowed to purchase any of the securities described in the attached Offering Circular.

Actions that You May Not Take: If you receive this document by e-mail, you should not reply by e-mail to this document, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected.

YOU ARE NOT AUTHORISED TO AND YOU MAY NOT FORWARD OR DELIVER THE ATTACHED OFFERING CIRCULAR, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE SUCH OFFERING CIRCULAR IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE ATTACHED OFFERING CIRCULAR IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

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CONFIDENTIAL

CHALCO HONG KONG INVESTMENT COMPANY LIMITED

(incorporated with limited liability in the British Virgin Islands)
an indirect wholly-owned subsidiary of

中国铝业股份有限公司
CHALCO
ALUMINUM CORPORATION OF CHINA LIMITED

(a joint stock limited company incorporated in the PRC with limited liability)
(Stock Code: 2600 (HKSE); ACH (NYSE); 601600 (SSE))

US$500,000,000 4.25 per cent. Senior Perpetual Capital Securities
Issue Price: 100.00 per cent.

The 4.25 per cent. senior perpetual capital securities in the aggregate principal amount of US$500,000,000 (the "Securities") will be issued by Chalco Hong Kong Investment Company Limited (the "Issuer") and will be unconditionally and irrevocably guaranteed (the "Guarantee") by Chalco HongKong Limited (中國鋁業香港有限公司) (the "Guarantor"). The Issuer and the Guarantor are subsidiaries of Aluminum Corporation of China Limited (the "Company"), shares of which are listed on The Stock Exchange of Hong Kong Limited (the "HKSE") and the Shanghai Stock Exchange and whose American Depositary Receipts are listed on the New York Stock Exchange.

The Securities confer a right to receive distributions (each a "Distribution") (i) in respect of the period from, and including, 7 November 2016 (the "Issue Date") to, but excluding, 7 November 2021 (the "First Call Date"), at 4.25 per cent. per annum, and (ii) in respect of the period (A) from, and including the First Call Date, to, but excluding, the Reset Date (as defined in the terms and conditions of the Securities (the "Terms and Conditions of the Securities")) falling immediately after the First Call Date, and (B) from, and including, each Reset Date falling after the First Call Date to, but excluding, the immediately following Reset Date, at the Relevant Reset Distribution Rate (as defined in the Terms and Conditions of the Securities).

Distributions shall be payable on the Securities semi-annually in arrear in equal instalments (save for reflecting any reset of the relevant Distribution Rate during any Distribution Period, if applicable) on 29 April and 29 October of each year, except that the first payment of a Distribution, to be made on 29 April 2017, will be in respect of the period from, and including, the Issue Date to, but excluding, 29 April 2017 and will amount to US$20.42 per US$1,000 in principal amount of the Securities. The Issuer may, at its sole discretion, elect to defer (in whole or in part) any Distribution which is otherwise scheduled to be paid on a Distribution Payment Date to the next Distribution Payment Date by giving notice to the Securityholders, the Trustee and the Principal Paying Agent (as defined in the Terms and Conditions of the Securities) in writing not more than ten business days nor less than five business days prior to a scheduled Distribution Payment Date unless a Compulsory Distribution Payment Event (as defined in the Terms and Conditions of the Securities) has occurred. Any Distribution so deferred shall constitute "Arrears of Distribution" and the restrictions as described in "Terms and Conditions of the Securities — Distribution — Distribution Deferral — Restrictions in the case of Deferral" shall apply. Each amount of Arrears of Distribution shall accrue Distributions as if it constituted the principal of the Securities at the prevailing Distribution Rate (as defined in the Terms and Conditions of the Securities) (the "Additional Distribution Amount"). The Issuer may further defer any Arrears of Distribution by complying with the notice requirement applicable to any deferral of an accrued Distribution and is not subject to any limit as to the number of times Distributions and Arrears of Distribution can or shall be deferred. See "Terms and Conditions of the Securities — Distribution — Distribution Deferral — Cumulative Deferral".

Upon the occurrence of a Change of Control Event, a Breach of Covenants Event or a Relevant Indebtedness Default Event (each as defined in the Terms and Conditions of the Securities), unless (i) an irrevocable notice to redeem the Securities has been given to Securityholders by the Issuer by the 30th day following the occurrence of the Change of Control Event, Breach of Covenants Event or Relevant Indebtedness Default Event; or (ii) in the case of a Breach of Covenants Event or a Relevant Indebtedness Default Event, the Covenant Breach (as defined in the Terms and Conditions of the Securities) or the Relevant Indebtedness Default Event (as the case may be) is remedied by the 30th day following the occurrence of such Breach of Covenants Event or such Relevant Indebtedness Default Event (as the case may be), the Distribution Rate will increase by 5.00 per cent. per annum with effect from (i) the next Distribution Payment Date or (ii) if the date on which a Change of Control Event, a Breach of Covenants Event or a Relevant Indebtedness Default Event (as applicable) occurs is prior to the most recent preceding Distribution Payment Date, such Distribution Payment Date provided that the maximum aggregate increase in the Distribution Rate shall be 5.00 per cent. per annum, as further described in "Terms and Conditions of the Securities — Distribution — Increase in Distribution Rate following occurrence of certain events".

The Securities will constitute direct, unconditional, unsubordinated and (subject to, and to the extent provided under, the Terms and Conditions of the Securities) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Securities shall (save for such exceptions as may be provided by applicable legislation) at all times rank at least equally with all the Issuer's other present and future unsecured, unconditional and unsubordinated obligations. The obligations of the Guarantor under the Guarantee shall (save for such exceptions as may be provided by applicable legislation and subject to, and to the extent provided under, the Terms and Conditions of the Securities) at all times rank at least equally with all the other present and future unsecured and unsubordinated obligations of the Guarantor.

Payments on the Securities will be made without deduction for or on account of taxes of the PRC, Hong Kong, the British Virgin Islands or any political subdivision or authority therein or thereof having power to tax to the extent described in "Terms and Conditions of the Securities — Taxation".

The Issuer, the Guarantor and the Company will enter into a keepwell deed (the "Keepwell Deed") with Citicorp International Limited (the "Trustee") as further described in "Offer Structure — The Keepwell Deed" and "Description of the Keepwell Deed". **The Keepwell Deed does not constitute a direct or indirect guarantee of the Securities by the Company.** The Company will also enter into a deed of equity interest purchase undertaking (the "Equity Interest Purchase Undertaking") with the Trustee, as further described in "Offer Structure — The Equity Interest Purchase Undertaking" and "Description of the Equity Interest Purchase Undertaking".

The Securities are perpetual securities and have no fixed redemption date. The Securities may be redeemed at the option of the Issuer in whole, but not in part, on giving not more than 60 nor less than 30 days' irrevocable notice to the Trustee, the Agents (as defined in the Terms and Conditions of the Securities) and the Securityholders at their principal amount together with any Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount) on the First Call Date or on any Distribution Payment Date after the First Call Date.

The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not more than 60 nor less than 30 days' irrevocable notice to the Trustee, the Agents and the Securityholders at their principal amount (together with any Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount)) (i) in the event of certain changes affecting taxes of any Relevant Jurisdictions (as defined in the Terms and Conditions of the Securities), (ii) if a Breach of Covenants Event occurs; (iii) if a Relevant Indebtedness Default Event occurs; or (iv) if prior to the date fixed for redemption, at least 80 per cent. in principal amount of the Securities originally issued has already been cancelled.

The Securities may also be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not more than 60 nor less than 30 days' irrevocable notice to the Trustee, the Agents and the Securityholders at 101 per cent. of their principal amount (together with any Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount)) if a Change of Control Event occurs.

The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Trustee, the Agents and the Securityholders at (i) the greater of (A) the principal amount of the Securities, together with any Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount); and (B) the Make Whole Amount (as defined in the Terms and Conditions of the Securities), together with any Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount), at any time before the First Call Date; or (ii) their principal amount together with Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount), at any time on or after the First Call Date upon the occurrence of any changes or amendments to the Relevant Accounting Standards (as defined in the Terms and Conditions of the Securities) such that the Securities must not or must no longer be recorded as "equity" of the Company pursuant to the Relevant Accounting Standards.

Pursuant to the Notice on Promoting the Reform of the Filing and Registration System for Issuance of Foreign Debt by Corporates (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015] 2044號)) promulgated by the National Development and Reform Commission of the PRC (the "NDRC") on 14 September 2015 which came into effect immediately (the "Circular 2044"), the Company has registered the issuance of the Securities with the NDRC and has obtained a certificate from the NDRC on 25 October 2016 evidencing such registration and intends to provide the requisite information on the issuance of the Securities to the NDRC within the prescribed timeframe after the issue date of the Securities and in accordance with the Circular 2044 and any implementation rules, regulations, certificates, circulars or notices in connection therewith issued by the NDRC from time to time.

Investing in the Securities involves certain risks. See "Risk Factors" beginning on page 40 for a discussion of certain factors to be considered in connection with an investment in the Securities.

The Securities and the Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") and, subject to certain exceptions, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("Regulation S")). The Securities are being offered only outside the United States in reliance on Regulation S.

For a description of these and certain further restrictions on offers and sales of the Securities and the distribution of this Offering Circular, see "Subscription and Sale".

The denomination of the Securities shall be US$200,000 each and integral multiples of US$1,000 in excess thereof.

Application has been made to the HKSE for the listing of the Securities by way of debt issues to professional investors only (as defined in Chapter 37 of the Rules Governing the Listing of Securities on the HKSE and in the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) (together, "Professional Investors")) only. This document is for distribution to Professional Investors only. **Investors should not purchase the Securities in the primary or secondary markets unless they are Professional Investors and understand the risks involved. The Securities are only suitable for Professional Investors.**

The HKSE has not reviewed the contents of this document, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this document to Professional Investors only have been reproduced in this document. Listing of the Securities on the HKSE is not to be taken as an indication of the commercial merits or credit quality of the Securities or the Issuer, the Guarantor and the Company, or quality of disclosure in this document. Hong Kong Exchanges and Clearing Limited and the HKSE take no responsibility for the contents of this Offering Circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offering Circular.

The Securities will be represented by interests in a global certificate (the "Global Certificate") in registered form which will be registered in the name of a nominee of, and shall be deposited on or about the Issue Date with, a common depositary for Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking, S.A. ("Clearstream"). Interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described herein, certificates for the Securities will not be issued in exchange for interests in the Global Certificate.

The Company has been assigned a rating of "BBB+" by Fitch and a rating of "BBB-" by Standard & Poor's and all ratings agencies have a stable outlook on the Company's rating. The Securities are expected to be rated "BBB" by Fitch. A rating is not a recommendation of buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency. Prospective investors should evaluate each rating independently of any other rating of the Securities or other securities of the Company.

Joint Global Coordinators

BOC International	**Barclays**	**DBS Bank Ltd.**	**Natixis**

Joint Bookrunners and Joint Lead Managers

BOC International	**Barclays**	**DBS Bank Ltd.**	**Natixis**
China CITIC Bank International	**BOSC International**	**Standard Chartered Bank**	**Haitong International**

Offering Circular dated 31 October 2016

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IMPORTANT NOTICE

Each of the Issuer, the Guarantor and the Company confirms that (i) this Offering Circular contains all information with respect to the Issuer, the Guarantor, the Company, the Company and its subsidiaries taken as a whole (the "Group"), the Securities, the Guarantee, the Keepwell Deed and the Equity Interest Purchase Undertaking which is material in the context of the issue and offering of the Securities; (ii) the statements contained herein relating to the Issuer, the Guarantor, the Company and the Group are in every material respect true and accurate and not misleading; (iii) the opinions and intentions expressed in this Offering Circular with regards to the Issuer, the Guarantor, the Company and the Group are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions; (iv) there are no other facts in relation to the Issuer, the Guarantor, the Company, the Group, the Securities, the Guarantee, the Keepwell Deed and the Equity Interest Purchase Undertaking, the omission of which would, in the context of the issue and offering of the Securities, the Guarantee, the Keepwell Deed and the Equity Interest Purchase Undertaking, make any statement in this Offering Circular misleading in any material respect; and (v) all reasonable enquiries have been made by the Issuer, the Guarantor and the Company to ascertain such facts and to verify the accuracy of all such information and statements.

This Offering Circular has been prepared by the Issuer, the Guarantor and the Company solely for use in connection with the proposed offering of the Securities described in this Offering Circular. The distribution of this Offering Circular and the offering of the Securities in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Guarantor, the Company, and BOCI Asia Limited ("BOCI Asia"), Barclays Bank PLC ("Barclays"), DBS Bank Ltd. ("DBS"), Natixis, China CITIC Bank International Limited ("China CITIC"), BOSC International Company Limited ("BOSC International"), Standard Chartered Bank ("SCB") and Haitong International Securities Company Limited ("Haitong International"), (BOCI Asia together with Barclays, DBS, Natixis, China CITIC, BOSC International, SCB and Haitong International, the "Managers") to inform themselves about and to observe any such restrictions. None of the Issuer, the Guarantor, the Company and the Managers represents that this Offering Circular may be lawfully distributed, or that the Securities may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. No action is being taken to permit a public offering of the Securities or the distribution of this Offering Circular in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Securities and the circulation of documents relating thereto, in certain jurisdictions including the United States, the United Kingdom, the PRC, Hong Kong, Singapore and the BVI, and to persons connected therewith. For a description of certain further restrictions on offers, sales and resales of the Securities and distribution of this Offering Circular, see "Subscription and Sale".

No person has been or is authorised to give any information or to make any representation concerning the Issuer, the Guarantor, the Company, the Group, the Securities, the Guarantee, the Keepwell Deed or the Equity Interest Purchase Undertaking other than as contained herein and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Issuer, the Guarantor, the Company, the Managers, the Trustee or the Agents (or any of their respective affiliates, directors, officers, employees, representatives, agents and each person who controls any of them). Neither the delivery of this Offering Circular nor any offering, sale or delivery made in connection with the issue of the Securities shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in the affairs of the Issuer, the Guarantor, the Company, the Group or any of them since the date hereof or create any implication that the information contained herein is correct as at any date subsequent to the date hereof. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Guarantor, the Company, the Managers, the Trustee or the Agents (or any of their respective affiliates, directors, officers, employees, representatives, agents and each person who controls any of them) to subscribe for or purchase any of the Securities and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful.

The Issuer has submitted this Offering Circular confidentially to a limited number of institutional investors so that they can consider a purchase of the Securities. None of the Issuer, the Guarantor nor the Company has authorised its use for any other purpose. This Offering Circular may not be copied or reproduced in whole or in part. It may be distributed only to and its contents may be disclosed only to the prospective investors to whom it is provided. By accepting delivery of this Offering Circular each investor agrees to these restrictions.

No representation or warranty, express or implied, is made or given by the Managers, the Trustee or the Agents (or any of their respective affiliates, directors, officers, employees, representatives, agents and each person who controls any of them) as to the accuracy, completeness or sufficiency of the information contained in this Offering Circular, and nothing contained in this Offering Circular is, or shall be relied upon as, a promise, representation or warranty by the Managers, the Trustee or the Agents (or any of their respective affiliates, directors, officers, employees, representatives, agents and each person who controls any of them). None of the Managers, the Trustee and the Agents (or any of their respective affiliates, directors, officers, employees, representatives, agents and each person who controls any of them) has independently verified any of the information contained in this Offering Circular and can give assurance that this information is accurate, truthful or complete.

This Offering Circular is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by any of the Issuer, the Guarantor, the Company, the Managers, the Trustee or the Agents (or any of their respective affiliates, directors, officers, employees, representatives, agents and each person who controls any of them) that any recipient of this Offering Circular should purchase the Securities. Each potential purchaser of the Securities should determine for itself the relevance of the information contained in this Offering Circular and its purchase of the Securities should be based upon such investigations with its own tax, legal and business advisers as it deems necessary.

This Offering Circular includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer, the Guarantor and the Company. The Issuer, the Guarantor and the Company accept full responsibility for the accuracy of the information contained in this Offering Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

To the fullest extent permitted by law, none of the Managers accepts any responsibility for the contents of this Offering Circular or for any other statement, made or purported to be made by any of the Managers or on its behalf in connection with the Issuer, the Guarantor, the Company or the issue and offering of the Securities. The Managers accordingly disclaim all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Offering Circular or any such statement.

IN CONNECTION WITH THE ISSUE OF THE SECURITIES, BOCI ASIA LIMITED (OR ANY PERSON ACTING FOR IT) (THE “STABILISING MANAGER”) MAY OVER-ALLOT SECURITIES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE PRICE OF THE SECURITIES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL FOR A LIMITED PERIOD AFTER THE CLOSING DATE. HOWEVER, THERE IS NO OBLIGATION ON THE STABILISING MANAGER TO DO THIS. SUCH STABILISING IF COMMENCED MAY BE DISCONTINUED AT ANY TIME, AND MUST BE BROUGHT TO AN END AFTER A LIMITED PERIOD. SUCH STABILISING SHALL BE IN COMPLIANCE WITH ALL APPLICABLE LAWS, REGULATIONS AND RULES.

In making an investment decision, investors must rely on their own examination of the Issuer, the Guarantor, the Company, the Group and the terms of the offering, including the merits and risks involved. See "Risk Factors" for a discussion of certain factors to be considered in connection with an investment in the Securities.

Each person receiving this Offering Circular acknowledges that such person has not relied on the Managers, the Trustee or the Agents or any person affiliated with the Managers, the Trustee or the Agents in connection with its investigation of the accuracy of such information or its investment decision.

PRESENTATION OF FINANCIAL INFORMATION

The audited consolidated financial statements of the Company as at and for each of the years ended 31 December 2014 and 2015 and the unaudited interim condensed consolidated financial statements of the Company as at and for each of the six months ended 30 June 2015 and 2016 are included in this Offering Circular. These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") promulgated by the International Accounting Standards Board. Certain financial data of the Group's audited consolidated financial information as at and for the year ended 31 December 2014, and certain financial data of the Group's audited consolidated financial information as at 31 December 2015 and certain financial data of the Group's unaudited interim condensed consolidated financial information for the six months ended 30 June 2015 have been restated to reflect the business combination under common control incurred during the year 2015 and the six months ended 30 June 2016, respectively. See "Summary Financial Information — Summary Financial Information of the Company" for details. The restated and audited consolidated financial statements of the Company as at and for the year ended 31 December 2014 and the audited consolidated financial statements of the Company as at and for the year ended 31 December 2015 included in this Offering Circular were audited by Ernst & Young and have been extracted from the Company's 2015 annual report published by the Company on 6 April 2016. The unaudited interim condensed consolidated financial statements of the Company for the six months ended 30 June 2015 and as at and for the six months ended 30 June 2016 included in this Offering Circular were reviewed by Ernst & Young, and, together with the restated and audited consolidated financial statements as at 31 December 2015, have been extracted from the Company's 2016 interim report published by the Company on 22 September 2016.

The audited consolidated financial statements of the Guarantor as at and for the years ended 31 December 2014 and 2015 included in this Offering Circular were audited by Ernst & Young. These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") promulgated by the Hong Kong Institute of Certified Public Accountants.

CERTAIN DEFINITIONS, CONVENTIONS AND CURRENCY PRESENTATION

Unless otherwise indicated, all references in this Offering Circular to "China" or the "PRC" are to the People's Republic of China and, for the purpose of this Offering Circular only, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan, all references to "Hong Kong" are to the Hong Kong Special Administrative Region of China and all references to "BVI" are to the British Virgin Islands.

Unless otherwise indicated, all references in this Offering Circular to "Renminbi", "RMB" or "CNY" are to the lawful currency of the PRC, all references to "Hong Kong dollars", "HK dollars", "HK$" or "HKD" are to the lawful currency of Hong Kong and all references to "U.S. dollars", "US$" or "USD" are to the lawful currency of the United States of America.

Solely for the sake of convenience, this Offering Circular contains translations of certain Renminbi amounts into U.S. dollar amounts at specified rates. Unless otherwise indicated, the translation of Renminbi amounts into U.S. dollar amounts has been made at the exchange rate of CNY6.6459 to US$1.00, being the noon buying exchange rates as set forth in the H.10 statistical release of the Federal Reserve Bank of New York on 30 June 2016. Further information on exchange rates is set forth in "Exchange Rate Information". These translations should not be construed as representations that the Renminbi amounts could actually be converted into any U.S. dollar amounts or vice versa at the rates indicated or at all.

Market data and certain industry forecasts and statistics in this Offering Circular have been obtained from both public and private sources, including market research, publicly available information and industry publications. Although this information is believed to be reliable, it has not been independently verified by the Issuer, the Guarantor, the Company, the Managers, the Trustee or the Agents (or any of their respective affiliates, directors, officers, employees, representatives, agents and each person who controls any of them), and none of the Issuer, the Guarantor, the Company, the Managers, the Trustee or the Agents (or any of their respective affiliates, directors, officers, employees, representatives, agents and each person who controls any of them) makes any representation as to the accuracy or completeness of that information. Such information may not be consistent with other information compiled within or outside the PRC. In addition, third party information providers may have obtained information from market participants and such information may not have been independently verified.

In this Offering Circular, where information has been presented in thousands or millions of units, amounts may have been rounded. Accordingly, totals of columns or rows of numbers in tables may not be equal to the apparent total of the individual items and the actual numbers may differ from those contained herein due to rounding. References to information in billions of units are to the equivalent of a thousand million units.

The English names of the PRC nationals, entities, departments, facilities, laws, regulations, certificates, titles and the like are translations of their Chinese names and are included for identification purposes only.

FORWARD-LOOKING STATEMENTS

The Issuer, the Guarantor and the Company have made forward-looking statements in this Offering Circular regarding, among other things, the Group's financial condition, future expansion plans and business strategies. These forward-looking statements are based on the Group's current expectations about future events. Although the Issuer, the Guarantor and the Company believe that these expectations and projections are reasonable, such forward-looking statements are inherently subject to risks, uncertainties and assumptions, including, among other things:

- the Group's business and operating strategies;
- the Group's capital expenditure and development plans;
- the amount and nature of, and potential for, future development of the Group's business;
- various business opportunities that the Group may pursue;
- the regulatory environment of the aluminium industry in general;
- the performance and future developments of the aluminium market in China or any region in China in which the Group may engage;
- changes in political, economic, legal and social conditions in China, including the specific policies of the PRC central and local governments affecting the region where the Group operates, which affect availability and cost of financing, and pre-sale, pricing and volume of the Group's aluminium and other products;
- the prospective financial condition and performance regarding the Group's businesses;
- availability and costs of bank loans and other forms of financing;
- changes in competitive conditions and the Group's ability to compete under these conditions;
- changes in currency exchange rates; and
- other risks identified in the "Risk Factors" section of this Offering Circular.

The words "anticipate", "believe", "estimate", "expect", "intend", "plan" and similar expressions are intended to identify a number of these forward-looking statements. The Issuer, the Guarantor and the Company undertake no obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Offering Circular might not occur and the actual results of the Issuer, the Guarantor, the Company or the Group could differ materially from those anticipated in these forward-looking statements.

These forward-looking statements speak only as at the date of this Offering Circular. The Issuer, the Guarantor and the Company expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Group's expectations with regard thereto or any change of events, conditions or circumstances, on which any such statement was based.

DEFINITIONS AND GLOSSARY

In this Offering Circular, unless the context otherwise requires, the following expressions shall have the following meanings.

"13th Five-Year Plan"	the Thirteenth Five-Year Plan Guidelines for National Economic and Social Development of the PRC (《中華人民共和國國民經濟和社會發展第十三個五年規劃綱要》).
"A Shares" or "domestic shares"	domestic ordinary shares of the Company, with a par value of RMB1.00 each, which are listed on the Shanghai Stock Exchange.
"ADS(s)"	the American Depository Share(s) issued by the Bank of New York as the depository bank and listed on the New York Stock Exchange, with each ADS representing 25 H Shares.
"AIC"	PRC State Administration for Industry and Commerce (中華人民共和國國家工商行政管理總局) or its counterpart.
"alumina-to-silica ratio"	the ratio of alumina to silica in bauxite by weight.
"aluminium fabrication"	the process of converting primary aluminium or recycled aluminium materials into plates, strips, bars, tubes and other fabricated products.
"Baiyin Ibis"	Baiyin Ibis Aluminum Co., Ltd. (白銀紅鷺鋁業有限責任公司).
"Baiyin Nonferrous"	Baiyin Nonferrous Metal (Group) Co., Ltd. (白銀有色集團股份有限公司).
"Baotou Aluminum"	Baotou Aluminum Company Limited (包頭鋁業有限公司), a wholly-owned subsidiary of the Group established under PRC Law.
"bauxite"	a mineral ore that is principally composed of aluminium.
"Bayer process"	a refining process that employs a strong solution of caustic soda at an elevated temperature to extract alumina from ground bauxite.
"Bayer-sintering combined process" and "Bayer sintering series process"	the two methods of refining process developed in China which involve the combined application of the Bayer process and the sintering process to extract alumina from bauxite.
"Board"	the board of directors of the Company.
"Chalco Energy"	Chalco Energy Co., Ltd. (中鋁能源有限公司), a wholly-owned subsidiary of the Group established under PRC law.
"Chalco Hong Kong" or "Guarantor"	Chalco HongKong Limited (中國鋁業香港有限公司), a wholly- owned subsidiary of the Group established under Hong Kong Law.

"Chalco Iron Ore".....................	Chalco Iron Ore Holdings Limited (中鋁鐵礦控股有限公司), 65% of the equity interest of which used to be owned by the Guarantor. It was disposed of by the Company on 26 December 2013.
"Chalco Mining"	Chalco Mining Co., Ltd. (中鋁礦業有限公司), a wholly-owned subsidiary of the Group established under PRC law.
"Chalco Nanhai".......................	Chalco Nanhai Alloy Co., Ltd. (中鋁南海合金有限公司), a previously wholly-owned subsidiary of the Company and of Chalco Trading. Since 22 December 2015 it is owned by Chinalco through its subsidiary, Chinalco Investment Development Co., Ltd..
"Chalco Shandong"	Chalco Shandong Co., Ltd. (中鋁山東有限公司), a wholly-owned subsidiary of the Company.
"Chalco Trading"	China Aluminum International Trading Co., Ltd. (中鋁國際貿易有限公司), a wholly-owned subsidiary of the Group established under PRC Law.
"Chalco Zhongzhou".................	Chalco Zhongzhou Aluminum Co., Ltd. (中鋁中州鋁業有限公司), a wholly-owned subsidiary of the Company.
"chemical grade alumina".........	alumina hydrate and alumina-based industrial chemical products which are further processed to be used in different industrial applications such as the production of chemicals, pharmaceuticals, ceramic and construction materials.
"China" or the "PRC"...............	the People's Republic of China, excluding for the purposes of this Offering Circular, Hong Kong Special Administrative Region, Macao Special Administrative Region and Taiwan.
"China Beijing Equity Exchange"	China Beijing Equity Exchange (北京產權交易所).
"Chinalco"................................	the controlling shareholder of the Company, Aluminum Corporation of China (中國鋁業公司) and its subsidiaries (other than Chalco and its subsidiaries) and, where appropriate, to its predecessors.
"Chinalco Overseas Holdings" ..	Aluminum Corporation of China Overseas Holdings Limited, a wholly-owned subsidiary of Chinalco.
"Chinalco Shanghai"	Chinalco (Shanghai) Co., Ltd. (中鋁(上海)有限公司), a limited liability company incorporated in the PRC and a 60% owned subsidiary of the Company.
"Chinese National Standard"	the PRC National Standard for the Classification of Resources/Reserves for Solid Fuels and Mineral Commodities (GB/T 17766-1999) (中國固體礦產資源／儲量分類 (GB/T 17766-1999)).

"CIF"..	"Cost, Insurance and Freight", a trade term meaning that (a) the seller must pay the costs, insurance and freight to bring the goods to the port of destination; and (b) the risk is transferred to the buyer once the goods are loaded on the vessel.
"Company" or "Chalco".............	Aluminum Corporation of China Limited (中國鋁業股份有限公司), a joint stock limited company established in the PRC, the A Shares, H Shares and ADS(s) of which are listed on the Shanghai Stock Exchange, the Hong Kong Stock Exchange and the New York Stock Exchange, respectively.
"CSRC"....................................	China Securities Regulatory Commission (中國證券監督管理委員會).
"deposit(s)"	as defined in the Chinese National Standard, a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade (or quality), and quantity that there are reasonable prospects for eventual economic extraction; the location, quantity, grade (or quality), continuity and other geological characteristics of which are known, estimated or interpreted from specific geological evidence and knowledge; sub-divided, in order of decreasing geological confidence, measured, indicated, inferred and reconnaissance categories, or categories 111 to 334 as categorised in the Chinese National Standard.
"EIT Law".................................	the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得税法) promulgated by National People's Congress, which became effective from 1 January 2008.
"Energy-Saving and Emission Reduction Goals"..................	the energy-saving and emission reduction goals set out in the 13th Five-Year Plan, by which China expects to cut its per unit GDP energy consumption by 15% compared with the 2015 level by the end of 2020.
"Euros" or "EUR"......................	the lawful currency of the Eurozone.
"Exchange Act"	the U.S. Securities Exchange Act of 1934, as amended.
"FOB"	"Free On Board", a trade term meaning that (a) the seller must load the goods on board a vessel designated by the buyer and clear the goods for export; and (b) the buyer must bear costs and risks after the goods are actually on board of the vessel.
"Fushun Aluminum"	Fushun Aluminum Company Limited (撫順鋁業有限公司), a wholly-owned subsidiary of the Group established under PRC law.
"Gansu Hualu"	Gansu Hualu Aluminum Company Limited (甘肅華鷺鋁業有限公司), 51% of the equity interest of which is owned by the Company.

"Gansu Huayang"	Gansu Huayang Mining Development Company Limited (甘肅華陽礦業開發有限責任公司), 70% of the equity interest of which is owned by the Company.
"GDP"	gross domestic product.
"Group"	the Company and its subsidiaries.
"Guangxi Investment"	Guangxi Investment (Group) Co., Ltd. (廣西投資集團有限公司), formerly known as Guangxi Development and Investment Co., Ltd. (廣西建設投資開發公司), a PRC state-owned enterprise and one of the promoters and shareholders of the Company.
"Guizhou Development"	Guizhou Provincial Materials Development and Investment Corporation (貴州省物業開發投資公司), a PRC state-owned enterprise and one of the promoters and shareholders of the Company.
"Guizhou Huajin"	Guizhou Huajin Aluminum Co., Ltd (貴州華錦鋁業有限公司), 60% of the equity interest of which is owned by the Company.
"Guizhou Yuneng"	Guizhou Yuneng Mining Co., Ltd. (貴州渝能礦業有限責任公司), 25% of the equity interest of which is owned by the Company.
"H Shares"	overseas listed foreign shares with a par value RMB1.00 each, which are listed on the Hong Kong Stock Exchange.
"HK$" or "HK dollars"	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region of the PRC.
"Hong Kong Stock Exchange" or "HKSE"	The Stock Exchange of Hong Kong Limited.
"IFRS"	the International Financial Reporting Standards, which include standards and interpretations promulgated by the International Accounting Standards Board (IASB), and the International Accounting Standards (IAS) and interpretations issued by the International Accounting Standards Committee (IASC).
"JORC Code"	Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, effective from December 2004.
"Ka"	kiloamperes, a unit for measuring the strength of an electric current, with one kiloampere equaling to 1,000 amperes.
"kWh"	kilowatt hours, a unit of electrical power, meaning one kilowatt of power for one hour.

"Lanzhou Aluminum"	Lanzhou Aluminum Co., Ltd. (蘭州鋁業股份有限公司), a wholly-owned subsidiary of the Group since April 2007 until July 2007, when it was divided into two wholly-owned entities: Lanzhou branch and Northwest Aluminum Fabrication Branch.
"Liancheng branch"	a wholly-owned branch of the Group, which was formerly known as Lanzhou Liancheng Longxing Aluminum Company Limited (蘭州連城隴興鋁業有限責任公司), before the Company acquired 100% of its equity interest.
"LME"	the London Metal Exchange Limited.
"Longmen Aluminum"	Shanxi Longmen Aluminum Co., Ltd. (山西龍門鋁業有限公司), 55% of the equity interest of which is owned by the Company.
"MOFCOM"	Ministry of Commerce of the People's Republic of China (中華人民共和國商務部).
"Nanchu"	the spot price of Guangdong Nonferrous Metal (Nanchu) (廣東有色現貨報價(南儲)).
"National Mining Safety Law" ...	Mine Safety Law of the PRC (中華人民共和國礦山安全法) promulgated by the Standing Committee of National People's Congress, which became effective from 1 May 1993.
"NDRC"	China National Development and Reform Commission (中華人民共和國國家發展和改革委員會).
"NI 43-101"	National Instrument 43-101, a mineral resource classification scheme used for the public disclosure of information relating to mineral properties in Canada.
"Ningxia Energy"	Chalco Ningxia Energy Group Co., Ltd. (中鋁寧夏能源集團有限公司) (formerly Ningxia Electric Power Group Co., Ltd. (寧夏發電集團有限責任公司)), 70.82% of the equity interest has been owned by the Company since 23 January 2013.
"NYSE" or "New York Stock Exchange"	the New York Stock Exchange Inc.
"ore-dressing Bayer process" ...	a refining process the Company developed to increase the alumina-to-silica ratio of bauxite.
"PBOC"	the People's Bank of China (中國人民銀行)
"PRC Government"	the government of the PRC, including all governmental subdivisions (including provincial, municipal and other regional or local government entities).
"primary aluminium"	a widely used metal and a key raw material in aluminium fabrication.

"refining"	the chemical process used to produce alumina from bauxite.
"Rio Tinto"	Rio Tinto plc, a company incorporated in England and Wales, the shares of which are listed on the London Stock Exchange and the New York Stock Exchange.
"RMB", "Renminbi" or "CNY"	the lawful currency of the PRC.
"SAFE"	State Administration of Foreign Exchange of the PRC (國家外匯管理局).
"SASAC"	State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會)
"SEC"	the U.S. Securities and Exchange Commission.
"Securities Act"	the U.S. Securities Act of 1933, as amended.
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).
"Shandong Huayu"	Shandong Huayu Aluminum and Power Company Limited (山東華宇鋁電有限公司), 55% of the equity interest of which is owned by the Company.
"Shanghai Stock Exchange" or "SSE"	the Shanghai Stock Exchange (上海證券交易所).
"Shanxi Huasheng"	Shanxi Huasheng Aluminum Company Limited (山西華聖鋁業有限公司), 51% of the equity interest of which is owned by the Company.
"Shanxi Huaxing"	Shanxi Huaxing Alumina Co., Ltd. (山西華興鋁業有限公司), a 50%-owned joint venture of the Group.
"Shanxi Huaze"	Shanxi Huaze Aluminum and Power Co., Limited (山西華澤鋁電有限公司), 60% of the equity interest of which is owned by the Company.
"Shanxi Other Mines"	seven of the Group's jointly-operated mines, including Shangtan mine, Jindui mine, Shicao mine, Nanpo mine, Xishan mine, Niucaogou mine and Sunjiata mine in Shanxi Province that became the mining areas of the new own mine of the Group in 2010.
"SHFE"	the Shanghai Futures Exchange (上海期貨交易所).
"Simandou Project"	the project to develop and operate the Simandou iron ore mine located in Guinea in West Africa as further described in the Simandou joint development agreement dated 29 July 2010 entered into amongst Rio Tinto, Rio Tinto Iron Ore Atlantic Limited and the Company for the purpose of development of the Simandou Project.

"sintering process"	a refining process employed to extract alumina from bauxite by mixing ground bauxite with supplemental materials and burning the mixture in a coal-fired kiln.
"smelting"	the electrolytic process used to produce molten aluminium from alumina.
"Standard Conditions"	Standard Conditions for Aluminum Industry (鋁行業規範條件).
"State Council".........................	State Council of the PRC (中華人民共和國國務院).
"tonne"....................................	the metric tonne, a unit of weight, that is equivalent to 1,000 kilogrammes or 2,204.6 pounds.
"US$", "dollars" or "U.S. dollars"	the legal currency of the United States.
"Yinxing Energy"	Ningxia Yinxing Energy Co., Ltd., (寧夏銀星能源股份有限公司), 52.91% of the equity interest of which is owned by the Company indirectly through Ningxia Energy.
"Zhangze Electric Power"	Shanxi Zhangze Electric Power Co., Ltd. (山西漳澤電力股份有限公司).
"Zhengzhou Institute"	Chalco Zhengzhou Research Institute of Non-ferrous Metal (中國鋁業鄭州有色金屬研究院有限公司), the Company's wholly-owned subsidiary mainly providing research and development services.
"Zunyi Alumina".......................	Chalco Zunyi Alumina Co., Ltd. (中國鋁業遵義氧化鋁有限公司), 73.28% of the equity interest of which is owned by the Company.
"Zunyi Aluminum"	Zunyi Aluminum Co., Ltd. (遵義鋁業股份有限公司), 62.1% of the equity interest of which is owned by the Company.

SUMMARY

The summary below is only intended to provide a limited overview of detailed information described elsewhere in this Offering Circular. As it is a summary, it does not contain all of the information that may be important to investors and terms defined elsewhere in this Offering Circular shall have the same meanings when used in this summary. Prospective investors should therefore read this Offering Circular in its entirety.

THE GROUP

Overview

The Group is a leading enterprise in non-ferrous metal industry in China. In terms of comprehensive scale, the Group ranked among the top enterprises in global aluminium industry. The Group principally engages in alumina refining, primary aluminium smelting and trading of the related products. Since 2013, the Group has expanded its operations into power generation.

As at the date of this Offering Circular, the Group operates in the following business segments:

- Alumina Segment. . . . . The Group mines and purchases bauxite and other raw materials, produces and sells alumina and alumina-related products. In addition, the Group also engages in the production of gallium.

- Primary Aluminium Segment . . . . The Group procures alumina and other raw materials, and produces and sells primary aluminium and aluminium-related products. In addition, the Group also produces carbon products internally and sells remaining carbon products to external customers.

- Trading Segment . . . . The Group engages in trading of alumina, primary aluminium, other non-ferrous metal products, and crude fuels such as coal products, as well as supplemental materials.

- Energy Segment . . . . The Group engages in coal mining and power generation, including conventional coal-fire power generation and renewable energy generation such as wind power and photovoltaic power.

  In addition, the Group supplies part of the electricity it generated for its own production use, supplies a portion of the coal output to its own electric power plant and sells the remaining portion to external customers.

- Corporate and Other Operating Segment . . . . This business segment mainly deals with corporate and other aluminium-related corporate research, development and other activities of the Group.

For the year ended 31 December 2014, the Group's revenue amounted to RMB141,999.8 million and the Group recorded a loss of RMB17,040.7 million.

For the year ended 31 December 2015, the Group's revenue amounted to RMB123,445.9 million and the Group recorded a profit of RMB423.7 million.

For the six months ended 30 June 2016, the Group's revenue amounted to RMB49,705.3 million and the Group recorded a profit of RMB345.8 million.

Competitive Strengths

The Group believes that it has the following competitive strengths:

- A leading company in the Chinese and global aluminium industry.
- Strong support from the government and controlling shareholder.
- Strategic transformation and structural reform initiatives leading to profitability in challenging economic and market conditions.
- Highly competitive core business supported by abundant bauxite resources and advanced production technologies.
- Business development strategically aligned with the industry policies promulgated by the PRC Government.
- Strong liquidity position with access to various sources of capital.
- Experienced management team.

Strategies

The Group intends to strengthen its market leadership position by relying on its core competitive strengths focusing on the upstream sectors of the aluminium industry value chain, which the Group believes have higher margins and more competitiveness. The Group intends to continue optimising its business structure, focusing on the active development of high quality bauxite resources, optimisation and development alumina business, adjustment of the layout of primary aluminium business, actively expanding its aluminium alloy products, accelerating the development of its energy segment and building a trading and logistics platform. Leveraging on reforms in responsibility management by setting performance goals and operational improvements, as well as application of technological innovations and achievements, the Group strives to further improve its comprehensive competitiveness.

- Further develop the alumina business as the Group's core competitive strength.
- Streamline the primary aluminium smelting capacity to optimise cost structure and improve profitability.
- Develop the energy segment to support the operations and improve the profitability of the alumina and primary aluminium segments.
- Expand the Group's market share and market influence through its trading segment and improve its capability to provide value-added services to customers.

History and Development of the Group

The Company was incorporated as a joint stock limited company under the PRC Company Law on 10 September 2001 under the name of Aluminum Corporation of China Limited. Pursuant to a reorganisation agreement entered into among Chinalco, Guangxi Investment and Guizhou Development in 2001, substantially all of Chinalco's alumina and primary aluminium production operations as well as a research institute and other related assets and liabilities were transferred to the Company upon its formation. The Group acquired its bauxite mining operations and the associated mining rights from Chinalco pursuant to a separate mining rights agreement.

The Company's H shares have been listed on the Main Board of the HKSE since 12 December 2001 (stock code: 2600) and the Company's A shares have been listed on the Main Board of the Shanghai Stock Exchange since 30 April 2007 (stock code: 601600). The Company's ADSs have been listed on NYSE since 11 December 2001 (ticker symbol: ACH). To the best of the Company's knowledge, as at 31 December 2015, all of the outstanding ADSs were held by 69 United States holders of record.

The Controlling Shareholder

As at the date of this Offering Circular, the Group's parent company, Chinalco, a state owned enterprise, beneficially owns 35.77% of the Company's outstanding ordinary shares directly and indirectly through its controlled entities. Established on 23 February 2001, Chinalco is a key state-owned enterprise directly supervised by the central government of the PRC. It principally engages in mineral resources development, non-ferrous metals smelting and processing, related trading activities as well as providing engineering and technical services. It also has the strongest copper capabilities in China. According to Fortune Magazine, Chinalco, a Fortune Global 500 company since 2008, was ranked 262nd among the Fortune Global 500 in 2016 and sixth among companies operating in the metals industry in the world in 2016. Chinalco has five subsidiaries that are currently listed in China and overseas, including Chalco.

Chinalco holds a significant portion of the Company's domestic shares in the form of state legal person shares, which do not have voting rights different from the Company's other shares. Chinalco has substantial influence over the Group's management, policies and corporate actions and can exercise all rights as the Group's controlling shareholder subject to the relevant laws, rules and regulations.

THE GUARANTOR

The Guarantor was incorporated in Hong Kong and is wholly-owned by the Company. The principal business of the Guarantor is investment holding and international trading.

As part of the Company's undertakings in the Keepwell Deed, the Company intends to maintain the Guarantor as its primary overseas holding subsidiary and the primary overseas platform for investment holding. The Guarantor is also positioned to be the Group's investment platform for securing business opportunities offshore.

For further details, please see the section headed "Description of the Guarantor".

THE ISSUER

The Issuer was incorporated as a company with limited liability under the laws of the British Virgin Islands. The Issuer is a wholly-owned subsidiary of the Guarantor. As at the date of this Offering Circular, the Issuer has not engaged, since its incorporation, in any material activities other than (i) issuing US$350 million 6.625 per cent. senior perpetual capital securities on 29 October 2013 (the "2013 October Securities") and on-lending the proceeds of the 2013 October Securities to the Company and some of its subsidiaries for general corporate use, (ii) issuing US$400 million 6.25 per cent. senior perpetual capital securities on 17 April 2014 (the "2014 April Securities") and on-lending the proceeds of the 2014 April Securities to the Company and some of its subsidiaries for general corporate use, and (iii) entering into arrangements for the proposed issue of the Securities and the proposed use of the proceeds of the Securities for refinancing and on-lending to the Company or any of its subsidiaries for general corporate use.

For further details, please see the section headed "Description of the Issuer".

RECENT DEVELOPMENTS

2016 Third Quarterly Report

In accordance with the requirements of the CSRC and the Shanghai Stock Exchange relating to the preparation and release of quarterly financial reports, the Company is required to publish quarterly reports within one month after the end of first three months of each financial year as well as within one month after the end of first nine months of each financial year. Such reports are disclosed and posted on the Company's website as well as on the websites of the HKSE and the SEC. For the avoidance of doubt, such quarterly reports are not and shall not be deemed to be incorporated or included in this Offering Circular. In the Group's opinion, these quarterly reports are prepared in accordance with Chinese Accounting Standards issued by the Ministry of Finance of the People's Republic of China on a basis consistent with the Company's accounting policies. As these quarterly reports have not been audited or reviewed by the Company's independent auditors and are subject to the completion of the Company's normal period-end closing procedures, they should not be relied upon by investors to provide the same quality of information associated with data that has been subject to an audit or review. See "Risk Factors — Risks Relating to the Group — The Company publishes quarterly reports as part of its ongoing reporting obligations, and information provided in such reports is subject to change due to normal interim and annual period-end closing processes and excludes information necessary to be indicative of actual financial results".

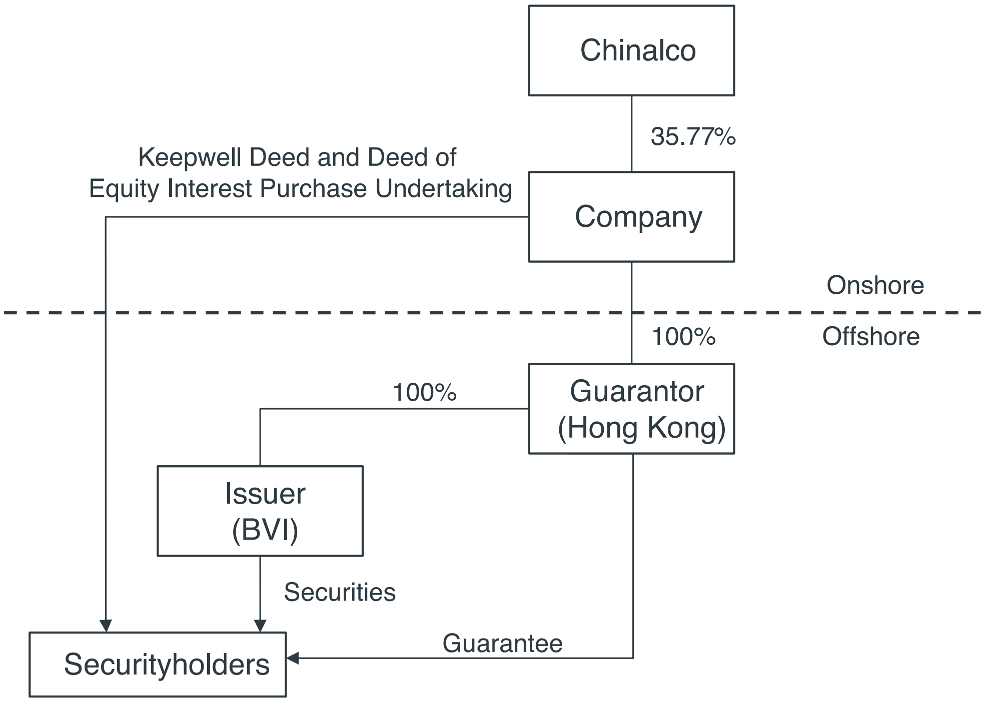
In accordance with such requirements, the Company has published the unaudited third quarterly report of the Group for the nine months ended 30 September 2016 on 21 October 2016. As of 30 September 2016, the Group's total assets increased compared to 30 June 2016. For the nine months ended 30 September 2016, the Group recorded decrease in total revenue as compared to the same period in 2015 primarily due to the fact that the Group shut down certain production lines with outdated capacity on a voluntary basis for technical improvement to optimize its industry structure and the deconsolidation of Shanxi Huaxing after the Group's disposal of 50% equity interest in Shanxi Huaxing. The Group's profit for the nine months ended 30 September 2016 increased as compared to the same period in 2015 primarily attributable to the increase in gross profit margin from the Group's principal products resulting from the substantial decrease of production cost of principal products, strict expenditure control and gains from assets disposal. Investors are cautioned against placing undue reliance on any information disclosed in the Company's unaudited quarterly results since none of such information has been subject to any audit or review by the Company's auditors and none of the Issuer, the Guarantor nor the Company represents that any such unaudited financial information has or will have the same quality as the information reported in the Company's historical audited financial statements.

Acquisition of Chinalco Shanghai

On 8 August 2016, the Company announced the entering into of an equity transfer agreement in relation to the acquisition of 60% of the equity interest in Chinalco Shanghai from Chinalco for a consideration of RMB2,113,760,800. Upon completion of such acqusition, Chinalco Shanghai has become a non-wholly owned subsidiary of the Company. Chinalco Shanghai's main assets are two 5A office buildings in the business zone at the Shanghai Expo Park and it is licensed to conduct, among others, trading, logistics and warehousing businesses. The Company believes that the acquisition of 60% equity interest in Chinalco Shanghai is in line with the strategic development plan of the Company and is beneficial for the Company to take the advantages of the functions of Shanghai as a financial centre, to enjoy the preferential policies of Shanghai Free Trade Zone and to accelerate the transformation of the Company's trade and logistics businesses with the help of the investment and development platforms in Shanghai. At the same time, through the acquisition of the equity interest in Chinalco Shanghai, the Company can get the control over the properties held by Chinalco Shanghai at the Shanghai Expo Park, which can be utilized as the Company's development base in Shanghai.

OFFER STRUCTURE

The following is a description of the structure of the offering, which should be read in conjunction with the sections entitled "Risk Factors", "Terms and Conditions of the Securities", "Description of the Keepwell Deed" and "Description of the Equity Interest Purchase Undertaking". The following chart illustrates the structure of the offering as at the date of this Offering Circular.



THE SECURITIES AND THE GUARANTEE

The Securities will be issued by the Issuer. Subject to the Terms and Conditions of the Securities, the Securities will constitute direct, unsecured, unconditional and unsubordinated obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Securities will, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all the Issuer's other present and future unsecured, unconditional and unsubordinated obligations.

Guarantor

On the Issue Date, the Securities will have the benefit of a Guarantee by the Guarantor. Pursuant to the Guarantee, the Guarantor will unconditionally and irrevocably guarantee the due payment in full of all sums expressed to be payable by the Issuer under the Trust Deed (as defined in the Terms and Conditions of the Securities) and the Securities.

Each of the Issuer and the Guarantor is a subsidiary of the Company. The PRC subsidiaries of the Company and subsidiaries of the Guarantor are not guarantors in respect of the Securities. Please see the subsection headed "Risk Factors —Risks relating to the Securities, the Guarantee, the Keepwell Deed and the Equity Interest Purchase Undertaking — Each of the Issuer and the Guarantor has limited material assets and revenue and will need to rely on cash flows from other Group members (particularly the Company and other operating subsidiaries of the Group) to service their respective obligations under the Securities and the Guarantee".

THE KEEPWELL DEED

The Issuer, the Company, the Guarantor and the Trustee will execute the Keepwell Deed on or before the Issue Date. Pursuant to the Keepwell Deed, the Company will undertake, among other things, to:

- directly or indirectly, own and hold, all the outstanding shares of each of the Issuer and the Guarantor (unless the Guarantor otherwise ceases to be the Guarantor in accordance with the Terms and Conditions of the Securities and the Trust Deed) and will not directly or indirectly pledge, grant a security interest over, or in any way encumber or otherwise dispose of any such shares, in each case, subject to certain exceptions;

- cause each of the Issuer and the Guarantor to remain solvent and a going concern at all times under the laws of its jurisdiction of incorporation;

- cause each of the Issuer and the Guarantor to have sufficient liquidity to ensure timely payment by each of the Issuer and the Guarantor of any amounts due and payable in respect of any of their respective indebtedness (including all liabilities, whether actual or contingent then outstanding and including the Securities which for this purpose shall be deemed as indebtedness and the Guarantee); and

- cause the Guarantor to have a consolidated net worth of at least US$1.00 or its equivalent at all times.

The Guarantor will also undertake in the Keepwell Deed that its consolidated net worth will not be less than US$1.00 or its equivalent at all times.

If the Issuer or the Guarantor at any time determines that it will have insufficient liquidity to meet its payment obligations as they fall due, then the Issuer or the Guarantor shall promptly notify the Company of the shortfall and the Company will make available to the Issuer or the Guarantor, before the due date of the relevant payment obligations, funds sufficient to enable the Issuer or the Guarantor to pay such payment obligations in full as they fall due.

The Keepwell Deed is not a guarantee or a legal obligation of the Company to pay any amount due under the Securities. The performance by the Company of its obligations under the Keepwell Deed may be subject to the approval or clearance or other authorisations of the PRC government authorities and the Company undertakes to use all commercially reasonable efforts to obtain the same. Please see the subsection headed “Risk Factors — Risks relating to the Securities, the Guarantee, the Keepwell Deed and the Equity Interest Purchase Undertaking”.

THE EQUITY INTEREST PURCHASE UNDERTAKING

The Company will execute the Equity Interest Purchase Undertaking in favour of the Trustee on or before the Issue Date. While the Keepwell Deed contains a general obligation requiring the Company to ensure that each of the Issuer and the Guarantor has sufficient liquidity to ensure timely payment in respect of any of their respective indebtedness (including all liabilities, whether actual or contingent then outstanding and including the Securities and the Guarantee), the Equity Interest Purchase Undertaking provides a specified means by which the Company could assist the Issuer and the Guarantor to meet their respective obligations under the Securities and the Guarantee following the occurrence of a winding-up of the Issuer or the Company.

Under the Equity Interest Purchase Undertaking, the Company will undertake to the Trustee that, upon receipt of a written purchase notice of the Trustee following the occurrence of a winding-up of the Issuer or the Company, the Company will, subject to obtaining all necessary consents and approvals from the relevant authorities, purchase the equity interests relating to certain wholly-owned and indirectly held subsidiaries of the Company. The purchase price for such equity interests shall be sufficient to enable the Issuer and the Guarantor to discharge in full their obligations under all of their respective indebtedness (including all liabilities, whether actual or contingent, then outstanding).

Certain approvals and consents may be required from PRC regulatory authorities and shareholders in relation to the purchase of any equity interest. However, there is no assurance that such approvals or consents can be obtained. In the event that such approvals or consents are not obtained, the Company may be unable to complete the relevant equity interest acquisition as required under the Equity Interest Purchase Undertaking. Please see the subsection headed "Risk Factors — Risk relating to the Securities, the Guarantee, the Keepwell Deed and the Equity Interest Purchase Undertaking".

THE ISSUE

The following contains some summary information about the Securities. Some of the terms described below are subject to important limitations and exceptions. Words and expressions defined in "Terms and Conditions of the Securities" and "Summary of Provisions Relating to the Securities in Global Form" shall have the same meanings in this summary. For a comprehensive description of the terms and conditions of the Securities, see the section entitled "Terms and Conditions of the Securities" of this Offering Circular.

Issuer	Chalco Hong Kong Investment Company Limited.
Guarantee	The Guarantor will unconditionally and irrevocably guarantee the due payment in full of all sums expressed to be payable by the Issuer under the Trust Deed and the Securities, as further described in Condition 2(b) of the Terms and Conditions of the Securities. The Guarantor is Chalco HongKong Limited (中國鋁業香港有限公司). The Guarantor's obligations in respect of the Guarantee are contained in the Trust Deed.
Issue	US$500,000,000 in aggregate principal amount of 4.25 per cent. senior perpetual capital securities.
Issue Price	100.00 per cent.
Status of the Securities	The Securities constitute direct, unconditional, unsubordinated and (subject to, and to the extent provided under, Condition 4(a) of the Terms and Conditions of the Securities) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Securities shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all the Issuer's other present and future unsecured, unconditional and unsubordinated obligations.
Status of the Guarantee	The obligations of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable legislation and subject to, and to the extent provided under, Condition 4(a) of the Terms and Conditions of the Securities, at all times rank at least equally with all the other present and future unsecured and unsubordinated obligations of the Guarantor.
Form and Denomination	The Securities will be issued in registered form in the denomination of US$200,000 each and in integral multiples of US$1,000 in excess thereof.
Issue Date	7 November 2016.
Maturity Date	There is no maturity date.
Negative Pledge and Relevant Indebtedness	The Securities contain a negative pledge provision, as further described in Condition 4(a) of the Terms and Conditions of the Securities.

Distribution .... Subject to Condition 5(d) of the Terms and Conditions of the Securities, the Securities confer a right to receive distributions (each a "Distribution") from 7 November 2016 (the "Issue Date") at the applicable Distribution Rate in accordance with Condition 5 of the Terms and Conditions of the Securities. Subject to Condition 5(d) of the Terms and Conditions of the Securities, Distributions shall be payable on the Securities semi-annually in arrear in equal instalments (save for reflecting any reset of the relevant Distribution Rate during any Distribution Period, if applicable) on 29 April and 29 October of each year (each, a "Distribution Payment Date"), except that the first payment of a Distribution, to be made on 29 April 2017, will be in respect of the period from and including the Issue Date to but excluding 29 April 2017 and will amount to US$20.42 per US$1,000 in principal amount of the Securities.

Distribution Rate .... Subject to any increase pursuant to Condition 5(e) of the Terms and Conditions of the Securities, the rate of distribution ("Distribution Rate") applicable to the Securities shall be:

(i) in respect of the period from, and including, the Issue Date to, but excluding, 7 November 2021 (the "First Call Date"), 4.25 per cent. per annum (the "Initial Distribution Rate"); and

(ii) in respect of the period (A) from, and including the First Call Date, to, but excluding, the Reset Date falling immediately after the First Call Date, and (B) from, and including, each Reset Date falling after the First Call Date to, but excluding, the immediately following Reset Date, the Relevant Reset Distribution Rate.

Pursuant to Condition 5(e) of the Terms and Conditions of the Securities, upon the occurrence of a Change of Control Event, a Breach of Covenants Event or a Relevant Indebtedness Default Event, unless (i) an irrevocable notice to redeem the Securities has been given to Securityholders by the Issuer by the 30th day following the occurrence of the Change of Control Event, Breach of Covenants Event or Relevant Indebtedness Default Event; or (ii) in the case of a Breach of Covenants Event or a Relevant Indebtedness Default Event, the Covenant Breach or the Relevant Indebtedness Default Event (as the case may be) is remedied by the 30th day following the occurrence of such Breach of Covenants Event or such Relevant Indebtedness Default Event (as the case may be), the Distribution Rate will increase by 5.00 per cent. per annum with effect from (a) the next Distribution Payment Date or (b) if the date on which a Change of Control Event, a Breach of Covenants Event or a Relevant Indebtedness Default Event (as applicable) occurs is prior to the most recent preceding Distribution Payment Date, such Distribution Payment Date provided that the maximum aggregate increase in the Distribution Rate shall be 5.00 per cent. per annum, as further described in "Terms and Conditions of the Securities — Distribution — Increase in Distribution Rate following occurrence of certain events".

Distribution Deferral .... The Issuer may, at its sole discretion, elect to defer (in whole or in part) any Distribution which is otherwise scheduled to be paid on a Distribution Payment Date to the next Distribution Payment Date by giving notice to the Securityholders and the Trustee and the Principal Paying Agent in writing not more than ten business days nor less than five business days prior to a scheduled Distribution Payment Date unless a Compulsory Distribution Payment Event has occurred.

Compulsory Distribution Payment Event .... Circumstances in which during the six-month period ending on the day before the relevant scheduled Distribution Payment Date either or both of the following have occurred:

(a) a discretionary dividend, distribution or other discretionary payment has been declared or paid by the Issuer, the Guarantor or the Company on or in respect of any of its Parity Securities or Junior Securities (except (i) in relation to the Parity Securities of the Issuer, the Guarantor or the Company, as the case may be, on a *pro-rata* basis or (ii) in connection with any employee benefit plan or similar arrangements with or for the benefit of employees, officers, directors or consultants); or

(b) the Issuer, the Guarantor or the Company has at its discretion repurchased, redeemed or otherwise acquired any of its Parity Securities prior to its stated maturity or Junior Securities (except (i) in relation to the Parity Securities of the Issuer, the Guarantor or the Company, as the case may be, on a *pro-rata* basis, (ii) in connection with any employee benefit plan or similar arrangements with or for the benefit of employees, officers, directors or consultants or (iii) as a result of the exchange or conversion of its Parity Securities for its Junior Securities).

No Obligation to Pay.............	The Issuer shall have no obligation to pay any Distribution (including any Arrears of Distribution and any Additional Distribution Amount) on any Distribution Payment Date if it validly elects not to do so in accordance with Condition 5(d)(i) of the Terms and Conditions of the Securities and the deferral of any Distribution payment in accordance with Condition 5(d) of the Terms and Conditions of the Securities shall not constitute a default for any purpose on the part of the Issuer under the Securities or for any other purpose.
Cumulative Deferral	Any Distribution deferred pursuant to Condition 5(d) of the Terms and Conditions of the Securities shall constitute "Arrears of Distribution". Each amount of Arrears of Distribution shall accrue Distributions as if it constituted the principal of the Securities at the prevailing Distribution Rate. The Additional Distribution Amount accrued up to any Distribution Payment Date shall be added (for the purpose of calculating the Additional Distribution Amount accruing thereafter) to the amount of Arrears of Distribution remaining unpaid on such Distribution Payment Date so that it will itself become Arrears of Distribution. The Issuer may, at its sole discretion, elect to defer further any Arrears of Distribution by complying with the notice requirement applicable to any deferral of an accrued Distribution and is not subject to any limit as to the number of times Distributions and Arrears of Distribution can or shall be deferred.
Satisfaction of Arrears of Distribution by payment	The Issuer in any event shall satisfy any outstanding Arrears of Distribution and Additional Distribution Amount (in whole but not in part) on the earliest of: (a) the date of redemption of the Securities in accordance with the redemption events set out in Condition 6 of the Terms and Condition of the Securities; (b) the next Distribution Payment Date following the occurrence of a breach of Condition 5(d)(v) of the Terms and Condition of the Securities or the occurrence of a Compulsory Distribution Payment Event; (c) a Winding-Up of the Issuer, the Guarantor or the Company; and (d) the date of any substitution or variation in accordance with Condition 12(c) of the Terms and Condition of the Securities.

Any partial payment of outstanding Arrears of Distribution and any Additional Distribution Amount by the Issuer shall be shared by the Securityholders of all outstanding Securities on a *pro-rata* basis.

Restrictions in the case of Deferral ....

If, on any Distribution Payment Date, payment of all Distribution payments scheduled to be made on such date (including any Distribution accrued but unpaid on the Securities (including any Arrears of Distribution and any Additional Distribution Amount)) is not made in full, each of the Issuer, the Guarantor and the Company shall not:

(a) declare or pay any discretionary dividends or distributions or make any other discretionary payment, and will procure that no discretionary dividend, distribution or other discretionary payment is made, on any Parity Securities or Junior Securities of the Issuer, the Guarantor or the Company (except (i) in relation to the Parity Securities of the Issuer, the Guarantor or the Company, as the case may be, on a *pro-rata* basis, or (ii) in connection with any employee benefit plan or similar arrangements with or for the benefit of employees, officers, directors or consultants); or

(b) at its discretion redeem, reduce, cancel, buy-back or otherwise acquire for any consideration any Parity Securities or Junior Securities of the Issuer, the Guarantor or the Company (except (i) in relation to the Parity Securities of the Issuer, the Guarantor or the Company, as the case may be, on a *pro-rata* basis, or (ii) in connection with any employee benefit plan or similar arrangements with or for the benefit of employees, officers, directors or consultants or (iii) as a result of the exchange or conversion of its Parity Securities for its Junior Securities),

in each case, unless and until (x) the Issuer has satisfied in full all outstanding Arrears of Distribution and the Additional Distribution Amount; or (y) the Issuer is permitted to do so by an Extraordinary Resolution of the Securityholders, provided that nothing in Condition 5(d)(v) of the Terms and Conditions of the Securities shall restrict the ability of the Issuer, the Guarantor or the Company to advance loans to any of their respective shareholders or shareholders of other Subsidiaries of the Company or otherwise invest in such shareholders' or Subsidiaries' debt, howsoever issued or represented.

Taxation	All payments of principal, premium (if applicable) and Distributions (including any Arrears of Distribution or any Additional Distribution Amount) by or on behalf of the Issuer or the Guarantor in respect of the Securities or under the Guarantee shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the PRC, Hong Kong, the BVI or any political subdivision or authority therein or thereof having power to tax, unless such withholding or deduction is required by law, as further described in Condition 8 of the Terms and Conditions of the Securities. In such event, the Issuer or, as the case may be, the Guarantor shall, subject to the limited exceptions specified in Condition 8 of the Terms and Conditions of the Securities, pay such additional amounts as will result in receipt by the Securityholders of such amounts as would have been received by them had no such withholding or deduction been required.
Redemption at the Option of the Issuer	The Securities may be redeemed at the option of the Issuer in whole, but not in part, on giving not more than 60 nor less than 30 days' irrevocable notice to the Trustee, the Agents and the Securityholders at their principal amount together with any Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount) on the First Call Date or on any Distribution Payment Date after the First Call Date.
Redemption for Taxation Reasons	The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not more than 60 nor less than 30 days' irrevocable notice to the Trustee, the Agents and the Securityholders at their principal amount (together with any Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount)) if (a) the Issuer satisfies the Trustee immediately prior to the giving of such notice that the Issuer (or, if the Guarantee was called, the Guarantor) has or will become obliged to pay Additional Tax Amounts as provided or referred to in Condition 8 of the Terms and Conditions of the Securities as a result of any change in, or amendment to, the laws or regulations of any Relevant Jurisdiction, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 31 October 2016, and (b) such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the Guarantor, as the case may be) would be obliged to pay such Additional Tax Amounts were a payment in respect of the Securities then payable.

Redemption for Accounting Reasons	The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on the Issuer giving not less than 30 nor more than 60 days' notice to the Trustee, the Securityholders and the Agents (which notice shall be irrevocable) at: (a) the greater of (A) the principal amount of the Securities, together with any Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount); and (B) the Make Whole Amount together with any Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount), at any time before the First Call Date; or (b) their principal amount, together with Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount), at any time on or after the First Call Date, if, immediately before giving such notice, the Issuer satisfies the Trustee that as a result of any changes or amendments to IFRS, PRC Generally Accepted Accounting Principles or any other generally accepted accounting standards that may be adopted by the Company for the purposes of preparing its consolidated financial statements (the "Relevant Accounting Standards"), the Securities must not or must no longer be recorded as "equity" of the Company pursuant to the Relevant Accounting Standards.
Redemption for a Change of Control Event	The Securities may be redeemed at the option of the Issuer in whole, but not in part, on giving not more than 60 nor less than 30 days' irrevocable notice to the Trustee, the Agents and the Securityholders at 101 per cent. of their principal amount (together with any Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount)) if a Change of Control Event occurs.
Redemption on the occurrence of a Breach of Covenants Event	The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not more than 60 nor less than 30 days' irrevocable notice to the Trustee, the Agents and the Securityholders at their principal amount (together with any Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount)) upon the occurrence of a Breach of Covenants Event.

Redemption on the occurrence of a Relevant Indebtedness Default Event	The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not more than 60 nor less than 30 days' irrevocable notice to the Trustee, the Agents and the Securityholders at their principal amount (together with any Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount)) upon the occurrence of a Relevant Indebtedness Default Event.
Redemption for minimum outstanding amount	The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not more than 60 nor less than 30 days' irrevocable notice to the Trustee, the Agents and the Securityholders at their principal amount (together with any Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount)) if prior to the date fixed for redemption at least 80 per cent. in principal amount of the Securities originally issued has already been cancelled.
Limited Rights to institute proceedings	No Securityholder shall be entitled to proceed directly against the Issuer or to institute proceedings for the Winding-Up of the Issuer or claim in the liquidation of the Issuer or to prove in such Winding-Up unless the Trustee, having become so bound to proceed or being able to prove in such Winding-Up or claim in such liquidation, fails to do so within a reasonable period and such failure shall be continuing, in which case the Securityholder shall have only such rights against the Issuer as those which the Trustee is entitled to exercise as set out in Condition 9 of the Terms and Conditions of the Securities.
Proceedings for Winding-Up ..	If (a) there is a Winding-Up of the Issuer or the Company, or (b) the Issuer shall not make payment in respect of the Securities for a period of 14 days or more after the date on which such payment is due, the Issuer shall be deemed to be in default under the Trust Deed and the Securities and the Trustee may, subject to the provisions of Condition 9(d) of the Terms and Conditions of the Securities, institute proceedings for the Winding-Up of the Issuer and/or prove in the Winding-Up of the Issuer and/or claim in the liquidation of the Issuer for such payment.
Clearing Systems	The Securities will be represented by interests in the Global Certificate, which will be registered in the name of a nominee of, and deposited on the Issue Date with a common depositary for, Euroclear and Clearstream. Interests in the Global Certificate will be shown on and transfers thereof will be effected only through records maintained by Euroclear and Clearstream. Except as described herein, certificates for Securities will not be issued in exchange for interests in the Global Certificate.

Clearance and Settlement	The Securities have been accepted for clearance by Euroclear and Clearstream under the following codes: ISIN: XS1511610906 Common Code: 151161090
Governing Law and Jurisdiction	English law with submission to the exclusive jurisdiction of the courts of Hong Kong.
Trustee	Citicorp International Limited.
Principal Paying Agent and Transfer Agent	Citibank, N.A., London Branch.
Registrar	Citigroup Global Markets Deutschland AG.
Listing	Application has been made to the HKSE for the listing of, and permission to deal in, the Securities issued to Professional Investors only and such permission is expected to become effective on 8 November 2016.
Further Issues	The Issuer may from time to time, without the consent of the Securityholders, create and issue further securities either having the same terms and conditions as the Securities in all respects (or in all respects except for the first Distribution on them and the timing for filing with the NDRC) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Securities), as further described in Condition 13 of the Terms and Conditions of the Securities.
Use of Proceeds	See the section entitled "Use of Proceeds".
Keepwell Deed	The Issuer, the Guarantor and the Company will enter into a keepwell deed with the Trustee as further described in "Offer Structure — The Keepwell Deed" and "Description of the Keepwell Deed".
Equity Interest Purchase Undertaking	The Company will enter into a deed of equity interest purchase undertaking with the Trustee as further described in "Offer Structure — The Equity Interest Purchase Undertaking" and "Description of the Equity Interest Purchase Undertaking".
Filing with the NDRC	The Company will undertake to file or cause to be filed the relevant information in connection with the Securities with the National Development and Reform Commission (the "NDRC") within the prescribed timeframe after the issue date of the Securities.

Selling Restrictions................	The Securities and the Guarantee will not be registered under the Securities Act and are being offered only outside the United States in reliance on Regulation S of the Securities Act, Category 2. The Securities and the Guarantee may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. There are restrictions on the offer and sale of the Securities and the Guarantee in certain jurisdictions including the United States, the United Kingdom, the PRC, Hong Kong, Singapore and the British Virgin Islands, and to persons connected therewith. See ‘‘Subscription and Sale’’

SUMMARY FINANCIAL INFORMATION

Summary Financial Information of the Company

The following tables set forth the selected consolidated financial information of the Company as at and for the periods indicated. The selected consolidated financial information of the Company as at and for the years ended 31 December 2014 and 2015 set forth below and included elsewhere in this Offering Circular have been extracted from the published consolidated financial statements of the Company as at and for the year ended 31 December 2015, which have been audited by Ernst & Young. The selected interim condensed consolidated financial information of the Company for the six months ended 30 June 2015 and as at and for the six months ended 30 June 2016, and the selected restated consolidated financial information of the Company as at 31 December 2015 set forth below and included elsewhere in this Offering Circular have been extracted from the unaudited interim condensed consolidated financial statements of the Company as at and for the six months ended 30 June 2016, which have been reviewed by Ernst & Young. The consolidated financial statements of the Company have been prepared and presented in accordance with IFRS.

In November 2015, Baotou Aluminum Co., Ltd. (包頭鋁業有限公司), a wholly-owned subsidiary of the Company, acquired relevant assets and liabilities of high-purity aluminium plant and light metal plant of and Baotou Aluminum (Group) Co., Ltd. (包頭鋁業(集團)有限責任公司), a subsidiary of Chinalco. Before and after the acquisition, both sides to the acquisition are controlled by Chinalco, and the control is not temporary. Thus, the acquisition is considered to be business combination under common control in accordance with the Group's accounting policy and the effect of the acquisition has been disclosed in the Group's audited consolidated financial statements as at and for the year ended 31 December 2015. Accordingly, certain financial data of the Group's audited consolidated financial information as at and for the year ended 31 December 2014 had been restated to reflect such business combination under common control.

In January 2016, Chalco Shandong Co., Ltd. (中鋁山東有限公司), a wholly-owned subsidiary of the Company, completed the swap of certain assets and liabilities of its electrolysis aluminium plant, aluminium processing plant and hospital ward building with the relevant assets and liabilities of the Bayer alumina production line of Shandong Aluminum Corporation (山東鋁業公司), a subsidiary of Chinalco. Before and after the transaction, both entities were controlled by Chinalco, and the control was not temporary. Thus, the acquisition is considered to be a business combination under common control in accordance with the Group's accounting policy and the effect of the acquisition has been disclosed in the Group's unaudited interim condensed consolidated financial statements as at and for the six months ended 30 June 2016. Accordingly, certain financial data of the Group's audited consolidated financial information as at 31 December 2015 and certain financial data of the Group's unaudited interim condensed consolidated financial information for the six months ended 30 June 2015 had been restated to reflect such business combination under common control.

The information set out below should be read in conjunction with, and is qualified in its entirety by reference to, such consolidated financial statements of the Company and, including the notes thereto, included in this Offering Circular.

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION DATA OF THE COMPANY

(presented and prepared in accordance with IFRS)

	As at 31 December			As at 30 June
	2014	2015	2015	2016
	(Restated and audited)[1]	(Audited)	(Restated and audited)[2]	(Unaudited)
	(RMB in thousands)			
Current assets				
Inventories	22,543,346	20,177,028	20,177,028	19,241,330
Trade and notes receivables	5,332,534	5,151,039	5,151,039	6,577,937
Other current assets	13,031,700	15,847,333	15,847,333	18,008,274
Financial assets at fair value through profit or loss	120,901	2,058	2,058	1,391
Available-for-sale financial investments	4,635,600	224,820	224,820	17,720
Restricted cash and time deposits	1,663,590	1,734,739	1,734,739	1,853,885
Cash and cash equivalents	16,268,600	20,753,136	20,753,136	18,724,058
Assets of a disposal group classified as held for sale	—	200,187	200,187	—
Non-current assets held for sale	—	78,838	78,838	—
Total current assets	63,596,271	64,169,178	64,169,178	64,424,595
Non-current assets				
Intangible assets	10,980,098	10,439,015	10,439,015	10,332,825
Property, plant and equipment	94,119,984	89,874,746	90,203,100	87,770,403
Land use rights and leasehold land	3,274,428	2,707,584	2,707,584	2,689,172
Investments in joint ventures	2,525,747	5,150,887	5,150,887	5,378,809
Investments in associates	4,840,968	5,602,701	5,602,701	5,887,121
Available-for-sale financial investments	74,850	130,440	130,440	330,596
Deferred tax assets	952,057	1,362,995	1,362,995	1,258,502
Other non-current assets	12,479,204	9,831,705	9,831,705	7,429,185
Total non-current assets	129,247,336	125,100,073	125,428,427	121,076,613
Total assets	192,843,607	189,269,251	189,597,605	185,501,208
Current liabilities				
Trade and notes payables	15,751,262	14,506,138	14,506,138	12,452,771
Other payables and accrued expenses	13,203,174	11,779,410	11,780,898	11,182,965
Financial liabilities at fair value through profit or loss	29,384	161,700	161,700	128,343
Income tax payable	79,420	43,356	43,356	61,958
Interest bearing loans and borrowings	75,358,958	54,422,862	54,422,862	60,423,612
Liabilities of a disposal group classified as held for sale	—	23,865	23,865	—
Total current liabilities	104,422,198	80,937,331	80,938,819	84,249,649
Non-current liabilities				
Interest bearing loans and borrowings	44,769,211	53,725,670	53,725,670	46,410,748
Other non-current liabilities	2,937,087	3,302,659	3,302,659	3,067,204
Deferred tax liabilities	1,061,265	1,006,155	1,006,155	990,802
Total non-current liabilities	48,767,563	58,034,484	58,034,484	50,468,754
Total liabilities	153,189,761	138,971,815	138,973,303	134,718,403
Equity attributable to owners of the parent				
Share capital	13,524,488	14,903,798	14,903,798	14,903,798
Other reserves	19,640,292	28,613,357	29,073,618	29,098,011
(Accumulated losses)/retained earnings				
— proposed final dividend	—	—	—	—
— others	(4,864,089)	(4,677,058)	(4,810,453)	(4,807,854)
Non-controlling interests	11,353,155	11,457,339	11,457,339	11,588,850
Total equity	39,653,846	50,297,436	50,624,302	50,782,805
Total equity and liabilities	192,843,607	189,269,251	189,597,605	185,501,208

SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME DATA OF THE COMPANY

(presented and prepared in accordance with IFRS)

	For the year ended 31 December		For the six months ended 30 June	
	2014	2015	2015	2016
	(Restated and audited)[(1)]	(Audited)	(Restated and unaudited)[(2)]	(Unaudited)
	(RMB in thousands)			
Revenue	141,999,830	123,445,872	66,141,187	49,705,296
Cost of sales	(141,328,954)	(120,927,088)	(62,810,920)	(45,744,744)
Gross profit	670,876	2,518,784	3,330,267	3,960,552
Selling and distribution expenses	(1,763,031)	(1,775,254)	(889,753)	(946,429)
General and administrative expenses	(4,838,387)	(2,334,071)	(1,225,485)	(1,217,822)
Research and development expenses	(293,766)	(168,869)	(83,180)	(79,779)
Impairment loss on property, plant and equipment	(5,679,521)	(10,011)	—	—
Other income	823,986	1,768,926	666,300	433,165
Other gains, net	356,935	5,023,600	904,905	433,145
Finance income	1,047,607	812,084	389,628	397,936
Finance costs	(6,730,597)	(5,949,665)	(3,133,784)	(2,478,056)
Share of profits and losses of:				
Joint ventures	89,510	23,238	60,332	(93,121)
Associates	350,575	284,531	123,353	88,609
Profit/(loss) before income tax	(15,965,813)	193,293	142,583	498,200
Income tax benefit/(expense)	(1,074,910)	230,420	36,486	(152,403)
Profit/(loss) for the year	(17,040,723)	423,713	179,069	345,797
Attributable to:				
Owners of the parent	(16,208,170)	206,319	1,543	57,448
Non-controlling interests	(832,553)	217,394	177,526	288,349
Total other comprehensive income/(loss) for the year/period, net of tax	64,102	562,435	(16,771)	264,805
Total comprehensive income/(loss) for the year/period	(16,976,621)	986,148	162,298	610,602
Attributable to:				
Owners of the parent	(16,144,068)	768,754	(15,228)	322,253
Non-controlling interests	(832,553)	217,394	177,526	288,349

Notes:

(1) The audited consolidated statement of financial position and the audited consolidated statement of comprehensive income of the Company as at 31 December 2014 were restated to reflect business combination under common control incurred in 2015.

Details on the business combination under common control incurred in 2015 are disclosed in Note 38 to the audited consolidated financial statements of the Company for the year ended 31 December 2015 on pages F-191 to F-192 of this Offering Circular.

(2) The unaudited interim condensed consolidated statement of comprehensive income of the Company for the six months ended 30 June 2015 and the audited consolidated statement of financial position as at 31 December 2015 were restated to reflect business combination under common control incurred during the six months ended 30 June 2016.

Details on the business combination under common control are disclosed in Note 4 to the unaudited interim condensed consolidated financial statements of the Company for the six months ended 30 June 2016 on pages F-230 to F-231 of this Offering Circular.

Summary Financial Information of the Guarantor

The following tables set forth the selected consolidated financial information of the Guarantor as at and for the years ended 31 December 2014 and 2015 has been extracted from the consolidated financial statements of the Guarantor as at and for the year ended 31 December 2015, which have been audited by Ernst & Young and included elsewhere in the Offering Circular. The consolidated financial statements of the Guarantor have been prepared and presented in accordance with HKFRS.

The information set out below should be read in conjunction with, and is qualified in its entirety by reference to, such audited consolidated financial statements of the Guarantor and, including the notes thereto, included in this Offering Circular.

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION DATA OF THE GUARANTOR
(presented and prepared in accordance with HKFRS)

	As at 31 December	
	2014	2015
	(US$)	(US$)
	(Audited)	
Current assets		
Inventories	5,513,965	8,952,404
Trade receivables	13,979,331	127,199,688
Prepayments, deposits and other receivables	6,396,238	6,592,006
Prepaid income tax	135,783	—
Amounts due from related parties	659,155,680	1,146,093,165
Cash and cash equivalents	286,749,184	47,008,519
Total current assets	971,930,181	1,335,845,782
Non-current Assets		
Leasehold land	2,695,310	—
Property, plant and equipment	2,230,618	1,817,520
Investment properties	12,447,083	—
Intangible assets	54,862,971	53,134,078
Investment in an associate	286,482,884	297,587,196
Amount due from related parties	1,278,495,065	813,332,459
Other non-current assets	2,297,164	2,439,448
Total non-current assets	1,639,511,095	1,168,310,701
Current liabilities		
Other payables and accruals	18,642,147	19,259,509
Income tax payable	11,574	28
Amounts due to related parties	40,611,624	42,906,135
Interest-bearing bank borrowings	6,108,217	291,719,234
Total current liabilities	65,373,562	353,884,906
Non-current liabilities		
Interest-bearing bank borrowings	200,000,000	—
Deferred tax liabilities	5,614,136	5,184,837
Senior perpetual securities	745,564,191	745,601,341
Other non-current liabilities	1,283,184	1,297,545
Total non-current liabilities	952,461,511	752,083,723
Net assets	1,593,606,203	1,398,187,854
Equity		
Equity attributable to owners of the parent		
Share capital	109,642,321	109,642,321
Loans from the intermediate holding company	714,648,113	716,648,113
Capital reserve	3,920,693	4,253,649
Retained earnings	754,178,264	554,793,353
Currency translation differences	(771,252)	1,283,641
Non-controlling interests	11,988,064	11,566,777
Total equity	1,593,606,203	1,398,187,854

SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME DATA OF THE GUARANTOR

(presented and prepared in accordance with HKFRS)

	For the year ended 31 December	
	2014	2015
	(US$)	(US$)
	(Audited)	
Revenue	70,244,297	208,910,132
Cost of sales	(67,693,539)	(202,184,945)
Gross profit	2,550,758	6,725,187
Selling and distribution expenses	(964,754)	—
Administrative expenses	(8,301,970)	(6,997,899)
Share of profit of an associate	3,037,399	15,223,641
Finance income	54,426,000	50,414,198
Finance costs	(52,631,260)	(60,307,919)
Other gains, net	258,597	33,166,969
Profit/(loss) before tax	(1,625,230)	38,224,177
Income tax (expenses)/benefit	402,133	(420,375)
Profit/(loss) for the year	(1,223,097)	37,803,802
Profit/(loss) attributable to:		
Owners of the parent	(167,807)	38,225,089
Non-controlling interests	(1,055,290)	(421,287)
Total other comprehensive income/(loss) for the year, net of tax	1,569,966	2,054,893
Total comprehensive income/(loss) for the year	346,869	39,858,695
Attributable to:		
Owners of the parent	1,402,159	40,279,982
Non-controlling interests	(1,055,290)	(421,287)

In addition to other information in this Offering Circular, investors should carefully consider the following risk factors, together with all other information contained in this Offering Circular (including the financial statements and the notes thereto), before purchasing the Securities. The risks and uncertainties described below may not be the only ones that the Group faces. Additional risks and uncertainties that the Group is not aware of or that the Company currently believes are immaterial may also adversely affect its business, financial condition or results of operations. If any of the possible events described below occur, the Group's business, financial condition or results of operations could be materially and adversely affected, the trading price of the Securities could decline and investors may lose all or part of their investment.

This Offering Circular also contains forward-looking statements that involve risks and uncertainties. The Group's actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Offering Circular.

RISKS RELATING TO THE GROUP

The Group's businesses are vulnerable to downturns in the general economy and industries in which the Group operates or which the Group serves. A reduction in demand or supply could materially and adversely affect its business, financial condition and results of operations.

Demand for the Group's products depends on the general economy and level of activity and growth in the industries where the Group operates or serves. Development of the relevant industries is subject to various factors, including but not limited to market fluctuations of prices of commodities, general political or economic conditions, technology development, government investment plans and regulations, fluctuation in global production capacity and global and regional weather conditions, many of which are beyond the Group's control. Unfavourable and volatile financial or economic conditions, such as those caused by the global financial and economic crisis since 2008, including the sovereign-debt crisis in the European Union in 2011 and 2012 and the continued weakness and uncertainty regarding the durability of the emerging economic recovery, have adversely affected the global economy and resulted in a significant decrease in the Group's sales volumes. If a global recession recurs, demand for the Group's products may continue to decline. In addition, concerns over inflation, energy costs, geopolitical issues, the availability and cost of credit, unemployment, consumer confidence, declining asset values, capital market volatility and liquidity issues have created difficult operating conditions for the Group in the past and may continue to do so in the future. Furthermore, the PRC Government has, from time to time, adjusted its monetary, fiscal and other policies and measures to manage the rate of growth of the economy or the overheating and overcapacity in certain industries or markets. As a result, the general economy in the PRC or the world or any particular industry in which the Group operates or which it serves may grow at a lower-than-expected rate or even experience a downturn. Uncertainty about future economic conditions makes it challenging for the Group to forecast its results of operations, make business decisions and identify risks that may affect its business. If the Group is not able to timely and appropriately adapt to changes resulting from the difficult macroeconomic environment, its business, financial condition and results of operations may be materially and adversely affected.

Volatility in the prices of alumina, primary aluminium, other non-ferrous metal or other commodities may adversely affect the Group's business, financial condition and results of operations.

The prices of the products the Group produces and trades, including alumina, primary aluminium, other non-ferrous metal and coal products, have historically fluctuated and are expected to continue fluctuating in response to general economic conditions, supply and demand and the level of global inventories, which are beyond the Group's control.

The Group prices its alumina and primary aluminium products by reference to international and domestic market prices, and domestic supply and demand, each of which may fluctuate beyond the Group's control. In 2013, demand for alumina and primary aluminium fluctuated. The Australian FOB spot price of alumina reached a high of US$351.5 and a low of US$312.5 per tonne and the international spot price of primary aluminium on the LME reached a high of US$2,123.0 per tonne and a low of US$1,694.5 per tonne in 2013. In 2014, the Australian FOB spot price of alumina and the international cash price of primary aluminium on the LME reached a high of US$357 per tonne and a low of US$307 per tonne and a high of US$2,089 per tonne and a low of US$1,634 per tonne, respectively. As a result of the general slowdown of the global economy and overcapacity of the global aluminium industry, the market prices for aluminium products faced downward pressure in 2015. The Australian FOB spot price of alumina and the international cash price of primary aluminium on the LME reached a high of US$354.5 per tonne and a low of US$200 per tonne and a high of US$1,959.1 per tonne and a low of US$1,423.5 per tonne, respectively in 2015. The Group's average external selling prices of self-produced alumina and primary aluminium were RMB2,377 per tonne and RMB12,075 per tonne respectively in 2015, which decreased by approximately 3.8% and 10.9%, respectively, from 2014 to 2015. Because most of the Group's costs are fixed, it may not be able to respond promptly to a sudden decrease in alumina or primary aluminium prices. There is no assurance that there will be no further falls in prices of the Group's key products, including alumina and primary aluminium, which may materially and adversely affect the Group's businesses, financial condition and results of operations.

In addition, as the profit margin of trading is based on price fluctuations in the short term, the Group needs to make correct predictions of the price movements of the non-ferrous metal products and coal products on the markets to maintain the profit margin. If the price movements on the market do not match the Group's prediction, the Group may incur substantial losses. In addition, as the Group generates profit from the differences between the purchasing and sales prices of the non-ferrous metal and coal products it deals in, significant fluctuations in the prices of the commodities it deals in may cause the value of the outsourced products in transit or in inventory to decline, and if the carrying value of the Group's existing inventories exceeds the market price in the future periods, the Group may need to make additional provisions for its inventories' value. As a result, any significant fluctuation in international market prices could materially and adversely affect the Group's business, financial condition and results of operations.

The Group's businesses and operations require significant capital resources on an ongoing basis. Any failure to obtain sufficient funding may limit the Group's ability to engage in desired activities and grow its business, and may materially and adversely affect the Group's businesses, financial condition, results of operations, growth prospects and expansion plans.

The Group's plans to upgrade and expand its production capacity will require substantial capital expenditures. The Group may also need additional funding for debt servicing, working capital, other investments, potential acquisitions and joint ventures and other corporate requirements. As a result, the Group expects to incur total capital expenditures of approximately RMB9 billion in 2016. The Group may seek external financing to satisfy its capital needs if cash generated from its operations is insufficient to fund its capital expenditures or if its actual capital expenditures and investments exceed its plans. The Group's ability to obtain external financing at reasonable costs and on acceptable terms is subject to a variety of uncertainties. Failure to obtain sufficient funding for its development plans could adversely affect its business and prospects.

The Group incurred losses in the past and may not achieve or sustain profitability in the future.

Although the Group was profitable in 2015, it incurred a net loss of approximately RMB17.0 billion in 2014. The Group may incur losses in the future and it cannot ensure it will sustain profitability in the future.

In addition, the Group expects that it will continue relying on, in addition to its cash flows generated from operating activities, bank and other loans as well as proceeds from bond offerings, to fund its business operations and expansions. The Group's borrowing costs and access to the debt capital markets, and thus its liquidity, depend significantly on its public credit ratings. These ratings are assigned by rating agencies, which may reduce or withdraw their ratings or place the Group on "credit watch", which would have negative implications. A history of net losses may result in a deterioration of the Group's credit ratings, which could increase its borrowing costs and limit its access to the capital markets, which in turn, could reduce its earnings and adversely affect its liquidity.

The Group's historical results may not be indicative of its future prospects and results of operations.

The Group acquired an aggregate of 70.82% of the equity interest in Ningxia Energy on 23 January 2013. Ningxia Energy is an integrated power generation company with coal mines located in the Ningxia Autonomous Region. Its principal business includes conventional coal-fire power generation and renewable energy generation. After the acquisition of Ningxia Energy, the Group established an energy segment in January 2013 to include (i) operations of Ningxia Energy and (ii) its other energy related operations that were formerly included in the corporate and other operating segment.

In line with the Group's development strategy to focus on the development of its core business of alumina and primary aluminium operations, where it has established leading market positions, and to reduce future capital expenditures on iron ore development, improve asset-to-debt ratio and generate expected cash flows, the Group disposed of 65% of the equity interest in Chalco Iron Ore to a wholly-owned subsidiary of Chinalco on 26 December 2013 pursuant to the approval of shareholders at the 2013 second extraordinary general meeting held on 29 November 2013. As a result the financial results of Chalco Iron Ore ceased to be consolidated into the Group's financial results.

In addition, in November 2015, the Group acquired relevant assets and liabilities of High-Purity Aluminum and Light Metal of Baotou Aluminum Group. Baotou Aluminum Group is a subsidiary of Chinalco. In December 2015, the Group entered into Equity Transfer Agreement with Shenzhen CR Yuanda, a state-owned entity, to transfer 50% equity interests in Shanxi Huaxing, a wholly-owned subsidiary of the Company before such transfer, through the Shanghai United Assets and Equity Exchange at a price of RMB2,351 million.

As a result, the Group's historical results may not be indicative of its future prospects and result of operations.

The Group's failure to successfully manage its business expansion, particularly its expansion in new business lines, would have a material adverse effect on the Group's results of operations and prospects.

The Group has invested in business expansion in line with its development strategy through organic growth, acquisitions and joint ventures. In addition to continuing to expand its existing business lines, the Group may, from time to time and when it deems appropriate, expand into new industries which it believes have synergies with its existing operations. For example, the Group has successfully enhanced its energy-related operations through the acquisition of Ningxia Energy in 2013 and participation in joint ventures and strategic investments in coal mining since 2010.

The Group's expansion has created, and will continue to place, substantial demand on its resources. Managing the Group's growth and integrating the acquired businesses will require the Group to, among other things:

- comply with the laws, regulations and policies applicable to the acquired businesses, including obtaining timely approval for the construction or expansion of production and mining facilities as required under PRC law;

- maintain adequate control on its business expansion to prevent, among other things, project delays or cost overruns;

- gain market acceptance for new products and services and establish relationships with new customers and suppliers;

- achieve sufficient utilisation of new production facilities to recover costs;

- manage relationships with employees, customers and business partners during the course of its business expansion and integration of new businesses;

- attract, train and motivate members of its management and qualified workforce to support successful business expansion;

- access debt, equity or other capital resources to fund its business expansion, which may divert financial resources otherwise available for other purposes;

- divert significant management attention and resources from its other businesses; and

- strengthen its operational, financial and management controls, particularly those of its newly acquired subsidiaries, to maintain the reliability of its reporting processes.

Any difficulty meeting the foregoing or similar requirements could significantly delay or otherwise constrain the Group's ability to implement the Group's expansion plans, or result in failure to achieve the expected benefits of the combination or acquisition or write-offs of acquired assets or investments, which in turn would limit the Group's ability to increase operational efficiency, reduce marginal manufacturing costs or otherwise strengthen the Group's market position. Failure to obtain the intended economic benefits from the business expansion could adversely affect the Group's business, financial condition, results of operations and prospects. In addition, the Group may also experience mixed results from its expansion plans in the short term.

Furthermore, there is no assurance that the Group will be able to identify attractive acquisition targets, negotiate acquisitions on favourable terms, obtain necessary governmental approvals on investments, if applicable, accurately estimate the mineral resources and reserves of these acquisition targets or obtain the necessary funding to complete such acquisitions on commercially acceptable terms or at all. Acquisitions may result in the incurrence and inheritance of debts and other liabilities, assumption of potential legal liabilities in respect of the acquired businesses, and incurrence of impairment charges related to goodwill and other intangible assets, any of which could harm the Group's businesses, financial condition and results of operations. In particular, if any of the acquired businesses fails to perform as the Group expects, the Group may be required to recognise a significant impairment charge, which may materially and adversely affect its businesses, financial condition and results of operations. As a result, there can be no assurance that the Group will be able to achieve the strategic purpose of any acquisition, the desired level of operational integration or its investment return target.

The Group's joint ventures and strategic investments may not be successful.

The Group may from time to time enter into joint venture arrangements to grow its business and operations. For example, since 2010, the Group has participated in joint ventures and made strategic investments in coal mining, in line with its development strategy to diversify its product offering and partially offset its future energy costs, as well as supply a portion of the coal the Group consumes in its operations. In addition, the Group acquired 70.82% of the equity interest in Ningxia Energy in January 2013, which had joint ventures or held minority interests in a number of power generation companies.

The Group has non-controlling interests in a number of joint ventures. Although the Group has not been materially constrained by the nature of its ownership interests, no assurance can be given that its joint venture partners will not exercise their power of veto or their controlling influence in any of the Group's joint ventures in a way that will hinder its corporate objectives and reduce any anticipated cost savings or revenue enhancement resulting from these joint ventures. In addition, whether or not the Group holds majority interests or maintain operational control in such joint ventures, such arrangements necessarily involve special risks and the Group's joint venture partners may:

- have economic or business interests or goals that are inconsistent with or opposed to those of the Group's;
- exercise veto rights so as to block actions that the Group believes to be in its or the joint venture's best interests;
- take action contrary to the Group's policies or objectives with respect to the investments; or
- as a result of financial or other difficulties, be unable or unwilling to fulfill their obligations under the joint venture, other agreements, such as contributing capital to expansion or maintenance projects.

In addition, the business of the Group's joint ventures which operate coal mines faced increasing risks in recent years. Due to the pressure of environmental protection, imbalances between supply and demand of coal market and durable high inventory, coal prices decreased in 2015. If the coal price continues to decrease, the operation results of the Group's joint ventures which operates coal mines may be adversely affected.

Failure to maintain optimal utilisation of the Group's production facilities will adversely affect the Group's gross and operating margins.

During the past few years, the Group expanded its production capacity by completing the construction, upgrading or remoulding of some of its alumina and primary aluminium production facilities. The Group expects its production capacity expansion in recent years to increase its costs of sales, in particular, depreciation and amortisation costs. If the Group is able to maintain satisfactory facility utilisation rates and increase its production output, the Group's production capacity expansion will enable the Group to reduce its unit costs through economies of scale, as fixed costs will be spread over a higher volume of output units. Conversely, under-utilisation of the Group's existing and newly acquired or constructed production facilities may increase its marginal production costs and prevent the Group from realising the intended economic benefits of its expansion. In addition, considering the sustained weak primary aluminium pricing environment and deterioration in primary aluminium prices which could not be offset through decreases in its costs, the Group implemented flexible production arrangements for certain alumina and primary aluminium production facilities since 2013. The Group abandoned certain primary aluminium and alumina production facilities with an aggregate annual designed production capacity of 157,500 and 30,000 tonnes, respectively, in 2014. The Group also increased its external purchases of alumina and primary aluminium for trading purposes to capitalise on fluctuating market prices and to enhance resource planning to achieve cost savings in its production. The increase in the Group's external purchases has reduced its utilisation of certain production facilities, but has not resulted in a proportionate decrease in fixed costs such as leases and depreciation of plant, property and equipment. Given the Group's high proportion of fixed costs, failure to maintain historical utilisation rates may adversely affect its gross and operating margins.

Furthermore, the Group's primary aluminium production may be adversely affected by the administrative policies and orders implemented by the local governments to fulfill China's Energy-Saving and Emission Reduction Goals. Please see "The Group is subject to administrative policies and orders relating to China's Energy-Saving and Emission Reduction Goals that could adversely affect the Group's production".

The Group may be required to record impairment charges in the future.

If business conditions deteriorate, long lived assets need to be reviewed for possible impairment. An impairment loss needs to be recognised to the extent that the carrying amount exceeds the recoverable amount. The Group recorded impairment loss on property, plant and equipment during the two years ended 31 December 2014 and 2015 of approximately RMB5,680 million and RMB10 million, respectively. The Group cannot guarantee that it will not incur increased impairment loss in the future for various reasons including, but not limited to, a sustained decline in its stock price, strategic decisions made in response to changes in economic and competitive conditions, the impact of the economic environment on its customer base or a material adverse change in its relationship with significant customers. If the Group records significant impairment charges, its results of operations may be materially and adversely affected.

The Group's operations consume substantial amounts of energy and the Group's profitability may decline if energy costs rise or if the Group's energy supplies are interrupted.

The Group's operations consume substantial amounts of energy. Although the Group generally expects to meet the energy requirements for its alumina refineries and primary aluminium smelters from a combination of internal and external sources, its results of operations may be materially and adversely affected by the following:

- significant increases in electricity costs; or

- curtailment of the operation of one or more refineries or smelters due to its inability to extend energy supply contracts upon their expiration.

Cost of electricity is the principal production cost in the Group's primary aluminium operations. Although the Group's average electricity cost per kilowatt-hour, or kWh, of its primary aluminium smelters decreased by approximately 18.8% from 2014 to 2015, there is no assurance that demand for and prices of electricity will not increase in the future. If the Group is unable to pass on increases in energy costs to its customers, its operating margin, financial condition and results of operations could be materially and adversely affected.

In addition, interruptions in the supply of power can result in costly production shutdowns, increased costs associated with restarting production and the waste of production in progress. A sudden loss of power, if prolonged, can cause damage to or the destruction of production equipment and facilities. In such an event, the Group may need to expend significant capital and resources to repair or replace the affected production equipment to restore its production capacity. In the past, various regions across China experienced shortages and disruptions in electrical power, especially during peak demand in the summer or during severe weather conditions. The Group cannot assure investors that its operations will not suffer from shortages or disruptions in electrical power, any occurrence of which could have a material and adverse impact on its business, financial condition and results of operations.

The Group's operations consume substantial amounts of coal, and the Group's operations may be adversely affected if the Group is not able to procure sufficient coal or if coal prices rise significantly.

The Group relies heavily on coal as its energy and fuel source in its operations. As the Group increases its alumina refining capacity, its consumption of coal will increase accordingly. If the Group is not able to obtain the amount of coal needed for its production due to a shortage of coal, constraints on coal transportation or any other reason, the Group may be forced to reduce its production output or suspend its alumina refining operations, which could materially and adversely affect its financial condition and results of operations. Although the Group has acquired equity interest in a number of coal mines, the Group expects to continue to rely substantially on third-party coal suppliers for the supply of coal. In addition, although the Group's average purchase price per unit tonne of thermal coal used in its alumina production decreased from 2014 to 2015, there is no assurance that the price of coal will not increase in the future. If the Group is unable to pass on increases in coal prices to its customers or offset price increases through productivity improvements, its operating margin, financial condition and results of operations could be adversely affected.

The Group's business and industry may be affected by the development of alternative energy sources and climate change.

The Group's operations consume substantial amounts of coal. Coal combustion generates significant greenhouse gas and other pollutants, and the effects of climate change resulting from global warming and increased pollution levels may provide incentives for governments to promote or invest in "green" energy technologies such as wind, solar, nuclear and biomass power plants, or to reduce their consumption of conventional energy sources such as coal. A number of governments or governmental bodies have introduced or are contemplating legislative and regulatory changes in response to the potential impacts of climate change. These regulatory mechanisms may impact the Group's operations directly or indirectly through customers or the Group's supply chain. The Group may have to increase its capital expenditures in order to comply with such revised or new legislation or regulations, and may realise changes to profit or loss arising from increased or decreased demand for its products and indirectly, from changes in costs of goods sold, which may adversely affect its results of operations and financial condition.

In addition, the Group has invested in coal mining operations. The Group is affected by the growth of the PRC thermal power industry, which relies on coal as main source of fuel. The PRC thermal power industry may be affected by the development of alternative energy sources, climate change and global environmental factors. In particular, pursuant to the draft of China's 13th Five-Year Plan for Environmental Protection, the PRC government plans to continue to encourage the development of alternative energy sources, such as wind power, solar power, biomass and geothermal energy, from 2016 to 2020. As such, alternative energy industries may rapidly develop and gradually gain mainstream acceptance in the PRC and the rest of the world. If alternative energy technologies continue to develop and prove suitable for wide commercial application in the PRC and overseas, demand for conventional energy sources, such as coal, could be reduced, which could have a material and adverse effect on the coal mining industry and, consequently, the Group's business, results of operations and financial condition.

The Group may be unable to continue competing successfully in the markets in which it operates.

The Group faces competition from both domestic and international alumina and primary aluminium producers. The Group's principal competitors are domestic smelters, some of which are consolidating and expanding their production capacities. These smelters compete with the Group's primary aluminium operations on the basis of cost, quality and pricing. In addition, the Group faces increasing competition from international alumina and primary aluminium suppliers as a result of the elimination of tariffs on imports of primary aluminium and alumina into China. Increasing competition in the Group's product markets may reduce the Group's selling prices or sales volumes, which will have a material adverse effect on the Group's financial condition and results of operations. If the Group is unable to price its products competitively, maintain or increase its current share of China's alumina and primary aluminium markets or otherwise maintain its competitiveness, the Group's financial condition, results of operations and profitability could be materially and adversely affected.

The Group's overseas expansion exposes it to political and economic risks, commercial instability and events beyond the Group's control in the countries in which it plans to operate.

The Group is currently undertaking a couple of overseas projects, including the bauxite mining projects in Laos and Indonesia. As the Group is new to these overseas markets, the Group cannot assure investors that its overseas expansion or investments will be successful or that the Group will not suffer foreign exchange losses in connection with its overseas investment.

In addition, operations in the overseas markets also expose the Group to a number of risks including expropriation and nationalisation of its assets in foreign countries, civil unrest, acts of terrorism, war, or other armed conflict; natural disasters; inflation; currency fluctuations, devaluations and conversion restrictions; confiscatory taxation or other adverse tax policies, governmental activities that limit or disrupt markets, restrict payments or limit the movement of funds, governmental activities that may result in the deprivation of contractual rights; lack of a well-developed legal system that makes it difficult to enforce the Group's contractual rights; and governmental activities that may result in the inability to obtain or retain licenses required for operations.

The Group's profitability and operations could be adversely affected if the Group is unable to obtain a steady supply of raw materials at competitive prices.

Historically, the price for bauxite, the Group's most important raw material for alumina production, has been volatile. The Group obtains bauxite for its operations from its own mines and external suppliers. The extent to which the Group procures bauxite from each of these sources affect the security of the Group's supply or cost of bauxite. The supply of bauxite could be affected by various factors, including geographic conditions of bauxite mines, government policies, market prices and competition, many of which are beyond the Group's control. The Group relies on overseas suppliers to obtain a portion of bauxite it uses for production. Indonesia used to be a major source of the Group's imported bauxite. As a result of the ban imposed by the Government of Indonesia on the exportation of unprocessed bauxite and nickel, since January 2014, the Group was not able to export the bauxite produced by its bauxite mines in Indonesia for the use of its alumina refineries in China, and its operation of bauxite mining in Indonesia has been suspended since September 2014. If the Group exhausts its stockpiles or its procurement of bauxite from Australia are interrupted for any reason, and the Group cannot find an alternative source of imported bauxite at competitive prices, its financial condition, results of operations and profitability could be adversely affected.

In addition, the Group's results of operations can be affected by increases in the cost of other raw materials and other key inputs such as energy. If the Group cannot obtain a steady supply of key raw materials at competitive prices, its financial condition and results of operations could be materially and adversely affected.

The Group is subject to the uncertainties surrounding its resources and reserves estimates of minerals and metals, and the volume and grade of ore it produces may not conform to current estimates.

The Group owns and develops bauxite mines for its operations and has recently commenced development of coal mines and iron ore mines in line with its business development strategy. As at 31 December 2015, the Group operated 20 bauxite mines in China. The Group also owns one bauxite mine in Laos and three bauxite mines in Indonesia. The Group's resources and reserves estimates of minerals and metals are based on a number of assumptions in accordance with relevant industry standards. There can be no assurance that the Group's resources and reserves of minerals and metals will be recovered in the quantities, qualities or yields presented in this Offering Circular. Resources and reserves estimates of minerals and metals are inherently prone to variability. They involve expressions of judgment with regard to the presence and grade of ore bodies and the ability to extract and process the ores economically. These judgments are based on a variety of factors, such as knowledge, experience and industry practice. The accuracy of these estimates may be affected by many factors, including the quality of the drilling, sampling results of the ore bodies, analysis of the drilling samples, the procedures adopted, and experience of the persons making the estimates.

Ore mined may differ from the resources or reserves estimates of minerals and metals in various aspects, such as quality, volume, overburden skip ratio, mining costs or processing costs. In addition, ores may not ultimately be extracted at a profit. The Group records its mineral resources located in the PRC according to the Chinese National Standard. The Group may record its mineral resources located overseas according to other international resource reporting standards, such as the JORC Code and NI 43-101, in compliance with local laws and regulations. The amount of mineral resources located overseas has been converted to conform with the Chinese National Standard when calculating the consolidated amount of mineral resources at the Group level as discussed in this Offering Circular. However, there is no assurance that such conversion is accurate because different resource reporting standards may not be directly comparable.

If the Group encounters mineralisation or geological or mining conditions different from those estimated based on historical drillings, samplings and similar examinations, the Group may have to adjust its mining plans in a way that could materially and adversely affect its businesses, financial condition and results of operations and reduce the estimated amount of resources and reserves available for production and expansion plans. In addition, the development period estimated by the Group may differ from the actual development cycle due to various reasons such as unexpected difficulty in mineral resources development and development procrastination. The aforesaid differences in the resources development projects invested in by the Group will affect the operational results and future development of the Group's relevant operations.

Any transportation interruption or any material increase in the Group's transportation costs could have a material and adverse effect on its business, financial condition and results of operations.

The Group's operations require the reliable transportation of raw materials and supplies to its refining and smelting sites and finished products to its customers. The Group's alumina products are mainly transported by rail or trucks and its primary aluminium products are delivered to its customers primarily by rail. There is no assurance that the Group can always enjoy sufficient transportation capacity or the Group will not experience transportation interruption in the future. Furthermore, natural disasters may cause interruption to the transportation system, which could in turn affect the transportation of its products. In addition, any changes in fuel prices or fuel supply may be unpredictable and beyond the Group's control. There is no assurance that shortage of fuel will not occur in the future. Any surge in fuel prices or shortage of fuel supply may lead to increases in its operation and transportation costs. If the Group is unable to make timely deliveries due to logistical and transportation disruptions, or transfer the increased costs to its customers, its production, reputation and results of operations may be adversely affected.

The Group may not successfully develop and implement new methods and processes.

A main objective of the Group's research and development is to develop new methods and processes to improve the efficiency of its alumina refineries to increase its production yield from bauxite with low alumina-to-silica ratio. If the supply of high quality bauxite with a high alumina-to-silica ratio in China declines, the Group's failure to develop such methods and processes and incorporate them into its production could impede its efforts to reduce unit costs and diminish its competiveness.

The bauxite reserve data in this Offering Circular are only estimates, which may prove to be inaccurate.

The bauxite reserve data on which the Group bases its production, revenue and expenditure plans are estimates that the Group has developed internally and may prove inaccurate. There are numerous uncertainties inherent in estimating quantities and qualities of reserves, including many factors beyond its control. If these estimates are inaccurate or the indicated tonnages are not recovered, its business, financial condition, and results of operations may be materially and adversely affected.

The Group's mining operations have limited mine lives and eventual closure of these operations will entail costs and risks regarding ongoing monitoring, rehabilitation and compliance with environmental standards.

The Group's existing mining operations in the PRC and overseas have limited mine lives and will eventually be depleted. The Group needs to perform certain procedures to remedy and rehabilitate the environmental and social impact its mining operations have had on local communities and the environment. Remediation, rehabilitation, closure and removal of the

Group's facilities will incur various costs and are subject to various risks. The key costs and risks for mine closures include, but are not limited to, (i) long-term management of permanent engineered structures and acid rock drainage; (ii) closure in accordance with local or international environmental standards; (iii) orderly retrenchment of employees and the third-party contractors; and (iv) relinquishment of the site with associated permanent structures and community development infrastructure and programmes to new owners. There is no assurance that such closure of mines will be successful and without delays or additional costs, in which case the Group may be subject to increased costs, penalties or other administrative actions, damages to reputation, even suspension and cancellation of mining permits, the occurrence of which would cause a material and adverse effect to the Group's businesses, financial condition and results of operations.

Failure to discover new reserves or resources, maintain or enhance existing reserves or resources, develop new mining operations or expand the Group's current mining operations could negatively affect the Group's businesses, financial condition and results of operations.

Mining exploration is unpredictable in nature. The success of any mining exploration programme depends on various factors, many of which are beyond the Group's control. Due to the unpredictable and speculative nature of the mining industry, there is no assurance that any exploration programme that the Group is currently undertaking or may undertake in the future will result in the discovery of valuable reserves or resources. There is no assurance that reported resources can be converted into reserves. Furthermore, actual results upon production may differ from those anticipated at the time of discovery. To access additional reserves in explored areas, the Group will need to successfully complete development projects, including but not limited to extending existing mines and developing new mines. There are a number of uncertainties inherent in the development and construction of any new mine or an extension of an existing mine, including but not limited to (i) the availability and timing of necessary governmental approvals; (ii) the timing and cost necessary to construct mining and processing facilities; (iii) the availability and cost of labour, utilities, auxiliary materials and other supplies and the accessibility of transportation and other infrastructure; and (iv) the availability of funds to finance construction and production activities. There is no assurance that any future exploration activities or development projects will extend the life of the Group's existing mining operations or result in any new economic mining operations and such failure may have a material adverse effect on the Group's businesses, financial condition and results of operations.

The Group's significant indebtedness could adversely affect its business, financial condition and results of operations.

The Group is subject to a high degree of financial leverage. The Group has relied, and expects to continue to rely, on both short-term and long-term borrowings to fund a significant portion of its capital requirements. As at 31 December 2014, the Group had approximately RMB75.4 billion in outstanding short-term bonds and short-term bank borrowings (including the current portion of long-term bank and other borrowings) and RMB44.8 billion in outstanding long and medium-term bonds and long-term bank and other borrowings (excluding the current portion of these borrowings). As at 31 December 2015, the Group had approximately RMB54.4 billion in outstanding short-term bonds and short-term bank borrowings (including the current portion of long-term bank and other borrowings) and RMB53.7 billion in outstanding long and medium-term bonds and long-term bank and other borrowings (excluding the current portion of these borrowings). As at 30 June 2016, the Group had approximately RMB60.4 billion in outstanding short-term bonds and short-term bank borrowings (including the current portion of long-term bank and other borrowings) and RMB46.4 billion in outstanding long and medium-term bonds and long-term bank and other borrowings (excluding the current portion of these borrowings). Primarily because of this, the Group recorded net current liabilities of RMB 40.8 billion and RMB16.8 billion as at 31 December 2014 and 2015, respectively, and net current liabilities of RMB19.8 billion as at 30 June 2016. This level of debt could have significant consequences on the Group's operations, including:

- making it more difficult for the Group to fulfill payment and other obligations under the Group's outstanding debt, including repayment of the Group's debt and credit facilities should the Group be unable to obtain extensions for any such debt or credit facilities before they mature.;

- reducing the availability of cash flows to fund working capital, capital expenditures, acquisitions and other general corporate purposes;

- exposing the Group to interest rates fluctuations on its borrowings and the risk of being unable to rollover, extend or refinance the Group's borrowings as necessary;

- potentially increasing the cost of additional financing and making it more difficult for the Group to conduct equity financings in the capital markets or obtain government approvals to seek additional financing; and

- putting pressure on the Group's ADS price due to concerns of its ability to repay its debt.

The Group's ability to meet its payment and other obligations under the Group's outstanding debt depends on the Group's ability to generate cash flows in the future or to refinance such debt. There is no assurance that its business will generate sufficient cash flows from operations to satisfy its obligations under the Group's outstanding debt and to fund other liquidity needs. If the Group is not able to generate sufficient cash flows to meet such obligations, the Group may need to refinance or restructure its debt, reduce or delay capital investments, or seek additional equity or debt financing. The sale of additional equity securities could result in dilution to the Group's ADS holders. A shortage of financing could in turn impose limitations on the Group's ability to plan for, or react effectively to, changing market conditions or to expand through organic and acquisitive growth, thereby reducing the Group's competitiveness. There is no assurance that future financing will be available in amounts or on terms acceptable to it, if at all.

The instruments governing the Group's senior debt contain certain financial and other covenants that restrict its ability to pay dividends, raise further debt and take other corporate actions which may adversely affect its business.

The Group completed the issuance of the 2013 October Securities and the 2014 April Securities in October 2013 and April 2014, respectively, through the Issuer with guarantees of the repayment obligations of the 2013 October Securities and the 2014 April Securities provided by seven of its subsidiaries including the Guarantor (the "**Subsidiary Guarantors**"). The trust deeds governing the 2013 October Securities and the 2014 April Securities contain a number of significant financial and other covenants. Such covenants restrict, subject to certain exceptions, among other things, the Group and its subsidiaries' ability to create, or have outstanding, any security interest upon its or its subsidiaries' present or future undertaking, assets or revenues to secure any indebtedness which is in the form of bonds, notes, debentures, loan stock or other securities which for the time being are, or are intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market ("**Relevant Indebtedness**") which is issued outside the PRC, its ability to create or have any Relevant Indebtedness which is issued outside the PRC, its ability to create or have outstanding any guarantee or indemnity in respect of any Relevant Indebtedness which is issued outside the PRC and the Issuer's, Subsidiary Guarantors' and their respective subsidiaries' ability to create, or have outstanding, any security interest upon their present or future undertaking, assets or revenues to secure any Relevant Indebtedness or any guarantee or indemnity in respect of any Relevant Indebtedness or to sell or otherwise dispose of capital stock held or controlled by it in any direct or indirect subsidiary of the Guarantor which is not a Subsidiary Guarantor. In addition to the 2013 October Securities and the 2014 April Securities, the Company issued RMB2,000 million in aggregate principal amount of 5.50% perpetual medium-term notes (the "**2015 Perpetual Medium-term Notes**") in China. Pursuant to the terms of the 2015 Perpetual Medium-term Notes, while any coupon distribution payments are unpaid or deferred, the headquarters of the Company cannot declare or pay dividends to shareholders or decrease the share capital, or make material fixed asset investments of the headquarters of the Company.

As a result of the covenants, the Group's ability to pay dividends or other distributions on its ordinary shares and the ADSs may be limited. These covenants also restrict the Group's ability to raise additional funds in the future through issuing Relevant Indebtedness which is issued outside the PRC or creating or having any guarantee or indemnity in respect of any Relevant Indebtedness which is issued outside the PRC and may restrict its ability to engage in some transactions that the Group expects to be of benefit to it.

The Group's businesses involve inherent risks and occupational hazards, which could damage its reputation, subject it to liability claims and cause substantial costs to the Group.

The Group's businesses involve inherent risks and occupational hazards. Under the Group's mining operations, the Group engages or may engage in certain inherently risky and hazardous activities, including, among others, operations at height or on dangerous terrain, underground excavation and construction, use of heavy machinery, mining and handling of flammable and explosive materials, and the Group is therefore subject to risks associated with these activities, including, among others, geological catastrophes, toxic gas and liquid leakages, equipment failures, industrial accidents, fire, explosions and underground water leakages. Although the Group conducts geological assessments on mining conditions and adapts its mining plans to the mining conditions at each mine, there is no assurance that adverse mining conditions will not endanger the Group's workforce, increase its production costs, reduce its bauxite or coal output or result in temporary suspension of the Group's operations. The occurrence of any of the foregoing events or conditions could have a material adverse impact on the Group's business and results of operations. Additionally, the Group is exposed to operational risks associated with industrial or engineering activities, such as maintenance problems or equipment failures. These risks and hazards have in some cases resulted in personal injury and fatal casualties, damage to or destruction of properties or production facilities, and pollution and other environmental damage. Any of these consequences, to the extent they are significant, could result in business interruption, possible legal liability and damage to the Group's business reputation and corporate image.

The interests of the Group's controlling shareholder who exerts significant influence over the Group may conflict with the interests of the Group.

As at the date of this Offering Circular, the Group's largest shareholder, Chinalco, beneficially owns 35.77% of the Company's outstanding ordinary shares directly and indirectly through its controlled entities. The interests of Chinalco may conflict or even compete with the Group's interests and those of the Group's public shareholders. Chinalco may take actions that are in the interest of its subsidiaries, associates and other related entities to the Group's detriment. For example, Chinalco may seek to influence the Group's decision as to the amount of dividends the Group declares and distributes. Any increase in the Group's dividend payout would reduce funds otherwise available for reinvestment in the Group's businesses and thus may adversely affect the Group's future prospects and financial condition.

In addition, Chinalco and a number of its subsidiaries and associates provide a range of services to the Group, including engineering and construction services, social services, land and property leasing as well as the supply of raw and supplemental materials. It would be difficult to find an alternative source for some services, such as educational and medical care services, that the Group receives from Chinalco. The Group's cost of operations may increase if Chinalco, its subsidiaries and associates are unable to continue providing such services to the Group.

The Group is subject to extensive environmental, safety and health laws and regulations, and the Group's compliance with these laws and regulations may be onerous and costly to it.

As the Group produces air emissions, discharges waste water, and handles hazardous substances at the Group's bauxite mines, alumina refineries and aluminium smelters plants, the Group is subject to, and incurs costs to comply with, environmental laws and regulations.

Given the magnitude, complexity and continuous amendments to these laws and regulations, compliance therewith may be onerous or may involve substantial financial resources and other resources to establish efficient compliance and monitoring systems. The liabilities, costs, obligations and requirements associated with these laws and regulations may therefore be substantial and may delay the commencement of, or cause interruptions to, the Group's operations. Non-compliance with the relevant laws and regulations applicable to the Group's operations may even result in substantial penalties or fines, suspension or revocation of the Group's relevant licences or permits, termination of government contracts or suspension of the Group's operations. Such events could impact the Group's operating results, financial condition and reputation, all of which could adversely impact the Group's ability to be profitable and attract new customers. Certain members of the Group have been fined for breaches of environmental law and regulations and there is no assurance that there will not be any further breaches in the future.

In addition, the environmental laws and regulations in the PRC and other jurisdictions in which the Group operates continue to evolve. As a result, the Group may incur significant additional costs. For instance, to be complied with the requirement of desulphurisation and denitration in China, the Group was requested to invest in upgrade or replace certain production facilities. Further, the Group's overseas expansion projects are at the early stages and have not started operation, these projects are subject to foreign environmental laws and regulations. Failure to comply with environmental laws and regulations may trigger a variety of administrative, civil and criminal enforcement measures, including the assessment of monetary penalties, the imposition of remedial requirements and the issuance of orders enjoining future operations, all of which may materially and adversely affect the Group's business operations.

The Group is subject to administrative policies and orders relating to China's Energy-Saving and Emission Reduction Goals that could adversely affect the Group's production.

The Group is subject to administrative energy-saving and emission reduction policies and orders carried out by the central and provincial governments in accordance with China's Energy-Saving and Emission Reduction Goals. On 18 July 2013, the Ministry of Industry and Information Technology of the PRC ("**MIIT**") issued the Standard Conditions for Aluminum Industry, which set forth various standards for existing and new projects, including standards for environment protection, energy consumption, and utilisation of resources. In order to meet these standards, the Group may be required to update its equipment and improve its technology, which could delay its production or result in additional costs and expenses. The occurrence of any of the foregoing could have an adverse effect on the Group's business, results of operations and financial condition.

The Group's business is subject to unplanned business interruptions that may adversely affect its performance.

The Group may experience accidents in the course of its operations, which may cause significant property damage and personal injuries. Significant accidents and natural disasters may cause interruptions to the Group's operations or result in property or environmental damage, an increase in operating expenses or loss of revenues. The occurrence of accidents, natural disasters and the resulting consequences may not be covered adequately, or at all, by the insurance policies which the Group carries. Losses or payments incurred by the Group as a result of major accidents or natural disasters may have a material and adverse effect on its results of operations if such losses or payments are not fully insured.

The Group has not obtained valid titles or land use rights to certain properties or land parcels that it occupies.

The Group has not obtained valid ownership certificates to certain properties that it occupies. These properties are used primarily for production plants and daily operations management. As of 31 December 2014 and 2015, the book value of the Group's properties with defective titles represented approximately 3% and 3%, respectively, of the Group's net asset value. In addition, the Group has not obtained land use rights to certain land parcels, which it uses primarily for its production plants in 2014 and 2015. As of 31 December 2014 and 2015, the book value of these land parcels represented approximately 0.2% and 0.2%, respectively, of the Group's net asset value. The Group has applied to the appropriate authorities to obtain the relevant ownership certificates. The Group cannot give any assurance that ownership disputes will not occur or that third parties will not assert any claims against the Group for compensation in respect of any use of these properties or land parcels.

The Group is exposed to foreign exchange fluctuations.

A substantial portion of the Group's revenues and cost of sales is denominated in Renminbi. However, the Group conducts part of the Group's mining business overseas, and the Group has made and expects to continue to make significant equity and other investments in overseas mining and other projects. The Group's foreign exchange-denominated assets and liabilities are expected to significantly increase as the Group further expands its overseas businesses. The Group is therefore subject to significant risks associated with foreign currency fluctuations.

Changes in the value of foreign currencies could increase the Group's Renminbi costs for, or reduce the Group's Renminbi revenues from, its foreign operations, or affect the prices of its exported products and the prices of its imported equipment and materials. Any increased costs or reduced revenues as a result of foreign currency fluctuations could adversely affect the Group's profits and margins. The fluctuation of foreign exchange rates also affects the value of the Group's monetary and other assets and liabilities denominated in foreign currencies, primarily U.S. dollars.

The value of the Renminbi is subject to changes in the PRC governmental policies and to international economic and political developments. Pursuant to reforms of the exchange rate system announced by the PBOC on 21 July 2005, Renminbi-to-foreign currency exchange rates are allowed to fluctuate within a narrow and managed band against a basket of foreign currencies, rather than being effectively linked to the U.S. dollar. The PBOC announced on 15 March 2014 that Renminbi was allowed to fluctuate daily against the U.S. dollar by up to 1 per cent. above or below the central parity rate published by PBOC since 17 March 2014.

In August 2015, the PBOC lowered the daily mid-point trading price of the Renminbi significantly against the U.S. dollar on three occasions. The currency devaluation of the Renminbi was intended to bring it more in line with the market by taking market signals into account. The Renminbi depreciated significantly against the U.S. dollar following the August 2015 announcement by the PBOC. In January and February 2016, the Renminbi experienced further fluctuation in value against the U.S. dollar. With an increased floating range of the Renminbi's value against foreign currencies and a more market-oriented mechanism for determining the midpoint exchange rates, the Renminbi may further appreciate or depreciate significantly in value against the U.S. dollar or other foreign currencies in the long-term. Any significant appreciation of the Renminbi against the U.S. dollar or other foreign currencies may result in the decrease in the value of the Group's foreign currency denominated assets. Conversely, any significant depreciation of the Renminbi may adversely affect the value of the Group's businesses. In addition, there are limited instruments available for the Group to reduce the Group's foreign currency risk exposure. All of these factors could materially and adversely affect the Group's business, financial condition and results of operations. The PRC government may adopt further reforms of its exchange rate system, including making the Renminbi freely convertible in the future. There can be no assurance that the Renminbi will not experience significant appreciation or depreciation against the U.S. dollar or any foreign currencies in the future.

The Group is exposed to significant uncertainty with regard to its cash flows and earnings due to the volatile and unpredictable exchange rates movement. Fluctuations in exchange rates may adversely affect the value, translated or converted into U.S. dollars or Euros, of the Group's net assets, earnings and any declared dividends.

The Group is subject to risks normally associated with cross-border transactions, and the Group's export products have been and may become subject to anti-dumping or countervailing duty proceedings.

The Group generates its revenues from exports of certain alumina chemical products and certain non-ferrous metals and minerals products to foreign jurisdictions. Such foreign jurisdictions may take restrictive measures, including, among others, anti-dumping duties and other non-tariff barriers, to protect their own markets. The Group's sales in major overseas markets may be adversely affected by increases in or new impositions of anti-dumping duties, countervailing duties, quotas or tariffs imposed on the Group's exports. Further increases in or new imposition of anti-dumping duties, countervailing duties, quotas or tariffs on the Group's sales in these markets could adversely affect the exports to these regions in the future. By virtue of its transactions with parties outside the PRC, the Group will be subject to the risks normally associated with cross-border business transactions and activities. The Group will also be exposed to the risk of changes in social, legal, political and economic conditions in the foreign jurisdictions to which it exports. In particular, unexpected changes in regulatory requirements, tariffs and other trade barriers and price or exchange controls could limit the Group's operations and make the repatriation of profits difficult.

Chinalco's investment and operations in certain countries that are subject to international economic sanctions may harm the Group's reputation.

Chinalco and its affiliates have in the past and may choose to undertake in the future, without the Group's involvement, investments and operations outside of China, including in countries that are on the sanction list published and administrated by the Office of Foreign Assets Control (the "OFAC") within the United States Department of Treasury or subject to other international economic sanctions. There can be no assurance that Chinalco and its affiliates will not be subject to any sanction due to their past and future investments and operations in these countries. If Chinalco or its affiliates were sanctioned, the Group may suffer reputational harm due to its relationship with Chinalco.

The Group is subject to litigation risks.

In the ordinary course of business, claims involving project owners, customers, suppliers and subcontractors may be brought against the Group and by the Group in connection with its contracts. If the Group were found to be liable on any of the claims, the Group would have to incur a charge against earnings to the extent a reserve had not been established for the matter in the Group's accounts, or to the extent the claims were not sufficiently covered by the Group's insurance coverage. Both claims brought against the Group and by the Group, if not resolved through negotiation, are often subject to lengthy and expensive litigation or arbitration proceedings. Charges associated with claims brought against the Group and write-downs associated with claims brought by the Group could have a material adverse impact on the Group's businesses, financial condition, results of operations and cash flow. Moreover, legal proceedings resulting in judgments or findings against the Group may harm the Group's reputation and damage its prospects for future contract awards.

The Group faces counterparty risks.

While the Group generally sells its goods and provides services to reputable customers and evaluates the customers' credit in accordance with its internal risk management criteria, such as their credit history and likelihood of default, it has limited access to information about its customers and the Group may encounter difficulties in the collection of receivables in certain countries that the Group has less experience in its dealings. Therefore, the Group cannot guarantee that all of its customers will fully perform their obligations under their respective contracts with the Group, and the deterioration of any customers' credit or payment conditions may result in those customers defaulting on their contractual obligations, which could materially and adversely affect the Group's business, financial condition and results of operations. In addition, disputes with governmental entities and other public organisations could potentially lead to contract termination if these remain unresolved or may take a considerably longer period of time to resolve than disputes with counterparties in the private sector, and payments from these entities and organisations may be delayed as a result.

The Group may be exposed to claims in relation to the unsatisfactory performance of third-party service providers, and disputes with business partners may also adversely affect its businesses.

The Group relies on third-party service providers for certain services, including but not limited to mining infrastructure construction, logistics services or warehouse management. Therefore, the Group is exposed to the risk that its third-party service providers may fail to perform their obligations, which may adversely affect the Group's business operations. In addition, from time to time, the Group co-operates with business partners to develop its businesses, including acquiring strategic mining resources or businesses that complement its own business line. Furthermore, the Group operates certain mining projects through joint venture arrangements and may enter into further joint ventures in the future along with the expansion of its operations. The Group may have disputes with these business partners or joint venture partners over various aspects, such as performance of each party's obligations, scope of each party's responsibilities, product quality and logistics services. If such disputes cannot be settled in a timely manner, the Group's financial condition and businesses may be adversely affected.

Failure to hire and retain management executives, technicians and other qualified personnel could adversely affect the Group's businesses and prospects.

The growth of the Group's business operations is dependent upon the continued service of its senior management team. The industry experience, expertise and contributions of the Group's executives and other members of its senior management are essential to the Group's continued success. The Group will require an increasing number of experienced and competent executives in the future to implement the Group's growth plans. If the Group were to lose the services of any of its key management members and were unable to recruit and retain personnel with equivalent qualifications at any time, the management and growth of the Group's businesses could be adversely affected.

Competition for qualified personnel in general is intense in the PRC and other markets where the Group operates its businesses. The Group cannot guarantee that it will be able to maintain an adequate skilled labour force necessary for it to execute its projects or to perform other corporate activities, nor can the Group guarantee that staff costs will not increase as a result of a shortage in the supply of skilled personnel. If the Group fails to attract and retain personnel with suitable managerial, technical or marketing expertise or maintain an adequate labour force on a continuous basis, its business operations could be adversely affected and its future growth and expansions may be inhibited.

The Group may be subject to product liability claims.

Some of the products the Group sells or manufactures may expose it to product liability claims relating to property damage or personal injury. The successful assertion of product liability claims against the Group could result in significant damage payments and harm to the Group's reputation, which in turn could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group may not be able to detect and prevent fraud or other misconduct committed by its employees, representatives, agents, customers or other third parties.

The Group may be exposed to fraud or other misconduct committed by its employees, representatives, agents, customers or other third parties that could subject it to litigation, financial losses and sanctions imposed by governmental authorities, as well as affect its reputation. These misconduct could include:

- hiding unauthorised or unsuccessful activities, resulting in unknown and unmanaged risks or losses;
- intentionally concealing material facts, or failing to perform necessary due diligence procedures designed to identify potential risks, which are material to the Group in deciding whether to make investments or dispose of assets;
- improperly using or disclosing confidential information;
- engaging in improper activities such as offering bribes to counterparties in return for any type of benefits or gains;
- misappropriation of funds;

- conducting transactions that exceed authorised limits;

- engaging in misrepresentation or fraudulent, deceptive or otherwise improper activities;

- engaging in unauthorised or excessive transactions to the detriment of the Group's customers; or

- otherwise not complying with applicable laws or the Group's internal policies and procedures.

The Group's internal control procedures are designed to monitor its operations and ensure overall compliance. However, such internal control procedures may be unable to identify all incidents of noncompliance or suspicious transactions in a timely manner if at all. Furthermore, it is not always possible to detect and prevent fraud and other misconduct, and the precautions the Group takes to prevent and detect such activities may not be effective.

There is no assurance that fraud or other misconduct will not occur in the future. If such fraud or other misconduct does occur, it may cause negative publicity as a result, and could have a material and adverse effect on the Group's business, financial condition and results of operations.

Failure to comply with the restrictions and covenants in the Group's debt agreements could adversely affect the Group's businesses, financial condition and results of operations.

If the Company or any of its subsidiaries is unable to comply with the restrictions (including restrictions on the Company's future investments) and covenants in its current or future debt obligations and other agreements, there could be a default under the terms of such obligations or agreements. In the event of a default under these agreements, the holders of the debt could terminate their commitments to lend to the Company or its subsidiaries, accelerate repayment of the debt and declare all outstanding amounts due and payable or terminate the agreements, as the case may be. Furthermore, some of the debt and other agreements which the Company or its subsidiaries have entered into may contain cross-acceleration or cross-default provisions. As a result, default by the Company or its subsidiaries under any of such agreements may cause the acceleration of repayment of not only such debt but also other debt, including the Securities, or result in a default under other debt agreements. If any of these events occurs, there is no assurance that the assets and cash flows of the Group would be sufficient to repay in full all of the debts as they become due, or that the Group would be able to find alternative financing on terms that are favourable or acceptable to the Group.

The Group is exposed to inclement weather and climatic conditions, acts of God, severe contagious disease, acts of terrorism or war, and adverse work environments in the PRC and overseas.

A significant amount of the Group's business activities is conducted outdoors and could be materially and adversely affected by weather and climatic conditions. The Group also operates in areas that are under the threat of ice storms, floods, earthquakes, landslides, mudslides, sandstorms or drought. Acts of war and terrorist attacks, including those in foreign jurisdictions in which the Group has operations, may cause damage or disruption to the Group and its employees, subcontractors, operations, equipment, facilities and markets, any of which could impact the Group's public image, revenues and cost of sales. The outbreak of any severe contagious disease such as SARS in 2003, the H1N1 Influenza in 2009 or Ebola in 2014 could also result in interruption of the Group's business. During periods of curtailed activity, the Group may continue to incur operating expenses, but the Group's revenue from operations may be delayed or reduced. Such events could also have severe effects on the overall business sentiments and environment in the PRC and the world, and may in turn lead to a slower economic growth in the PRC or global economy, which may have a material and adverse effect on the Group's businesses, operating results and financial condition.

In addition, the Group conducts some of the Group's operations under a variety of geographical and other conditions, including on difficult terrain, under harsh site conditions, in busy urban centres where delivery of materials and availability of labour may be affected, and on sites which may previously have been exposed to environmental hazards. Such conditions may result in personal injuries or fatalities or have a negative effect on the Group's work performance and efficiency.

The audit reports included in this Offering Circular are prepared by auditors who are not inspected by the Public Company Accounting Oversight Board and, as such, investors are deprived of the benefits of such inspection.

Auditors of companies that are registered with the SEC and traded publicly in the United States, including the Group's independent registered public accounting firms, must be registered with the US Public Company Accounting Oversight Board (United States) (the "PCAOB") and are required by the laws of the United States to undergo regular inspections by the PCAOB to assess their compliance with the laws of the United States and professional standards.

Although the Group's ADSs are listed on the NYSE, because the Group has substantial operations within the PRC and the PCAOB is currently unable to conduct inspections of the work of the Group's auditors as they relate to those operations without the approval of the Chinese authorities, the work of the Group's auditors related to its operations in China is not currently inspected by the PCAOB.

This lack of PCAOB inspections of audit work performed in China prevents the PCAOB from regularly evaluating audit work of any auditor that was performed in China including that performed by the Group's auditors. As a result, investors may be deprived of the full benefits of PCAOB inspections.

The inability of the PCAOB to conduct inspections of audit work performed in China makes it more difficult to evaluate the effectiveness of the Group's auditors' audit procedures as compared to auditors in other jurisdictions that are subject to PCAOB inspections on all of their work. Investors may lose confidence in the Group's reported financial information and procedures and the quality of the Group's financial statements.

Proceedings instituted recently by the SEC against five PRC-based accounting firms could result in the Group's financial statements being determined to not be in compliance with the requirements of the Exchange Act.

In December 2012, the SEC brought administrative proceedings against five accounting firms in China, alleging that they had refused to produce audit work papers and other documents related to certain other China-based companies under investigation by the SEC for potential accounting fraud. On 22 January 2014, an initial administrative law decision was issued, censuring these accounting firms and suspending four of the five firms from practicing before the SEC for a period of six months. The decision is neither final nor legally effective unless and until reviewed and approved by the SEC. The four firms which are subject to the six month suspension from practicing before the SEC have recently appealed the initial administrative law decision to the SEC. The sanction will not become effective until after a full appeal process is concluded and a final decision is issued by the SEC. The accounting firms can also further appeal the final decision of the SEC through the federal appellate courts. The

Group was not and is not subject to any SEC investigations, nor is the Group involved in the proceedings brought by the SEC against these accounting firms. However, the independent registered public accounting firms that issue the audit reports included in the Group's annual reports filed with the SEC is affiliated to one of the four accounting firms above.

On 24 May 2013, the PCAOB announced that it had entered into a Memorandum of Understanding on Enforcement Cooperation with the CSRC and the Ministry of Finance of the PRC, which establishes a cooperative framework between the parties for the production and exchange of audit documents relevant to investigations in the United States and China. In February 2015, each of the four accounting firms agreed to a censure and to pay a fine to the SEC to settle the dispute and avoid suspension of their ability to practice before the SEC. The firms' ability to continue to serve all their respective clients is not affected by the settlement. The settlement requires the firms to follow detailed procedures to seek to provide the SEC with access to Chinese firms' audit documents via the CSRC. If the firms do not follow these procedures, the SEC could impose penalties such as suspensions, or it could restart the administrative proceedings. The settlement did not require the firms to admit to any violation of law and preserves the firms' legal defenses in the event the administrative proceeding is restarted.

In the event that the SEC restarts the administrative proceedings, depending upon the final outcome, listed companies in the United States with major PRC operations may find it difficult or impossible to retain auditors in respect of their operations in the PRC, which could result in financial statements being determined to not be in compliance with the requirements of the Exchange Act, including possible delisting. Moreover, any negative news about the proceedings against these audit firms may cause investor uncertainty regarding China-based, United States-listed companies and the market price of the Group's ADSs may be adversely affected.

If the Group's independent registered public accounting firm were denied, temporarily, the ability to practice before the SEC and the Group is unable to timely find another registered public accounting firm to audit and issue an opinion on its financial statements, the Group's financial statements could be determined to not be in compliance with the requirements of the Exchange Act. Such a determination could ultimately lead to the delisting from the NYSE or deregistration from the SEC, or both, which would substantially reduce or effectively terminate the trading of the Group's ADSs in the United States.

The Company publishes quarterly reports as part of its ongoing reporting obligations, and information provided in such reports is subject to change due to normal interim and annual period-end closing processes and excludes information necessary to be indicative of actual financial results.

The Company releases unaudited quarterly results as part of its ongoing reporting obligations in accordance with the requirements of the CSRC and the Shanghai Stock Exchange. Such financial information is preliminary and subject to change, for example, due to adjustments upon the completion of its normal interim and annual period-end closing processes. Actual figures could differ materially from such preliminary financial information. Consequently, investors should not place undue reliance on such information. See "Description of the Group — Recent Developments".

RISKS RELATING TO THE PRC

Changes in the PRC's economic, political and social conditions as well as governmental policies could affect the Group's businesses, financial condition and results of operations.

China's economy differs from the economies of most developed countries in many respects, including the structure of the economy, level of government involvement, level of development, growth rate, control of capital investment, control of foreign exchange and allocation of resources. China's economy has been transitioning from a planned economy to a more market-oriented economy. For the past three decades, the PRC Government has implemented economic reform measures to emphasise the utilisation of market forces in economic development. Economic reform measures, however, may be adjusted, modified or applied inconsistently from industry to industry or across different regions of the country. As a result, the Group may not continue to benefit from all, or any, of these measures. In addition, the Group cannot predict whether changes in the PRC's political, economic and social conditions, laws, regulations and policies will have any adverse effect on the Group's current or future businesses, financial condition and results of operations.

China has been one of the world's fastest growing economies as measured by GDP in recent years. However, China may not be able to sustain such a growth rate. In order to maintain the sustainable growth of the economy, the PRC Government from time to time implements various macroeconomic and other policies and measures, including but not limited to contractionary or expansionary policies and measures at times of or in anticipation of changes in the PRC's economic conditions. In an effort to stimulate the growth of the Chinese economy, the PRC Government has implemented and may continue to implement various monetary, fiscal or other economic measures to expand investments in infrastructural projects, increase liquidity in the credit markets and encourage employment. However, there is no assurance that such monetary, fiscal or other economic measures will prove to be effective. If the Chinese economy experiences a slowdown or even a downturn, the Group may experience a delay or reduction in, or cancellation of, projects available to the Group and demand for the services and products the Group provides in the Group's various business segments may grow at a lower-than-expected rate or otherwise decrease. Furthermore, the Group cannot guarantee that the Group is able to make timely adjustments to the Group's business and operational strategies so as to capture and benefit from the potential business opportunities presented to the Group as a result of the changes in the economic and other policies of the PRC Government. Also, the PRC Government will continue to make adjustments to its economic policy objectives and measures in the future, which may include or result in a significant reduction in its budget for investments in infrastructure and other projects. This could have an adverse effect on the Group's businesses, financial condition and results of operations. Moreover, unfavourable financing and other economic conditions for the industries that the Group serves could negatively impact the Group's customers and their ability or willingness to fund capital expenditures in the future or pay for past services.

The PRC Government's control of foreign currency conversion may limit the Group's foreign exchange transactions.

Currently, the Renminbi still cannot be freely exchanged into any foreign currencies, and exchange and remittance of foreign currencies are subject to PRC foreign exchange regulations. It cannot be guaranteed that, under a certain exchange rate, the Group will have sufficient foreign currencies to meet the Group's demand for foreign currencies. Under the current PRC foreign exchange control system, foreign exchange transactions under the current account conducted by the Group do not require advance approval from SAFE, but the Group is required to present documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within the PRC that have the licences to carry out foreign exchange business. Foreign exchange transactions under the capital account conducted by the Group, however, must be approved in advance by SAFE. If the Group fails to obtain approval from SAFE to exchange Renminbi into any foreign currencies for any purposes, the Group's capital expenditure plans, and even the Group's businesses, operating results and financial condition, may be materially and adversely affected.

The Group's labour costs may increase for reasons such as the implementation of the PRC Labour Contract Law or inflation in the PRC.

The PRC Labour Contract Law (中華人民共和國勞動合同法) became effective on 1 January 2008 in the PRC and was amended on 28 December 2012. It imposes more stringent requirements on employers in relation to entry into fixed-term employment contracts and dismissal of employees. Pursuant to the PRC Labour Contract Law, the employer is required to make compensation payment to a fixed-term contract employee when the term of their employment contract expires, unless the employee does not agree to renew the contract even though the conditions offered by the employer for renewal are the same as or are better than those stipulated in the current employment contract. In general, the amount of compensation payment is equal to the monthly wage of the employee multiplied by the number of full years that the employee has worked for the employer. A minimum wage requirement has also been incorporated into the PRC Labour Contract Law. In addition, unless otherwise prohibited by the PRC Labour Contract Law or objected to by the employees themselves, the employer is also required to enter into non-fixed-term employment contracts with employees who have previously entered into fixed-term employment contracts for two consecutive terms.

In addition, under the Regulations on Paid Annual Leave for Employees (職工帶薪年休假條例), which became effective on 1 January 2008, employees who have worked continuously for more than one year are entitled to paid annual leave ranging from 5 to 15 days, depending on the length of the employees' work time. Employees who consent to waive such vacation at the request of employers shall be compensated an amount equal to three times their normal daily salaries for each vacation day being waived. Under the National Leisure and Tourism Outline 2013-2020 (國民旅遊休閒綱要2013-2020) which became effective on 2 February 2013, all workers must receive paid annual leave by 2020. As a result of the PRC Labour Contract Law, the Regulations on Paid Annual Leave for Employees and the National Leisure and Tourism Outline 2013-2020, the Group's labour costs (inclusive of those incurred by contractors) may increase. Further, under the PRC Labour Contract Law, when an employer terminates its PRC employees' employment, the employer may be required to compensate them for such amount which is determined based on their length of service with the employer, and the employer may not be able to efficiently terminate non-fixed-term employment contracts under the PRC Labour Contract Law without cause. In the event the Group decides to significantly change or decrease its workforce, the PRC Labour Contract Law could adversely affect its ability to effect these changes in a cost-effective manner or in the manner that the Group desires, which could result in an adverse impact on the Group's businesses, financial condition and results of operations.

Further, if there is a shortage of labour or for any reason the labour cost in the PRC rises significantly, the costs of production of the Group's products is likely to increase. This may in turn affect the selling prices of the products, which may then affect the demand of such products and thereby adversely affect the Group's sales and financial condition. Increase in costs of other components required for production of the products may cause similar adverse effects, particularly if the Group is unable to identify and employ other appropriate means to reduce the costs of production. In such circumstances, the profit margin may decrease and the financial results may be adversely affected.

According to the National Bureau of Statistics of the PRC, consumer price inflation in the PRC was 2.6% in both 2012 and 2013. Inflation in the PRC increases the costs of labour and the costs of raw materials the Group must purchase for production. Rising labour costs may increase the Group's operating costs and partially erode the cost advantage of the Group's PRC-based operations and therefore negatively impact the Group's profitability.

The PRC legal system is continuously evolving and has uncertainties, and the legal protections available to the Securityholders may be limited.

Although the Issuer is not incorporated under PRC law, most of the Group's businesses are conducted in the PRC and the Group's operations are principally governed by PRC laws and regulations. The PRC legal system is based on written statutes, and prior court decisions can only be cited as reference. Since 1979, the PRC Government has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organisation and governance, commerce, taxation and trade with a view to developing a comprehensive system of commercial laws. However, due to the fact that these laws and regulations have not been fully developed, and because of the limited volume of published cases and their non—binding nature, the interpretation of PRC laws and regulations still involves a significant degree of uncertainty.

Substantial amendments to the PRC Company Law (中華人民共和國公司法) came into effect on 1 March 2014 and substantial amendments to the PRC Securities Law (中華人民共和國證券法) came into effect on 31 August 2014. As a result, the State Council and CSRC may revise the Special Regulations and the Mandatory Provisions and adopt new rules and regulations, to implement and to reflect the amendments to the PRC Company Law and the PRC Securities Law. The Group cannot guarantee that any revision of the current rules and regulations or the adoption of new rules and regulations by the State Council and the CSRC will not have an adverse effect on the rights of Securityholders.

It may be difficult to effect service of process or enforce any judgments obtained from non-PRC courts against the Group or its management residing in the PRC.

Although the Issuer is not incorporated in the PRC, a substantial amount, if not all, of the Group's assets is located in the PRC. Further, all of the Issuer's management reside in the PRC, together with their personal assets. Therefore, investors may encounter difficulties in effecting service of process from outside PRC upon the Group or the management.

Moreover, it is understood that the enforcement of foreign judgments in the PRC is still subject to uncertainties. In addition, the mechanisms for enforcement of rights under the corporate governance framework to which the Group is subject are also relatively undeveloped and untested. China is not a party to any treaties providing for the reciprocal recognition and enforcement of judgments of courts with the United States, the United Kingdom, most other Western countries or Japan, and therefore enforcement in the PRC of judgments of a court in any of these jurisdictions may be difficult or impossible.

RISKS RELATING TO THE SECURITIES, THE GUARANTEE, THE KEEPWELL DEED AND THE EQUITY INTEREST PURCHASE UNDERTAKING

A substantial portion of the Group's business is carried out by the Company and its PRC Subsidiaries and neither the Company nor its PRC Subsidiaries will guarantee the Securities.

A substantial portion of the Group's business is carried out by the Company and its subsidiaries that are organised under the laws of the PRC (each a "PRC Subsidiary" and together, the "PRC Subsidiaries"). The Securities will not be guaranteed by the Company or its PRC Subsidiaries. No future subsidiary, whether organised under the laws of the PRC or otherwise, will provide a guarantee in relation to the Securities at any time in the future. As a result, the obligations of the Guarantor under the Guarantee will be effectively subordinated to all the debt and other obligations, including contingent obligations and trade payables, of the Guarantor's PRC Subsidiaries and the Guarantor's offshore subsidiaries that are not providing a guarantee in respect of the Securities.

Each of the Issuer and the Guarantor has limited material assets and revenue and will need to rely on cash flows from other Group members (particularly the Company and other operating subsidiaries of the Group) to service their respective obligations under the Securities and the Guarantee.

The Company owns the entire issued share capital of the Guarantor. The Issuer is an offshore subsidiary of the Guarantor. The Guarantor is a holding company that conducts its business through its subsidiaries, jointly-controlled entities and associates.

The Guarantor is dependent upon the earnings of, and distribution by, its operating subsidiaries, jointly-controlled entities and associates and joint ventures in order to perform its respective obligations under the Securities and the Guarantee. The revenues generated by these subsidiaries, joint ventures and associates and joint ventures and cash flows, together with any cash secured by the Issuer and the Guarantor as a result of the utilisation of any credit facility or funding channel that is available to them, constitute the sources of funds for the Issuer and the Guarantor to satisfy their obligations under the Securities or the Guarantee. The ability of such subsidiaries, jointly controlled entities, associated companies and joint ventures to pay dividends may be subject to applicable laws and regulations. The outstanding indebtedness of such subsidiaries may contain covenants restricting the ability of such subsidiaries to pay dividends in certain circumstances for so long as such indebtedness remains outstanding. Moreover, the percentage interests in such subsidiaries, jointly controlled entities and associated companies held by the Issuer or the Guarantor could be reduced in the future.

The Issuer is a wholly-owned subsidiary of the Guarantor. As at the date of this Offering Circular, the Issuer has not engaged, since its incorporation, in any material activities other than (i) issuing the 2013 October Securities and on-lending the proceeds of the 2013 October Securities to the Company and some of its subsidiaries for general corporate use, (ii) issuing the 2014 April Securities and on-lending the proceeds of the 2014 April Securities to the Company and some of its subsidiaries for general corporate use and (iii) entering into arrangements for the proposed issue of the Securities and the proposed use of the proceeds of the Securities for refinancing and on-lending to the Company or any of its subsidiaries for general corporate use. Accordingly, the Issuer and the Guarantor have limited assets to meet their respective obligations under the Securities and the Guarantee and their ability to make payments in respect thereof also depends largely upon the receipt of funding, such as equity injections, from the Company or the Group's onshore operating subsidiaries. The ability of the Company or the Group's onshore subsidiaries to provide funding to the Issuer and the Guarantor is subject to their operating performance and profitability, and to applicable laws. Under the Keepwell Deed, the Company will undertake with the Issuer and the Guarantor and the Trustee, among other things, to cause the Issuer and the Guarantor to have sufficient liquidity to ensure timely payment of any amounts payable in respect of their respective indebtedness (including all liabilities, whether accrual or contingent then outstanding).

The Guarantor's principal business is investment holding and international trading and primarily derives revenue from its investment holdings in different operating companies engaging in the provision of project management services to certain overseas projects of Chalco and mineral trading. The Guarantor's revenue from sales is primarily generated from sales to the Group. As such, there is a reliance on the Group by the Guarantor for revenue generation. For the year ended 31 December 2015, its consolidated revenue amounted to US$208.9 million and it recorded a total consolidated profit for the year of US$37.8 million. As at 31 December 2015, the consolidated total assets of the Guarantor were US$2,504.2 million and its consolidated net assets were US$1,398.2 million. In particular, certain overseas projects the Guarantor holds are still in an early stage of development, include bauxite mining projects in Laos and Indonesia, which demanded, and is expected to continue requiring, substantial investment. There is no assurance that the Guarantor will not incur loss in the future.

The obligations of the Issuer and the Guarantor under the Securities and Guarantee, respectively, are structurally subordinated to the liabilities and obligations of its subsidiaries.

The obligations of each of the Issuer and the Guarantor under the Securities and the Guarantee will be effectively subordinated to all existing and future obligations of its respective existing or future subsidiaries, and all claims of creditors of its existing or future subsidiaries and rights of holders of preferred shares of such subsidiaries (if any) who will have priority as to the assets of such subsidiaries over the claims of the Issuer or the Guarantor and those of the Issuer or the Guarantor's creditors, including the Securityholders. As a result, all of the existing and future liabilities of the Guarantor's subsidiaries, including any claims of trade creditors, will be effectively senior to the Securities and the Guarantee. In addition, even if the Issuer or the Guarantor were a creditor of any subsidiary, its rights as a creditor would be subordinated to any security interest in the assets of such subsidiary and any indebtedness of the subsidiary senior to that held by the Issuer or the Guarantor.

The Securities and the Guarantee are unsecured obligations.

The Securities and the Guarantee are unsecured obligations of the Issuer and the Guarantor, respectively. The repayment of the Securities and payment under the Guarantee may be adversely affected if:

- the Issuer or the Guarantor enters into bankruptcy, liquidation, reorganisation or other winding-up proceedings;
- there is a default in payment under the Issuer's or the Guarantor's future secured indebtedness or other unsecured indebtedness; or
- there is an acceleration of the Issuer's or the Guarantor's indebtedness.

If any of these events were to occur, the Issuer's or the Guarantor's assets may not be sufficient to pay amounts due on the Guarantee.

The Keepwell Deed from the Company is not a guarantee of the payment obligations of the Issuer and the Guarantor under the Securities and the Guarantee.

The Company will enter into the Keepwell Deed in connection with the offering of the Securities. See "Offer Structure — The Keepwell Deed" and "Description of the Keepwell Deed". Upon a breach of the Keepwell Deed, the Trustee may take action against the Company to enforce the provisions of the Keepwell Deed. However, neither the Keepwell Deed nor any actions taken by the Company thereunder can be deemed as a guarantee by the Company for the payment obligations of the Issuer under the Securities or the Guarantor under the Guarantee. Accordingly, pursuant to the terms of the Keepwell Deed, the Company will only be obliged to make sufficient funds available to the Issuer and the Guarantor, rather than assume the payment obligation as in the case of a guarantee. Furthermore, even if the Company intends to perform its obligations under the Keepwell Deed, depending on the manner in which the Company arranges for sufficient funds to meet the payment obligations of the Issuer under the Securities or the Guarantor under the Guarantee, such performance may be subject to obtaining prior consent or approvals from relevant PRC governmental authorities, including the NDRC, MOFCOM and SAFE.

In addition, under the Keepwell Deed, the Company will undertake with the Issuer and the Guarantor and the Trustee, among other things, to cause the Issuer and the Guarantor to have sufficient liquidity to ensure timely payment of any amounts payable in respect of their respective indebtedness (including all liabilities, whether actual or contingent then outstanding). However, any claim by the Issuer, the Guarantor and/or the Trustee against the Company in relation to the Keepwell Deed will be effectively subordinated to all existing and future obligations of the Company's subsidiaries (which do not provide a guarantee in respect of the Securities), particularly the PRC Subsidiaries, and all claims by creditors of such PRC Subsidiaries (which do not provide a guarantee in respect of the Securities) will have priority to the assets of such entities over the claims of the Issuer, the Guarantor and the Trustee under the Keepwell Deed.

Performance by the Company of its undertaking under the Equity Interest Purchase Undertaking is subject to approvals of the PRC governmental authorities and certain limitations.

The Company intends to assist the Issuer and the Guarantor to meet their respective obligations under the Securities and the Guarantee by entering into the Equity Interest Purchase Undertaking. Under the Equity Interest Purchase Undertaking, the Company agrees to purchase, upon receipt of a written purchase notice provided by the Trustee following the Trustee being notified in writing of a winding-up of the Issuer or the Company, or the Trustee's initiation of a winding-up of the Issuer acting on the instructions of the Securityholders by Extraordinary Resolution pursuant to the terms of the Trust Deed, from the Guarantor and/or any other subsidiary of the Company incorporated outside the PRC as designated by the Company or in the absence of a designation, all the subsidiaries of the Company incorporated outside the PRC (each, a "Relevant Transferor") the equity interest held by it of wholly-owned and indirectly held subsidiaries of the Company (the "Purchase") at a purchase price not lower than the amount sufficient to enable the Issuer and the Guarantor to discharge in full their respective obligations under all of their respective indebtedness (including all liabilities, whether actual or contingent, then outstanding).

Performance by the Company of its undertaking under the Equity Interest Purchase Undertaking is subject to the approval of, filing with or registration with (as the case may be):

- MOFCOM or its local counterpart in respect of the transfer of the equity interest in the PRC incorporated subsidiaries and in non-PRC incorporated entities from the Relevant Transferor to the Company;

- the NDRC in respect of the transfer of the equity interests in non-PRC incorporated entities from the Relevant Transferor to the Company or its onshore subsidiary or affiliate;

- the AIC in respect of the transfer of the equity interest in the PRC incorporated subsidiaries from the Relevant Transferor to the Company;

- the relevant PRC tax authorities in respect of withholding tax for the Relevant Transferor; and

- SAFE in respect of (i) changing the SAFE registration of the PRC incorporated companies being sold, and (ii) the remittance of the purchase price denominated in U.S. dollars from the Company in the PRC to the Relevant Transferor(s).

As the approval process is beyond the control of the Company (particularly in the situation where the Equity Interest Purchase Undertaking is triggered by the winding-up of the Company), there can be no assurance that the Company will successfully obtain any of the requisite approvals in time, or at all. In the event that the Company fails to obtain the requisite approvals, the Issuer and the Guarantor may still have insufficient funds to discharge their outstanding payment obligations to the Securityholders.

Further, in the event of an insolvency of a Relevant Transferor, any sale proceeds received by that Relevant Transferor may be subject to the insolvency claims of third parties. Where a Relevant Transferor is the Guarantor, the Trustee's claim against such sale proceeds will be an unsecured claim and may rank lower in priority to any claims by secured third-party creditors of such Relevant Transferor. Where a Relevant Transferor is not the Guarantor, the Trustee will not have a direct claim against the sale proceeds received by such Relevant Transferor.

Performance by the Company of its undertaking under the Equity Interest Purchase Undertaking may be subject to consent from third party creditors and shareholders, and may also be restricted if any of the equity interests are secured in favour of third party creditors.

Under the terms of the Equity Interest Purchase Undertaking, the Company agrees to purchase, upon the occurrence of a winding-up of the Issuer or the Company, from the Relevant Transferor the equity interest of wholly-owned and indirectly held subsidiaries of the Company held by it. The ability of the Company to perform this undertaking may be affected by its solvency and any present or future financing agreements of the Company and its subsidiaries:

- in the event that such financial agreements contain non-disposal or other restrictive covenants that would prevent the sale of an equity interest by a Relevant Transferor, the Company and its subsidiaries would need to obtain the consent from the third party creditor before the Relevant Transferor is able to proceed with the sale of such equity interest; and

- in the event that certain equity interests have been secured in favour of third party creditors, the Company and its subsidiaries would need to arrange for these security interests to be released before the Relevant Transferor is able to proceed with the sale of such equity interests.

Under the Terms and Conditions of the Securities and the Keepwell Deed, there are no restrictions on the Company or its subsidiaries entering into financing agreements with such non-disposal or other restrictive covenants or securing the equity interests of any member of the Group in favour of its creditors (which are not holders of Relevant Indebtedness issued outside the PRC by the Company or any of its subsidiaries).

In the event the obligation to purchase under the Equity Interest Purchase Undertaking becomes triggered, there is no assurance that the Relevant Transferor will be able to obtain any required consents from its creditors or that it will be able to arrange for any existing security arrangement to be released in order for the sale of the equity interest to proceed. If the Relevant Transferor is not able to do so, it may need to repay the indebtedness owed to its third party creditors in order to be able to sell the relevant equity interests to the Company.

In the event that the required consents or waivers from third party creditors are not able to be obtained and in the case of third party creditors, the relevant indebtedness cannot be repaid in the timely manner, the sale of the equity interest may not be able to proceed and the Issuer and the Guarantor may have insufficient funds to discharge their respective payment obligations to the holders of the Securities.

The Securities may not be a suitable investment for all investors.

Each potential investor in the Securities must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Securities, the merits and risks of investing in the Securities and the information contained or incorporated by reference in this Offering Circular;

- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Securities and the impact such investment will have on its overall investment portfolio;

- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Securities;

- understand thoroughly the terms of the Securities; and

- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic and other factors that may affect its investment and its ability to bear the applicable risks.

The Securities are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Securities which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Securities will perform under changing conditions, the resulting effects on the value of such Securities and the impact this investment will have on the potential investor's overall investment portfolio.

The Securities are perpetual securities and investors have no right to require redemption.

The Securities are perpetual and have no maturity date. The Issuer is under no obligation to redeem the Securities at any time and the Securities can only be disposed of by sale. Securityholders who wish to sell their Securities may be unable to do so at a price at or above the amount they have paid for them, or at all, if insufficient liquidity exists in the market for the Securities.

Securityholders may not receive Distribution payments if the Issuer elects to defer Distribution payments under the Terms and Conditions of the Securities.

The Issuer may, at its sole discretion and subject to certain conditions, elect to defer any scheduled Distribution on the Securities for any period of time. The Issuer is not subject to any limits as to the number of times Distributions can be deferred pursuant to the Terms and Conditions of the Securities, subject to compliance with certain restrictions and notwithstanding any increase in the Distribution Rate which may be provided for under the Terms and Conditions of the Securities. Although, following a deferral, Arrears of Distributions are cumulative, subject to the Terms and Conditions of the Securities, the Issuer may defer their payment for an indefinite period of time by delivering the relevant deferral notices to the Securityholders. Any such deferral of Distribution shall not constitute a default for any purpose. Each of the Issuer, the Guarantor and the Company is subject to certain restrictions in relation to the payment of discretionary dividends on its Junior Securities and its Parity Securities, the discretionary redemption and repurchase of its Parity Securities or Junior Securities until any outstanding Arrears of Distribution and Additional Distribution Amount are satisfied or save in certain specified situations as further described in the Terms and Conditions of the Securities. Such restrictions on discretionary payments act as the main deterrent against deferral of Distribution on the Securities. However, neither the Company nor the Guarantor has a consistent track record of making dividend payments and given operations of the Company and the Guarantor have in the recent two years been loss incurring, there is no immediate prospect of dividend payments being made by the Company or the Guarantor. As such, the effectiveness of such restrictions as a deterrent against deferral of Distributions is limited.

Any deferral of Distributions will likely have an adverse effect on the market price of the Securities. In addition, as a result of the Distribution deferral provision of the Securities, the market price of the Securities may be more volatile than the market prices of other debt securities on which original issue discount or interest accrues that are not subject to such deferrals and may be more sensitive generally to adverse changes in the Group's financial condition.

The Securities may be redeemed at the Issuer's option on certain dates on the First Call Date and or every Call Date thereafter after the Issue Date or the occurrence of certain other events.

The Securities are redeemable at the option of the Issuer on the First Call Date and on every Call Date thereafter at their principal amount, together with any Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount).

In addition, the Issuer also has the right to redeem the Securities upon the occurrence of (i) a Gross-up Event, (ii) an Equity Disqualification Event, (iii) a Change of Control Event, (iv) a Breach of Covenants Event or (v) a Relevant Indebtedness Default Event. The Securities may also be redeemed at the option of the Issuer if prior to the date fixed for redemption at least 80% in principal amount of the Securities originally issued has already been cancelled. The date on which the Issuer elects to redeem the Securities may not accord with the preference of individual Securityholders. This may be disadvantageous to the Securityholders in light of market conditions or the individual circumstances of the Securityholders of the Securities. In addition, an investor may not be able to reinvest the redemption proceeds in comparable securities at an effective distribution rate at the same level as that of the Securities.

There are limited remedies for non-payment under the Securities.

Any scheduled Distribution will not be due if the Issuer elects to defer that Distribution pursuant to the Terms and Conditions of the Securities. Notwithstanding any of the provisions relating to non-payment defaults, the right to institute winding-up proceedings is limited to circumstances where payment has become due and the Issuer fails to make the payment when due. The only remedy against the Issuer available to any Securityholder for recovery of amounts in respect of the Securities following the occurrence of a payment default after any sum becomes due in respect of the Securities will be instituting winding-up proceedings and/or proving and/or claiming in winding-up proceedings in respect of any of the Issuer's payment obligations arising from the Securities.

The Securities confer Securityholders with limited rights upon the occurrence of a Change of Control Event, Breach of Covenants Event or a Relevant Indebtedness Default Event.

The Securities confer Securityholders with limited rights upon the occurrence of a Change of Control Event, Breach of Covenants Event or a Relevant Indebtedness Default Event. The Issuer may, at any time, on giving irrevocable notice to the Trustee, the Agents and Securityholders, redeem in whole, but not in part, the Securities if any of such events occurs. The Issuer is, however, not obliged to redeem the Securities upon the occurrence of any of such events under the Securities. If the Issuer elects not to redeem the Securities upon the occurrence of such events, the Distribution Rate will increase by a certain percentage per annum pursuant to Condition 5(e) of the Terms and Conditions of the Securities.

The Issuer may raise other capital which affects the price of the Securities.

The Issuer may raise additional capital through the issue of other securities or other means. Other than certain restrictions on issuing certain secured indebtedness or onshore guaranteed indebtedness as set out in Condition 4(a) of the Terms and Conditions of the Securities, there is no restriction, contractual or otherwise, on the amount or type of securities or other liabilities which the Issuer may issue or incur and which rank senior to, or pari passu with, the Securities. The issue of any such securities or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by Securityholders on a winding-up of the Issuer or may increase the likelihood of a deferral of Distributions under the Securities. The issue of any such securities or the incurrence of any such other liabilities might also have an adverse impact on the trading price of the Securities and/or the ability of Securityholders to sell their Securities.

Legal investment considerations may restrict certain investments.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) the Securities are legal investments for it, (ii) the Securities can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Securities. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Securities under any applicable risk-based capital or similar rules.

The liquidity and price of the Securities following this offering may be volatile.

The price and trading volume of the Securities may be highly volatile. Factors such as variations in the revenues, earnings and cash flows of the Group and proposals of new investments, strategic alliances and/or acquisitions, interest rates and fluctuations in prices for comparable companies could cause the price of the Securities to change. Any such developments may result in large and sudden changes in the volume and price at which the Securities will trade. There can be no assurance that these developments will not occur in the future.

The Trustee may request the Securityholders to provide an indemnity and/or security and/or prefunding to its satisfaction.

In certain circumstances (including giving of notice to the Issuer and the taking of enforcement steps pursuant to Condition 9 of the Terms and Conditions of the Securities), the Trustee may (at its sole discretion) request Securityholders to provide an indemnity and/or security and/or prefunding to its satisfaction before it takes actions on behalf of Securityholders. The Trustee will not be obliged to take any such actions if not first indemnified and/or secured and/or prefunded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or prefunding can be a lengthy process and may impact on when such actions can be taken. The Trustee may not be able to take actions, notwithstanding the provision of an indemnity or security or prefunding to it, in breach of the terms of the Trust Deed and in circumstances, or where there is uncertainty or dispute as to the applicable laws or regulations, to the extent permitted by the agreements and the applicable laws and regulations, it will be for the Securityholders to take such actions directly.

An active trading market for the Securities may not develop.

There can be no assurance as to the liquidity of the Securities or that an active trading market will develop. If such a market were to develop, the Securities could trade at prices that may be higher or lower than the initial issue price depending on many factors, including prevailing interest rates, the Group's operations and the market for similar securities. The Managers are not obligated to make a market in the Securities and any such market making, if commenced, may be discontinued at any time at the sole discretion of such Manager. In addition, the Securities are being offered pursuant to exemptions from registration under the Securities Act and, as a result, investors will only be able to resell their Securities in transactions that have been registered under the Securities Act or in transactions not subject to or exempt from registration under the Securities Act.

Under the Enterprise Income Tax Law of the PRC (the "EIT Law"), the Issuer or the Guarantor may be classified as a "resident enterprise" of China. Such classification could result in unfavourable tax consequences to it and its non-PRC Securityholders.

Under the EIT Law, an enterprise established outside of China with a "de facto management organisation" located within China will be considered a "resident enterprise", and consequently will be treated in a manner similar to a Chinese enterprise for PRC enterprise income tax ("EIT") purposes. The implementing rules of the EIT Law define "de facto management" as "substantial and overall management and control over the production and operations, personnel, accounting, and properties" of the enterprise. However, it is still unclear how the PRC tax authorities will determine whether an entity will be classified as a "resident enterprise". If the PRC tax authorities determine that either the Issuer or the Guarantor is a "resident enterprise" for PRC EIT purposes, a number of unfavourable PRC tax consequences could follow. The Issuer or the Guarantor may be subject to EIT at a rate of 25% on its worldwide taxable income as well as PRC EIT reporting obligations. This would mean that income such as interest from any investment of any portion of the offering proceeds and other income sourced from outside the PRC would be subject to PRC EIT at a rate of 25%. As described in "Taxation — PRC", if the Issuer or the Guarantor is considered a "resident enterprise", distributions to "non-resident enterprise" Securityholders may be treated as income derived from sources within China and be subject to PRC withholding tax at a rate of 10% and distributions to individual non-PRC Securityholders may be subject to PRC individual income tax ("IIT") at a rate of 20%. In addition, if the Issuer was treated as a PRC resident enterprise, capital gains realised by Securityholders may be treated as income derived from sources within China and be subject to a 10% PRC withholding tax (in the case of enterprises) (subject to the provisions of any applicable tax treaties) or 20% PRC IIT tax (in the case of individuals) (subject to the provisions of any applicable tax treaties). Any PRC tax liability may be reduced under applicable tax treaties. If the Issuer or the Guarantor is required under the EIT Law to withhold PRC tax on its distributions paid to its Securityholders who are "non-resident enterprises", it will be required, subject to certain exceptions, to pay such additional amounts as will result in receipt by a Securityholder of such amounts as would have been received by the Securityholder had no such withholding been required. The requirement to pay additional amounts will increase the cost of servicing distributions payments on the Securities, and could have a material adverse effect on the Issuer's or the Guarantor's ability to pay distributions on, and repay the principal amount of, the Securities, as well as their profitability and cash flow. The requirement to pay additional amounts in excess of 10% may also give rise to a right of the Issuer to redeem all the Securities at 100% of their principal amount plus accrued and unpaid interest to the date of redemption, if such requirement results from certain changes in PRC tax law or certain statements of official positions with respect thereto.

The preferential withholding tax rate on dividends received by the Company's subsidiaries in Hong Kong from the Company's PRC subsidiaries is subject to tax authorities' follow-up management.

Under the EIT Law, the profits of a foreign invested enterprise generated in 2008 and onwards which are distributed to its immediate holding company outside the PRC will be subject to a withholding tax rate of 10% or a lower treaty rate as contained in any income tax treaty or agreement to which China is a party. Pursuant to a special arrangement between Hong Kong and the PRC, such rate is lowered to 5% if a Hong Kong resident enterprise owns 25% or more equity interest in a PRC company. However, according to the Measures for the Administration of Non-Resident Taxpayers' Enjoyment of the Treatment under Taxation Treaties (非居民納税人享受税收協定待遇管理辦法), which was promulgated on 27 August 2015 and became effective on 1 November 2015, the 5% withholding tax rate is still subject to the follow-up administrative management by the tax authorities. Moreover, according to a tax circular issued by the SAT in February 2009, if the main purpose of an offshore arrangement is to obtain a preferential tax treatment, the PRC tax authorities have the discretion to adjust the preferential tax rate for which an offshore entity would otherwise be eligible.

The insolvency laws of the BVI, Hong Kong and other local insolvency laws may differ from those of another jurisdiction with which the holders of the Securities are familiar.

As the Issuer and the Guarantor are incorporated under the laws of the BVI and Hong Kong, respectively, any insolvency proceeding relating to the Issuer or the Guarantor would likely involve insolvency laws of the BVI or Hong Kong, the procedural and substantive provisions of which may differ from comparable provisions of the local insolvency laws of jurisdictions with which the holders of the Securities are familiar.

Exchange rate risks and exchange controls may result in a Securityholder receiving less Distributions or principal than expected.

The Issuer will pay principal and Distributions on the Securities in U.S. dollars. This presents certain risks relating to currency conversions if a Securityholder's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than U.S. dollars. These include the risk that exchange rates may significantly change (including changes due to devaluation of the U.S. dollars or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the U.S. dollars would decrease (i) the Investor's Currency equivalent yield on the Securities; (ii) the Investor's Currency equivalent value of the principal payable on the Securities; and (iii) the Investor's Currency equivalent market value of the Securities.

Governments and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, a Securityholder may receive less Distributions or principal than expected, or no Distributions or principal.

Developments in the international financial markets may adversely affect the market price of the Securities.

The market price of the Securities may be adversely affected by declines in the international financial markets and world economic conditions. The market for securities of entities with PRC operations is, to varying degrees, influenced by economic and market conditions in other markets, especially those in Asia. Although economic conditions are different in each country, investors' reactions to developments in one country can affect the securities markets and the securities of issuers in other countries, including the PRC. Since the global financial crisis of 2008 and 2009, the international financial markets have experienced significant volatility. If similar developments occur in the international financial markets in the future, the market price of the Securities could be adversely affected.

Decisions that may be made on behalf of all Securityholders may be adverse to the interests of individual Securityholders.

The Terms and Conditions of the Securities contain provisions for calling meetings of Securityholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Securityholders including Securityholders who did not attend and vote at the relevant meeting and holders who voted in a manner contrary to the majority. Furthermore, there is a risk that the decision of the majority of Securityholders may be adverse to the interests of individual Securityholders.

The Distribution Rate will be reset on the First Call Date and each Reset Date, which may affect the market value of the Securities.

The Distribution Rate applicable to the Securities will initially be 4.25 per cent. per annum from, and including, the Issue Date to, but excluding, the First Call Date. However, the Distribution Rate will be reset on the First Call Date and every Reset Date as described in Condition 5(b) of the Terms and Conditions of the Securities such that the applicable reset Distribution Rate will be equal to the sum of (a) the initial spread of 2.931 per cent., (b) the Treasury Rate (as defined in the Terms and Conditions of the Securities) and (c) a margin of 5.00 per cent. per annum. As a result, the applicable Distribution Rate following any Reset Date could be less than the Distribution Rate that applies immediately prior to such Reset Date, which could affect the amount of any Distribution payments under the Securities and therefore the market value of an investment in the Securities.

USE OF PROCEEDS

The Issuer estimates that the proceeds from the offering of the Securities (the “Offering”) will be US$500,000,000. The Issuer intends to use the proceeds from the Offering for refinancing and on-lending to the Company or any of its subsidiaries for general corporate use.

CAPITALISATION AND INDEBTEDNESS

The following table sets out the consolidated capitalisation and indebtedness of the Group as derived from its unaudited interim condensed consolidated financial statements as at 30 June 2016 and as adjusted to give effect to the issue of the Securities. The table should be read in conjunction with the Group's unaudited interim condensed consolidated financial statements as at 30 June 2016 and the notes thereto.

	As at 30 June 2016			
	(Unaudited) (Actual)		(Unaudited) (Adjusted)	
	(RMB in thousands)	(US$ in thousands)[1]	(RMB in thousands)	(US$ in thousands)[1]
Interest-bearing loans and borrowings				
Long-term loans and borrowings				
Finance lease payable	6,718,279	1,010,891	6,718,279	1,010,891
Bank and other loans	31,987,752	4,813,156	31,987,752	4,813,156
Medium-term notes and bonds, long-term bonds and private placement notes	27,738,002	4,173,701	27,738,002	4,173,701
Subtotal	66,444,033	9,997,748	66,444,033	9,997,748
Short-term loans and borrowings				
Gold leasing arrangement	2,923,296	439,865	2,923,296	439,865
Bank and other loans	31,890,482	4,798,520	31,890,482	4,798,520
Short-term bonds, unsecured	5,576,549	839,096	5,576,549	839,096
Subtotal	40,390,327	6,077,481	40,390,327	6,077,481
Equity				
Equity attributable to the owners of the parent				
Share capital	14,903,798	2,242,555	14,903,798	2,242,555
Other reserves	29,098,011	4,378,340	29,098,011	4,378,340
Accumulated losses				
— proposed final dividend	—	—	—	—
— others	(4,807,854)	(723,432)	(4,807,854)	(723,432)
Non-controlling interests	11,588,850	1,743,759	11,588,850	1,743,759
Securities to be issued	—	—	3,322,950[2]	500,000
Total equity	50,782,805	7,641,222	54,105,755	8,141,222
Total Capitalisation[3]	157,617,165	23,716,451	160,940,115	24,216,451

Notes:

(1) Based on the exchange rate of CNY6.6459 to US$1.00.

(2) Calculated based on the aggregate principal amount of the Securities (before deducting the commissions and estimated offering expenses).

(3) Total capitalisation represents total interest-bearing loans and borrowings and total equity.

On 27 July 2016, the Company issued short-term bonds in the aggregate principal amount of RMB3 billion which will be mature in January 2017. The fixed annual coupon interest rate of these bonds is 3.73%.

On 8 August 2016, the Company issued short-term bonds in the aggregate principal amount of RMB3 billion which will mature in May 2017. The fixed annual coupon interest rate of these bonds is 3.55%.

On 23 September 2016, the Company issued non-public offering corporate bonds in the aggregate principal amount of RMB3.215 billion which will mature in September 2019. The fixed annual coupon interest rate of these bonds is 4.90%.

Save as indicated above, there has been no material change in the consolidated capitalisation and indebtedness of the Group since 30 June 2016.

TERMS AND CONDITIONS OF THE SECURITIES

The following are the terms and conditions substantially in the form in which they (other than the texts in italics) will be endorsed on the definitive Certificate and referred to in the Global Certificate.

The issue of the US$500,000,000 4.25 per cent. senior perpetual capital securities (the "Securities", which expression includes any further securities issued pursuant to Condition 13 and forming a single series therewith) was authorised by a resolution of the Board of Directors of Chalco Hong Kong Investment Company Limited (the "Issuer") passed on 25 October 2016. The Securities are guaranteed by Chalco HongKong Limited (中國鋁業香港有限公司) (the "Guarantor"). The giving of the Guarantee (as defined in Condition 2(b)) was authorised by a resolution of the Board of Directors of the Guarantor on 24 October 2016. Each of the Issuer and the Guarantor is, directly or indirectly, a Subsidiary of Aluminum Corporation of China Limited (the "Company") and the Company, in turn, is controlled by Aluminum Corporation of China ("Chinalco") which is the Company's largest shareholder. Chinalco is wholly-owned by the State-owned Assets Supervision and Administration Commission of the State Council ("SASAC"). The Securities are constituted by a Trust Deed (the "Trust Deed") dated on or about 7 November 2016 (the "Issue Date") between the Issuer, the Company, the Guarantor and Citicorp International Limited as Trustee (the "Trustee" which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Securityholders. These terms and conditions (these "Conditions") include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Securities. An agency agreement dated on or about 7 November 2016 (the "Agency Agreement") has been entered into in relation to the Securities between the Issuer, the Guarantor, the Trustee, Citigroup Global Markets Deutschland AG as registrar and Citibank N.A., London Branch as principal paying agent and as the transfer agent and the other agents named in it. The principal paying agent, the registrar, the transfer agent and the other agents for the time being are referred to below respectively as the "Principal Paying Agent", the "Registrar" and the "Transfer Agent" and together with any other agents appointed under the Agency Agreement as the "Agents". Copies of the Trust Deed and the Agency Agreement are available for inspection upon written request and satisfactory proof of holding during normal business hours at the principal place of business of the Trustee and the specified office of the Principal Paying Agent. The Securityholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of all the provisions of the Agency Agreement applicable to them. The Securities also have the benefit of (i) a keepwell deed dated on or about 7 November 2016 (the "Keepwell Deed") entered into by the Issuer, the Company, the Guarantor and the Trustee; and (ii) a deed of equity interest purchase undertaking dated on or about 7 November 2016 (the "Equity Interest Purchase Undertaking") entered into by the Company and the Trustee, both deeds being executed in favour of the Trustee.

All capitalised terms that are not defined in these Conditions will have the meanings given to them in the Trust Deed.

1 FORM, DENOMINATION AND TITLE

(a) **Form and denomination**: The Securities are issued in registered form, in the denomination of US$200,000 each and in integral multiples of US$1,000 in excess thereof. A certificate (each, a "Definitive Certificate") will be issued to each Securityholder in respect of its registered holding of Securities. Each Definitive Certificate shall be numbered serially and shall have an identifying number which shall be recorded on the relevant Definitive Certificate and in the register of Securityholders (the "Register"), which the Issuer shall procure to be kept by the Registrar.

(b) **Title**: Title to the Securities shall pass only by transfer and registration of title in the Register. Each Securityholder shall, except as ordered by a court of competent jurisdiction or as otherwise required by law, be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on (other than the endorsed form of transfer), or the theft or loss of, the Definitive Certificate issued in respect of it), and no person shall be liable for so treating the Securityholder. In these Conditions, "Securityholder" shall mean the person in whose name a Security is registered in the Register (or in the case of a joint holding, the first name thereof).

2 STATUS AND GUARANTEE

(a) **Status**: The Securities constitute direct, unconditional, unsubordinated and (subject to, and to the extent provided under, Condition 4(a)) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Securities shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all the Issuer's other present and future unsecured, unconditional and unsubordinated obligations.

Upon issue, the Securities will be evidenced by a global certificate (the "Global Certificate") substantially in the form scheduled to the Trust Deed. The Global Certificate will be registered in the name of a nominee for, and deposited with, a common depositary for Euroclear and Clearstream, and will be exchangeable for individual Definitive Certificates only in the circumstances set out therein.

(b) **Guarantee**: The Guarantor has unconditionally and irrevocably guaranteed the due payment in full of all sums expressed to be payable by the Issuer under the Trust Deed and the Securities (the "Guarantee"). The Guarantor's obligations in respect of the Guarantee is contained in the Trust Deed. The obligations of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4(a), at all times rank at least equally with all the other present and future unsecured and unsubordinated obligations of the Guarantor.

(c) **Release**: The Guarantor may be released from its obligations under the Guarantee on the occurrence of any of the following events: (i) upon redemption in full of the Securities or (ii) upon receiving prior written consent of the Trustee.

3 TRANSFERS OF SECURITIES AND ISSUE OF DEFINITIVE CERTIFICATES

(a) **Register**: The Issuer will cause the Register to be kept outside of the United Kingdom and in accordance with the terms of the Agency Agreement, on which shall be entered the names and addresses of the Securityholders and the particulars of the Securities held by them and of all transfers of the Securities. Each Securityholder shall be entitled to receive only one Definitive Certificate in respect of its entire holding of Securities.

(b) **Transfers**: Subject to the Agency Agreement and Conditions 3(d), 3(e) and 3(f) herein, a Security may be transferred by delivery of the Definitive Certificate issued in respect of that Security, with the form of transfer endorsed on such Definitive Certificate duly completed and signed by the Securityholder or his attorney duly authorised in writing, to the specified office of the Registrar or the Transfer Agent. No transfer of title to a Security will be valid unless and until entered on the Register.

Transfers of interests in the Securities evidenced by the Global Certificate will be effected in accordance with the rules of the relevant clearing systems.

(c) **Delivery of new Definitive Certificates**: Each new Definitive Certificate to be issued upon a transfer of Securities will, within seven business days (as defined below) of receipt by the Registrar or, as the case may be, any Transfer Agent of the Definitive Certificate and the form of transfer duly completed and signed, be made available for collection at the specified office of the Registrar or such Transfer Agent or, if so requested in the form of transfer, be mailed by uninsured mail at the risk of the Securityholder entitled to the Securities (but free of charge to the Securityholder and at the Issuer's expense) to the address specified in the form of transfer. The form of transfer is available at the specified offices of the Transfer Agents.

Where only part of a principal amount of the Securities (being that of one or more Securities) in respect of which a Definitive Certificate is issued is to be transferred or exchanged, a new Definitive Certificate in respect of the Securities not so transferred or exchanged will, within seven business days of delivery of the original Definitive Certificate to the Registrar or Transfer Agent, be made available for collection at the specified office of the Registrar or such Transfer Agent or, if so requested in the form of transfer, be mailed by uninsured mail at the risk of the Securityholder not so transferred or exchanged (but free of charge to the Securityholder and at the Issuer's expense) to the address of such Securityholder appearing on the Register.

(d) **Formalities free of charge**: Registration of a transfer of Securities and issuance of new Definitive Certificates will be effected without charge by or on behalf of the Issuer or any of the Agents, but upon (i) payment (or the giving of such indemnity and/or security and/or prefunding as the Issuer or any of the Agents may require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer; (ii) the Registrar being satisfied in its absolute discretion with the documents of title or identity of the person making the application and (iii) the relevant Agent being satisfied that the regulations concerning transfer of Securities have been complied with.

(e) **Closed periods**: No Securityholder may require the transfer of a Security to be registered during the period of (i) seven days ending on (but excluding) the due date for any payment of principal in respect of that Security or (ii) during the period of ten days ending on (and including) any Record Date (as defined in Condition 7(a)(ii)).

(f) **Regulations**: All transfers of Securities and entries on the Register will be made subject to the detailed regulations concerning transfer of Securities scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee, or by the Registrar, with the prior written approval of the Trustee. A copy of the current regulations will be mailed (free of charge to the Securityholder and at the Issuer's (failing whom, the Guarantor's) expense) by the Registrar to any Securityholder upon request and is available at the specified offices of the Transfer Agent.

4 COVENANTS

(a) **Negative Pledge and Relevant Indebtedness**:

(i) Subject to Condition 4(a)(iii), so long as any Security remains outstanding, none of the Issuer or the Guarantor will, and each of the Issuer and the Guarantor will ensure that none of their respective Subsidiaries will, create, or have outstanding, any mortgage, charge, lien, pledge, other security interest or other arrangement with similar economic effect (the "Security Interest") upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness, or any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Securities (A) the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or (B) such other security as either (a) the Trustee may in its absolute discretion deem not materially less beneficial to the interest of the Securityholders or (b) as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Securityholders.

(ii) Subject to Condition 4(a)(iii), so long as any Securities remain outstanding, the Company has undertaken in the Keepwell Deed that the Company and its Subsidiaries will not create or permit to subsist any Security Interest upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness which is issued outside the PRC, or any guarantee or indemnity in respect of any Relevant Indebtedness which is issued outside the PRC, without at the same time or prior thereto according to the Securities (a) the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or (b) such other security as either (1) the Trustee may in its absolute discretion deem not materially less beneficial to the interest of the Securityholders or (2) as shall be approved by an Extraordinary Resolution of the Securityholders.

(iii) The foregoing restriction in this Condition 4(a) will not apply to:

(A) any Security Interest either over any asset acquired after the date of the Trust Deed which is in existence at the time of such acquisition or in respect of the obligations of any person which becomes the Issuer's, the Guarantor's and/or the Company's Subsidiary after the date of the Trust Deed which is in existence at the date on which it becomes the Issuer's, the Guarantor's and/or the Company's Subsidiary and in both cases any replacement thereof created in connection with the refinancing (together with interest, fees and other charges attributable thereto) of the Relevant Indebtedness originally secured (but the principal amount secured by any such Security Interest may not be increased), provided that any such Security Interest was not incurred in anticipation of such acquisition or of such company becoming the Issuer's the Guarantor's and/or the Company's Subsidiary;

(B) any Security Interest created on any property or asset acquired, leased or developed (including improved, constructed, altered or repaired) after the date of the Trust Deed, provided, however, that (a)(i) any such Security Interest shall be confined to the property or asset acquired, leased or developed (including improved, constructed, altered or repaired) and (a)(ii) to the extent that such Security Interest shall secure any other property or asset, the principal amount of the debt encumbered by such Security Interest shall not exceed the cost of the applicable acquisition, development or improvement and (b) any such Security Interest shall be created concurrently with or within two years following the acquisition, lease or development (including construction, improvement, repair or alteration) of such property or asset; or

(C) any renewal or extension of any of the Security Interests described in the foregoing clauses which is limited to the original property or asset covered thereby,

(the "Excluded Security Interest").

(b) **Financial Reports**: Under the Trust Deed, the Guarantor is obliged to furnish the Trustee with a copy of the relevant Audited Financial Reports for each Relevant Period within 120 days of the end of such Relevant Period.

(c) **Equity Interest Purchase Undertaking**: Upon being notified in writing of the occurrence of a Winding-Up of the Issuer or the Company, or upon the Trustee's initiation of a Winding-Up of the Issuer acting on the instructions of the Securityholders by Extraordinary Resolution pursuant to the terms of the Trust Deed, the Trustee shall give to the Company (with a copy to the Issuer) a notice in writing in accordance with the Trust Deed notifying the Company of its purchase obligations under the Equity Interest Purchase Undertaking. Upon the completion of any equity purchase made in accordance with the Equity Interest Purchase Undertaking, each of the Issuer and the Guarantor undertakes to (i) direct the Company promptly to pay or procure to be paid an amount (being an amount no less than the amount sufficient to enable the Issuer and the Guarantor to discharge in full their respective obligations under the Securities, the Guarantee, the Trust Deed, the Agency Agreement, the Keepwell Deed and the Equity Interest Purchase Undertaking) from the proceeds to be received in relation to such equity purchase made in accordance with the Equity Interest Purchase Undertaking to, or to the order of, the Trustee and (ii) promptly do all such things (including entering into and executing any agreements or arrangements required) and take all actions necessary for the proceeds received in accordance with the Equity Interest Purchase Undertaking to be applied towards the payment in accordance with the Trust Deed of any outstanding amounts under the Trust Deed and the Securities (including any Distribution accrued but unpaid on the Securities (including any Arrears of Distribution and any Additional Distribution Amount)) prior to any other use, disposal or transfer of the proceeds received.

(d) **Filing with the NDRC**: The Company undertakes to file or cause to be filed the relevant information in connection with the Securities with the National Development and Reform Commission of the PRC (the "NDRC"), within the prescribed timeframe after the issue date of the Securities and in accordance with the Notice on Promoting the Reform of the Filing and Registration System for Issuance of Foreign Debt by Enterprises (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知) promulgated by the NDRC on 14 September 2015 which came into effect immediately and any implementation rules, regulations, certificates, circulars or notices in connection therewith issued by the NDRC from time to time (the "Post-Issuance Filing").

5 DISTRIBUTION

(a) **Distributions**: Subject to Condition 5(d), the Securities confer a right to receive distributions (each a "Distribution") from 7 November 2016 (the "Issue Date") at the applicable Distribution Rate in accordance with this Condition 5. Subject to Condition 5(d), Distributions shall be payable on the Securities semi annually in arrear in equal instalments (save for reflecting any reset of the relevant Distribution Rate during any Distribution Period, if applicable) on 29 April and 29 October of each year (each, a "Distribution Payment Date"), except that the first payment of a Distribution, to be made on 29 April 2017, will be in respect of the period from and including the Issue Date to but excluding 29 April 2017 and will amount to US$20.42 per US$1,000 in principal amount of the Securities.

If any Distribution is required to be calculated in respect of a period of less than a full half-year, it shall be calculated on the basis of a 360-day year consisting of 12 months of 30 days each.

The period beginning on (and including) the Issue Date and ending on (and excluding) the first Distribution Payment Date and each successive period beginning on (and including) a Distribution Payment Date and ending on (and excluding) the next succeeding Distribution Payment Date is called a "Distribution Period".

If a Reset Date falls within a Distribution Period, the payment of the Distribution to be made on the immediately following Distribution Payment Date from such Reset Date will be calculated (i) at the then prevailing Distribution Rate, in respect of the period beginning on (and including) the immediately preceding Distribution Payment Date from such Reset Date and ending on (and excluding) such Reset Date and (ii) at the Relevant Reset Distribution Rate applicable on such Reset Date, in respect of the period beginning on (and including) such Reset Date and ending on (and excluding) the immediately following Distribution Payment Date from such Reset Date.

(b) **Rate of Distribution**: Subject to any increase pursuant to Condition 5(e), the rate of distribution ("Distribution Rate") applicable to the Securities shall be:

(i) in respect of the period from, and including, the Issue Date to, but excluding, 7 November 2021 (the "First Call Date"), the Initial Distribution Rate; and

(ii) in respect of the period (A) from, and including the First Call Date, to, but excluding, the Reset Date falling immediately after the First Call Date, and (B) from, and including, each Reset Date falling after the First Call Date to, but excluding, the immediately following Reset Date, the Relevant Reset Distribution Rate.

(c) **Distribution Accrual**: Unless otherwise provided for in these Conditions, each Security will cease to confer the right to receive any Distribution from the due date for redemption unless, upon due presentation, payment of the full amount due is improperly withheld or refused, in which event Distributions shall continue to accrue as provided in the Trust Deed. In such latter event, Distribution will continue to accrue at the applicable Distribution Rate (after as well as before any judgment) up to but excluding whichever is the earlier of (i) the date on which all sums due in respect of any Security are received by or on behalf of the relevant Securityholder and (ii) the day which is seven days after the Principal Paying Agent or the Trustee has notified the Securityholders that it has received all sums due in respect of the Securities up to such seventh day (except to the extent that there is a failure in the subsequent payment to the relevant Securityholders under these Conditions).

(d) **Distribution Deferral**:

(i) **Optional Deferral**: The Issuer may, at its sole discretion, elect to defer (in whole or in part) any Distribution which is otherwise scheduled to be paid on a Distribution Payment Date to the next Distribution Payment Date by giving notice (an "Optional Deferral Notice") to the Securityholders (in accordance with Condition 14) and to the Trustee and the Principal Paying Agent in writing not more than ten business days nor less than five business days prior to a scheduled Distribution Payment Date unless a Compulsory Distribution Payment Event has occurred (an "Optional Deferral Event").

(ii) **No obligation to pay**: The Issuer shall have no obligation to pay any Distribution (including any Arrears of Distribution and any Additional Distribution Amount) on any Distribution Payment Date if it validly elects not to do so in accordance with Condition 5(d)(i).

(iii) **Requirements as to Notice**: Together with an Optional Deferral Notice, the Issuer shall deliver to the Trustee and the Principal Paying Agent a certificate in the form attached as Schedule 7 to the Trust Deed signed by two directors of the Issuer who are also Authorised Signatories of the Issuer confirming that no Compulsory Distribution Payment Event has occurred. The Trustee shall be entitled to accept such certificate as sufficient evidence of the occurrence of an Optional Deferral Event in which event it shall be conclusive and binding on the Securityholders.

(iv) **Cumulative Deferral**: Any Distribution deferred pursuant to this Condition 5(d) shall constitute "Arrears of Distribution". The Issuer may, at its sole discretion, elect (in the circumstances set out in Condition 5(d)(i)) to defer further any Arrears of Distribution by complying with the foregoing notice requirement applicable to any deferral of an accrued Distribution. The Issuer is not subject to any limit as to the number of times Distributions and Arrears of Distribution can or shall be deferred pursuant to this Condition 5(d) except that Condition 5(d)(v) shall be complied with until all outstanding Arrears of Distribution and Additional Distribution Amount have been paid in full.

Each amount of Arrears of Distribution shall accrue Distributions as if it constituted the principal of the Securities at the prevailing Distribution Rate and the amount of such distribution (the "Additional Distribution Amount") with respect to Arrears of Distribution shall be due and payable pursuant to this Condition 5 and shall be calculated by applying the applicable Distribution Rate to the amount of the Arrears of Distribution and otherwise mutatis mutandis as provided in the foregoing provisions of this Condition 5. The Additional Distribution Amount accrued up to any Distribution Payment Date shall be added (for the purpose of calculating the Additional Distribution Amount accruing thereafter) to the amount of Arrears of Distribution remaining unpaid on such Distribution Payment Date so that it will itself become Arrears of Distribution.

(v) **Restrictions in the case of Deferral**: If, on any Distribution Payment Date, payment of all Distribution payments scheduled to be made on such date (including any Distribution accrued but unpaid on the Securities (including any Arrears of Distribution and any Additional Distribution Amount)) is not made in full, each of the Issuer, the Guarantor and the Company shall not:

(A) declare or pay any discretionary dividends or distributions or make any other discretionary payment, and will procure that no discretionary dividend, distribution or other discretionary payment is made, on any Parity Securities or Junior Securities of the Issuer, the Guarantor or the Company (except (i) in relation to the Parity Securities of the Issuer, the Guarantor or the Company, as the case may be, on a *pro-rata* basis, or (ii) in connection with any employee benefit plan or similar arrangements with or for the benefit of employees, officers, directors or consultants). For the purposes of this Condition 5(d)(v), any discretionary dividends, distributions or other discretionary payment made in full pursuant to the terms of any Parity Securities of the Issuer, the Guarantor or the Company on any Distribution Payment Date shall be deemed to have been made on a *pro-rata* basis with the Distributions to be made on such Distribution Payment Date; or

(B) at its discretion redeem, reduce, cancel, buy-back or otherwise acquire for any consideration any Parity Securities or Junior Securities of the Issuer, the Guarantor or the Company (except (i) in relation to the Parity Securities of the Issuer, the Guarantor or the Company, as the case may be, on a *pro-rata* basis, or (ii) in connection with any employee benefit plan or similar arrangements with or for the benefit of employees, officers, directors or consultants or (iii) as a result of the exchange or conversion of its Parity Securities for its Junior Securities),

in each case, unless and until (x) the Issuer has satisfied in full all outstanding Arrears of Distribution and the Additional Distribution Amount; or (y) the Issuer is permitted to do so by an Extraordinary Resolution of the Securityholders, provided that nothing in this Condition 5(d)(v) shall restrict the ability of the Issuer, the Guarantor or the Company to advance loans to any of their respective shareholders or shareholders of other Subsidiaries of the Company or otherwise invest in such shareholders' or Subsidiaries' debt, howsoever issued or represented.

(vi) **Satisfaction of Arrears of Distribution by payment**: The Issuer:

(A) may satisfy any Arrears of Distribution and Additional Distribution Amount (in whole or in part) at any time by giving notice of such election to the Securityholders (in accordance with Condition 14) and to the Trustee and the Principal Paying Agent in writing not more than ten nor less than five business days prior to the relevant payment date specified in such notice (which notice is irrevocable and shall oblige the Issuer to pay the relevant Arrears of Distribution and all Additional Distribution Amounts, on the payment date specified in such notice); and

(B) in any event shall satisfy any outstanding Arrears of Distribution and Additional Distribution Amount (in whole but not in part) on the earliest of:

(1) the date of redemption of the Securities in accordance with the redemption events set out in Condition 6;

(2) the next Distribution Payment Date following the occurrence of a breach of Condition 5(d)(v) or the occurrence of a Compulsory Distribution Payment Event;

(3) a Winding-Up of the Issuer, the Guarantor or the Company; and

(4) the date of any substitution or variation in accordance with Condition 12(c).

Any partial payment of outstanding Arrears of Distribution and any Additional Distribution Amount by the Issuer shall be shared by the Securityholders of all outstanding Securities on a *pro-rata* basis.

(vii) **No default**: Notwithstanding any other provision in these Conditions or in the Trust Deed, the deferral of any Distribution payment in accordance with this Condition 5(d) shall not constitute a default for any purpose (including, without limitation, pursuant to Condition 9) on the part of the Issuer under the Securities or for any other purpose.

(e) **Increase in Distribution Rate following occurrence of certain events**:

(i) **Increase in Distribution Rate**: Upon the occurrence of:

(A) a Change of Control Event;

(B) a Breach of Covenants Event, or

(C) a Relevant Indebtedness Default Event

unless (x) an irrevocable notice to redeem the Securities has been given to Securityholders by the Issuer pursuant to Condition 6 by the 30th day following the occurrence of the Change of Control Event, Breach of Covenants Event or Relevant Indebtedness Default Event or (y) in the case of a Breach of Covenants Event or a Relevant Indebtedness Default Event, the Covenant Breach or the Relevant Indebtedness Default Event (as the case may be) is remedied by the 30th day following the occurrence of such Breach of Covenants Event or such Relevant Indebtedness Default Event (as the case may be), the Distribution Rate will increase by 5.00 per cent. per annum with effect from (a) the next Distribution Payment Date or (b) if the date on which a Change of Control Event, a Breach of Covenants Event or a Relevant Indebtedness Default Event (as applicable) occurs is prior to the most recent preceding Distribution Payment Date, such Distribution Payment Date provided that the maximum aggregate increase in the Distribution Rate pursuant to this Condition 5(e) shall be 5.00 per cent. per annum. For the avoidance of doubt, any increase in the Distribution Rate pursuant to this Condition 5(e) is separate from and in addition to any increase in the Distribution Rate pursuant to Condition 5(b)(ii).

Any increase in the Distribution Rate pursuant to this Condition 5(e) shall be notified by the Issuer to the Securityholders, the Trustee and the Agents in writing no later than the 14th day following (i) the 60th day following the occurrence of the Change of Control Event, (ii) the occurrence of the Breach of Covenants Event or (iii) the occurrence of the Relevant Indebtedness Default Event.

(ii) **Decrease in Distribution Rate**: If following an increase in the Distribution Rate after a Change of Control Event, a Breach of Covenants Event or a Relevant Indebtedness Default Event pursuant to Condition 5(e)(i): (a) in the case of a Breach of Covenants Event or a Relevant Indebtedness Default Event, the relevant Covenant Breach or Relevant Indebtedness Default Event is cured or (b) in the case of a Change of Control Event, (A) SASAC, directly or indirectly, owns and controls at least 75 per cent. of Chinalco's issued and outstanding share capital, (B) Chinalco, directly or indirectly, is or becomes the largest holder of the issued share capital of the Company and Controls the Company, and (C) the Company, directly or indirectly, owns and controls 100 per cent. of the issued and outstanding share capital of the Guarantor, upon written notice of such facts being given to the Securityholders and the Trustee, the Distribution Rate shall be decreased by 5.00 per cent. per annum with effect from (and including) the Distribution Payment Date immediately following the date falling 30 days after the date on which the Trustee receives evidence to its satisfaction of the cure of such Covenant Breach, Relevant Indebtedness Default Event or Change of Control Event, provided that the maximum aggregate decrease in the Distribution Rate pursuant to this Condition 5(e) shall be 5.00 per cent. per annum.

6 REDEMPTION AND PURCHASE

(a) **No fixed redemption**: The Securities are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall (without prejudice to Condition 9), only have the right to redeem or purchase them in accordance with the following provisions of this Condition 6.

(b) **Redemption at the option of the Issuer**:

The Securities may be redeemed at the option of the Issuer in whole, but not in part, on giving not more than 60 nor less than 30 days' irrevocable notice to the Trustee, the Agents and the Securityholders at their principal amount (together with any Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount)) on the First Call Date or on any Distribution Payment Date after the First Call Date (each, a "Call Date").

On expiry of any such notice as is referred to in this Condition 6(b), the Issuer shall be bound to redeem the Securities on the relevant Call Date in accordance with Condition 6(b) at their principal amount together with any Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount).

(c) **Redemption for taxation reasons**:

The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not more than 60 nor less than 30 days' irrevocable notice to the Trustee, the Agents and the Securityholders at their principal amount (together with any Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount)) if (i) the Issuer satisfies the Trustee immediately prior to the giving of such notice that the Issuer (or, if the Guarantee was called, the Guarantor) has or will become obliged to pay Additional Tax Amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of any Relevant Jurisdiction, or any change in the application or official interpretation of, or the stating of an official position with respect to, such laws or regulations, which change or amendment becomes effective, or in the case of change in interpretation or statement of an official position which is announced, on or after 31 October 2016, and (ii) such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it (a "Gross-Up Event").

Prior to the publication of any notice of redemption pursuant to this Condition 6(c), the Issuer shall deliver to the Trustee:

(aa) a certificate signed by two directors of the Issuer who are also Authorised Signatories of the Issuer (or by two directors of the Guarantor who are also Authorised Signatories of the Guarantor, as the case may be) stating that the obligation referred to in (i) above of this Condition 6(c) cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it; and

(bb) an opinion of independent tax or legal advisers of recognised standing to the effect that the Issuer or the Guarantor, as the case may be, has or will become obliged to pay such Additional Tax Amounts as a result of such change or amendment or statement.

The Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the conditions precedent set out in (i) and (ii) above of this Condition 6(c), in which event it shall be conclusive and binding on the Securityholders.

Upon the expiry of any such notice as is referred to in this Condition 6(c), the Issuer shall be bound to redeem the Securities in accordance with this Condition 6(c), provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the Guarantor, as the case may be) would be obliged to pay such Additional Tax Amounts were a payment in respect of the Securities then payable.

(d) **Redemption for accounting reasons**:

The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on the Issuer giving not less than 30 nor more than 60 days' notice to the Trustee, the Securityholders and the Agents (which notice shall be irrevocable) at:

(i) the Early Redemption Amount, at any time before the First Call Date; or

(ii) their principal amount, together with Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount), at any time on or after the First Call Date,

if, immediately before giving such notice, the Issuer satisfies the Trustee that as a result of any changes or amendments to IFRS, PRC Generally Accepted Accounting Principles or any other generally accepted accounting standards that may be adopted by the Company for the purposes of preparing its consolidated financial statements (the "Relevant Accounting Standards"), the Securities must not or must no longer be recorded as "equity" of the Company pursuant to the Relevant Accounting Standards (an "Equity Disqualification Event").

Prior to the publication of any notice of redemption pursuant to this Condition 6(d), the Issuer shall deliver or procure that there is delivered to the Trustee:

(A) a certificate, signed by two directors of the Company who are also Authorised Signatories of the Company, stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred; and

(B) an opinion of the Company's independent auditors stating that the circumstances referred to above prevail and the date on which the relevant change or amendment to the Relevant Accounting Standards is due to take effect (for the avoidance of doubt, such opinion may be in the form of an audit opinion issued by the Company's independent auditors, where the Securities are no longer recorded as "equity" in the Company's financial statements pursuant to the Relevant Accounting Standards),

provided, however that no notice of redemption may be given under this Condition 6(d) earlier than 90 days prior to the date on which the relevant change or amendment to the Relevant Accounting Standards is due to take effect in relation to the Issuer and/or the Company.

In respect of Condition 6(d), the Calculation Agent will, on the second business day prior to the relevant redemption date (each a "Calculation Date"), calculate the applicable Early Redemption Amount payable in respect of each Security. The

Calculation Agent will cause the applicable Early Redemption Amount determined by it to be notified in writing to the Issuer, the Company, the Agents and the Trustee as soon as practicable. Notice thereof shall also promptly be given by the Issuer to the Securityholders. All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 6(d) by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Company, the Agents, the Trustee and the Securityholders, and no liability to any such person will attach to the Calculation Agent or the Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

The Trustee shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out in (A) and (B) of this Condition 6(d), in which event the same shall be conclusive and binding on the Securityholders. Upon the expiry of any such notice as is referred to in this Condition 6(d), the Issuer shall be bound to redeem the Securities in accordance with this Condition 6(d) provided that such date for redemption shall be no earlier than the last day before the date on which the Securities must not or must no longer be so recorded as "equity" of the Company pursuant to the Relevant Accounting Standards.

Upon the expiry of any such notice as is referred to in this Condition 6(d), the Issuer shall be bound to redeem the Securities in accordance with this Condition 6(d).

(e) **Redemption for Change of Control**:

The Securities may be redeemed at the option of the Issuer in whole, but not in part, on giving not more than 60 nor less than 30 days' irrevocable notice to the Trustee, the Agents and the Securityholders at 101 per cent. of their principal amount (together with any Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount)) if a Change of Control Event occurs.

Prior to the publication of any notice of redemption pursuant to this Condition 6(e), the Issuer shall deliver or procure that there is delivered to the Trustee a certificate, signed by two directors of the Company who are also Authorised Signatories of the Company, stating that the circumstances referred to above in this Condition 6(e) prevail and setting out the details of such circumstances.

The Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the circumstances set out above, in which event it shall be conclusive and binding on the Securityholders.

Upon the expiry of any such notice as is referred to in this Condition 6(e), the Issuer shall be bound to redeem the Securities in accordance with this Condition 6(e).

(f) **Redemption on the occurrence of a Breach of Covenants Event**:

The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not more than 60 nor less than 30 days' irrevocable notice to the Trustee, the Agents and the Securityholders at their principal amount (together with any Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount)) upon the occurrence of a Breach of Covenants Event.

Upon the expiry of any such notice as is referred to in this Condition 6(f), the Issuer shall be bound to redeem the Securities in accordance with this Condition 6(f).

(g) **Redemption on the occurrence of a Relevant Indebtedness Default Event**:

The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not more than 60 nor less than 30 days' irrevocable notice to the Trustee, the Agents and the Securityholders at their principal amount (together with any Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount)) upon the occurrence of a Relevant Indebtedness Default Event.

Upon the expiry of any such notice as is referred to in this Condition 6(g), the Issuer shall be bound to redeem the Securities in accordance with this Condition 6(g).

(h) **Redemption for minimum outstanding amount**:

The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not more than 60 nor less than 30 days' irrevocable notice to the Trustee, the Agents and the Securityholders at their principal amount (together with any Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount)) if prior to the date of fixed for redemption at least 80 per cent. in principal amount of the Securities originally issued has already been cancelled.

Upon the expiry of any such notice as is referred to in this Condition 6(h), the Issuer shall be bound to redeem the Securities in accordance with this Condition 6(h).

(i) **No other redemption**:

The Issuer shall not be entitled to redeem the Securities and the Issuer shall not have any obligation to make any payment of principal in respect of the Securities otherwise than as provided in Conditions 6(a) to 6(h) inclusive.

(j) **Purchase**:

The Issuer, the Company or any of their respective Subsidiaries may at any time purchase Securities in the open market or otherwise at any price. The Securities so purchased, while held by or on behalf of the Issuer, the Company or any such Subsidiary, shall not entitle the Securityholder to vote at any meetings of the Securityholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Securityholders or for the purposes of, among other things, Condition 9(c) or Condition 12.

(k) **Cancellation**:

All Definitive Certificates representing Securities redeemed or purchased by or on behalf of the Issuer, the Company or any of their respective Subsidiaries shall, if so elected by the Issuer, be surrendered for cancellation to the Registrar. Any Definitive Certificates so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Securities shall be discharged immediately upon cancellation of the relevant Definitive Certificates.

7 PAYMENTS

(a) **Method of Payment**:

(i) Payments of principal and premium (if any) shall be made (subject to surrender of the relevant Definitive Certificates at the specified office of any Transfer Agent or of the Registrar if no further payment falls to be made in respect of the Securities represented by such Definitive Certificates) in the manner provided in Condition 7(a)(ii).

(ii) Distributions on each Security shall be paid to the person shown as the Securityholder on the Register at the close of business on the 5th business day before the due date for payment thereof (the "Record Date"). Payments of Distributions on each Security shall be made in US dollars by US dollar cheque drawn on a bank in New York City and mailed (at the expense of the Issuer) to the Securityholder (or to the first named of joint Securityholders) of such Security at its address appearing in the Register. Upon application by the Securityholder to the specified office of the Registrar or any Paying Agent before the Record Date, such payment of a Distribution may be made by transfer to an account in US dollars maintained by the payee with a bank in New York City.

(iii) If the amount of principal being paid upon surrender of the relevant Definitive Certificate is less than the outstanding principal amount of such Definitive Certificate, the Registrar will annotate the Register with the amount of principal so paid and will (if so requested by the Issuer or a Securityholder) issue a new Definitive Certificate with a principal amount equal to the remaining unpaid outstanding principal amount. If the amount of a Distribution being paid is less than the amount then due, the Registrar will annotate the Register with the amount of the Distribution so paid.

(b) **Payment initiation**: Where payment is to be made by transfer to an account in US dollars, payment instructions (for value on the due date or, if that is not a Payment Business Day, for value the first following day which is a Payment Business Day) will be initiated, and where payment is to be made by cheque, the cheque will be mailed, on the due date for payment (or, if that date is not a Payment Business Day, on the first following day which is a Payment Business Day) or, in the case of payments of principal and premium (if any) where the relevant Definitive Certificate has not been surrendered at the specified office of any Transfer Agent or of the Registrar, on a day on which the Principal Paying Agent is open for business and on which the relevant Definitive Certificate is surrendered.

(c) **Payments subject to fiscal laws**: All payments are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 8; and (ii) if applicable, any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "Code") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Securityholders in respect of such payments.

(d) **Appointment of Agents**: The Principal Paying Agent, the Registrar and the Transfer Agent initially appointed by the Issuer and their respective specified offices are listed below. The Principal Paying Agent, the Registrar and the Transfer Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Securityholder. The Issuer reserves the right at any time with the prior written approval of the Trustee to vary or terminate the appointment of the Principal Paying Agent, the Registrar, any Transfer Agent or any of the other Agents and to appoint additional or other Agents, provided that the Issuer shall at all times maintain (i) a Principal Paying Agent, (ii) a Registrar, (iii) a Transfer Agent and (iv) such other agents as may be required by any stock exchange on which the Securities may be listed.

Notice of any such termination or appointment or any change of any specified office of an Agent shall promptly be given by the Issuer to the Securityholders.

(e) **Delay in payment**: Securityholders will not be entitled to any Distribution or other payment for any delay after the due date in receiving the amount due on a Security if the due date is not a Payment Business Day or if the Securityholder is late in surrendering or cannot surrender its Definitive Certificate (if required to do so).

(f) **Non-Payment Business Days**: If any date for payment in respect of any Security is not a Payment Business Day, the Securityholder shall not be entitled to payment until the next following Payment Business Day nor to any Distribution or other sum in respect of such postponed payment or if a cheque mailed in accordance with Condition 7(a)(ii) arrives after the due date for payment.

8 TAXATION

All payments of principal, premium (if applicable) and Distributions (including any Arrears of Distribution or any Additional Distribution Amount) by or on behalf of the Issuer or the Guarantor in respect of the Securities or under the Guarantee shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the PRC, Hong Kong, the British Virgin Islands (the "BVI") or any political subdivision or authority therein or thereof having power to tax to which the Issuer or the Guarantor is subject in respect of payments made by it of any sums due in respect of the Securities or the Guarantee (as applicable), unless such withholding or deduction is required by law.

Where such withholding or deduction is made by the Issuer or, as the case may be, the Guarantor by or within the PRC at the rate up to and including 10 per cent. (the "Applicable Rate"), the Issuer or, as the case may be, the Guarantor will increase the amounts paid by it to the extent required so that the net amount received by Securityholders equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required.

In the event that any such PRC deduction or withholding in excess of the Applicable Rate or any British Virgin Islands or Hong Kong deduction or withholding is required, the Issuer or, as the case may be, the Guarantor shall pay such additional amounts ("Additional Tax Amounts") as will result in receipt by the Securityholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no Additional Tax Amounts shall be payable in respect of any Security:

(a) to a Securityholder or to a third party on behalf of a Securityholder who is liable to such taxes, duties, assessments or governmental charges in respect of such Security by reason of his or a beneficial owner having some connection with the PRC or the BVI (in the case of payments made by the Issuer), or, in the case of payments made by the Guarantor, the PRC or Hong Kong, other than the mere holding of the Security;

(b) in respect of which the Definitive Certificate representing it is presented for payment more than 30 days after the Relevant Date except to the extent that the Securityholder of it would have been entitled to such Additional Tax Amounts on surrendering such Security for payment on the last day of such period of 30 days; or

(c) by a Securityholder who would not be otherwise liable for or subject to such withholding or deduction by making a declaration of identity, non-residence or other similar claim for exemption with respect to the Securityholder or beneficial owner if, after having been duly requested to make such a declaration or claim, such Securityholder fails to do so within any applicable period prescribed by such relevant tax authority.

Any reference in these Conditions to principal, Distribution, Arrears of Distribution or Additional Distribution Amount shall be deemed to include any Additional Tax Amounts in respect of such principal, Distribution, Arrears of Distribution or Additional Distribution Amount (as the case may be) which may be payable under this Condition 8 or any undertaking given in addition to or in substitution of this Condition 8 pursuant to the Trust Deed.

9 NON-PAYMENT

(a) **Non-payment when due**: Notwithstanding any of the provisions below in this Condition 9, the right to institute proceedings for Winding-Up of the Issuer is limited to circumstances where payment under the Trust Deed or the Conditions has become due and is unpaid. In the case of any Distribution, such Distribution will not be due if the Issuer has elected to defer that Distribution in accordance with Condition 5(d). In addition, nothing in this Condition 9, including any restriction on commencing proceedings, shall in any way restrict or limit any rights of the Trustee or any of its directors, officers, employees or agents to claim from or to otherwise take any action against the Issuer in respect of any costs, charges, fees, expenses or liabilities incurred by such party pursuant to or in connection with the Trust Deed or the Securities.

(b) **Proceedings for Winding-Up**: If (i) there is a Winding-Up of the Issuer or the Company, or (ii) the Issuer shall not make payment in respect of the Securities for a period of 14 days or more after the date on which such payment is due, the Issuer shall be deemed to be in default under the Trust Deed and the Securities and the Trustee may, subject to the provisions of Condition 9(d), institute proceedings for the Winding-Up of the Issuer and/or prove in the Winding-Up of the Issuer and/or claim in the liquidation of the Issuer for such payment.

(c) **Enforcement**: Without prejudice to Condition 9(b) but subject to the provisions of Condition 9(d), the Trustee may at its discretion and without notice to the Issuer institute such proceedings against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Trust Deed or the Securities (other than any payment obligation of the Issuer under or arising from the Securities or the Trust Deed, including, without limitation, payment of any principal or Distributions (including any Arrears of Distribution and any Additional Distribution Amount) in respect of the Securities, including any damages awarded for breach of any obligations) and in no event shall the Issuer, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it.

(d) **Entitlement of Trustee**: The Trustee shall not and shall not be obliged to take any of the actions referred to in Condition 9(b) or Condition 9(c) above against the Issuer to enforce the terms of the Trust Deed or the Securities unless (a) it shall have been so requested by an Extraordinary Resolution of the Securityholders or in writing by the Securityholders of at least 25 per cent. in principal amount of the Securities then outstanding and (b) it shall have been indemnified and/or secured and/or pre funded to its satisfaction.

(e) **Right of Securityholders**: No Securityholder shall be entitled to proceed directly against the Issuer or to institute proceedings for the Winding-Up of the Issuer or claim in the liquidation of the Issuer or to prove in such Winding-Up unless the Trustee, having become so bound to proceed or being able to prove in such Winding-Up or claim in such liquidation, fails to do so within a reasonable period and such failure shall be continuing, in which case the Securityholder shall have only such rights against the Issuer as those which the Trustee is entitled to exercise as set out in this Condition 9.

(f) **Extent of Securityholders' remedy**: No remedy against the Issuer, other than as referred to in this Condition 9, shall be available to the Trustee or the Securityholders, whether for the recovery of amounts owing in respect of the Securities or under the Trust Deed or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Securities or under the Trust Deed.

10 PRESCRIPTION

Claims against the Issuer or the Guarantor for payment in respect of the Securities shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of Distribution) from the appropriate Relevant Date in respect of them.

11 REPLACEMENT OF DEFINITIVE CERTIFICATES

If any Definitive Certificate is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Registrar or any other Agent, subject to all applicable laws and stock exchange or other relevant authority requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer and/or such Agent may require (provided that the requirement is reasonable in the light of prevailing market practice). Mutilated or defaced Definitive Certificates must be surrendered before replacements will be issued.

12 MEETINGS OF SECURITYHOLDERS AND MODIFICATION

(a) **Meetings of Securityholders**: The Trust Deed contains provisions for convening meetings of Securityholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed, the Keepwell Deed or the Equity Interest Purchase Undertaking. The Issuer, the Guarantor or the Trustee may at any time convene a meeting. If it receives a written request by Securityholders holding not less than 10 per cent. in principal amount of the Securities for the time being outstanding and is indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses, the Trustee shall convene a meeting. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing more than 50 per cent. in principal amount of the Securities for the time being outstanding, or at any adjourned meeting two or more persons being or representing Securityholders whatever the principal amount of the Securities held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to modify the circumstances in which the Securities may be redeemed or the circumstances in which Distributions (including any Arrears of Distribution or Additional Distribution Amounts) are payable in respect of the Securities, (ii) to reduce or cancel the principal amount of, or Distributions (including any Arrears of Distribution or Additional Distribution Amounts) on or to vary the method of calculating the Distribution Rate or to reduce the Distribution Rate on, the Securities (other than as provided under these Conditions), (iii) to change the currency of payment of the Securities, (iv) to modify the provisions concerning the quorum required at any meeting of Securityholders or the majority required to pass an Extraordinary Resolution, or (v) to modify or cancel the Guarantee (save for the release of the Guarantor in accordance with these Conditions and the Trust Deed), the Keepwell Deed or the Equity Interest Purchase Undertaking (in each case, unless otherwise in compliance with its terms), in which case the necessary quorum will be two or more persons holding or representing not less than 66 per cent., or at any adjourned meeting not less than 33 per cent., in principal amount of the Securities for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Securityholders (whether or not they were present at the meeting at which such resolution was passed).

The Trust Deed provides that a resolution in writing signed by or on behalf of the Securityholders of not less than 90 per cent. in principal amount of the Securities for the time being outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Securityholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Securityholders.

(b) **Modification and Waiver**: The Trustee may (but shall not be obliged to) agree, without the consent of the Securityholders, to (i) any modification of any of these Conditions or any of the provisions of the Trust Deed, the Keepwell Deed, the Equity Interest Purchase Undertaking or the Agency Agreement which is, in its opinion, of a formal, minor or technical nature or is made to correct a manifest error or is to comply with any mandatory provision of applicable law, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of these Conditions or any of the provisions of the Trust Deed, the Keepwell Deed or the Equity Interest Purchase Undertaking which is in the opinion of the Trustee not materially prejudicial to the interests of the Securityholders. Any such modification, authorisation or waiver shall be binding on the Securityholders and, unless the Trustee otherwise agrees, such modification, authorisation or waiver shall be notified to the Securityholders as soon as practicable.

(c) **Substitution or Variation**: If a Special Event has occurred and is continuing, then the Issuer may at its option, subject to Condition 5 (without any requirement for the consent or approval of the Securityholders) and subject to it having satisfied the Trustee immediately prior to the giving of any notice referred to in this Condition 12(c) that the provisions of this Condition 12(c) have been complied with, and having given not less than 30 nor more than 60 days' irrevocable notice to the Securityholders (in accordance with Condition 14) and to the Trustee and the Principal Paying Agent in writing, at any time either (i) substitute all, but not some only, of the Securities for, or (ii) vary the terms of the Securities with the effect that they remain or become (as the case may be), Qualifying Securities, and the Trustee shall (subject to the following provisions of this Condition 12(c) and subject to the receipt by it of the certificate of the directors of the Issuer who are also Authorised Signatories of the Issuer referred to in the definition of Qualifying Securities) agree to such substitution or variation.

Upon expiry of such notice, the Issuer shall either vary the terms of or, as the case may be, substitute the Securities in accordance with this Condition 12(c). In connection therewith, any outstanding Arrears of Distribution (including any Additional Distribution Amount) shall be satisfied in full in accordance with the provisions of Condition 5(d)(vi).

In connection with any substitution or variation in accordance with this Condition 12(c), the Issuer shall comply with the rules of any stock exchange on which the Securities are for the time being listed or admitted to trading.

Any such substitution or variation in accordance with the foregoing provisions of this Condition 12(c) shall not be permitted if any such substitution or variation would itself give rise to a Special Event with respect to the Securities or the Qualifying Securities.

(d) **Entitlement of the Trustee**: In connection with the exercise of its functions, rights, powers and/or discretions (including but not limited to those referred to in this Condition 12) the Trustee shall have regard to the interests of the Securityholders as a class and shall not have regard to the consequences of such exercise for individual Securityholders and the Trustee shall not be entitled to require, nor shall any Securityholder be entitled to claim, from the Issuer or the Guarantor any indemnification or payment in respect of any tax consequence of any such exercise upon individual Securityholders.

13 FURTHER ISSUES

The Issuer may from time to time without the consent of the Securityholders create and issue further securities having the same terms and conditions as the Securities in all respects (or in all respects except for the first Distribution on them and the timing for filing with the NDRC) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Securities). References in these Conditions to the Securities include (unless the context requires otherwise) any other securities issued pursuant to this Condition 13 and forming a single series with the Securities.

14 NOTICES

Notices to Securityholders will be valid if (a) made in writing in English and mailed to them by uninsured mail at the Issuer's expense at its addresses in the Register maintained by the Registrar; or (b) published at the Issuer's expense in a leading English language daily newspaper having general circulation in Asia (which is expected to be *The Wall Street Journal Asia*). The Issuer shall also ensure that notices are duly published in a manner that complies with the rules and regulations of any stock exchange or other relevant authority on which the Securities are for the time being listed. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once, on the first date on which publication is made.

Until such time as any definitive certificates are issued and so long as the Global Certificate is held in its entirety on behalf of Euroclear and Clearstream, any notice to the Securityholders shall be validly given by the delivery of the relevant notice to Euroclear and Clearstream, for communication by the relevant clearing system to entitled accountholders in substitution for notification as required by the Conditions and shall be deemed to have been given on the date of delivery to such clearing system.

15 ENFORCEMENT

At any time after the Securities become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Company, the Issuer and/or the Guarantor as it may think fit to enforce the terms of the Trust Deed, the Keepwell Deed, the Equity Interest Purchase Undertaking and the Securities, but it need not take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Securityholders holding at least 25 per cent. in principal amount of the Securities outstanding, and (b) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction. No Securityholder may proceed directly against the Company, the Issuer or the Guarantor unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

16 INDEMNIFICATION OF THE TRUSTEE

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce payment unless indemnified and/or secured and/or pre-funded to its satisfaction. The Trustee is entitled to enter into business transactions with the Company, the Issuer, the Guarantor and/or any entity related (directly or indirectly) to any of the Company, the Issuer or the Guarantor without accounting for any profit.

The Trustee may rely without liability to Securityholders on any report, confirmation or certificate or any opinion advice of any lawyers, accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or any other person or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation, certificate, opinion or advice, in which event such report, confirmation, certificate, opinion or advice shall be binding on the Issuer, the Company, the Guarantor and the Securityholders.

Whenever the Trustee is required or entitled by the terms of the Trust Deed, the Keepwell Deed, the Deed of Equity Interest Purchase Undertaking, the Agency Agreement or these Conditions to exercise any discretion or power, take any action, make any decision or give any direction, the Trustee is entitled, prior to exercising any such discretion or power, taking any such action, making any such decision or giving any such direction, to seek directions from the Securityholders by way of Extraordinary Resolution, and the Trustee shall not be responsible for any loss or liability incurred by the Issuer, the Guarantor, the Company, the Securityholders or any other person as a result of any delay in it exercising such discretion or power, taking such action, making such decision or giving such direction as a result of seeking such direction from the Securityholders or in the event that no direction is given to the Trustee by the Securityholders.

None of the Trustee or any of the Agents shall be responsible for the performance by the Issuer, the Guarantor, the Company and any other person appointed by the Issuer and/or the Guarantor and/or the Company under the Trust Deed, the Keepwell Deed, the Deed of Equity Interest Purchase Undertaking, the Agency Agreement or these Conditions or in relation to the Securities of the duties and obligations on their part expressed in respect of the same and, unless it has written notice from the Issuer, the Guarantor or the Company to the contrary, the Trustee and each Agent shall be entitled to assume that the same are being duly performed. None of the Trustee or any Agent shall be liable to any Securityholder, the Issuer, the Guarantor, the Company or any other person for any action taken by the Trustee or such Agent in accordance with the instructions of the

Securityholders. The Trustee shall be entitled to rely on any direction, request or resolution of Securityholder given by Securityholders holding the requisite principal amount of Securities outstanding or passed at a meeting of Securityholders convened and held in accordance with the Trust Deed.

The Trustee shall have no obligation to monitor or take any steps to ascertain whether a Winding-Up, a Gross-Up Event, a Equity Disqualification Event, a Covenant Breach, a Change of Control Event, a Compulsory Distribution Payment Event or a Relevant Indebtedness Default Event has occurred or may occur, and shall not be liable to the Securityholders or any other person for not doing so.

17 CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of the Securities or any provision of the Trust Deed under the Contracts (Rights of Third Parties) Act 1999 except to the extent expressly provided for in these Conditions and in the Trust Deed.

18 GOVERNING LAW

(a) **Governing Law**: The Trust Deed, the Agency Agreement, the Guarantee and the Securities and any non-contractual obligations arising out of or in connection with them are governed by and shall be construed in accordance with English law.

(b) **Jurisdiction**: The courts of Hong Kong are to have exclusive jurisdiction to settle any disputes, which may arise out of or in connection with the Trust Deed, the Agency Agreement, the Guarantee, the Keepwell Deed, the Equity Interest Purchase Undertaking or the Securities and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed, the Agency Agreement, the Guarantee or the Securities ("Proceedings") may be brought in such courts. Pursuant to the Trust Deed, each of the Issuer, the Guarantor and the Company irrevocably submits to the jurisdiction of such courts.

(c) **Service of Process**: Pursuant to the Trust Deed each of the Issuer, the Company and the Guarantor has irrevocably agreed to accept service of process in any Proceedings in Hong Kong at the Company's principal place of business in Hong Kong (currently at 6/F, Nexxus Building, 41 Connaught Road, Central, Hong Kong) based on any of the Securities, the Trust Deed, the Agency Agreement, the Guarantee, the Keepwell Deed and the Equity Interest Purchase Undertaking. If for any reason the Company shall cease to have an office in Hong Kong, each of the Issuer and the Company shall forthwith appoint an agent for service of process in Hong Kong and deliver to the Trustee a copy of the agent's acceptance of that appointment within 30 days of such cessation.

(d) **Independence and Waiver of Immunity**: The Company is a separate legal and independent entity organised under the Company Law of the PRC; it is an enterprise undertaking commercial activities independent from the PRC government with ownership of its assets and the capacity independently to assume civil liabilities.

Each of the Company, the Guarantor and the Issuer hereby waives any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence, and irrevocably consents to the giving of any relief or the issue of any process, including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any Proceedings.

19 DEFINITIONS

In these Conditions:

"2013 Equity Interest Purchase Undertaking" means the deed of equity interest purchase undertaking in respect of the US$350,000,000 6.625 per cent. senior perpetual securities issued by the Issuer on 29 October 2013;

"2014 Equity Interest Purchase Undertaking" means the deed of equity interest purchase undertaking in respect of the US$400,000,000 6.25 per cent. senior perpetual securities issued by the Issuer on 17 April 2014;

"Additional Distribution Amount" has the meaning ascribed to it in Condition 5(d)(iv);

"Additional Tax Amounts" has the meaning ascribed to it in Condition 8;

"Arrears of Distribution" has the meaning ascribed to it in Condition 5(d)(iv);

"Audited Financial Reports" means the annual audited consolidated statements of comprehensive income, financial position, changes in equity, cash flows of the Guarantor prepared under HKFRS together with any statements, reports (including any directors' and auditors' reports) and notes attached to or intended to be read with any of them;

"Breach of Covenants Event" means the occurrence of (a) a Covenant Breach and (b) the Trustee or the Securityholders holding 25 per cent. or more in aggregate principal amount of the Securities outstanding gives notice in writing to the Issuer that the Distribution Rate will be adjusted in accordance with Condition 5(e) unless the Securities are redeemed in accordance with Condition 6(f);

"business day" means:

(a) in respect of Condition 3, means a day other than a Saturday or Sunday on which banks are open for business in the city in which the specified office of the Registrar or (as the case may be) such Transfer Agent with whom a Definitive Certificate is deposited in connection with a transfer or exchange, is located;

(b) in respect of Condition 5, any day, excluding a Saturday and a Sunday, on which banks are open for general business (including dealings in foreign currencies) in Hong Kong and London; and

(c) in respect of Condition 7, a day (other than a Saturday or a Sunday) on which banks are open for general business (including dealings in foreign currencies) in London and on which banks and foreign exchange markets are open for business in the place in which the specified office of the Registrar is located and, in the case of presentation of a Certificate, in the place in which the Certificate is presented and where payment is to be made by transfer to an account maintained with a bank in New York City, on which foreign exchange transactions may be carried on in US dollars in New York City;

"Calculation Agent" means an independent bank of international repute acting as a calculation agent as selected by the Issuer (at the expense of the Issuer) and notified in writing to the Trustee;

"Calculation Date" has the meaning ascribed to it in Condition 6(d);

"Call Date" has the meaning ascribed to it in Condition 6(b);

"Capital Stock" means any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all classes of partnership interests in a partnership, any and all membership interests in a limited liability company, any and all other equivalent ownership interests and any and all warrants, rights or options to purchase any of the foregoing;

"Change of Control Event" means the occurrence of one or more of the following events: (A) SASAC or any other agency as designated by the State Council of the PRC, together ceasing to own and control, directly or indirectly, at least 75 per cent. of Chinalco's issued and outstanding share capital; (B) Chinalco, directly or indirectly, ceasing to be the largest holder of the issued share capital of the Company or ceasing to Control the Company; (C) the Company, directly or indirectly, ceasing to own and control 100 per cent. of the issued and outstanding share capital of the Guarantor.

For the purpose of (B) above of this definition, Chinalco shall be deemed to "Control" or have "Controlled" the Company if: (i) Chinalco, directly or indirectly (through Subsidiaries or otherwise), owns, acquires or controls more than 50 per cent. of the voting rights of the issued share capital of the Company or (ii) a majority of the members of the Company's board of directors or other equivalent or successor governing body are nominated by Chinalco and/or its Subsidiaries; or (iii) Chinalco possesses, directly or indirectly, the ability or power to direct the management policies of the Company;

"Comparable Treasury Issue" means the US Treasury security selected by the Calculation Agent as having a maturity of five years that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities with a maturity of five years;

"Compulsory Distribution Payment Event" means circumstances in which during the six month period ending on the day before the relevant scheduled Distribution Payment Date (the "Look-back Period") either or both of the following have occurred:

(a) a discretionary dividend, distribution or other discretionary payment has been declared or paid by the Issuer, the Guarantor or the Company on or in respect of any of its Parity Securities or Junior Securities (except (i) in relation to the Parity Securities of the Issuer, the Guarantor or the Company, as the case may be, on a *pro-rata* basis or (ii) in connection with any employee benefit plan or similar arrangements with or for the benefit of employees, officers, directors or consultants); or

(b) the Issuer, the Guarantor or the Company has at its discretion repurchased, redeemed or otherwise acquired any of its Parity Securities prior to its stated maturity or Junior Securities (except (i) in relation to the Parity Securities of the Issuer, the Guarantor or the Company, as the case may be, on a *pro-rata* basis, (ii) in connection with any employee benefit plan or similar arrangements with or for the benefit of employees, officers, directors or consultants or (iii) as a result of the exchange or conversion of its Parity Securities for its Junior Securities). For the purposes of this definition, any discretionary dividends, distributions or other discretionary payment made in full pursuant to the terms of any Parity Securities of the Issuer, the Guarantor or the Company on any Distribution Payment Date during the Look-back Period shall be deemed to have been made on a *pro-rata* basis with the Distributions to be made on such Distribution Payment Date;

"Covenant Breach" means a non-compliance and/or non-performance by the Issuer and/or the Company of any one or more of its obligations and covenants set out in Condition 4, or the Keepwell Deed or the Equity Interest Purchase Undertaking;

"Definitive Certificate" has the meaning ascribed to it in Condition 1(a);

"Distribution" has the meaning ascribed to it in Condition 5(a);

"Distribution Payment Date" has the meaning ascribed to it in Condition 5(a);

"Distribution Rate" has the meaning ascribed to it in Condition 5(b);

"Early Redemption Amount" means the greater of:

(a) the principal amount of the Securities, together with any Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount); and

(b) the Make Whole Amount, together with any Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount);

"Equity Disqualification Event" has the meaning ascribed to it in Condition 6(d);

"Excluded Security Interest" has the meaning ascribed to it in Condition 4(a)(iii);

"Fair Market Value" means the price that would be paid in an arm's length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, as determined in good faith by any valuer deemed as a qualified valuer pursuant to The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as appointed by the Issuer (at the expenses of the Issuer) and notified in writing to the Trustee;

"First Call Date" has the meaning ascribed to it in Condition 5(b)(i);

"Gross-Up Event" has the meaning ascribed to it in Condition 6(c);

"Guarantee" has the meaning ascribed to it in Condition 2(b);

"HKFRS" means the Hong Kong Financial Reporting Standards promulgated by the Hong Kong Institute of Certified Public Accountants;

"Independent Investment Bank" means an independent investment bank of international repute (acting as an expert) selected by the Issuer (at the expense of the Issuer) and notified in writing to the Trustee;

"Initial Distribution Rate" means 4.25 per cent. per annum;

"Junior Securities" means (a) in respect of the Issuer, any class of the Issuer's share capital (including without limitation any preference shares) and any Subordinated Indebtedness issued or guaranteed by the Issuer; and (b) in respect of the Guarantor, any class of the Guarantor's share capital (including without limitation any preference shares) and any Subordinated Indebtedness issued or guaranteed by the Guarantor; and (c) in respect of the Company, any class of the Company's share capital (including without limitation any preference shares) and any Subordinated Indebtedness issued or guaranteed by the Company and any Relevant Indebtedness which carries Similar Credit

Support to that given by the Company in respect of the Securities save that the liabilities of the Company, in whole or in part, are subordinated, in the event of the Winding-Up of the Company, in right of payment to the claims of unsecured and unsubordinated creditors of the Company;

"Make Whole Amount" means with respect to any redemption date pursuant to a redemption in accordance with Condition 6(d), the amount, as determined by the Calculation Agent, equal to the sum of (a) the present value of the principal amount of the Securities to be redeemed discounted from the First Call Date, and (b) the present value of all Distributions payable (or but for any deferral, would be payable) before the First Call Date and after such redemption date (exclusive of Distributions accrued to the redemption date) to, and including, the First Call Date, discounted to the redemption date on a semi-annual basis (assuming a 360 day year consisting of twelve 30-day months) at the Treasury Rate plus 1.85 per cent. per annum;

"Optional Deferral Event" has the meaning ascribed to it in Condition 5(d);

"Optional Deferral Notice" has the meaning ascribed to it in Condition 5(d);

"Parity Securities" means (a) in respect of the Issuer, any instrument or security issued, entered into or guaranteed by the Issuer, which ranks or is expressed to rank, by its terms or by operation of law, *pari passu* to the Securities; and (b) in respect of the Guarantor, any instrument or security issued, entered into or guaranteed by the Guarantor, which ranks or is expressed to rank, by its terms or by operation of law, *pari passu* to the Securities; and (c) in respect of the Company, any instrument or security issued, entered into or guaranteed by the Company or which carries Similar Credit Support to that given by the Company in respect of the Securities, which ranks or is expressed to rank, by its terms or by operation of law, *pari passu* to the Securities;

"Payment Business Day" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in New York City and the place in which the specified office of the Principal Paying Agent is located and where payment is to be made by transfer to an account maintained with a bank in New York City in US dollars, the place on which foreign exchange transactions may be carried on in US dollars in the principal financial centre of the country of such currency;

"PRC" means the People's Republic of China which, for the purposes of these Conditions, shall not include Hong Kong, Macau and Taiwan;

"Proceedings" has the meaning ascribed to it in Condition 18(b);

"Qualifying Securities" means securities that:

(a) have terms not materially less favourable to an investor than the terms of the Securities, and provided that certification to such effect (and confirming that the conditions set out in (i) to (iv) below of this definition have been satisfied) of (a) two directors of the Issuer who are also Authorised Signatories of the Issuer and (b) an Independent Investment Bank, shall have been delivered to the Trustee prior to the substitution or variation of the relevant Securities upon which certificates the Trustee shall rely absolutely), provided that (i) they are issued by the Issuer or any wholly-owned direct or indirect finance Subsidiary of the Company; (ii) they are unconditionally and irrevocably guaranteed by the Guarantor; (iii) they have the benefit of a keepwell deed and an equity interest purchase undertaking which shall have substantially similar terms to the Keepwell Deed and the Equity Interest Purchase Undertaking; and (iv) they shall rank *pari passu* on a Winding-Up with the Securities, shall preserve the Securityholders' rights to any Arrears of Distribution, any Additional Distribution Amount and any other payment that has accrued with respect to the relevant securities, and shall contain terms which provide at least for the same Distribution Rate, Distribution Payment Dates and redemption events, from time to time applying to the Securities and otherwise have substantially identical (as reasonably determined by the Issuer) terms to the Securities, save where any modifications to such terms are required to be made to avoid the occurrence of a Gross-Up Event or, as the case may be, an Equity Disqualification Event; and

(b) are listed on The Stock Exchange of Hong Kong Limited or such other stock exchange of international standing;

"Register" has the meaning ascribed to it in Condition 1(a);

"Relevant Accounting Standards" has the meaning ascribed to it in Condition 6(d);

"Relevant Date" means whichever is the later of (i) the date on which such payment first becomes due and (ii) if the full amount payable has not been received in Hong Kong by the Trustee or the Principal Paying Agent on or prior to such due date, the date on which, the full amount having been so received, notice to that effect shall have been given to the Securityholders;

"Relevant Indebtedness" means any indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are, or are intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market;

"Relevant Indebtedness Default Event" means the occurrence of one or more of the following events (and such event is continuing): (i) any other present or future Relevant Indebtedness of the Issuer, the Guarantor, the Company, any of their respective Subsidiaries for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any actual default, event of default or the like (howsoever described), or (ii) any such Relevant Indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (iii) the Issuer, the Guarantor, the Company or any of their respective Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any such Relevant Indebtedness, and in each case, if required under the terms of the Relevant Indebtedness, notice has been duly delivered by the trustee or the holder thereof to the relevant debtor that such Relevant Indebtedness is so due and payable, provided that the aggregate amount of such Relevant Indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this provision have occurred equals or exceeds US$100,000,000 or its equivalent (on the basis of the middle spot rate for the relevant currency against the US dollar as quoted by any leading bank on the day on which this provision operates);

"Relevant Jurisdiction" means the BVI, Hong Kong, the PRC or any political subdivision or any authority therein or thereof having power to tax to which the Issuer or the Guarantor becomes subject in respect of payments made by it of any sums due in respect of the Securities or the Guarantee (as applicable);

"Relevant Period" means, in relation to the Audited Financial Reports, each period of twelve months ending on the last day of the Guarantor's financial year (beginning the year ended 31 December 2016);

"Relevant Reset Distribution Rate" means a rate of interest expressed as a percentage per annum equal to the sum of (a) the initial spread of 2.931 per cent., (b) the Treasury Rate and (c) a margin of 5.00 per cent. per annum;

"Reset Date" means the First Call Date and each day falling every five years after the First Call Date;

"Securityholder" has the meaning ascribed to it in Condition 1(b);

"Security Interest" has the meaning ascribed to it in Condition 4(a)(i);

"Similar Credit Support" means any obligation assumed or expressed to be assumed by the Company under any contractual arrangements which is on substantially similar terms to that assumed by the Company, and which rank or is expressed to rank, by its terms or by operation of law, at least *pari passu* with those, under the Keepwell Deed and Equity Interest Purchase Undertaking;

"Special Event" means a Gross-Up Event, an Equity Disqualification Event or any combination of the foregoing;

"Subordinated Indebtedness" means all indebtedness for money borrowed or raised which, in the event of the Winding-Up of the issuer thereof, ranks or is expressed to rank, by its terms or by operation of law, in right of payment behind the claims of unsecured and unsubordinated creditors of such issuer, and for this purpose indebtedness shall include all liabilities, whether actual or contingent;

a "Subsidiary" of any person means (a) any company or other business entity of which that person owns or controls (either directly or through one or more other Subsidiaries) more than 50 per cent. of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or other business entity, or (b) any company or other business entity which at any time has its accounts consolidated with those of that person or which, under the law, regulations or generally accepted accounting principles of the jurisdiction of incorporation of such person from time to time, should have its accounts consolidated with those of that person;

"Treasury Rate" means the rate notified by the Calculation Agent to the Issuer and the Securityholders (in accordance with Condition 14) in per cent. per annum equal to the yield, under the heading that represents the average for the week immediately prior to the (i) relevant Calculation Date under Condition 6(d); or (ii) two business days prior to each Reset Date for calculating the Relevant Reset Distribution Rate under Condition 5(b)(ii), appearing in the most recently published statistical release designated "H.15(519)" or any successor publication that is published weekly by the Board of Governors of the Federal Reserve System and that establishes yields on actively traded US Treasury securities adjusted to constant maturity under the caption "Treasury constant maturities" for the maturity corresponding to the Comparable Treasury Issue (in the case of calculating a Make-Whole Amount, if there is no Comparable Treasury Issue with a maturity within three months before or after the next Call Date after such redemption date, yields for the two published maturities most closely corresponding to such Call Date will be determined and the Treasury Rate will be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month). If such release (or any successor release) is not published during the week preceding the Calculation Date referred to in (i) above of this definition or the relevant date referred to in (ii) above of this definition (as applicable) or does not contain such yields, "Treasury Rate" means the rate in per cent. per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for the relevant date fixed for redemption under Condition 6(d) or the applicable Reset Date under Condition 5(b) (as applicable); and

"Winding-Up" means a final and effective court order or effective resolution for the winding-up, liquidation or similar proceedings in respect of the Issuer, the Guarantor or the Company (as applicable) (except, in any such case, a solvent winding-up solely for the purposes of a reorganisation, reconstruction or amalgamation or the substitution in place of the Issuer or, as the case may be, of a successor in business (as defined in the Trust Deed) of the Issuer or, as the case may be, the terms of which reorganisation, reconstruction, amalgamation or substitution have been previously approved by an Extraordinary Resolution (as defined in the Trust Deed)).

DESCRIPTION OF THE KEEPWELL DEED

The following contains summaries of certain key provisions of the Keepwell Deed. Such statements do not purport to be complete and are qualified in their entirety by reference to the Keepwell Deed.

Under the Keepwell Deed, the Company will undertake to cause the Guarantor to be the primary overseas holding subsidiary of the Company and the primary overseas platform of the Company for investment holding.

The Company will also undertake with the Issuer, the Guarantor and the Trustee that it shall, directly or indirectly, own and hold all the outstanding shares of each of the Issuer and the Guarantor (unless the Guarantor otherwise ceases to be the Guarantor in accordance with the Terms and Conditions of the Securities and the Trust Deed) and will not directly or indirectly pledge, grant a security interest, or in any way encumber or otherwise dispose of any such shares unless required to dispose of any or all such shares pursuant to a court decree or order of any government authority which, in the opinion of a legal adviser to the Company, may not be successfully challenged.

In addition, the Company will undertake with the Issuer, the Guarantor and the Trustee that it shall cause:

(i) each of the Issuer and the Guarantor to remain solvent and a going concern at all times under the laws of its jurisdiction of incorporation;

(ii) each of the Issuer and the Guarantor to have sufficient liquidity to ensure timely payment by each of the Issuer and the Guarantor of any amounts payable in respect of any of their respective indebtedness (including all liabilities, whether actual or contingent then outstanding and including the Securities which for this purpose shall be deemed as indebtedness and the Guarantee); and

(iii) the Guarantor to have a Consolidated Net Worth (as defined in the Keepwell Deed) of at least US$1.00 or its equivalent.

The Guarantor will also undertake in the Keepwell Deed that its Consolidated Net Worth (as defined in the Keepwell Deed) will not be less than US$1.00 or its equivalent at all times.

If the Issuer or the Guarantor at any time determines that it will have insufficient liquidity to meet its payment obligations as they fall due, then the Issuer or the Guarantor shall promptly notify the Company of the shortfall and the Company will make available to the Issuer or the Guarantor, before the due date of the relevant payment obligations, funds sufficient to enable the Issuer or the Guarantor to pay such payment obligations in full as they fall due, provided, however, that the Company shall not in any event be required to perform any part of the payment obligation in lieu of the Issuer or the Guarantor under the Securities or the Trust Deed (as the case may be) and the foregoing does not constitute, or shall not be construed as, or deemed to be evidence of, a guarantee by or any legal binding obligation of the Company of the payment of any obligation, indebtedness or liability, of any kind or character whatsoever, of the Issuer or of the Guarantor under the laws of any jurisdiction.

For so long as the Securities are outstanding, the Company will agree in the Keepwell Deed to the following undertakings:

(i) neither the Company nor any of its Subsidiaries will create or permit to subsist any mortgage, charge, lien, pledge or other security interest upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness which is issued outside the PRC, or any guarantee or indemnity in respect of any Relevant Indebtedness which is issued outside the PRC, without at the same time or prior thereto according to the Securities (A) the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or (B) such other security as either (a) the Trustee may in its absolute discretion deem not materially less beneficial to the interest of the Securityholders or (b) as shall be approved by an Extraordinary Resolution of the Securityholders; and

(ii) to procure that the articles of association of each of the Issuer and the Guarantor shall not be amended in a manner that is, directly or indirectly, adverse to any Securityholders;

(iii) to cause each of the Issuer and the Guarantor to remain in full compliance with the Terms and Conditions of the Securities, the Trust Deed and all applicable rules and regulations in the British Virgin Islands, Hong Kong and England;

(iv) to promptly take any and all action necessary to comply with its obligations under the Keepwell Deed;

(v) to cause each of the Issuer and the Guarantor to take all action necessary in a timely manner to comply with its obligations under the Keepwell Deed; and

(vi) in the event that the Issuer on-lends the proceeds of the issue of the Securities (the "Proceeds of the Securities") to the Company or any of the Company's Subsidiaries or as any of them may direct, to cause any recipient of the Proceeds of the Securities to pay the interest and principal in respect of such intercompany loan on time.

Relevant Indebtedness is defined in the Keepwell Deed to mean any indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock, or other securities which for the time being are, or are intended to be or capable of being, quoted, listed, dealt in or traded on any stock exchange or over-the-counter or other securities market.

The parties to the Keepwell Deed will acknowledge that the performance by the Company of its obligations under the Keepwell Deed may be subject to the approval or clearance or other authorisation of PRC government authorities. The Company will undertake to use all commercially reasonable efforts to obtain such approvals, clearances or other authorisations.

The Keepwell Deed is not, and nothing therein contained and nothing done pursuant thereto by the Company shall be deemed to constitute, a guarantee by the Company of the payment of any obligation, indebtedness or liability, of any kind or character whatsoever, of the Issuer or of the Guarantor under the laws of any jurisdiction.

The Keepwell Deed may be modified, amended or terminated by the written agreement of the parties thereto.

The Keepwell Deed will be governed by English law and will be subject to the exclusive jurisdiction of the Hong Kong courts.

DESCRIPTION OF THE EQUITY INTEREST PURCHASE UNDERTAKING

The following contains summaries of certain key provisions of the Equity Interest Purchase Undertaking. Such statements do not purport to be complete and are qualified in their entirety by reference to the Equity Interest Purchase Undertaking.

The Company intends to assist the Issuer and the Guarantor in meeting their respective obligations under the Securities and the Guarantee. On or about the Issue Date, the Company will enter into the Equity Interest Purchase Undertaking with the Trustee whereby the Company will agree, subject to obtaining all necessary approvals, consents, licences, orders, permits and any other authorisations from the relevant approval authorities, to purchase certain equity interests upon receiving a written purchase notice (the "Purchase Notice") from the Trustee. The equity interests comprise the interests held by the Relevant Transferor(s) (as defined in the Equity Interest Purchase Undertaking) in the Capital Stock (the "Equity Interest") of certain wholly-owned and indirectly held Subsidiaries of the Company (the "Target Subsidiaries").

Following the Trustee being notified in writing of the occurrence of a winding-up of the Issuer or the Company, or the Trustee's initiation of a winding-up of the Issuer acting on instructions of Securityholders by Extraordinary Resolution pursuant to the terms of the Trust Deed, the Trustee shall issue a Purchase Notice to the Company in accordance with the Trust Deed. Within seven business days after the date of the Purchase Notice, the Company shall determine and notify the Trustee of the Relevant Transferor(s) from whom it will purchase Equity Interest, and in the absence of such designation and notification, the Relevant Transferors shall be all the Subsidiaries of the Company incorporated outside the PRC. Furthermore, it shall within 10 business days after the date of the Purchase Notice determine the purchase price of the Equity Interest in U.S. dollars (the "Purchase Price"). The Company will be obliged to determine the Purchase Price in compliance with any applicable PRC laws and regulations at the time of determination. In any event, the Purchase Price shall be no less than the amount sufficient to enable the Issuer and the Guarantor to discharge in full their obligations under all of their respective indebtedness (including all liabilities, whether actual or contingent, then outstanding).

In relation to the purchase of any Equity Interest relating to a Target Subsidiary incorporated in the PRC, the Company will agree that: (i) within 35 business days after the date of the Purchase Notice, the Company shall, and shall procure each Relevant Transferor to, use all reasonable endeavours to obtain the requisite shareholder approval and to execute, and the Company shall procure the board of directors of each of the Target Subsidiaries to execute (where applicable), an equity interest transfer agreement and all other application documents required by applicable laws and regulations of the PRC and shall file the same with MOFCOM, for approval of the transfer of the Equity Interest; (ii) within five business days after the receipt of approval from MOFCOM, the Company shall submit all application documents required by applicable laws and regulations of the PRC to the competent AIC for AIC registration of the transfer of the Equity Interest of each Relevant Transferor; (iii) within five business days after receipt of AIC registration from the competent AIC, the Company shall commence the procedures in respect of withholding tax for the Relevant Transferor required by applicable laws and regulations of the PRC with the competent tax authority to obtain the tax clearance opinion or certificate from such tax authority; (iv) within five business days after completion of the AIC registration and the receipt of the tax clearance opinion or certificate, the Company shall submit all application documents required by applicable laws and regulations of the PRC to SAFE (a) to change the SAFE registration of the Target Subsidiaries and (b) for the purchase of the U.S. dollar amount of the Purchase Price and the outbound remittance of the Purchase Price (if applicable); (v) closing of such purchase shall take place on the fifth business day after the date of receipt of the approvals from SAFE, whereupon the Company shall pay to or to the order of each Relevant Transferor the Purchase Price payable in immediately available funds in U.S. dollars to such account as may be designated by such Relevant Transferor; (vi) upon the completion of the purchase, (a) in the event that a Relevant

Transferor is neither the Issuer nor the Guarantor, the Company shall procure such Relevant Transferor to promptly on-lend or distribute in full the Purchase Price received by such Relevant Transferor to the Issuer or the Guarantor prior to any other use, disposal or transfer of the proceeds received and (b) it shall promptly do all such things (including entering into and executing any agreements or arrangements required) and take all actions necessary for the Purchase Price received by the Guarantor from the Company or pursuant to any on-loan or distribution to be applied solely towards the payment in accordance with the Trust Deed of any outstanding amounts under the Trust Deed, the Securities (including any Distributions accrued but unpaid on the Securities (including any Arrears of Distribution and any Additional Distribution Amount)) and the Guarantee prior to any other use, disposal or transfer of the proceeds received; and (vii) it shall, and shall procure each Relevant Transferor to use its reasonable efforts to do all such things and take all such actions as may be necessary or desirable, including providing information and applying with a view to obtaining relevant approvals as soon as reasonably practicable, to (a) complete the purchase no later than the date falling six months from the date of the relevant Purchase Notice; and (b) procure the remittance of the sum of the Purchase Price to or to the order of the Relevant Transferor(s) in accordance with the Equity Interest Purchase Undertaking.

In relation to the purchase of any Equity Interest relating to a Target Subsidiary that is incorporated outside the PRC, the Company will agree that: (i) within 30 Business Days after the date of the Purchase Notice, it shall, and shall procure each Relevant Transferor to, execute, and it shall procure the board of directors of each of the Target Subsidiaries shall, execute (where applicable) an equity interest transfer agreement and all other application documents required by applicable laws and regulations of the PRC and shall file the same with NDRC for approval of the transfer of the Equity Interest; (ii) within five business days after the receipt of approval from NDRC, the Company shall, and shall procure each Relevant Transferor to, execute all application documents required by applicable laws and regulations of the PRC to MOFCOM for approval of the transfer of the Equity Interest; (iii) within five business days after the receipt of approval from MOFCOM, the Company shall submit all application documents required by applicable laws and regulations of the PRC to SAFE for the purchase of the U.S. dollar amount of the Purchase Price and the outbound remittance of the Purchase Price (if applicable); (iv) it shall, and shall procure each Relevant Transferor to, use its reasonable efforts to do all such things and take all such actions as may be necessary or desirable, including providing information and applying with a view to obtaining relevant approvals as soon as reasonably practicable, to (a) complete the purchase no later than the date falling six months from the date of the relevant Purchase Notice; and (b) procure the remittance of the sum of the Purchase Price to or to the order of the Relevant Transferor(s) in accordance with the Equity Interest Purchase Undertaking; and (v) upon the completion of the purchase, (a) in the event that a Relevant Transferor is neither the Issuer nor the Guarantor, it shall procure such Relevant Transferor to promptly on-lend or distribute in full the Purchase Price received by such Relevant Transferor to the Issuer or the Guarantor prior to any other use, disposal or transfer of the proceeds received and (b) it shall promptly do all such things (including entering into and executing any agreements or arrangements required) and take all actions necessary for the Purchase Price received by the Issuer or the Guarantor from the Company or pursuant to any on-loan or distribution to be applied solely towards the payment in accordance with the Trust Deed of any outstanding amounts under the Trust Deed, the Securities (including any Distributions accrued but unpaid on the Securities (including any Arrears of Distribution and any Additional Distribution Amount)) and the Guarantee prior to any other use, disposal or transfer of the proceeds received.

Certain of the above requirements and deadlines may be modified if an opinion is issued by PRC counsel of recognised national standing stating that under applicable PRC law as at the date of the opinion, (a) any such requirement is no longer required or has been changed and/or (b) in its professional opinion, the time allowed for the Company to complete any such requirement is not reasonably achievable and what is the commercially reasonable period of time that is required to complete such requirement. Such opinion shall be addressed and delivered to the Trustee by the Company within 10 business days after the receipt of the Purchase Notice or at any time during the performance of the above purchase undertakings by the Company.

The Equity Interest Purchase Undertaking shall remain in full force and effect so long as any of the Securities remain outstanding.

The Equity Interest Purchase Undertaking will be governed by English law and will be subject to the exclusive jurisdiction of the Hong Kong courts.

SUMMARY OF PROVISIONS RELATING TO THE SECURITIES IN GLOBAL FORM

The Global Certificate contains provisions which apply to the Securities while they are in global form, some of which modify the effect of the Terms and Conditions of the Securities set out in this Offering Circular. The following is a summary of certain of those provisions.

Terms defined in the Terms and Conditions of the Securities set out in this Offering Circular have the meaning in the paragraphs below.

The Securities will be represented by a Global Certificate which will be registered in the name of a nominee of, and deposited with, a common depositary on behalf of Euroclear and Clearstream.

Under the Global Certificate, the Issuer, for value received, will promise to pay the amount payable upon redemption under the Conditions in respect of the Securities represented by the Global Certificate and Distributions (including any Arrears of Distribution and any Additional Distribution Amount) in respect of such Securities to the Securityholder in such circumstances as the same may become payable in accordance with the Terms and Conditions of the Securities.

Owners of interests in the Securities in respect of which the Global Certificate is issued will be entitled to have title to the Securities registered in their names and to receive individual definitive Certificates if the Securities represented by this Global Certificate are held on behalf of Euroclear or Clearstream or any other clearing system (an "Alternative Clearing System") and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so, provided that, in the case of the first transfer of part of a holding, the Securityholder represented by the Global Certificate has given the Registrar not less than 30 days' notice at its specified office of such Securityholder's intention to effect such transfer. In such circumstances, the Issuer will cause sufficient individual definitive Certificates to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant Securityholders.

In addition, the Global Certificate will contain provisions which modify the Terms and Conditions of the Securities as they apply to the Securities evidenced by the Global Certificate. The following is a summary of certain of those provisions:

Notices: So long as the Securities are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream or any Alternative Clearing System, notices to Securityholders shall be given by delivery of the relevant notice to Euroclear or Clearstream or such Alternative Clearing System, for communication by it to accountholders entitled to an interest in the Securities in substitution for notification as required by the Terms and Conditions of the Securities.

Meetings: For the purposes of any meeting of Securityholders, the Securityholders represented by the Global Certificate shall (unless the Global Certificate represents only one Security) be treated as two persons for the purposes of any quorum requirements of a meeting of Securityholders and as being entitled to one vote in respect of each integral currency unit of the currency of the Securities.

Transfers: Transfers of beneficial interests in the Securities represented by the Global Certificate will be effected through the records of Euroclear and Clearstream (or any Alternative Clearing System) and their respective participants in accordance with the rules and procedures of Euroclear and Clearstream (or any Alternative Clearing System) and their respective participants.

Cancellation: Cancellation of any Security represented by the Global Certificate which is required by the Terms and Conditions of the Securities will be effected by reduction in the principal amount of the Securities in the register of Securityholders.

Trustee's Powers: In considering the interests of Securityholders while the Global Certificate is registered in the name of a nominee for a clearing system, the Trustee may, to the extent it considers it appropriate to do so in the circumstances, but without being obligated to do so, (a) have regard to any information as may have been made available to it by or on behalf of the relevant clearing system or its operator as to the identity of its accountholders (either individually or by way of category) with entitlements in respect of the Securities and (b) consider such interests on the basis that such accountholders were the Securityholders in respect of which the Global Certificate is issued.

DESCRIPTION OF THE ISSUER

FORMATION

The Issuer was incorporated as a company with limited liability on 16 September 2013 under the laws of the British Virgin Islands. The registered office of the Issuer is at Maples Corporate Services (BVI) Limited, Kingston Chambers, PO Box 173, Road Town, Tortola, British Virgin Islands. As at the date of this Offering Circular, the Issuer is authorised to issue a maximum of 50,000 shares of no par value and the Issuer has 100 shares in issue.

BUSINESS ACTIVITIES

The Issuer is a wholly-owned subsidiary of Chalco Hong Kong. As at the date of this Offering Circular, the Issuer has not engaged, since its incorporation, in any material activities other than (i) issuing the 2013 October Securities and on-lending the proceeds of the 2013 October Securities to the Company and some of its subsidiaries for general corporate use, (ii) issuing the 2014 April Securities and on-lending the proceeds of the 2014 April Securities to the Company and some of its subsidiaries for general corporate use and (iii) entering into arrangements for the proposed issue of the Securities and the proposed use of the proceeds of the Securities for refinancing and on-lending to the Company or any of its subsidiaries for general corporate use. As at the date of this Offering Circular, the Issuer has no subsidiaries nor employees.

DIRECTORS

The directors of the Issuer as at the date of this Offering Circular are Li Wangxing and Gao Xingfang.

FINANCIAL STATEMENTS

As at the date of this Offering Circular, the Issuer has not prepared any financial statements and has no outstanding borrowings nor contingent liabilities other than the proposed issue of the Securities and the 2013 October Securities and 2014 April Securities currently in issue.

DESCRIPTION OF THE GUARANTOR

OVERVIEW

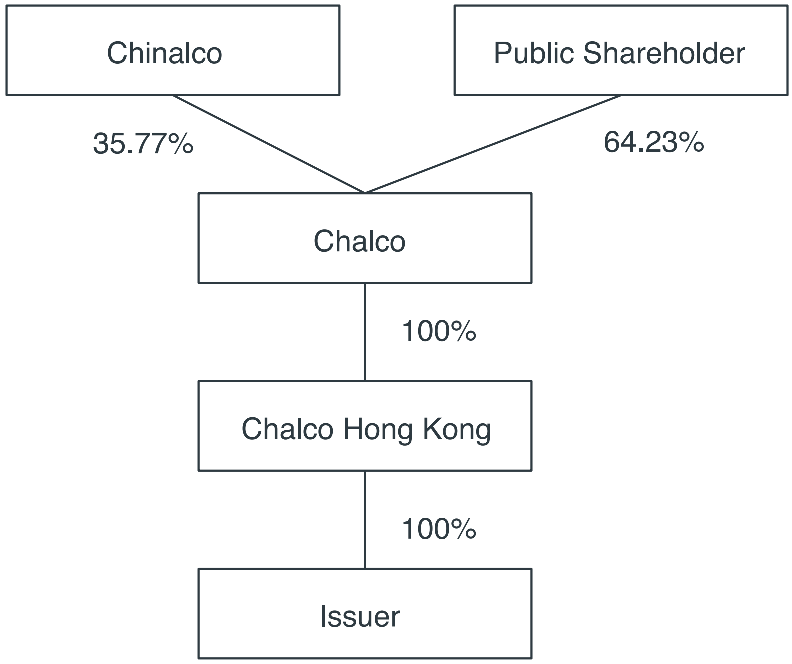
Chalco Hong Kong, as the Guarantor, was incorporated in Hong Kong on 9 March 2005 and is wholly-owned by the Company. As at the date of this Offering Circular, the issued share capital of Chalco Hong Kong is HKD849,940,471. Chalco Hong Kong's registered office is Room 4501, 45/F, Far East Finance Centre, No. 16 Harcourt Road, Admiralty, Hong Kong.

The principal business of Chalco Hong Kong is investment holding and international trading. As part of the Company's undertakings in the Keepwell Deed, the Company intends to maintain Chalco Hong Kong as its primary overseas holding subsidiary and the primary overseas platform for investment holding. In addition, Chalco Hong Kong is positioned to be the Group's primary investment platform for securing business opportunities offshore.

Chalco Hong Kong derives revenue from its investment holdings in different operating companies which engage in provision of project management services to certain overseas projects of Chalco and mineral trading. For the year ended 31 December 2015, the consolidated revenue of Chalco Hong Kong (and where the context requires, together with its subsidiaries) amounted to US$208.9 million and it recorded a total consolidated profit of US$37.8 million for that year. As at 31 December 2015, the total consolidated assets of Chalco Hong Kong amounted to US$2,504.2 million.

CORPORATE STRUCTURE

The following chart sets forth the corporate structure of the Guarantor as at 30 June 2016.



DIRECTORS

As at the date of this Offering Circular, Chalco Hong Kong's directors are Li Wangxing, Liu Ruiping, Yang Wei, Zhao Zhengang and Liang Minghong.

BUSINESS ACTIVITIES

Chalco Hong Kong, through its subsidiaries, is primarily engaged in the provision of project management services to certain of Chalco's overseas projects and mineral trading. For the year ended 31 December 2015, the revenue of Chalco Hong Kong, together with its subsidiaries, amounted to US$208.9 million.

As at the date of this Offering Circular, certain overseas projects of the Guarantor are still at an early stage of development, including the bauxite mining projects in Laos and Indonesia, which required and is expected to continue requiring substantial investment. For details, please see the subsection headed "Risk Factors — Risks relating to the Group".

FINANCIAL INFORMATION

Selected financial information of Chalco Hong Kong as at and for the years ended 31 December 2014 and 2015 can be found in the section headed "Summary Financial Information" of this Offering Circular, with the full financial statements as at and for the years ended 31 December 2014 and 2015 reproduced in this Offering Circular.

DESCRIPTION OF THE GROUP

OVERVIEW

The Group is a leading enterprise in the non-ferrous metal industry in China. In terms of comprehensive scale, the Group ranks among the top enterprises in the global aluminium industry. The Group principally engages in alumina refining, primary aluminium smelting and trading of related products. Since 2013, the Group has expanded its operations into power generation.

As at the date of this Offering Circular, the Group operates in the following business segments:

- Alumina Segment — The Group mines and purchases bauxite and other raw materials, produces and sells alumina and alumina-related products. In addition, the Group also engages in the production of gallium.

- Primary Aluminium Segment — The Group procures alumina and other raw materials, and produces and sells primary aluminium and aluminium-related products. In addition, the Group also produces carbon products internally and sells remaining carbon products to external customers.

- Trading Segment — The Group engages in trading of alumina, primary aluminium, other non-ferrous metal products, and crude fuels such as coal products, as well as supplemental materials.

- Energy Segment — The Group engages in coal mining and power generation, including conventional coal-fire power generation and renewable energy generation such as wind power and photovoltaic power.

  In addition, the Group supplies part of the electricity it generates for its own production use, supplies a portion of the coal output to its own electric power plant and sells the remaining portion to external customers.

- Corporate and Other Operating Segment — This business segment mainly deals with corporate and other aluminium-related corporate research, development and other activities of the Group.

The Group used to be engaged in aluminium fabrication operations, where it processed primary aluminium for the production and sales of various aluminium fabrication products. As approved at the Company's 2012 annual general meeting held on 27 June 2013, the Group disposed of substantially all of its aluminium fabrication operations to Chinalco in line with the Group's development strategy to focus on the upstream sectors of the aluminium industry chain and the production of high value added products. As a result, the Group ceased to have its aluminium fabrication business as a separate segment in June 2013.

For the year ended 31 December 2014, the Group's revenue amounted to RMB141,999.8 million and the Group recorded a loss of RMB17,040.7 million.

For the year ended 31 December 2015, the Group's revenue amounted to RMB123,445.9 million and the Group recorded a profit of RMB423.7 million.

For the six months ended 30 June 2015, the Group's revenue amounted to RMB66,141.2 billion and the Group recorded a profit of RMB179.1 million.

For the six months ended 30 June 2016, the Group's revenue amounted to RMB49,705.3 million and the Group recorded a profit of RMB345.8 million.

HISTORY AND DEVELOPMENT OF THE GROUP

The Company was incorporated as a joint stock limited company under the PRC Company Law on 10 September 2001 under the name of Aluminum Corporation of China Limited. Pursuant to a reorganisation agreement entered into among Chinalco, Guangxi Investment and Guizhou Development in 2001, substantially all of Chinalco's alumina and primary aluminium production operations as well as a research institute and other related assets and liabilities were transferred to the Company upon its formation. The Group acquired its bauxite mining operations and the associated mining rights from Chinalco pursuant to a separate mining rights agreement.

The Company's H shares have been listed on the Main Board of the HKSE since 12 December 2001 (stock code: 2600) and the Company's A shares have been listed on the Main Board of the Shanghai Stock Exchange since 30 April 2007 (stock code: 601600). The Company's ADSs have been listed on NYSE since 11 December 2001 (ticker symbol: ACH). To the best of the Company's knowledge, as at 31 December 2015, all of the outstanding ADSs were held by 69 United States holders of record.

The Group experienced rapid growth from 2004 to 2008 and successfully consolidated and reorganised various aluminium assets and improved the concentration and competitiveness of aluminium smelters. Supported by the rapid development of the Group's business, Chinalco, the controlling shareholder of the Company, has been a Fortune Global 500 company since 2008. During the industrial transformation period from 2009 to 2014, the Group made firm decisions to strategically transform and upgrade by modernising production capacity, improving operation efficiency and reducing operation costs. In addition, the Group expanded into upstream sectors of the aluminium industry value chain and secured energy resources to increase business combination and operation efficiency. The Group also proactively adjusted core businesses by disposing of the aluminium fabrication operations and formed the four main business segments, alumina, primary aluminium, trading and energy. Since 2015, the Group obtained favourable results in strategic transformation initiatives and recorded profits for the year ended 31 December 2015. Supported by abundant bauxite resources, the Group was able to improve its ability to secure internal supply of resources as a solid foundation for the continuous development of the Group's business. The Group further optimised the industry layout of its alumina and primary aluminium businesses and focused on the upstream sectors of the aluminium industry value chain, which the Group believes have higher margins and more competitiveness. In addition, the Group continued to invest in technological innovations and technical improvement of production procedures and effectively reduced production costs.

Principal Subsidiaries

The table below sets forth details of the Group's principal subsidiaries as at 31 December 2015:

Principal Subsidiaries	Percentage of ownership interest attribution to the Company	Principal activities
Baotou Aluminum Co., Limited	100%	Manufacture and distribution of primary aluminium, aluminium alloy and related fabrication products and carbon products
Chalco Hong Kong Ltd (1)	100%	Overseas investment and alumina import and export activities
Chalco Zunyi Alumina Co., Ltd.	73.28%	Manufacture and distribution of alumina
China Aluminum International Trading Co., Ltd.	100%	Import and export activities
Chalco Mining Co., Ltd..	100%	Manufacture, acquisition and distribution of bauxite mines, limestone ore, aluminium magnesium ore and related non-ferrous metal products
Fushun Aluminum Co., Ltd	100%	Aluminium smelting, producing carbon-related products, and manufacture and distribution of non-ferrous metals
Gansu Hualu Aluminum Co., Ltd	51%	Manufacture and distribution of primary aluminium
Shandong Huayu Aluminum and Power Co., Ltd.	55%	Manufacture and distribution of primary aluminium and aluminium alloy
Shanxi Huasheng Aluminum Co., Ltd.	51%	Manufacture and distribution of primary aluminium, aluminium alloy and carbon-related products
Shanxi Huaze Aluminum and Power Co., Ltd.	60%	Manufacture and distribution of primary aluminium and anode carbon products and electricity generation and supply
Zunyi Aluminum Co., Ltd.	62.10%	Manufacture and distribution of primary aluminium
Gansu Huayang Mining Development Company Limited	70%	Manufacture and distribution of coal and other mineral products
Chalco Energy Co., Ltd.	100%	Thermoelectric supply and investment management
Chalco Ningxia Energy Group Co., Ltd	70.82%	Thermal power, wind power and solar power generation, coal mining and power related equipment manufacturing
Chalco Hong Kong Investment Company Limited(1)	100%	Bond issuance

Principal Subsidiaries	Percentage of ownership interest attribution to the Company	Principal activities
Guizhou Huajin Aluminum Co., Ltd. . . .	60%	Manufacture and distribution of alumina
Yinxing Energy(2)	52.91%	Operation of wind power, design, manufacture and distribution of wind power and solar power equipment
Chalco Zhengzhou Research Institute of Non-ferrous Metal Co., Ltd..	100%	Research and development services
Chalco Shandong Co., Ltd.	100%	Manufacture and distribution of alumina
Guangxi Investment Co., Ltd.	100%	Investment management
Chalco Zhongzhou Aluminum Co., Ltd.	100%	Manufacture and distribution of alumina
Shanxi Aluminum China Resources Co., Ltd.	50%	Manufacture and distribution of primary aluminium
China Aluminum Logistics Group Corporation Co., Ltd.(3)	100%	Logistic transportation

Notes:

(1) Chalco Hong Kong Ltd is incorporated in Hong Kong; Chalco Hong Kong Investment Company Limited is incorporated in the British Virgin Islands. All other principal subsidiaries are incorporated in the PRC.

(2) The Group indirectly holds 52.91% shares of Yinxing Energy through Ningxia Energy, a subsidiary of the Group in which the Group holds 70.82% of its shares.

(3) The Group directly holds 81.87% shares and indirectly holds 18.13% shares of China Aluminum Logistics Group Corporation Co., Ltd. through Chalco Trading.

The Controlling Shareholder

As at the date of this Offering Circular, the Group's parent company, Chinalco, a state-owned enterprise, beneficially owns 35.77% of the Company's outstanding ordinary shares directly and indirectly through its controlled entities. Established on 23 February 2001, Chinalco is a key state-owned enterprise directly supervised by the central government. It principally engages in mineral resources development, non-ferrous metals smelting and processing, related trading activities as well as providing engineering and technical services. It also has the strongest copper capacity in China. According to Fortune Magazine, Chinalco, a Fortune Global 500 company since 2008, was ranked 262nd among the Fortune Global 500 in 2016 and sixth among companies operating in the metals industry in the world in 2016. Chinalco has five subsidiaries that are currently listed in China and overseas, including Chalco.

Chinalco holds a significant portion of the Company's domestic shares in the form of state legal person shares, which do not have voting rights different from the Company's other shares. Chinalco has substantial influence over the Company's management, policies and corporate actions and can exercise all rights as the Company's controlling shareholder subject to the relevant laws, rules and regulations.

Disposal of Aluminium Fabrication Business

In line with the Group's development strategy to focus on the upstream sectors of the aluminium industry chain and the production of high value added products, the Group disposed of substantially all of its aluminium fabrication operations to Chinalco pursuant to the approval of its shareholders at the 2012 annual general meeting held on 27 June 2013.

On 13 May 2013, the Group submitted a tender notice to the China Beijing Equity Exchange to dispose of the equity interest it held in eight Aluminium Fabrication Subsidiaries, including Henan Aluminum, Chalco Southwest Aluminum, Chalco Southwest Aluminum Cold Rolling, Huaxi Aluminum, Qingdao Light Metal, Chalco Ruimin, Chalco Sapa Aluminum Products (Chongqing) Co., Ltd. and Guizhou Chalco Aluminum Co., Ltd. (collectively, "**Aluminium Fabrication Interests**") through open tender. Chinalco participated in and won the bid for the Aluminium Fabrication Interests on 7 June 2013. The Group entered into an agreement (the "**Aluminium Fabrication Interests Transfer Agreement**") with Chinalco on 9 June 2013 for the disposal of Aluminium Fabrication Interests for a consideration of RMB3,242.2 million. Such consideration was the initial bidding price, which was determined with reference to the appraised value of the Aluminium Fabrication Interests. Pursuant to the Aluminium Fabrication Interests Transfer Agreement, Chinalco agreed to pay the consideration in cash in two installments, namely, 30% of the consideration to be paid within five business days after the effective date of the agreement and 70% of the consideration to be paid by 30 June 2014. Chinalco must pay interest for the second installment for the period starting from the date immediately after the effective date until the payment date at the one-year lending rate set by the PBOC. The disposal was approved at the 2012 annual general meeting held on 27 June 2013 and the Group completed the disposal on 27 June 2013. As of the date of this Offering Circular, Chinalco had paid the consideration in full.

As a condition of the disposal of the Aluminium Fabrication Interests, on 9 June 2013, the Group entered into an agreement with Chinalco to transfer the outstanding entrusted loans the Group provided to Henan Aluminum and Qingdao Light Metal as of 31 December 2012 to Chinalco for a consideration of RMB1,756.0 million. Such consideration was determined based on negotiations between the parties, with reference to the appraised total value of the loans. Pursuant to the agreement, Chinalco agreed to pay the consideration in cash in five equal instalments of RMB351.2 million, with the last installment, together with the relevant interests at the one-year lending rate set by the PBOC, to be paid by 30 June 2017. The transfer was approved at the 2012 annual general meeting held on 27 June 2013 and the Group completed the transfer on 27 June 2013. As of the date of this Offering Circular, Chinalco had paid the first four installments in accordance with the agreement.

In addition, the Group entered into an agreement with Northwest Aluminum Fabrication Plant, a subsidiary of Chinalco, on 6 June 2013 to dispose of all the assets of Northwest Aluminum for RMB1,659.6 million. Such consideration was determined based on negotiations between the parties, with reference to the appraised net asset value of Northwest Aluminum. Pursuant to the agreement, Northwest Aluminum Fabrication Plant agreed to pay the consideration in cash in five equal instalments of RMB331.9 million, with the last installment, together with the relevant interests at the one-year lending rate set by the PBOC, to be paid by 30 June 2017. The disposal was approved at the 2012 annual general meeting held on 27 June 2013 and the Group completed the disposal on 27 June 2013. As of the date of this annual report, Northwest Aluminum Fabrication Plant had paid the first three installments in accordance with the agreement.

Disposal of Chalco Iron Ore

Chalco Iron Ore, whose main business is investing in development of Simandou iron ore mine located in Guinea, used to be a subsidiary of Chalco Hong Kong. The Company used to hold, through its subsidiary Chalco Hong Kong, 65% of the equity interests in Chalco Iron Ore (the "Target Equity"), with the remaining 35% held by other independent third parties. In line with the Company's development strategy, the Company entered into a share purchase agreement with Chalco Hong Kong, Chinalco and Chinalco Overseas Holdings on 18 October 2013, through which, the Company disposed of the Target Equity through Chalco Hong Kong, to Chinalco Overseas Holdings, a wholly-owned subsidiary of Chinalco. The transfer of the Target Equity became effective on 26 December 2013, as a result of which, Chalco Hong Kong no longer holds any equity interest in Chalco Iron Ore and the financial results of Chalco Iron Ore ceased to be consolidated into the Group's financial results.

The Company believes that this disposal has helped the Group to focus on the development of its core business of alumina and primary aluminium operations, where it has established leading market positions, reduce future capital expenditures on iron ore development and to improve asset-to-debt ratio and generate expected cash flows.

RECENT DEVELOPMENTS

2016 Third Quarterly Report

In accordance with the requirements of the CSRC and the Shanghai Stock Exchange relating to the preparation and release of quarterly financial reports, the Company is required to publish quarterly reports within one month after the end of first three months of each financial year as well as within one month after the end of first nine months of each financial year. Such reports are disclosed and posted on the Company's website as well as on the websites of the HKSE and the SEC. For the avoidance of doubt, such quarterly reports are not and shall not be deemed to be incorporated or included in this Offering Circular. In the Group's opinion, these quarterly reports are prepared in accordance with Chinese Accounting Standards issued by the Ministry of Finance of the People's Republic of China on a basis consistent with the Company's accounting policies. As these quarterly reports have not been audited or reviewed by the Company's independent auditors and are subject to the completion of the Company's normal period-end closing procedures, they should not be relied upon by investors to provide the same quality of information associated with data that has been subject to an audit or review. See "Risk Factors — Risks Relating to the Group — The Company publishes quarterly reports as part of its ongoing reporting obligations, and information provided in such reports is subject to change due to normal interim and annual period-end closing processes and excludes information necessary to be indicative of actual financial results."

In accordance with such requirements, the Company has published the unaudited third quarterly report of the Group for the nine months ended 30 September 2016 on 21 October 2016. As of 30 September 2016, the Group's total assets increased compared to 30 June 2016. For the nine months ended 30 September 2016, the Group recorded decrease in total revenue as compared to the same period in 2015 primarily due to the fact that the Group shut down certain production lines with outdated capacity on a voluntary basis for technical improvement to optimize its industry structure and the deconsolidation of Shanxi Huaxing after the Group's disposal of 50% equity interest in Shanxi Huaxing. The Group's profit for the nine months ended 30 September 2016 increased as compared to the same period in 2015 primarily attributable to the increase in gross profit margin from the Group's principal products resulting from the substantial decrease of production cost of principal products, strict expenditure control and gains from assets disposal. Investors are cautioned against placing undue reliance on any information disclosed in the Company's unaudited quarterly results since none of such information has been subject to any audit or review by the Company's auditors and none of the Issuer, the Guarantor nor the Company represents that any such unaudited financial information has or will have the same quality as the information reported in the Company's historical audited financial statements.

Acquisition of Chinalco Shanghai

On 8 August 2016, the Company announced the entering into of an equity transfer agreement in relation to the acquisition of 60% of the equity interest in Chinalco Shanghai from Chinalco for a consideration of RMB2,113,760,800. Upon completion of such acqusition, Chinalco Shanghai has become a non-wholly owned subsidiary of the Company. Chinalco Shanghai's main assets are two 5A office buildings in the business zone at the Shanghai Expo Park and it is licensed to conduct, among others, trading, logistics and warehousing businesses. The Company believes that the acquisition of 60% equity interest in Chinalco Shanghai is in line with the strategic development plan of the Company and is beneficial for the Company to take the advantages of the functions of Shanghai as a financial centre, to enjoy the preferential policies of Shanghai Free Trade Zone and to accelerate the transformation of the Company's trade and logistics businesses with the help of the investment and development platforms in Shanghai. At the same time, through the acquisition of the equity interest in Chinalco Shanghai, the Company can get the control over the properties held by Chinalco Shanghai at the Shanghai Expo Park, which can be utilized as the Company's development base in Shanghai.

COMPETITIVE STRENGTHS

A leading company in the Chinese and global aluminium industry

The Group is a leading enterprise in the non-ferrous metal industry in China and ranks among the top enterprises in the global aluminium industry. In 2015, the Group's production volume of alumina and primary aluminium amounted to approximately 13.3 million tonnes and 3.3 million tonnes, respectively, representing approximately 22.8% and 10.7%, respectively, of the total alumina and aluminium output in China in 2015. For the year ended 31 December 2014, the Group's revenue amounted to RMB141,999.8 million and the Group recorded a loss of RMB17,040.7 million. For the year ended 31 December 2015, the Group's revenue amounted to RMB123,445.9 million and the Group recorded a profit of RMB423.7 million. For the six months ended 30 June 2016, the Group's revenue amounted to RMB49,705.3 million and the Group recorded a profit of RMB345.8 million.

Capitalising on its deep understanding of the structural challenges of the aluminium industry that it has accumulated through years of operations, the Group maintains its leading market positions across the aluminium value chain. The Group attaches great importance to securing stable supplies of bauxite through acquisition and development of high-quality bauxite resources. The Group believes that it is the only producer of alumina and primary aluminium in the PRC aluminium industry that also owns bauxite mine resources. As at 31 December 2015, the Group owned 20 bauxite mines in China, one in Laos, and three in Indonesia. The Group's bauxite mines had approximately 270.6 million tonnes of aggregate bauxite reserves as at 31 December 2015 and produced approximately 17.9 million tonnes of bauxite for the year ended 31 December 2015. The supply from the Group's own bauxite mines and jointly-operated mines accounted for 49%, 55.4% and 55.4% of the Group's bauxite sourcing requirements for the years ended 31 December 2013, 2014 and 2015, respectively. The Group believes that it owns and manages rich bauxite resources, and consequently it has further established its leading market positions in China's alumina industry by leveraging the secure and low cost supply of bauxite in China. The Group also strives to improve its trading business which consists of the trading of various mineral and metal products, particularly those closely related to its alumina and aluminium production operations, such as alumina, aluminium products, non-ferrous metal products and coal. The Group believes that through operating its trading business segment, it is able to extend the Group's profit chain and increase its bargaining power in negotiating purchasing and selling prices of different commodities that it uses or produces in other business segments. Utilising its strong capacity for technological innovation, the Group applied advanced technologies to alumina and primary aluminium production procedures which helped to improve operation efficiency and reduce production costs. Based on the above mentioned factors, the Group believes that its leadership position enables it to be well positioned to benefit from the expected growth of the aluminium industry in China in the future.

The Group believes that it is well positioned to capture the opportunities based on its established leading positions in the alumina and aluminium industry in the PRC and the world, its rich resources of bauxite, extensive experience and insight into the relevant market through its trading business and marketing network, and its well planned and integrated operating structure that covers key sectors of the value chain: from bauxite mining, through alumina refining to aluminium production and trading of relevant commodities and aluminium products.

In addition, the Group believes that it has strong capacity in technology research and has more sophisticated and efficient technology than most of its domestic competitors. The Group's research and development efforts over the years have facilitated the expansion of its production capacity and reduced its unit costs. The Group has successfully commercialized its previous research and development results in various technologies. In 2015, the Group completed 62 technological projects, including 39 independent research and development projects, 15 special projects of key science and technology and six application projects of science and technology. In addition, the Group filed a total of 98 patent applications in 2015. As of December 31, 2015, the Group owned 1,716 patents, which were primarily related to technologies and process, equipment and new products.

Strong support from the government and controlling shareholder

The Group is a strategic corporate platform for the PRC aluminium industry. At the time of its establishment, the Group was the only producer of both alumina and primary aluminium in the China. The Group has optimised its production facilities layout in China by allocating production capacity to regions with abundant raw material or energy supply at low costs, during such process the Group works closely with and is supported by local government In addition, as the main subsidiary of Chinalco, a key state-owned enterprise directly supervised by the central government of China, the Group participates in the execution of the PRC government's initiative to consolidate the PRC aluminium industry in view of the recent oversupply in the whole industry. The Group was also invited by government authorities to participate in the setting of industry policies and has benefited and believes that it will continue to take advantage of preferential business policies.

In addition to the government, the Group also cooperates with other enterprises in the PRC which are owned or controlled by the government in its business operations. The Group has developed strong relationship with policy banks and other major state-owned financial institutions in the PRC.

The Group has also benefited from being the core subsidiary of, and the support provided by its controlling shareholder, Chinalco, who beneficially owns 35.77% of the Company's outstanding ordinary shares as at the date of this Offering Circular. The Group received support from Chinalco in respect of its strategic development since its inception when Chinalco injected its entire bauxite mining, alumina refining and aluminium related operations into the Group without leaving any competing business, which ensured the Group's successful development. Chinalco also gave various assistance to the Group during the course of its establishment of financing channels and the Group's applications for projects that enjoy government subsidy or support, including state laboratories focusing on developing technologies for aluminium production and energy saving. In recent years, Chinalco also supported the development of the Group through acquiring the Group's non-core business operations with comparative low profitability or high capital demand, such as the Group's aluminium fabrication business and its equity interests in the Simandou Project, so that the Group could focus on its core businesses and achieve its long-term goals while maintaining favourable near-term gains.

Strategic transformation and structural reform initiatives leading to profitability in challenging economic and market conditions

The Group has achieved favourable results by undertaking strategic transformation initiatives to optimise its business structure with an increased focus on profitability and reduced product costs in the face of challenging economic and market conditions in recent years. Despite the slowdown in the growth of China's economy and low price of aluminium which exposed most of the industry to a loss, the Group recorded a profit of approximately RMB423.7 million for the year ended 31 December 2015 and a profit of approximately RMB345.8 million for the six months ended 30 June 2016.

The initiatives have focused on simultaneously improving quality and efficiency, reforming corporate procedures, and upgrading and innovating technology with the goal of becoming larger but more efficient, stronger, and more dynamic. The Group has allocated more resources to focus on its core business of alumina and aluminium production, which the Group believes have higher margins and more competitiveness compared with downstream sectors in the industry chain, such as the aluminium fabrication business.

By virtue of technological innovation and streamlined management, the Company continuously optimised the main indicators in the production of alumina and primary aluminium and applied advanced technologies to its bauxite mining as well as alumina and primary aluminium production procedures to improve operation efficiency control energy costs. The costs of electricity consumption of the Company were reduced by constructing captive power plants and obtaining preferential policies on electricity prices. In the meantime, the Group improved production processes and quality of products by technological innovation and obtained prominent results in areas such as reform of chemical alumina, comprehensive utilisation of red mud and alloying of primary aluminium.

The Group has improved its asset structure by disposing of certain ancillary assets, which optimised the deployment of existing assets, improved operation efficiency and enhanced asset liquidity by recognising gains from such disposals. The Group also successfully implemented mixed ownership reforms by introducing strategic investors to jointly invest and cooperate with the Group in the development of its aluminium businesses.

The Group also reformed its performance assessment and distribution system to use cost as the primary assessment indicator and linked it with the position and remuneration of the management and total remuneration of subsidiaries. The position allocation was further optimised to promote job reassignment for employees and reduce redundant personnel on production lines. The Group implemented incentive reforms by giving preference to profitable subsidiaries in terms of total remuneration and to key personnel in terms of salary levels, so as to effectively stimulate employee motivation.

Through those efforts, the Group was able to reduce its cost of sales by approximately 14.44% from approximately RMB141,329.0 million for the year ended 31 December 2014 to approximately RMB120,927.1 million for the year ended 31 December 2015, and to further reduce its cost of sales by approximately 27.17% from approximately RMB62,810.9 million for the six months ended 30 June 2015 to approximately RMB45,744.7 million for the six months ended 30 June 2016.

Highly competitive core business supported by abundant bauxite resources and advanced production technologies

The Group has established a dominant market position in China's alumina industry and become a global player by capitalising on its cost competitiveness, primarily as a result of its strategic control over rich high-quality bauxite supply and production technologies. The Group believes that it is the only producer of alumina and primary aluminium in the PRC aluminium industry that also owns bauxite mine resources.

The Group believes that the control of high-quality bauxite resources is crucial to its sustainable development. Through its ownership and operation of rich bauxite resources, the Group has established its leading market position in China's alumina industry by leveraging the secure and low cost supply of bauxite in China. Combining bauxite sourced from its self-owned mines, jointly-operated mines and third parties, the Group manages to secure a stable supply of bauxite for its alumina production. For details, please see the subsection headed "Description of the Group — Raw Materials and Suppliers — Raw Materials." Capitalising on its abundant bauxite resources and leading market position, the Group is able to optimise the percentage of bauxite it sources from third parties and the Group's own mines based on market prices to achieve a better profit. For the years ended 31 December 2013, 2014 and 2015, bauxite sourced from the Group's own mines represented approximately 49%, 55.4% and 55.4% of the total bauxite sourced, respectively. The Group believes that its rich bauxite resources enables it to be flexible in selecting the most cost efficient upstram resources and helped to lower bauxite sourcing costs from third party suppliers in China or overseas, In addition, the Group has formed a plan of alumina production layout based on resources which involves the establishment of alumina bases in the regions with the most concentrated and richest bauxite resources in China.

To further enhance its cost competitiveness, the Group invests in improving and upgrading technologies utilised in its mining operations and production procedures, with its focus on the improvement of efficiency and control on energy costs. For instance, through years of effort, the Group has successfully developed mining technology suitable for the complex geological conditions of bauxite mines in China, which allows it to safely conduct mining operations with a comparatively low cost. In addition, the Group strives to improve its technologies in alumina refining, in particular, its alumina-to-silica ratio. The Group also actively implements technologies such as the dissolution of sodium carbon clinker, desulphurisation and dust control with an aim to achieve cost advantages in the long term. The Group has focused on the development of energy saving technologies to save costs in relation to its primary aluminium production procedures. The Group also benefited from the recent electricity pricing reform in the PRC and took advantage of lowered electricity prices. Through these measures, the Group has been successful in improving its alumina and primary aluminium production costs.

The Group has also established a group of highly skilled technical expertise. The Group has its own in-house research institute, the Zhengzhou Institute, which is central to the Group's research and development efforts. The Zhengzhou Institute specialises in the research and development of technology for smelting aluminium, and is the only research institute in China dedicated to light metals research. It has played a key role in bringing about technological innovations in China's aluminium industry. The Zhengzhou Institute was approved by the Ministry of Science and Technology of the PRC in 2003 to establish the National Research Center of Aluminum Refinery Technologies and Engineering, further demonstrating the Group's and the Zhengzhou Institute's research capabilities.

Business development strategically aligned with the industry policies promulgated by the PRC Government

In recent years, the PRC Government has implemented various measures to improve the development of the overall aluminium industry in China, including promoting integration of aluminium operations with energy operations, requesting the demolishment of outdated production capacity and securing high-quality bauxite resources in China and overseas. The PRC government encourages consolidation in the Chinese primary aluminium industry to create larger, more efficient producers that are better positioned to implement measures to reduce emissions. Moreover, according to the Standard Conditions and other administrative regulations, new aluminium projects for expanding production capacity must be approved by the relevant department of the State Council of China and must have stable supply of alumina. As of the date of this Offering Circular, the Company believes that the relevant department of the State Council of China is not expected to approve any new aluminium projects in the near-term except those environmental protection upgrade projects and expired equipment exchange projects planned by the PRC government. In addition, the PRC government has initiated the "one belt and one road" strategy in recent years to encourage economic cooperation between the PRC and the relevant countries in Asia, Europe and Africa.

The Group's business developments are strategically aligned with those policies, which in turn benefits the Group's business operations and development, and strengthens its leading market positions in China's aluminium industry. For example, taking advantage of its energy segment, the Group supplies part of the electricity it generates for its own production use and supplies a portion of its coal output to its own electric power plant. In addition, the Group has upgraded its aluminium production technologies, disposed of or shut down outdated production capacity, and acquired and consolidated suitable aluminium producers in China, in order to further improve its competitiveness. In particular, the Group implemented flexible production to phase out outdated capacity and optimised the industry layout by constructing a batch of key projects such as the Guizhou Huajin Project, a newly constructed alumina project which recorded profit in its first year of commencement of production. As a result, the Group was able to focus on its core business of alumina and aluminium production. Furthermore, leveraging its leading positions in managing bauxite resources in China, the Group took advantage of the "one belt and one road" strategy and accelerated the development of the upstream bauxite mining resources.

The Group was granted ISO14001 accreditations issued by China Quality Certification Center and the International Certification Network in 2004. In 2015, the Group passed the review and the accreditations were renewed. The Group has also increased its energy-efficiency by implementing new production techniques and technologies, upgrading production facilities, optimising production process and enhancing logistics and operations management. Through these efficiency initiatives, the Group estimates that it conserved the energy equivalent of 740,000 tonnes of standard coal in 2015. The Group has incorporated clean technology and processes into its operations with a view to promoting the concept of "zero emission" plants.

Strong liquidity position with access to various sources of capital

The Group has a strong liquidity position supported by its operating cash flow generation capacities, disciplined capital expenditure programmes and access to various funding sources. The Group's sources of funding include, in addition to the Securities, bank loans and medium and short-term bonds. In addition, the Group has developed and maintained long-term relationships with policy banks in the PRC and other major PRC and international banks and has never experienced material difficulty in obtaining bank loans. As at 31 December 2015 and 30 June 2016, the aggregate banking facilities of the Group amounted to approximately RMB138.4 billion and approximately RMB152.1 billion, respectively, among which, approximately 48.9% and approximately 50.8%, respectively, have been used. Since 30 June 2016, the Group has successfully completed two issuances of short-term bonds with an aggregate issuance amount of RMB6.0 billion, proceeds of which will be primarily used for working capital and repayment of bank borrowings. In addition, on 29 October 2013 and 17 April 2014, the Issuer, a wholly-owned subsidiary of the Company, issued the 2013 October

Securities and the 2014 April Securities, respectively, both of which were guaranteed by various subsidiaries of the Company as subsidiary guarantors. The proceeds in relation to the 2013 October Securities and the 2014 April Securities were on-lent to the Company and some of its subsidiaries for general corporate use. The Group received a credit rating of A-1 from China Cheng Xin International Rating Co., Ltd., an independent third party, for its CNY denominated short-term bonds in the amount of RMB3.0 billion issued in October 2015.

Experienced management team

Though years of effort, the Group has acquired a dedicated management team with extensive industry experience and global vision, which assists in successfully capturing ever-changing marketing opportunities, and developing and enhancing its competitive edges over other industry peers in terms of bauxite resources, manufacturing capacity and technologies and brand recognition. The Group's senior management team has significant experience in the global alumina and aluminium industries, as well as in government, economics, finance and corporate management. In addition, many members of the Group's management team have received education or on-position training overseas and participated in many cross-border mergers and acquisitions. For details, please see the section headed "Directors, Supervisors and Senior Management." As a result, the Group's management team has accumulated valuable experience in managing and operating overseas projects. The significant experience and proven track record of the Group's successful development provides the Group's senior management team with an in-depth understanding of the alumina and aluminium market as well as other associated sectors, such as the energy industry. This allows them to develop a long-term strategy to enhance the Group's leading position and obtain sustainable development in the future.

BUSINESS STRATEGIES

The Group intends to strengthen its market leadership position by relying on its core competitive strengths focusing on the upstream sectors of the aluminium industry value chain, which the Group believes have higher margins and more competitiveness. The Group intends to continue optimising its business structure, focusing on the active development of high quality bauxite resources, optimisation and development alumina business, adjustment of the layout of primary aluminium business, actively expanding its aluminium alloy products, accelerating the development of its energy segment and building a trading and logistics platform. Leveraging on reforms in responsibility management by setting performance goals and operational improvements, as well as application of technological innovations and achievements, the Group strives to further improve its comprehensive competitiveness.

The Group intends to realise these goals through implementing the following measures:

Further develop the alumina business as the Group's core competitive strength

The Group intends to further improve the profitability of its alumina business by optimising the layout of its alumina business, securing more high-quality resources and increasing efficiency of bauxite mining and alumina processing, so that it can convert its resource advantages into cost advantages, which in turn would increase its profitability. The Group intends to continue adjusting the layout of its production facilities in China to take advantages of low transportation or energy costs by allocating production capacity to regions with abundant raw material or energy supply at low costs. In particular, the Group has formed a plan of alumina production layout based on resources which involves the establishment of alumina bases in the regions with the most concentrated and richest bauxite resources in China. The Group will also intensify precise management of subsidiaries by category to revitalise their assets and will improve labour productivity by means of competitive deployment of staff and remuneration reform.

In addition, the Group plans to continue improving its mining capacity so that it can rely more on self-owned mines for bauxite supply to mitigate potential risks associated with relying on imported bauxite or bauxite sourced from third parties and to reduce bauxite sourcing costs. The Group will also take advantage of the national "one belt and one road" strategy to continue to strategically acquire and develop overseas resources, and expand its bauxite resource portfolio to achieve long-term and sustainable development in this business segment.

Streamline the primary aluminium smelting capacity to optimise cost structure and improve profitability

The Group plans to improve the profitability of the primary aluminium business through streamlining its capacity layout in accordance with energy availability and cost, and further improving its operational efficiency through precise management and market-oriented reforms in the labour force. The Group will continue to optimise the quality of assets and improve the efficiency of assets utilisation, by shutting down outdated production lines and relocating the shut-down capacity to regions with advantages in terms of energy and resource.

In addition, the Group intends to promote the operation model of "coal-power-aluminium" or "hydropower-aluminium", whereby it more closely integrates coal mining with thermal power generation, operations and hydropower generation with aluminium production, in order to decrease its energy costs and improve its power supply thereby achieve higher profitability. The Group will continue to reduce the costs of electricity of electrolytic aluminium business through construction of projects in areas which have abundant energy resources and projects integrating coal, electricity and aluminium. The Group strives to secure a stable power supply at low costs by obtaining preferential electricity prices and plans to continue to develop assets and technologies to improve its management of power supply. Furthermore, the Group will expedite technological innovation and reduce the costs of primary aluminium production through developing and utilising advanced energy conservation and production technologies.

Develop the energy segment to support the operations and improve the profitability of alumina and primary aluminium segments

The Group intends to develop its energy segment to provide a stable power supply for its alumina and aluminium operations, so that it could effectively control its production costs.

In particular, the Group plans to increase the Group's coal output and power generation capabilities, in line with its development plan of the alumina and aluminium segment to achieve best results. Centring on the main businesses, the Group intends to engage in synergetic development of competitive energy industries and strengthen the management of captive power plants to cut energy costs while proactively exploring and conducting electricity sales business.

Expand the Group's market share and market influence through its trading segment and improve its capability to provide value-added services to customers

The Group plans to further enhance the competitiveness of its trading segment by focusing on marketing network coverage expansion and developing capabilities to provide value-added services, such as sourcing, marketing, logistics and warehouse management. In particular, the Group intends to enhance the efficiency of its existing consolidated purchasing and selling measures to strengthen its bargaining power. In addition the Group will improve its market researching capacity, so that it can better capture market opportunities. The Group also plans to increase its geographic markets and products portfolio covered by its trading segment, so that it could diversify the revenue channels and mitigate the risks associated with conducting sales in limited markets or trading limited product lines. The Group believes that through adopting these measures, it could enhance its influence in relevant commodities markets and achieve higher profit.

BUSINESS

The Group principally engages in bauxite mining, alumina refining, primary aluminium smelting and the trading of aluminium related products, coal and other non-ferrous metal products. As at the date of this Offering Circular, the Group operates in the following business segments.

Business Segment	Main Operations and Principal Products
• Alumina Segment	The Group mines and purchases bauxite and other raw materials, produces and sells alumina and alumina-related products. In addition, the Group also engages in the production of gallium.
• Primary Aluminium Segment	The Group procures alumina and other raw materials, and produces and sells primary aluminium and aluminium-related products. In addition, the Group also produces carbon products internally and sells remaining carbon products to external customers.
• Trading Segment	The Group engages in trading of alumina, primary aluminium, other non-ferrous metal products, and crude fuels such as coal products, as well as supplemental materials.
• Energy Segment	The Group engages in coal mining and power generation, including conventional coal-fire power generation and renewable energy generation such as wind power and photovoltaic power. In addition, the Group supplies part of the electricity it generates for its own production use, supplies a portion of the coal output to its own electric power plant and sells the remaining portion to external customers.
• Corporate and Other Operating Segment	This business segment mainly deals with corporate and other aluminium-related corporate research, development and other activities of the Group.

The Group used to be engaged in aluminium fabrication operations, where it processed primary aluminium for the production and sales of various aluminium fabrication products. As approved at the Company's 2012 annual general meeting held on 27 June 2013, the Group disposed of substantially all of its aluminium fabrication operations to Chinalco in line with the Group's development strategy to focus on the upstream sectors of the aluminium industry chain and the production of high value added products. As a result, the Group ceased to have its aluminium fabrication business as a separate segment in June 2013.

In addition, the Company acquired an aggregate of 70.82% equity interest in Ningxia Energy on 23 January 2013. Ningxia Energy is principally engaged in research and development, production and operation of energy products, mainly including coal mining, electricity generation by thermal power, wind power and solar power, new energy related equipment manufacturing business and construction and operation of coal aluminium integration. After the acquisition of Ningxia Energy, the Group established an energy segment to include (i) the operations of Ningxia Energy and (ii) the Group's other energy related operations that were formerly included in its corporate and other operating segments.

The table below sets forth the breakdown of revenue from the Group's operations by business segments for the years ended 31 December 2014 and 2015 and the six months ended 30 June 2015 and 2016.

	Year Ended 31 December		Six Months Ended 30 June	
	2014	2015	2015	2016
	(Restated and audited)	(Audited)	(Restated and unaudited)	(Unaudited)
	(RMB in millions)			
Alumina:				
Revenue	30,706.0	33,133.8	16,939.7	12,587.7
External Sales	5,853.7	6,632.3	3,512.4	4,076.7
Inter-segment Sales	24,852.3	26,501.5	13,427.3	8,511.0
Cost and expenses[(1)]	(36,674.3)	(31,166.7)	(15,604.1)	(12,803.1)
Segment results[(2)]	(5,968.3)	1,967.1	1,335.6	(215.4)
Primary aluminium:				
Revenue	40,650.5	36,973.2	20,182.2	15,535.7
External Sales	30,390.4	28,111.8	14,389.7	13,283.4
Inter-segment Sales	10,260.1	8,861.4	5,792.5	2,252.3
Cost and expenses[(1)]	(47,017.0)	(38,360.1)	(21,323.6)	(14,399.8)
Segment results[(2)]	(6,366.5)	(1,386.9)	(1,141.4)	1,135.9
Energy				
Revenue	5,242.3	4,290.9	2,256.8	2,005.1
External Sales	5,094.2	4,192.8	2,198.6	1,947.4
Inter-segment Sales	148.1	98.1	58.2	57.7
Cost and expenses[(1)]	(6,978.7)	(4,365.1)	(2,025.0)	(1,893.1)
Segment results[(2)]	(1,736.4)	(74.2)	231.8	112.0
Trading				
Revenue	110,108.0	94,131.1	50,744.1	35,979.1
External Sales	100,346.2	84,222.2	45,889.2	30,202.6
Inter-segment Sales	9,761.8	9,908.9	4,854.9	5,776.5
Cost and expenses[(1)]	(109,449.3)	(95,365.7)	(50,712.7)	(35,653.6)
Segment results[(2)]	658.7	(1,234.6)	31.4	325.5
Corporate and others:				
Revenue	347.9	301.7	162.4	198.4
External Sales	315.4	286.8	151.2	195.2
Inter-segment Sales	32.5	14.9	11.2	3.2
Cost and expenses[(1)]	(2,625.4)	432.0	(433.0)	(992.9)
Segment results[(2)]	(2,277.5)	733.7	(270.6)	(794.5)
Elimination[(3)]	(275.8)	188.2	(44.2)	(65.3)
Total profit before income tax	(15,965.8)	193.3	142.6	498.2

Notes:

(1) Consist of cost of sales, operating expenses, other income, other gains, finance income, finance costs and others attributable to each segment.

(2) Segment results refer to profit/(loss) before income tax.

(3) Elimination refers to the aggregate inter-segment eliminations of segment results of each segment.

Alumina Segment

The Group mines and purchases bauxite and other raw materials, produces and sells alumina and alumina-related products. In addition, in the process of refining bauxite into alumina, the Group also engages in the production of gallium.

As at 31 December 2015, the Group owned 20 bauxite mines in China with approximately 270.6 million tonnes of aggregate bauxite reserves, own one bauxite mine in Laos and owned three bauxite mines in Indonesia through its 96.28% owned subsidiary, PT Nusapati Prima. For the years ended 31 December 2013, 2014 and 2015, the Group extracted approximately 17.1 million tonnes, 17.3 million tonnes and 17.9 million tonnes, respectively, of bauxite from its own bauxite mines.

Production Process

Alumina is refined from bauxite, an aluminium-bearing ore, through a chemical refining process. The refining process applied is determined by the mineral composition of the bauxite used in production. The Group's alumina refineries mainly employ the Bayer process, the Bayer-sintering series process, the Bayer-sintering combined process or the ore-dressing Bayer process. Most of the bauxite reserves in China contains diasporic bauxite, which contains high alumina content and relatively high silica content, resulting in bauxite reserves with low alumina-to-silica ratio. The Bayer process cannot efficiently refine diasporic bauxite that has not undergone processing to increase its alumina-to-silica ratio. The sintering process or the Bayer-sintering combined process is suitable for refining low alumina-to-silica ratio bauxite. The Group has developed and improved these processes to increase the Group's refining yield. During the Bayer process, the Group produces gallium as a by-product, which undergoes further processing before sale. In addition, the Group also produces some alumina chemical products (alumina hydrate and alumina-based industrial chemical products).

The Group owns abundant bauxite resources in China and overseas which helps secure a stable supply of raw materials for alumina productions. For details, please see the subsection headed "Description of the Group — Business — Alumina Segment — Bauxite Mines" below.

Production Capacity

The Group has annual alumina production capacity of approximately 16.8 million tonnes as of 31 December 2015, increased from 14.7 million tonnes as of 31 December 2014 and from 14.7 million tonnes as of 31 December 2013.

The following table sets forth a breakdown of the Group's annual production capacity of alumina.

Production Capacity[1]	Year Ended 31 December		
	2013	2014	2015
	(in thousand tonnes)		
Alumina segment			
Alumina	14,737.0	14,707.0	16,760.0

Note:
(1) Production capacity is calculated based on designed capacity, which accounts for various assumptions including downtime for ordinary maintenance and repairs, the ore grade of bauxite feedstock and subsequent capacity modifications.

The following table sets forth the annual production capacity of each of the Group's principal plants by business segment as at 31 December 2015:

Plant	As at 31 December 2015 Alumina
	(in thousand tonnes)[1]
Subsidiaries	
Zunyi Alumina	1,000.0
Baotou Aluminum	—
Fushun Aluminum	—
Gansu Hualu	—
Shandong Huayu	—
Shanxi Huasheng	800.0
Shanxi Huaze	—
Zunyi Aluminum	—
Chalco Zhongzhou	3,050.0
Branches	
Shanxi branch	2,600.0
Henan branch	2,410.0
Guangxi branch	2,210.0
Shandong branch	—
Guizhou branch	1600.0
Chongqing branch	800.0
Zhengzhou Institute	20.0
Lanzhou branch	—
Liancheng branch	—
Qinghai branch	—
Total	16,760.0

Note:
(1) Production capacity is calculated based on designed capacity, which accounts for various assumptions including downtime for ordinary maintenance and repairs, the ore grade of bauxite feedstock and subsequent capacity modifications.

Production Output

The following table sets forth a breakdown of the Group's production output by main products under its alumina segment for the periods indicated:

Production Output by Product	Year Ended 31 December 2013	2014	2015
	(in thousand tonnes, except for Gallium)		
Alumina segment			
Alumina	12,143.2	12,024.0	13,296.4
Chemical grade alumina	1,717.2	1,822.3	1,959.1
Gallium (in tonnes)	127.8	81.2	121.4

For the year ended 31 December 2015, the Group's production output of alumina and chemical grade alumina amounted to 13.3 million tonnes and 2.0 million tonnes, respectively.

In 2013, the Group's production output of alumina represented approximately 24.8% of the total output in China of that year. In 2014, the Group's production output of alumina represented approximately 23.5% of the total production output in China of that year. In 2015, the Group's production output of alumina represented approximately 22.8% of the total output in China of that year.

Utilisation Rate

Utilisation rate in 2015 is calculated by dividing the Group's utilised production capacity by the Group's total designed production capacity in 2015.

In 2015, the Group produced approximately 13.3 million tonnes of alumina, approximately 2.0 million tonnes of chemical grade alumina and approximately 121.4 tonnes of gallium. The overall utilisation rate for the Group's alumina refineries was 80.0%.

Production Facilities

The Group currently operates nine alumina refineries and one research institute with a total designed annual production capacity of approximately 16.8 million tonnes as at 31 December 2015. One of the Group's refineries is integrated with primary aluminium smelters. The following table sets forth the annual production capacity, output of alumina and chemical grade alumina, utilisation rate of and production process applied in each of the Group's alumina refineries and the Group's Zhengzhou Institute.

	As at 31 December 2015	For the Year Ended 31 December 2015			
	Alumina Annual Production Capacity(1)	Alumina Production Output	Chemical Products Output	Utilisation Rate(2)	Production Process
	(in thousand tonnes, except percentages)				
Subsidiaries					
Zunyi Alumina	1,000.0	1,061.6	2.9	100%	Bayer
Shanxi Huaxing (3)	800.0	1,196.2	5.3	100%	Bayer
Chalco Zhongzhou	3,050.0	2,031.2	372.8	72%	Sintering and Bayer
Branches					
Guangxi branch	2,210.0	2,452.8	125.1	100%	Bayer
Henan branch	2,410.0	1,963.9	191.4	35%	Bayer-sintering
Shanxi branch	2,600.0	2,407.0	28.4	93%	Bayer-sintering
Chalco Shandong	2,270.0	1,636.9	1,197.0	100%	Sintering and Bayer
Guizhou branch	1,600.0	546.8	—	100%	Bayer
Chongqing branch	800.0	—	—	—	Bayer-sintering
Zhengzhou Institute(4)	20.0	—	36.2	—	Bayer
Total	16,760.0	13,296.4	1,959.1	80.0%	

Notes:

(1) Production capacity is calculated based on designed capacity, which accounts for various assumptions including downtime for ordinary maintenance and repairs, the ore grade of bauxite feedstock and subsequent capacity modifications.

(2) Capacity utilisation rate is calculated by dividing the Group's utilised production capacity by its total designed production capacity.

(3) The Group disposed 50% of equity interest in Shanxi Huaxing at the end of December 2015, and as a result Shanxi Huaxing has become the Group's joint venture in accordance with relevant accounting standards.

(4) The alumina chemical products produced at the Zhengzhou Institute are sold commercially, and such sales are included in the Group's total revenues.

Please also see the subsection headed "Description of the Group — Principal Facilities" in this Offering Circular.

Bauxite Mines

As at 31 December 2015, the Group had 20 own bauxite mines. The Group intends to continue to explore new bauxite reserves to replenish its reserves. The Group also actively explores opportunities to secure high-quality bauxite mining resources overseas and has one owned bauxite mine in Laos and three owned bauxite mines in Indonesia where it is currently developing bauxite mines for its alumina production.

The Group's Own Bauxite Mines

Overview

As at 31 December 2015, the Group owned and operated 20 bauxite mines in China that had approximately 270.6 million tonnes of aggregate bauxite reserves. The Group also owns one bauxite mine in Laos and three bauxite mines in Indonesia. For the years ended 31 December 2013, 2014 and 2015, the Group extracted approximately 17.1 million tonnes, 17.3 million tonnes and 17.9 million tonnes, respectively, of bauxite from its own bauxite mines.

The following table sets forth information for the Group's own bauxite mines as at 31 December 2015:

Mine	**Location**	**Nature of Ownership**[1]	**Mining Method**	**Permit Renewal**[1]	**Present Condition/ Current State of Exploration**	**Bauxite Production**
						(in thousand tonnes)
Pingguo mine . . .	Guangxi Zhuang Autonomous Zone, China	100% owned and operated by Chalco	Open pit	October 2030-April 2036	Fully developed and operational	5,670
Guizhou mine[2] . .	Guizhou Province, China	100% owned and operated by Chalco	Open pit/ underground	September 2016- December 2038	Fully developed and operational	1,312
Zunyi Mine	Guizhou Province, China	100% owned and operated by Chalco	Open pit/ underground	August 2017-May 2021	Two stopes are currently under development	306
Xiaoyi mine	Shanxi Province, China	100% owned and operated by Chalco	Open pit	December 2015-September 2013	Fully developed and operational	2,376
Shanxi Other Mines	Shanxi Province, China	100% owned and operated by Chalco	Open pit/ underground	December 2015[3]-July 2035	Fully developed and operational or under development	2,837
Mianchi mine . . .	Henan Province, China	100% owned and operated by Chalco	Open pit/ underground	December 2015[3]-October 2031	Four stopes are currently under development	441
Luoyang mine . . .	Henan Province, China	100% owned and operated by Chalco	Open pit/ underground	December 2015 [3]- October 2031	Two stopes are currently under development	928
Xiaoguan mine . .	Henan Province, China	100% owned and operated by Chalco	Open pit/ underground	May 2017-October 2031	Fully developed and operational	341
Gongyi mine	Henan Province, China	100% owned and operated by Chalco	Open pit/ underground	August 2016-April 2029	Fully developed and operational	702
Dengfeng mine . .	Henan Province, China	100% owned and operated by Chalco	Open pit/ underground	June 2016-June 2019	Fully developed and operational	209

Mine	Location	Nature of Ownership[1]	Mining Method	Permit Renewal[1]	Present Condition/ Current State of Exploration	Bauxite Production
						(in thousand tonnes)
Xinmi mine	Henan Province, China	100% owned and operated by Chalco	Open pit/ underground	July 2017-July 2020	Three stopes are currently under infrastructure development	11
Sanmenxia mine .	Henan Province, China	100% owned and operated by Chalco	Underground	April 2017-October 2026	Fully developed and operational	12
Xuchang mine . . .	Henan Province, China	100% owned and operated by Chalco	Open pit/ underground	September 2015[3]-August 2024	Fully developed and operational	204
Jiaozuo mine . . .	Henan Province, China	100% owned and operated by Chalco	Open pit/ underground	September 2016- October 2024	Two stopes are currently under development	124
Pingdingshan mine	Henan Province, China	100% owned and operated by Chalco	Open pit/ underground	June 2015[3]-October 2024	Fully developed and operational	301
Ruzhou mine [4] . .	Henan Province, China	100% owned and operated by Chalco	Open pit	October 2015[3]-December 2018	One stope is currently under development	63.8
Yangquan mine . .	Shanxi Province, China	100% owned and operated by Chalco	Open pit	June 2016-November 2035	Suspended production	—
Nanchuan mine . .	Chongqing Municipality, China	100% owned and operated by Chalco	Underground	November 2016-December 2026	Suspended production	—
Huaxing mine[5] . .	Shanxi Province, China	100% owned and operated by Chalco	Underground	August 2018-September 2018	Fully developed and operational	2,020
PT ALUSENTOSA.	West Kalimantan, Indonesia	Owned and operated by PT Nusapati Prima, a 96.28% subsidiary of Chalco	Open pit	December 2027	Suspended production	—
PT KALMIN	West Kalimantan, Indonesia	Owned and operated by PT Nusapati Prima, a 96.28% subsidiary of Chalco	Open pit	December 2027	Suspended production	—
PT VISITAMA . . .	West Kalimantan, Indonesia	Owned and operated by PT Nusapati Prima, a 96.28% subsidiary of Chalco	Open pit	December 2015[3]	Under exploration	—
Laos bauxite mine	Attapeu Province and Sekong Province, Laos	Owned and operated by Laos Mineral Services Co., Ltd., a 60% subsidiary of Chalco	Open pit	June 2017	Exploration completed	—

Notes:

(1) All conditions to retain the Group's properties or leases have been fulfilled as of 31 December 2015. Each mine may be covered by one or more mining permits or exploration permits and the range of permit renewal dates is set forth above.

(2) Including Guizhou No. 1 mine and Guizhou No. 2 mine.

(3) The Group is in the process of renewing these permits.

(4) Chalco Zhongzhou established Ruzhou mine in 2015 to manage the stopes of Autou and Shengjiacun, which were originally managed by Pingdingshan mine.

(5) The mining right in Ao Jiawan under the Huaxing mine was injected into Shanxi Huaxing as capital contribution in September 2015, and as of 15 April 2016, the transfer of the mining right in Ao Jiawan was in the process of filing with relevant government authorities.

The following table sets forth certain estimated details of the reserves for the Group's own bauxite mines as at 31 December 2015:

		Average Grade (%)		
Mine	**Total Reserves(1)(2)**	**Al_2O_3**	**SiO_2**	**Ratio of Average A/S(3)**
	(in million tonnes)			
Pingguo mine	64.32	54.03	4.87	11.09
Guizhou No. 1 mine	0.81	65.4	9.77	6.69
Guizhou No. 2 mine	21.97	62.54	9.37	6.67
Zunyi mine	7.32	57.05	9.48	6.01
Xiaoyi mine	24.52	62.44	13.34	4.68
Shanxi Other Mines	18.59	64.47	11.63	5.55
Huaxing mine	6.26	62.84	10.14	6.20
Mianchi mine	2.77	63.24	12.00	5.27
Luoyang mine	3.54	61.14	9.80	6.24
Xiaoguan mine	26.27	63.54	15.06	4.22
Gongyi mine	2.70	64.00	14.13	4.53
Dengfeng mine	1.39	62.77	11.80	5.32
Xinmi mine(4)	2.26	68.59	11.04	6.21
Sanmenxia mine	43.10	63.40	12.65	5.01
Xuchang mine	1.46	62.49	10.00	6.25
Jiaozuo mine	1.68	58.61	14.79	3.96
Pingdingshan mine	3.27	62.18	13.50	4.61
Ruzhou mine (4)	0.70	59.71	15.03	3.97
Yangquan mine	7.46	58.63	13.73	4.27
Nanchuan mine	30.17	60.62	13.95	4.35
Total (average) reserves	270.56	60.42	10.75	5.62
By reserve type				
Proven reserve	120.68	60.67	10.75	5.64
Probable reserve	149.88	60.22	10.75	5.60
Total (average) reserves	270.56	60.42	10.75	5.62

Notes:

(1) The Group's reserves take into consideration mining dilution and loss factors, which generally vary from 5% to 10% and are based on the planned mining method and selected drill data for each site.

(2) The Group's metallurgical recovery factors are calculated in accordance with the relevant PRC mining standards and vary from mine to mine.

(3) Refers to the ratio of average grade of Al_2O_3 to the average grade of SiO_2 of the reserves.

(4) Chalco Zhongzhou established Ruzhou mine in 2015 to manage the stopes of Autou and Shengjiacun, which were originally managed by Pingdingshan mine.

Most of the bauxite in China is $AL_2O_3H_2O$ mineral. Bauxite deposits have been discovered across a broad area of central China and are especially abundant in the southern and northern parts of central China. The largest bauxite deposit in China lies in Shanxi Province. The bauxite deposits of the Group's mines, except those of Guangxi Pingguo mine which is an accumulation deposit due to original erosion, usually have similar stratigraphical sequences. Primary bauxite deposit, as a type of sedimentary $AL_2O_3H_2O$ of Carboniferous or Permian age, is contained in clay rock, limestone or coal seams. A zonary red shale is usually located at the bottom of the bauxite and the red seam distributes over the irregular "karst-type" erosion face on the top of Ordovician limestone. Aluminium deposits in northern China are usually covered with a very thick Quaternary weathering.

The Group's bauxite deposits are divided into three groups. They are primarily distinguished by drill hole spacing and the composition of the deposit, which can encompass rock formations such as intercalated clays, bauxite, footwall iron clay or Ordovician limestone. The thickness and quality of deposits vary with the Group's mine locations. Quality is usually consistent in smooth sections but changes sharply in karst "billabong" terrain. The level of hardness of minerals also varies. A sequence that includes a seam of hard bauxite of fine quality in the middle, and soft bauxite of inferior quality on the bottom and top seams is common in deposits. The Group's deposits are generally horizontal or with an obliquity of 0 to 8 degrees, but there are also steep deposits at an angle of 75 degrees, such as the Guizhou No. 2 mine. Most of the original mineralisation is not influenced by folds and faults, and some fractures of a low obliquity and folds emerge in certain deposits, which is evident in the Guizhou No. 2 mine area where the underground mining method must be used due to the obliquity of its bauxite body reaching 70 degrees with the influence of folds and several metres of dislocation arising from partial faults.

The Group uses the Chinese bauxite deposit estimation method, which is calculated using cutoff grades and thickness to outline continuous areas within the limits defined by samples of marginal grade. The Group utilises actual limiting sample points that are joined to create a polygonal outline, and grades are then calculated using a length weighted arithmetic average. The Chinese programme of systematic and accurate method of test boring, inspection pit, trial trench, density, tonnage analysis and calculation applied to the geological work of bauxite in China is an appropriate method to analyse these types of deposits.

Mining Rights

The Group is required to obtain mining rights permits to conduct mining activities. Under PRC laws and regulations, a mining enterprise must prepare and submit exploration reports for a mine to the local government to obtain a mining rights permit for a mine. If an applicant for the mining rights permit is not the owner of a mine, the applicant must first enter into a lease agreement with the mine owner before submitting an application. The mining rights permit is subject to renewal on a regular basis. Furthermore, the mining right owner is required to obtain land use rights on the land in order to operate these mines.

The Group leases the land use rights relating to foregoing mines from Chinalco pursuant to a land use rights lease agreement that became effective upon the Group's formation. Chinalco's land use rights relating to over 90% of the Group's mining properties are for 50-year terms beginning on 1 July 2001. The remaining land use rights relating to the mines that the Group owns and operates are for shorter terms, some as short as one year. All of the Group's land use rights lease agreements terminate on the expiry date of the mining rights or the end of the working life of the mine, whichever is earlier. Both the land use rights and land use rights lease agreements are renewable.

Safety Control

The Group has been in compliance with the National Mining Safety Law and related rules and regulations in China. The Group closely supervises and routinely inspects mining conditions with continual implementation of safety measures and procedures at its own bauxite mines and safety training for its mining personnel. In 2015, the Group did not experience any mining accidents that involved serious work injuries or death.

Jointly-operated bauxite mines

Historically, the Group has procured part of its bauxite supply from its jointly-operated mines. The Group managed these jointly-operated mines by contracting with local companies for their mining services to operate mines owned by the Group. In the years ended 31 December 2013, 2014 and 2015, the Group's jointly-operated mines did not produce any bauxite. As of 31 December 2015, the Group managed all its mines by its own and did not have any jointly-operated mines. On 28 June 2016, the Company entered into a cooperative exploration agreement and an income sharing rights transfer agreement with Chinalco, pursuant to which the Company will jointly operate Guizhou Maochang bauxite mine ("**Maochang Mine**") with Chinalco and hold 58.15% of the income sharing rights thereof. In the meantime, the Company obtains 80% of Chinalco's income sharing rights in Maochang Mine through a one-off acquisition. Upon completion of the transactions under the cooperative exploration agreement and the income sharing rights transfer agreement, the Company holds a total of 91.63% of the income sharing rights of Maochang Mine.

Alumina-to-Silica Ratio

The production method for alumina refining is determined by the mineral composition of the bauxite, in particular, its alumina-to-silica ratio. Most of the bauxite reserves in China are diasporic with low alumina-to-silica ratios. Based on the Group's current technology, an efficient application of the Bayer process requires bauxite with an alumina-to-silica ratio of 10:1 or higher, while the sintering process can refine bauxite with an alumina-to-silica ratio as low as 4:1. In 2015, the average alumina-to-silica ratio of the proven and probable reserves of the Group's mines ranged from approximately 3.96:1 to 11.09:1.

Capital Expenditures for Bauxite Mines

The following table sets forth the Group's capital expenditures for its bauxite mines in China for the periods indicated:

	Year Ended 31 December	
	2014	**2015**
	(RMB in thousands)	
Capital Expenditures		
Infrastructure construction	1,116,770.3	950,980.6
Facility upgrade	372,256.8	62,910.9
Total	1,489,027.1	1,013,891.5

Primary Aluminium Segment

The Group mainly engages in the processing of alumina into primary aluminium, which in turn, is a widely used metal and the key raw material in aluminium fabrication. The Group also produces and sells a relatively small amount of chemical grade alumina, carbon products (carbon anodes and cathodes) and gallium.

For the year ended 31 December 2015, the Group's output of primary aluminium amounted to approximately 3.3 million tonnes. As at 31 December 2015, the Group owns and operates 12 primary aluminium smelters in China, with a total primary aluminium production capacity of approximately 3.9 million tonnes.

Production Process

The Group smelts alumina into primary aluminium through electrolytic reduction. The electrolytic process takes place in a reduction cell, or pot, a steel shell lined with carbon cathodes and refractory materials. Powerful electric currents are passed through the pot to produce molten aluminium. The molten aluminium is transferred to holding furnaces and then poured directly into moulds to produce foundry ingots, or further refined to form fabricating ingots, which may be used directly in the aluminium fabrication process. Most of the primary aluminium the Group produces is in the form of ingots. All of the Group's primary aluminium smelters use pre-bake anode reduction pot-lines. In the pre-bake reduction process, the anodes are pre-formed in a separate facility where pollutants can be contained. The cells themselves are enclosed with removable panels so that waste gas produced during the process can be extracted using large exhaust fans. The Group's waste gas is treated and purified to reduce dust and fluoride emissions to acceptable levels set by state environmental protection agencies.

Production Capacity

The Group's annual primary aluminium production capacity was approximately 3.9 million tonnes as at 31 December 2015, increased from 3.84 million tonnes as at 31 December 2014.

The following table sets forth a breakdown of the Group's annual production capacity by products under its primary aluminium segment for the periods indicated.

Production Capacity(1) by Product	2013	2014	2015
		(in thousand tonnes)	
Primary aluminium segment			
Primary aluminium	3,847.2	3,839.7	3,851.0

Note:

(1) Production capacity is calculated based on designed capacity, which accounts for various assumptions including downtime for ordinary maintenance and repairs, the ore grade of bauxite feedstock and subsequent capacity modifications.

The following table sets forth the annual production capacity of primary aluminium of each of the Group's principal plants by business segment as at 31 December 2015:

Plant	As at 31 December 2015 Primary Aluminium
	(in thousand tonnes)[1]
Subsidiaries	
Baotou Aluminum	538.0
Shanxi Huaze	424.0
Fushun Aluminum	330.0
Zunyi Aluminum	235.0
Gansu Hualu	230.0
Shanxi Huasheng	220.0
Shandong Huayu	200.0
Shanxi Huaxing[2]	—
Chalco Shandong	55.0
Branches	
Liancheng branch	523.0
Guizhou branch	333.7
Lanzhou branch	388.0
Qinghai branch	374.3
Guangxi branch	—
Henan branch	—
Zhengzhou Institute	—
Total	3,851.0

Notes:

(1) Production capacity takes into account designed capacity, downtime for ordinary maintenance and repairs and subsequent capacity modifications.

(2) The Group disposed 50% of equity interest in Shanxi Huaxing at the end of December 2015, and as a result Shanxi Huaxing has become the Group's joint venture in accordance with relevant accounting standards.

Production Output

The following table sets forth a breakdown of the Group's production output of main products under primary aluminium segment for the periods indicated:

Production Output by Product	2013	2014	2015
	(in thousand tonnes)		
Primary aluminium segment			
Primary aluminium[1]	3,841.8	3,381.6	3,307.6
Carbon	2,010.4	1,877.4	1,786.6

Note:

(1) Including ingots and other primary aluminium products.

In 2013, the Group's production output of primary aluminium amounted to approximately 3.8 million tonnes, representing approximately 15.4% of the total production output of China of that year. In 2014, the Group's production output of primary aluminium amounted to approximately 3.4 million tonnes, representing approximately 12.0% of the total production output in China of that year. In 2015, the Group's production output of primary aluminium amounted to approximately 3.3 million tonnes, representing approximately 10.7% of the total production output in China of that year.

Utilisation Rate

In 2015, the Group produced approximately 3.3 million tonnes of primary aluminium. The average utilisation rate for the Group's smelters was 71.0% as of 31 December 2015.

Production Facilities

The Group operates 12 primary aluminium smelters in China. The Group's smelters had an aggregate annual production capacity of approximately 3.9 million tonnes as at 31 December 2015.

The following table sets forth the annual production capacity, aluminium output, utilisation rate and smelting equipment used in each of the Group's aluminium smelters:

	As at 31 December 2015	For the Year Ended 31 December 2015		
Plant	Annual Production Capacity[(1)]	Primary Aluminium Output	Utilisation Rate[(2)]	Smelting Equipment
		(in thousand tonnes, except percentages)		
Subsidiaries				
Baotou Aluminum.	538.0	545.7	98.7%	200Ka, 240Ka and 400Ka pre-bake
Shanxi Huaze.	424.0	263.5	78.2%	300Ka pre-bake
Fushun Aluminum [(3)]	330.0	181.9	—	200Ka and 350Ka pre-bake
Gansu Hualu [(4)]	230.0	192.1	—	160Ka and 210Ka pre-bake
Shandong Huayu	200.0	216.8	97.9%	240Ka pre-bake
Shanxi Huasheng.	220.0	222.9	99.6%	300Ka pre-bake
Zunyi Aluminium	235.0	102.7	41.1%	200Ka and 350Ka pre-bake
Chalco Shandong [(5)]	55.0	—	—	200Ka pre-bake
Branches				
Liancheng branch	523.0	472.6	66.2%	200Ka and 500Ka pre-bake
Lanzhou branch	388.0	403.0	94.6%	200Ka and 350Ka pre-bake
Guizhou branch	333.7	306.9	77.2%	160Ka and
230Ka pre-bake				
Qinghai branch	374.3	399.5	99.7%	160Ka and 200Ka pre-bake
Total	3,851.0	3,307.6	71.0%	

Notes:

(1) Production capacity takes into account designed capacity, downtime for ordinary maintenance and repairs and subsequent capacity modifications.

(2) Capacity utilisation rate is calculated by dividing the Group's utilised production capacity by its total designed production capacity.

(3) The Group suspended the operations of primary aluminium production facilities in Fushun Aluminium in 2015.

(4) The Group suspended the operations of primary aluminium production facilities in Gansu Hualu in 2015.

(5) The Group suspended the operations of primary aluminium production facilities in Chalco Shandong since June 2013.

Please also see the subsection headed "Description of the Group — Principal Facilities" in this Offering Circular.

Trading Segment

The Group engages in trading of raw materials, fuels and supplemental materials such as alumina, primary aluminium, aluminium fabrication products, other non-ferrous metal products and coal to the internal manufacturing plants and external customers in the PRC. The Group operates its trading segment primarily through Chalco Trading. For details of the Group's trading and sales activities, please see the subsection headed "Description of the Group — Sales and Marketing". The Group sources goods for reselling from both its subsidiaries and external suppliers.

For the year ended 31 December 2014, the revenue from external sales under the Group's trading segment amounted to RMB110,346.2 million, while the revenue from inter-segment sales amounted to RMB9,761.8 million. For the year ended 31 December 2015, the revenue from external sales under the Group's trading segment amounted to RMB84,222.2 million, while the revenue from inter-segment sales amounted to RMB9,908.9 million.

Chalco Trading

Chalco Trading is a limited liability company incorporated in the PRC and located in Beijing. It was established in April 2001. In June 2011, the Company acquired 9.5% equity interest in Chalco Trading from China Aluminum Development Limited, a wholly-owned subsidiary of Chinalco. Upon completion of the acquisition, Chalco Trading became a wholly-owned subsidiary of the Company.

Historically, Chalco Trading mainly generated revenue by selling self-produced products procured from the Group's alumina, primary aluminium and aluminium fabrication plants. As a result of the implementation of the Group's operational structural adjustment exercise, the Group established its trading business as a new business segment in 2010.

Energy Segment

The Group's energy segment, which consists of the research and development, production and operation of energy products, mainly includes coal mining, electricity generation by thermal power, wind power and solar power, and new energy related equipment manufacturing business. In 2015, the Group supplied part of the electricity it generated for its own production use, supplied a portion of the coal output to its own electric power plant and sold the remaining portion to external customers, including power generation enterprises and cement plants.

Coal Mines

The Group acquired 70% of the equity interest in Gansu Huayang in March 2011, which holds exploration rights for certain coal deposits in Gansu Province, namely, Luochuan mine. Th Group also acquired the mining rights for certain coal deposits Guizhou Province in January 2013 through Chalco Guizhou Mining Co., Ltd..

In addition, the Group acquired 70.82% of the equity interest in Ningxia Energy, which holds mining rights for coal deposits in Ningxia Autonomous Region. All of the coal mining enterprises in which the Group directly or indirectly has equity interest are in the extraction or trial production stage, except:

Description of coal mines or deposits	Status as at 31 December 2015
One of the coal mines of Chalco Liupanshui, a joint venture company in which the Company holds 49% of the equity interest.	suspended due to production technology renovation
Huozhou Coal Group Xingshengyuan Coal Co., Ltd., a joint venture company in which Shanxi Huasheng holds 43.03% of the equity interest	suspended due to production technology renovation
Guizhou Yuneng, a joint venture company in which the Group holds 25% of the equity interest	under development

By investing in coal mining enterprises and acquiring mining rights for coal deposits, the Group plans to partially offset the Group's future energy costs, and to secure a portion of the coal the Group consumes in the Group's operations.

In addition, the Group operates its corporate and other aluminium-related corporate research and development activities under the corporate and other operating segment.

The Group used to engage in the aluminium fabrication business, where the Group processes primary aluminium for production and sales of various aluminium fabricated products, including casts, planks, screens, extrusions, forges, powder and die castings. As approved at the annual general meeting of the Company held on 27 June 2013, the Group disposed such business to Chinalco in line with its development strategy.

PRINCIPAL FACILITIES

The Group's principal facilities include 21 principal production plants and the Group's Zhengzhou Institute. Set forth below is a description of the Group's principal production plants.

Guangxi Branch

The Guangxi branch commenced operations in 1994 and is located in Guangxi Zhuang Autonomous Region in southwestern China, an area rich in bauxite reserves. The Guangxi branch obtains bauxite delivered via highway from the Pingguo mine, one of the Group's wholly-owned mines, located less than 17 kilometres front the Guangxi branch.

The Pingguo mine contains large, easily exploitable bauxite reserves with high alumina-to-silica ratios. The Guangxi branch is the Group's only principal refinery that exclusively uses the Bayer process. With technology and production equipment imported from Europe, the Guangxi refinery features a high level of automation and energy efficiency. Since its inception, the Group has continually increased the designed production capacity at this branch by removing production bottlenecks and investing in capacity expansions. Guangxi branch had an annual alumina production capacity of approximately 2,210,000 tonnes as at 31 December 2015. In 2015, the Guangxi branch produced approximately 2,452,800 tonnes of alumina, along with approximately 125,100 tonnes of alumina chemical products. In 2014, the Group abandoned primary aluminium production facilities of its Guangxi branch.

Guizhou Branch

The Guizhou branch commenced its smelting operations in 1966 and was subsequently expanded to include alumina refining operations in 1978. The Group disposed of the assets of alumina production line of Guizhou branch to a subsidiary of Chinalco in June 2013. The Group's Guizhou branch uses 160Ka and 230Ka pre-bake reduction pot-lines in its primary aluminium production. As a result of technological innovations and overhauls since its inception, the Group's Guizhou smelter is among the most technologically advanced smelters in China. As of 31 December 2015, the Group's Guizhou branch had an annual primary aluminium production capacity of approximately 333,700 tonnes. In 2015, the Group's Guizhou branch produced approximately 306,900 tonnes of primary aluminium.

The Group's Guizhou branch also contains a modern carbon production facility, which produces carbon cathodes in addition to carbon anodes.

Henan Branch

The Henan branch commenced its alumina refining operation in 1966 and primary aluminium smelting operation in 1967 in Henan Province, a province rich in bauxite reserves. Bauxite is delivered to the Group's Henan branch via railway and highway from the following mines: Xiaoguan mine, Gongyi mine and Dengfeng mine located in Zhengzhou, Luoyang mine in Luoyang, Mianchi mine in Mianchi, Xuchang mine in Zhengzhou, Sanmenxia mine in Sanmenxia and Jiaozuo mine in Jiaozuo. The Group's Henan branch was the first refinery in China to develop the Bayer-sintering combined process. The Group also has an alumina production line that uses the ore-dressing Bayer process, which the Group developed to refine low alumina-to-silica ratio bauxite. Since its inception, the Henan branch's production facilities have undergone substantial technological upgrades, based on equipment imported from Germany and Denmark. The refinery has also benefited from its access to high alumina-to-silica ratio bauxite from the Group's own mines and through purchases on the market. The Henan branch had an annual alumina production capacity of approximately 2,410,000 tonnes as at 31 December 2015. In 2015, the Group's Henan branch produced approximately 1,963,900 tonnes of alumina and 191,400 tonnes of alumina chemical products. Henan branch currently has the largest power generation capacity among the Group's alumina refineries. In January 2013, the Group ceased the operation of the obsolete primary aluminium production facilities of Henan branch.

Chalco Shandong

Chalco Shandong was incorporated as one of the Group's subsidiaries in the PRC in 2015. The predecessor of Chalco Shandong was the Shandong Branch. The Shandong branch commenced operations in 1954 and has the capacity to produce alumina, primary aluminium and aluminium fabrication products. Bauxite is delivered to Chalco Shandong via railway and highway from the Yangquan mine in Yangquan, Shanxi Province. Its alumina refinery was China's first production facility for alumina. It produces its alumina through the sintering process and Bayer process. Chalco Shandong purchases some bauxite from overseas and the rest from small third-party mines in Henan and Shanxi Provinces. Chalco Shandong had an annual alumina production capacity of approximately 2,270,000 tonnes as at 31 December 2015. It produced approximately 1,636,900 tonnes of alumina in 2015.

In addition, Chalco Shandong produces substantial amounts of alumina chemical products and produced approximately 1,197,000 tonnes of alumina chemical products in 2015. It is the largest and most technologically advanced alumina chemical products production facility in China with the ability to produce the widest variety of alumina chemical products.

As at 31 December 2015, Chalco Shandong's annual primary aluminium production capacity was approximately 55,000 tonnes and it did not produce any primary aluminium in 2015.

Chalco Shandong also produces aluminium fabrication products. As at 31 December 2015, Chalco Shandong had an annual aluminium fabrication production capacity of 10,000 tonnes and it produced a small amount of aluminium fabrication products in 2015.

Qinghai Branch

Located in Qinghai Province, the Group's Qinghai branch is a stand-alone primary aluminium production facility. This branch commenced operations in 1987 and is one of the most technologically advanced primary aluminium smelters in China. It operates 160Ka and 200Ka automated pre-bake anode reduction pot-lines that were developed domestically. It benefits from relatively low electricity costs in Qinghai Province due to the hydroelectric power stations in the region. The Qinghai branch sources alumina from the Group's Shanxi and Henan branches, Chalco Shandong and Chalco Zhongzhou, but incurs higher transportation costs for both raw materials and its primary aluminium products than the Group's other branches. The Qinghai branch had an annual primary aluminium production capacity of approximately 374,000 tonnes as of 31 December 2015. The Qinghai branch produced approximately 399,500 tonnes of primary aluminium in 2015.

Shanxi Branch

The Group's Shanxi branch commenced operations in 1987 and is located in Shanxi Province, a province rich in bauxite deposits. Bauxite is transported to the Group's Shanxi branch via railway and highway from the Xiaoyi mine in Shanxi Province. The Group's Shanxi branch is a stand-alone alumina plant. Shanxi branch had an annual alumina production capacity of approximately 2,600,000 tonnes as at 31 December 2015.

The Group's Shanxi branch produced approximately 2,407,000 tonnes of alumina and 28,300 tonnes of alumina chemical products in 2015. The Group's Shanxi branch's production facilities are primarily imported. The Shanxi branch relies on bauxite from the Group's own mines as well as external suppliers. It is in the proximity of large coal mines and substantial water resources.

Chalco Zhongzhou

Located in Henan Province, Chalco Zhongzhou is a stand-alone alumina plant, located near abundant bauxite, coal and water supplies. It was incorporated as one of the Group's subsidiaries in the PRC in 2015. It commenced operations in 1993 and is equipped with imported and self-developed technology and has undergone various improvements and upgrades, in particular to its sintering process and Bayer process. Chalco Zhongzhou obtains bauxite supplies from external suppliers in Henan Province and Shanxi Province and overseas.

The Group abandoned alumina production capacity of 30,000 tonnes in Chalco Zhongzhou in 2014. Chalco Zhougzhou had an annual alumina production capacity of approximately 3,050,000 tonnes as at 31 December 2015. Chalco Zhongzhou produced approximately 2,031,200 tonnes of alumina and approximately 372,800 tonnes of alumina chemical products in 2015.

Zunyi Alumina

Zunyi Alumina is located in Zunyi, Guizhou Province. In April 2006, the Group entered into a joint venture agreement with Guizhou Wujiang Hydroelectric Co., Ltd. to establish a joint venture company. Zunyi Alumina. The Group held 73.28% of the equity interests in Zunyi Alumina as at 31 December 2013. Zunyi Alumina completed the construction of alumina production facilities and commenced operations in 2010. After the completion of its expansion project in 2012, Zunyi Alumina's annual alumina production capacity reached approximately 1,000,000 tonnes as at 31 December 2015. Zunyi Alumina produced approximately 1,061,600 tonnes of alumina and 2,900 tonnes of alumina chemical products in 2015.

Shanxi Huaxing

Located at Xing Xian, Lvliang City of Shanxi Province, Shanxi Huaxing is a stand-alone alumina plant which commenced trial production in October 2013. Shanxi Huaxing obtains bauxite supplies from the Group's own mines delivered primarily via highway and is located near abundant coal and water supplies. At the end of December 2015, the Group disposed 50% of equity interest in Shanxi Huaxing, and as a result Shanxi Huaxing has become the Group's joint venture in accordance with relevant accounting standards.

Shanxi Huaxing had an annual alumina production capacity of approximately 800,000 tonnes as at 31 December 2015. Shanxi Huaxing produced approximately 1,196,200 tonnes of alumina in 2015.

Chongqing Branch

The Group's Chongqing branch is located in Chongqing. Chongqing branch completed the construction of alumina production facilities in 2010 and its annual alumina production capacity was approximately 800,000 tonnes as at 31 December 2015. Chongqing branch did not produce any alumina or alumina chemical products in 2015. The Chongqing Branch suspended production in July 2014 due to the relatively significant decrease in the price of alumina as compared with that during the construction period, large negative variation of mineral resources and the high costs of natural gas and other energy.

Guizhou Huajin

Established in July 2014 and located in Qingzhen, Guizhou Province, Guizhou Huajin specialises in producing alumina products. Guizhou Huajin had an annual alumina production capacity of approximately 1,600,000 tonnes as of 31 December 2015. Guizhou Huajin produced approximately 546,800 tonnes of alumina products in 2015.

Lanzhou Branch

Located in Lanzhou city in Gansu Province, the Group's Lanzhou branch is a stand-alone primary aluminium plant. It was part of Lanzhou Aluminum before July 2007 and was acquired by the Group through share exchange in April 2007. In July 2007, Lanzhou Aluminum was divided into two wholly-owned entities: Lanzhou branch and Northwest Aluminum. The Group's Lanzhou branch owns a primary aluminium smelting plant with a designed annual primary aluminium production capacity of approximately 388,000 tonnes as of 31 December 2015. It produced approximately 403,000 tonnes of primary aluminium in 2015.

Shanxi Huaze

Shanxi Huaze is situated in Shanxi province. In March 2003, the Group established the joint venture company, Shanxi Huaze, with Zhangze Electric Power to commence the construction of a primary aluminium production facility. Shanxi Huaze's designed annual production capacity of primary aluminium was approximately 424,000 tonnes as at 31 December 2015 and it produced approximately 263,500 tonnes of primary aluminium in 2015. The Group currently holds 60% of the equity interest of Shanxi Huaze.

Shanxi Huasheng

Shanxi Huasheng is situated in Shanxi Province. In December 2005, the Group entered into a joint venture agreement with Shanxi Guan Lv Company Limited to establish a joint venture company, Shanxi Huasheng. Shanxi Huasheng commenced operations in March 2006 and had a designed annual production capacity of primary aluminium of approximately 220,000 tonnes as at 31 December 2015. In 2015, Shanxi Huasheng produced approximately 222,900 tonnes of primary aluminium. The Group currently holds 51% of the equity interest in Shanxi Huasheng.

Zunyi Aluminum

Zunyi Aluminum is situated in Guizhou Province. The Group currently holds 62.1% of the equity interest in Zunyi Aluminum. Zunyi Aluminum's annual primary aluminium production capacity was approximately 235,000 tonnes as at 31 December 2015 and it produced approximately 102,700 tonnes of primary aluminium in 2015.

Fushun Aluminum

Fushun Aluminum is situated in Liaoning Province, and is a stand-alone primary aluminium plant. In March 2006, the Group entered into a share transfer agreement with Liaoning Fushun Aluminum Plant to acquire 100% of the equity interests in Fushun Aluminum for a consideration of RMB500 million. Fushun Aluminum's primary business is the production of primary aluminium and carbon products. Fushun Aluminum had an annual primary aluminium production capacity of approximately 330,000 tonnes as at 31 December 2015. Fushun Aluminum produced approximately 181,900 tonnes of primary aluminium in 2015. Fushun Aluminum suspended production in October 2015 due to the relatively significant decrease in the price of primary aluminium and high costs of electricity.

Shandong Huayu

Shandong Huayu is situated in Shandong Province and is a stand-alone primary aluminium plant. The Group currently holds 55% of the equity interest in Shandong Huayu. Shandong Huayu had an annual primary aluminium production capacity of approximately 200,000 tonnes as at 31 December 2015. Shandong Huayu also has supporting facilities and coal-fired generators. In 2015, Shandong Huayu produced approximately 216,800 tonnes of primary aluminium.

Gansu Hualu

Gansu Hualu is situated in Gansu Province and is a stand-alone primary aluminium plant. In August 2006, the Group entered into a share transfer agreement with Baiyin Nonferrous and Baiyin Ibis. Baiyin Nonferrous contributed 127,000 tonnes of primary aluminium smelting and supporting facilities owned by Baiyin Ibis as capital contribution and holds a 49% equity interest in Gansu Hualu, a subsidiary of Baiyin Ibis, and the Group holds 51% of the equity interest in Gansu Hualu. Gansu Hualu had an annual primary aluminium production capacity of approximately 230,000 tonnes as at 31 December 2015 and it produced approximately 192,100 tonnes of primary aluminium in 2015. Gansu Hualu suspended production in November 2015 due to the relatively significant decrease in the price of primary aluminium and high cost of electricity.

Baotou Aluminum

Baotou Aluminum is located in Inner Mongolia Autonomous Region, and is a stand-alone primary aluminium plant. On 28 December 2007, through A Shares issuance and exchange for Baotou Aluminum shares, the Group acquired 100% of the equity interest of Baotou Aluminum. Baotou Aluminum had a designed annual production capacity of approximately 538,000 tonnes as at 31 December 2015. In 2015, it produced approximately 545,700 tonnes of primary aluminium.

Liancheng branch

Liancheng branch is located in Gansu Province. In late May 2008, the Group acquired 100% of the equity interest of Liancheng Longxing Aluminum Company Limited from Chinalco on the China Beijing Equity Exchange and subsequently turned it into the Group's Liancheng branch which specialises in producing primary aluminium. Liancheng branch had an annual primary aluminium production capacity of approximately 523,000 tonnes as at 31 December 2015. It produced approximately 472,600 tonnes of primary aluminium in 2015.

Longmen Aluminum

Located in Shanxi Province, Longmen Aluminum was established in 1991. The Group holds 55% of its equity interests. It specialises in producing primary aluminium. In March 2012, the Group ceased the operation of its obsolete primary aluminium production facilities of Longmen Aluminum.

Chalco Nanhai

Established in June 2007 and located in Foshan, Chalco Nanhai specialises in aluminium fabrication. Chalco Nanhai commenced its commercial operation in 2011 and had an annual aluminium fabrication production capacity of approximately 110,000 tonnes as at 31 December 2015. It suspended production and did not produce any aluminium fabrication products in 2015.

Ningxia Energy

The Group acquired 70.82% of the equity interest in Ningxia Energy in January 2013. Ningxia Energy was established in June 2003. It is an integrated power generation company with total installed capacity of 2,881.5 MW operating coal mines located in Ningxia Autonomous Region. Its principal business includes conventional coal-fire power generation and renewable energy generation. In 2015, Ningxia Energy produced approximately 8.0 million tonnes of coal and approximately 8.7 billion kWh of electricity.

Zhengzhou Institute

Zhengzhou Institute, located in Zhengzhou, Henan Province, was incorporated as one of the Group's subsidiaries in 2015. Its predecessor was established in August 1965 and was central to the Group's research and development efforts. The Zhengzhou Institute specialises in the research and development of technology for smelting aluminium. It is the only research institute in China dedicated to light metals research and has played a key role in bringing about technological innovations in China's aluminium industry. The Zhengzhou Institute operates test facilities, which produce alumina chemical products and primary aluminium. The Zhengzhou Institute was approved by the Ministry of Science and Technology of the PRC in 2003 to establish the National Research Center of Aluminum Refinery Technologies and Engineering. In 2014, the Zhengzhou Institute abandoned its primary aluminium production facilities. The Zhengzhou Institute has a limited alumina and primary aluminium production capacity, which it uses in connection with its research and development efforts.

RAW MATERIALS AND SUPPLIERS

Raw Materials

Alumina segment

Bauxite is the principal raw material in alumina production. The Group has procured the Group's bauxite supply principally from three sources:

- the Group's own bauxite mining operations;
- jointly-operated bauxite mines; and
- other suppliers, which principally include small independent mines in China and, to a lesser extent, international suppliers.

On average, the Group's refineries consume approximately 2.2 tonnes of bauxite to produce one tonne of alumina in 2015. The Group's own mines supplied approximately 17.93 million tonnes of bauxite to its refineries in 2015, all of which were from its own mines in China. The Group purchases bauxite from a number of suppliers and does not depend on any supplier for its bauxite requirements. In 2015, bauxite secured from other suppliers accounted for approximately 44.6% of the Group's total bauxite supply, primarily because the Group's demand for bauxite exceeded the production of its own mines.

The following table sets forth the volumes and percentages of bauxite supplied by the Group's own bauxite mines, jointly-operated bauxite mines and other suppliers for the periods indicated:

	Year Ended 31 December					
	2013		2014		2015	
	Bauxite Supply	(%)	Bauxite Supply	(%)	Bauxite Supply	(%)
	(in thousand tonnes, except percentages)					
Own bauxite mines	17,130.2	49.0	17,542.6	55.4	17,930.2	55.4
Jointly-operated mines	—	—	—	—	—	—
Other suppliers	17,861.1	51.0	14,105.4	44.6	14,452.0	44.6
Total	34,991.3	100.0	31,648.0	100.0	32,382.2	100.0

For details about the Group's own bauxite mines and jointly-operated bauxite mines, please see the subsection headed "Description of the Group — Business — Alumina Segment — Bauxite Mines" above.

In addition to the Group's own bauxite mines and the Group's jointly-operated bauxite mine, the Group also sourced bauxite from other suppliers, which accounted for 44.6% the Group's total bauxite supply for the year ended 31 December 2015.

Procurement

The Group generally sources the Group's bauxite from mines close to the Group's refineries to control transportation costs. Except for Chalco Shandong, all of the Group's refineries are located in the four provinces where over 90% of China's potentially mineable bauxite has been found. The Group purchases a substantial amount of bauxite to satisfy the Group's alumina production needs. Additionally, to fully utilise the bauxite from its mines, the Group refine all bauxite that meets the minimum technical requirements for its production of alumina. The Group also purchase higher grade ore from other suppliers and blend the ore of various grades to meet the technical requirements for its alumina production. This practice allows for flexibility and the inclusion of lower grade bauxite to optimise the use of bauxite deposits available to the Group. The Group does not use its historical average purchase prices for 2013, 2014 and 2015, or any other historical index to estimate the Group's bauxite reserves.

To support the growth of the Group's alumina production, the Group continuously seeks opportunities to streamline and optimise the Group's bauxite procurement, including the ongoing restructuring of the Group's joint mining operators. The corporate management department at the Group's headquarters is responsible for the oversight and coordination of the Group's supply of bauxite. To determine how the Group's bauxite requirement will be allocated among the Group's principal sources each year, the Group estimates its total bauxite needs for the year at first. Based on market conditions, production costs and other factors, the Group determines the amount of bauxite that the Group wishes to source from the Group's own bauxite mines, and allocates the remaining requirements among the jointly-operated bauxite mine and other suppliers. The Group's management or operational control of the Group's own bauxite mines and jointly-operated bauxite mine generally allows it to adjust procurement from these sources during the course of the year to accommodate changes in the Group's plans or market conditions.

Prices

There is neither governmental regulation on bauxite prices nor an official trading market for bauxite in China. The Group negotiates bauxite prices with the Group's suppliers based on ore quality, mining costs, market conditions, transportation costs and various governmental taxes or levies, including a resource tax imposed by local governments. As the Group procures bauxite from three different sources, the Group's total bauxite cost is influenced by the various factors, including (i) the cost of the Group's mining operations; (ii) the market conditions relating to purchases from small independent mines; and (iii) the market conditions relating to purchases from overseas.

The average purchase price of bauxite per tonne from the Group's joint operations and other suppliers in 2013, 2014 and 2015 was approximately RMB393.3, RMB412 and RMB383, respectively. The average cost of bauxite from the Group's own bauxite mines per tonne in 2013, 2014 and 2015 was approximately RMB231.0, RMB246.9 and RMB251.6, respectively.

Primary Aluminium Segment

Alumina is one of the principal components of costs in the smelting process, account for approximately 38.9% of the Group's unit primary aluminium production costs in 2015. Apart from alumina and electricity, the Group also requires carbon anodes, carbon cathodes and sodium fluoride for the Group's smelting operations.

Supplemental Materials, Electricity and Fuel

The procurement department of the Group coordinates and manages the Group's supply chain for all its major raw materials in conjunction with the distribution procurement centre at each production facility, which manages the logistics and inventory of raw materials locally. The Group is able to purchase diesel, the main fuel used by the Group's mining and manufacturing equipment, from the public markets, and the Group sources its water from local rivers, lakes or underground sources.

Alumina Segment

Electricity, coal, alkali (caustic soda or soda ash) and heavy oil are the principal materials used in the Group's alumina production.

Electricity

Electricity is one of the principal cost components in the Group's refining process. The Group generates electricity at a number of refineries and purchases the remaining electric power it requires from regional power grids at government-mandated rates. Most of the Group's power supply plans are one to three year renewable plans. Power prices in China can vary, sometimes substantially, from one region to another, based on demand and power production costs in the region. Power costs for the Group's various alumina refineries vary accordingly.

Coal

Large quantities of coal are used as reducing agent and fuel to produce steam and gas in the alumina refining process. The Group sources coal from its own coal mines and third party suppliers. For details of the Group's coal mines, please see the subsection headed "Description of the Group — Business — Energy Segment — Coal Mines" above.

Alkali

Alkali is used as a supplemental material in alumina refining. The sintering process and the Bayer-sintering combined process require soda ash while caustic soda is used in the Bayer process. The Group's alumina refineries use natural gas and coal gas as fuel to refine alumina. There is no governmental regulation of the prices of coal, alkali or fuel. The Group purchases these raw materials from external suppliers under negotiated supply contracts, which the Group believes are competitively priced. The Group has not experienced difficulty in obtaining these materials in sufficient quantity and at acceptable prices.

Primary Aluminium Segment

Smelting primary aluminium requires a substantial and continuous supply of electricity. For the years ended 31 December 2013, 2014 and 2015, the Group used approximately 13,817 kWh, 13,695 kWh and 13,526 kWh of electricity, respectively, to produce one tonne of primary aluminium. For the years ended 31 December 2013, 2014 and 2015, electricity accounted for 43.2%, 41.0% and 38.6%, respectively, of the Group's unit primary aluminium production costs for the relevant periods. Electricity cost is the most significant component of the Group's primary aluminium production cost and accounted for approximately 38.6% of its unit production cost for primary aluminium in 2015.

The availability and price of electricity are key factors in the Group's primary aluminium production. Interruptions of electricity supply can result in lengthy production shutdowns, increased costs associated with restarting production and waste of production in progress, and prolonged interruptions can cause damage to or the destruction of production equipment and facilities. The preferential electricity prices formerly enjoyed by Chinese primary aluminium enterprises were eliminated in 2009. The Group's average annual electricity price per kilowatt-hour decreased by 6.7% from 2013 to 2014 and decreased by 18.8% from 2014 to 2015.

Carbon anodes and cathodes are key raw materials in the smelting process. Each of the Group's smelters is able to produce carbon products necessary for its operations other than carbon cathodes. The Guizhou branch is able to produce carbon cathodes.

Procurement

The procurement department at the Group's headquarters coordinates and manages the Group's supply chain for all the Group's major raw materials in conjunction with the procurement centre at each production facility, which manages the logistics and inventory of raw materials locally.

The Group is able to purchase diesel, the main fuel used by the Group's mining and manufacturing equipment, from the public markets, and the Group sources its water from local rivers, lakes or underground sources.

SALES AND MARKETING

The Group coordinates substantially all of its sales and marketing activities of its self-produced alumina products through Chalco Trading.

The Group's subsidiaries and branches sell some of the Group's self-produced primary aluminium products directly to external customers. The Group's alumina refineries sell the Group's self-produced chemical grade alumina directly to external customers or indirectly through Chalco Trading for subsequent external trading. For all of the Group's self-produced products that are sold either through Chalco Trading for subsequent external sale or directly to external customers, the Group's subsidiaries and branches play an important role in providing after-sales services and strengthening the Group's presence in the marketplace.

Since late 2009, the Group has also been engaged in the trading of non-ferrous metal products including alumina, primary aluminium, copper, zinc and lead as well as coal products that the Group sources from third-party suppliers through Chalco Trading.

Alumina

The Group sells its self-produced alumina to customers primarily through Chalco Trading, giving priority to customers with whom the Group has long-standing relationships and who have established a strong credit history, after reserving sufficient alumina for the Group's forecasted primary aluminium production. In 2015, the Group supplied approximately 5.3 million tonnes of alumina produced at the Group's refineries to the Group's own smelters, which represented approximately 39.8% of its total alumina production, and sold the remainder to the Group's customers. In addition, the Group also procures and sells outsourced alumina under long-term agreements or on the spot market through Chalco Trading. The Group sold approximately 1.3 million tonnes of outsourced alumina in 2015.

The sales prices of alumina at which the Group's alumina refineries sell internally to Chalco Trading are determined at a percentage of the average three-month primary aluminium futures prices on the SHFE in the past calendar month. Chalco Trading coordinates the external sales of the Group's alumina products.

Chalco Trading sells the Group's self-produced alumina and alumina sourced from third-party suppliers to smelters throughout China. All of the Group's major customers in the past three years have been domestic smelters. In the case of alumina sourced from third-party suppliers, the Group may procure alumina under long-term supply agreements or on the spot market. The Group's long-term supply agreement for the procurement of alumina normally sets forth the quantity of alumina to be procured by it in each month with the price for each monthly delivery to be determined through negotiations in the month before delivery. The Group is normally required to pay the full price of the outsourced alumina before each delivery.

The Group sells most of its self-produced alumina and a portion of the outsourced alumina under long-term sales agreements with terms ranging from one year to three years. The Group's long-term sales agreement for alumina normally sets forth the quantity of alumina to be sold by it in each year or month with the price for each monthly delivery to be determined at a percentage of the average three-month primary aluminium futures prices on the SHFE in the calendar month before delivery. The Group generally requests its customers to make full payment before delivery. As a result, the spot price of alumina and fluctuations of primary aluminium prices on the SHFE affect alumina prices under the Group's long-term sales agreements.

Chalco Trading sells the rest of the Group's self-produced and outsourced alumina products on the spot market. The Group sets the price for the external sales of alumina products by reference to alumina prices at reference markets and taking into account the following considerations:

- international and domestic transportation costs;
- CIF Chinese ports prices for alumina imports into China;
- international and domestic transportation costs;
- the Group's short-term and mid-term projections for alumina; and
- relevant import expenses.

Primary Aluminium

The Group's primary aluminium smelting subsidiaries and branches sell a portion of the Group's primary aluminium output directly to external customers. The Group's primary aluminium manufacturing subsidiaries and branches also sell a portion of the Group's primary aluminium output internally to Chalco Trading at prices based on the futures prices of primary aluminium on the SHFE or Nanchu. Chalco Trading then coordinates the external sales of primary aluminium.

The Group's subsidiaries and branches including Chalco Trading sell the Group's self-produced primary aluminium products to external customers through the following three channels:

- **Contract sales.** Most of the Group's primary aluminium sales are made pursuant to contracts entered into directly with the Group's long-standing customers. Terms of the sales contracts for primary aluminium are typically one year. The Group prices its primary aluminium products based on the SHFE futures prices.

- **Sales on the SHFE.** As part of the Group's effort to manage market risk, the Group sells a portion of the Group's primary aluminium products on the SHFE through futures contracts with terms ranging from one month to 12 months to hedge against declines in primary aluminium prices.

- **Sales on the spot market.** The Group also sells its primary aluminium products on the spot market at the reference prices the Group sets and adjusts as necessary.

In addition, the Group also procures and sells outsourced primary aluminium on the spot market or through short-term futures and options transactions. The Group sold approximately 2.5 million tonnes of outsourced primary aluminium in 2015.

To improve the efficiency of the Group's distribution, the Group divides its China market into several regions as follows:

- southern China (including Guangdong and Fujian Provinces);

- eastern China (including Jiangsu and Zhejiang Provinces and Shanghai Municipality);

- south-western China (including Sichuan Province and Chongqing Municipality);

- the Beijing-Tianjin-Tanggu area; and

- central China.

The Group sells substantially all of its self-produced and outsourced primary aluminium to domestic customers. The Group expects China to remain its key market for primary aluminium for the foreseeable future. Customers of the Group's primary aluminium products principally consist of aluminium fabricators and distributors that resell the Group's primary aluminium products to aluminium fabricators or other purchasers.

The Group establishes pricing guidelines for Chalco Trading to conduct external domestic sales of the Group's self-produced primary aluminium products, taking into account four main factors: the primary aluminium spot prices and futures price on the SHFE; spot price in the regions of eastern China and southern China; the Group's production costs and expected profit margins; and supply and demand. The Group determines the Group's sales prices of the outsourced primary aluminium through negotiations with the Group's customers, taking into consideration factors including the Group's procurement prices and the prevailing market conditions. The smelter that accepts a particular order from an external customer is generally responsible for negotiating the pricing and delivery terms and must comply with the minimum pricing guidelines. In general, the Group satisfies each purchase order with products from its nearest smelter to minimise transportation costs.

Alumina Chemical Products and Gallium

Alumina chemical products and gallium are derived from the Group's alumina production. The Group adjusts its production of these products based on market demand. The Group's alumina refineries sell the Group's chemical grade alumina directly to external customers or indirectly to external customers through Chalco Trading for subsequent external trading.

The Group sells most of the Group's chemical grade alumina and gallium in China. Prices for the Group's chemical grade alumina and gallium are determined through negotiations with the Group's customers, taking into consideration the market conditions. The Group's total sales of gallium in 2014 and 2015 amounted to approximately RMB140.9 million and RMB27.99 million, respectively.

Coal

Ningxia Energy sells a portion of its self-produced coal directly to external customers through short-term contracts at prices determined through negotiations with the Group's customers, taking into consideration factors including the Group's procurement prices and the prevailing market conditions. Ningxia Energy consumes the rest of its self-produced coal at its own electric power plant.

In addition, the Group also procures and sells outsourced coal under long-term agreements or on the spot market through Chalco Trading. The Group sold approximately 6.1 million tonnes of outsourced coal in 2015.

Trading of Outsourced Non-ferrous Metal Products and Other Materials

Since late 2009, the Group has been substantially engaged in the trading of alumina and primary aluminium sourced from third-party suppliers. Please see the subsection headed "Description of the Group — Sales and Marketing — Alumina" and "Description of the Group — Sales and Marketing — Primary Aluminium" above for more details. The Group also sells other non-ferrous metal products such as copper, zinc and lead as well as coal products that the Group procures from its third-party suppliers to external customers on the spot market or under long-term sales agreements. In 2015, the Group sold approximately 1.1 million tonnes of outsourced copper, zinc and lead. In addition, the Group also sells outsourced raw and ancillary materials in bulk to customers such as steel manufacturers and copper processing companies on the spot market.

Chalco Trading has a team with trading expertise to conduct research on the markets of non-ferrous metal products and other materials. From time to time, the Group may enter into futures and options transactions to hedge against price fluctuations in the non-ferrous metal product market.

Delivery

The Group relies on rail shipping and trucks for the delivery of products within China. The Group's alumina is transported by rail or trucks, and transportation costs are generally borne by the Group's customers and excluded from the Group's sales prices. For long-distance deliveries, the Group maintains spur lines connecting the Group's plants to the national railway routes. The price of rail shipping on the PRC national railway system is fixed by the PRC Government.

Most of the Group's primary aluminium products are transported by rail, and the Group's coal products are transported both by trucks and by rail.

COMPETITION

Competition from Domestic Competitors

Alumina

As the largest producer of alumina in China, although the Group faces competition from other large domestic refineries, the Group has several advantages over such competitors, including the following:

- the Group has access to a substantial and stable supply of bauxite;
- the Group is experienced in alumina production and its production technologies are specifically adapted to the particular chemical composition of bauxite found in China;
- the Group has strong capacity in technology research and hold certain proprietary technologies and patents; and
- the Group has a substantial workforce that has extensive experience in production and management.

In order to improve the efficiency and competitiveness of the Chinese alumina industry as well as to protect the environment, the Ministry of Industry and Information Technology published the Standard Conditions in July 2013, which established a higher entry barrier for new alumina producers in China and imposed stringent requirement for existing alumina companies.

Primary Aluminium

The Group derived all of its primary aluminium revenues from domestic sales in 2015. The Group's competitors include other domestic and international primary aluminium producers that conduct sales in China. In 2015, the Group's primary aluminium production represented approximately 10.67% of total domestic production in China. The Group is a leading enterprise in non-ferrous metal industry in China. Among these 19 primary aluminium producers, 11 primary aluminium producers in China (including Chalco) have annual production capacities of one million tonnes or more, which represent approximately 66.8% of the total primary aluminium production capacity in China. The PRC Government encourages consolidation in the Chinese primary aluminium industry to create larger, more efficient producers that are better positioned to implement measures to reduce emissions. Moreover, according to the Standard Conditions and other administrative regulations, new aluminium projects for expanding production capacity must be approved by the relevant department of the State Council of China and must have stable supply of alumina. As of 15 April 2016, the relevant department of the State Council of China is not expected to approve any new aluminium projects except those environmental protection upgrade projects and expired equipment exchange projects planned by the PRC government

Although the Group faces competition from other large domestic smelters, the Group has several advantages over such competitors, including:

- **Scale of production.** With 12 primary aluminium smelters, the Group can achieve significant economies of scale. In addition, the Group's scale of production enables it to achieve high production volumes to fulfil large customer orders and maintain a large customer base. Through the Group's national distribution network, the Group is able to make timely deliveries to customers from the Group's local warehouses.

- **Technology.** The Group believes it has more sophisticated and efficient technology than most of the Group's domestic competitors. The Group's Liancheng and Lanzhou branches are among the most technologically advanced primary aluminium smelting facilities in China. In addition, the Group's technological support and research and development capabilities are superior to other domestic smelters.

- **Vertical integration.** As the largest integrated alumina and primary aluminium producer in China, the Group is able to supply alumina internally to the Group's primary aluminium plants. As a result, the Group saves on transportation, warehousing and related costs. In addition, because the Group operates its own alumina refineries, the Group is able to assure a stable supply of alumina for the Group's primary aluminium smelting operations.

- **Quality.** The quality of the Group's primary aluminium has maintained high standards and continued improving, and has satisfied national and industrial standards and customers' needs.

Competition from International Competitors

The tariff rate for alumina and primary aluminium imports was eliminated on 1 January 2008 and 1 August 2007, respectively. In 2015, China imported approximately 4.7 million tonnes of alumina, representing approximately a 11.9% decrease from 2014. In 2014, China imported approximately 5.3 million tonnes of alumina, representing approximately a 37.8% increase from 2013. The Group expects to continue to face competition from international suppliers of alumina and primary aluminium which are large international companies. Some competitors may also consider establishing joint venture companies with local producers in China to gain access to the resources in China and to lower transportation costs. However, the Group expects to continue benefiting from certain PRC governmental policies that promote the growth of large domestic smelters.

RESEARCH AND DEVELOPMENT

The Group's research and development efforts over the years have facilitated the expansion of the Group's production capacity and reduced the Group's unit costs. The Group has successfully commercialised the Group's previous research and development results in various technologies. In 2015, the Group completed 60 technological projects, including 39 independent research and development projects, 15 special projects of key science and technology and six application projects of science and technology. In addition, the Group filed a total of 98 patent applications in 2015.

As at 31 December 2015, the Group owned 1,716 patents, which were primarily related to technologies and know-how, equipment and new products. Once registered, a patent in China for a new invention is valid for 20 years and for a utility model or a design, 10 years from the date of the patent application. As at 31 December 2015, the Group owned 25 trademarks, each of which had a term of ten years.

The Group does not regard any single patent, licence, or trademark to be material to the Group's sales and operations as a whole. The Group is neither involved in any material intellectual property disputes against it nor is the Group pursuing any litigation relating to intellectual property rights against any party.

The Group's department of science and technology management coordinates the research and development efforts undertaken at Zhengzhou Institute and technology centres at the Group's plants. The Zhengzhou Institute, the only organisation in China dedicated to aluminium smelting research, is responsible for the research and development of technologies for its operations. The technology centres at the Group's plants focus on providing engineering solutions and applying its developed technologies. Each of the plants also conducts operational testing and pilot experimentation relating to various research and development topics. Although the Group collaborates with universities and other research institutions in China on some of its projects, the Group generally does not outsource its research and development.

The Group's total expenditure for research and development was approximately RMB293.8 million and RMB168.8 million for 2014 and 2015 respectively.

QUALITY CONTROL

The Group has established and implemented strict quality control systems at various stages of the Group's integrated operations in accordance with applicable industry standards. The Group requests its quality management department to make regular checks on each batch of its products. In addition, the Group engages independent quality control institutions to make inspections on its products twice a year at its manufacturing sites and customers facilities, respectively, to ensure the quality of its products. The Group renews its ISO14001 environmental management accreditation and its ISO9000 quality management accreditation annually.

During the years ended 31 December 2013, 2014 and 2015, the Group had not experienced any material disputes with the Group's customers or return of goods due to the quality of the Group's products.

EMPLOYEES

As at 31 December 2013, 31 December 2014 and 31 December 2015, the Group had approximately 90,207, 75,749 and 70,368 employees, respectively. The number of the Group's employees decreased from 2013 to 2014 and further decreased from 2014 to 2015, which was mainly due to the termination of labour relationship through negotiation, retirement and personnel reposition. The table below sets forth the number of the Group's employees by function as at 31 December 2015:

	As at 31 December 2015	
	(number)	(%)
Function:		
Alumina production	29,347	41.71
Primary aluminium production	26,224	37.27
Aluminium fabrication[1]	—	—
Mining	2,885	4.1
Research and development	1,056	1.5
Sales and marketing	521	0.74
Management and others[2]	3,792	5.38
Total	70,368	100.0

Notes:

(1) The Group disposed of substantially all of its aluminium fabrication operations in June 2013.

(2) Excluding the Group's management personnel for alumina production, primary aluminium production and aluminium fabrication.

The Group has workers' unions at the plant level that protect employees' rights and welfare benefits, organise educational programmes, encourage employee participation in management decisions and mediate disputes between individual employees and the Group. All employees are union members. The Group has not experienced any strikes or other labour disturbances that has interfered with its operations, and the Group believes that it maintains good relationships with its employees.

The remuneration package of the Group's employees includes salary, bonuses and allowances. Employees also receive welfare benefits including medical care, housing subsidies, childcare and education, retirement and other miscellaneous items.

In accordance with applicable PRC regulations, the Group participates in pension contribution plans organised by provincial and municipal governments, under which each of the Group's plants is required to contribute an amount equal to a specified percentage of its employees' salaries, bonuses and various allowances. The amount of contribution as a percentage of the employees' salary is, on average, approximately 20.0% depending in part on the location of the plant. The Group has made all required pension contributions up to 31 December 2015. Retirees who retired prior to the date of the reorganisation will have their pensions paid out of the pension plans established by the PRC government. The Group provides to the Group's employees various social welfare benefits through various institutions owned by Chinalco and its other affiliates or through third parties.

ENVIRONMENT PROTECTION

The Group's operations are subject to a wide variety of PRC national and local environmental laws and regulations, including those governing waste discharge, generation, treatment and disposal of hazardous materials, land reclamation, air and water emissions and mining matters. For example, the PRC Government has set discharge standards for emissions to air and water. To enforce these standards, national environmental protection authorities have imposed discharge fees that increase for each incremental amount of discharge up to the limit set by the regulation. The relevant PRC Government agencies are authorised to order any operations that exceed discharge limits to take remediation measures, which are subject to the relevant agency's approval, or order the closure of any operations that fail to comply with applicable regulations.

The pollutants discharged from the Group's alumina refining process include red mud, waste water and gas emissions and particulates. The Group's primary aluminium production process generates fluorides, pitch fume and particulates. It is illegal to release these pollutants untreated, or those after treatment but still not complying with discharge limits, the discharge of these pollutants must comply with national and local discharge limits.

Each of the Group's alumina refineries, primary aluminium smelters and other production plants has its own waste treatment facilities onsite or has developed other methods to dispose of industrial waste in compliance with applicable environmental laws and regulations. The Group was granted ISO14001 accreditations issued by China Quality Certification Center and the International Certification Network in 2004. In 2015, the Group passed the review and the accreditations were renewed.

The Group has increased its energy-efficiency by implementing new production techniques and technologies, upgrading its production facilities, optimising its production process and enhancing its logistics and operations management. Through these efficiency initiatives, the Group estimates that it has conserved the energy equivalent of 740,000 tonnes of standard coal in 2015. The Group has incorporated clean technology and processes into its operations with a view to promote the concept of "zero emission" plants. Since 2009, the Group has achieved its target of zero industrial waste water emission.

The Group's total expenditures for maintaining compliance with environmental laws and regulations were RMB520.2 million and RMB627.3 million for the years ended 31 December 2014 and 2015, respectively. In 2015, the Group did not have any major environmental pollution incidents. The Group believes that its operations are substantially in compliance with currently applicable national and provincial environmental regulations. Please also see the subsection headed "Risk Factors — Risks relating to the Group — The Group is subject to extensive environmental, safety and health laws and regulations, and the Group's compliance with these laws and regulations may be onerous and costly to it."

INSURANCE

The Group maintains insurance coverage for its fixed assets such as plant, machinery, equipment, office facilities and transportation vehicles against accidents or natural disasters such as typhoons, tornadoes, floods, landslides and lightning strikes. However, there are certain types of losses, such as losses from war, acts of terrorism and natural disasters, for which the Group cannot obtain insurance at a reasonable cost or at all.

The Group is covered under the work-related injury insurance required by the local government labour departments, and it has procured additional business accidental insurance for its employees. More extensive insurance is either unavailable in China or would impose a cost on the Group's operations that would reduce the Group's competitiveness.

The Group's insurance premiums amounted to a total of RMB33.4 million and RMB33.2 million for the years ended 31 December 2014 and 2015, respectively.

PROPERTIES

Owned Properties

Pursuant to the reorganisation in connection with the Group's initial public offering in 2001, Chinalco transferred to the Group, among other operating assets, ownership of the buildings and properties for the operation of the Group's core businesses. Chinalco retained its remaining buildings and properties for its operations. The buildings transferred to the Group comprise 4,631 buildings with an aggregate gross area of approximately 4.2 million square metres. These buildings may be sold or transferred only with the consent of Chinalco and in accordance with applicable land transfer procedures. Chinalco has undertaken to provide its consent and the necessary assistance to facilitate land grant procedures to ensure that the Group's buildings can be legally transferred or sold.

Leased Properties

The Group and Chinalco also lease to each other a number of other buildings and properties for ancillary uses, which comprise mainly buildings for offices, dormitory, canteen and storage purposes. As at the date of this Offering Circular, all the following leases are valid and have not expired.

Leases from the Group to Chinalco

The Group leases to Chinalco 302 buildings with an aggregate gross area of approximately 301,671 square metres.

Lease from Chinalco to the Group

Chinalco leases to the Group 109 buildings with an aggregate gross area of approximately 222,588 square metres. Chinalco had obtained proper land and building title certificates for all of the buildings it leases to the Group. Chinalco, through its wholly-owned subsidiary China Aluminum Development Company Limited, leases to the Group certain office premises with an aggregate gross area of approximately 22,285 square metres. The lease is to expire on 31 December 2017.

Chinalco leases to the Group 401 pieces or parcels of land, located in eight provinces, covering an aggregate area of approximately 47.39 million square metres for any purpose related to the Group's operations and businesses. The leased land mainly consists of:

- 389 pieces of allocated land with an area of approximately 46.09 million square metres; Chinalco has obtained authorisation from the relevant administrative authorities to manage and lease the land use rights for such land; and

- 12 pieces of land with an area of approximately 1.3 million square metres; Chinalco has paid the land premiums and obtained land use rights certificates.

The land is leased for the following terms:

- allocated land: 50 years commencing from 1 July 2001 (except for land use rights of mines operated by the Group, whose leased terms shall end on the expiration date of the mining rights or at the end of the actual mine life, whichever is earlier);

- granted land: until expiration of the relevant land use right permits; and

- for both allocated or granted land: normal commercial terms that stipulate, among other conditions, the terms of use, monthly or annual rental amounts payable in RMB and a six-month notification provision for termination of any lease agreement.

LEGAL COMPLIANCE

The Group is required to obtain and maintain valid permits, licences and certificates from various governmental authorities to conduct the Group's businesses, including, among others, those required for the Group's mining and trading of alumina products and its coal mining operations.

As at the date of this Offering Circular, the Group has obtained and maintained all the permits, licences and certificates material to its operations.

The Group is from time to time involved in legal proceedings arising in the ordinary course of its business, including as plaintiff or defendant in litigation or arbitration proceedings. To the best of its knowledge after due enquiry, no member of the Group is aware of any current or pending litigation or arbitration proceedings against the Group or any of its senior management team members that could have a material adverse effect on its businesses, financial condition and results of operations.

Directors

The following table sets forth information regarding the Company's directors as at the date of this Offering Circular:

Name	Age	Position
YU Dehui	56	Non-executive Director and Chairman
AO Hong	55	Executive Director and President
LU Dongliang	42	Executive Director and Senior Vice President
JIANG Yinggang	53	Executive Director and Vice President
LIU Caiming	54	Non-executive Director
WANG Jun	51	Non-executive Director
CHEN Lijie	62	Independent Non-executive Director
HU Shihai	62	Independent Non-executive Director
LIE-A-CHEONG Tai Chong, David	57	Independent Non-executive Director

Mr YU Dehui, 56, has been serving as the chairman of the Board and a non-executive director on the Board since 8 April 2016. He graduated from Ecole des Hautes Etudes en Sciences Sociales (EHESS) and School of Economics of Paris University Nanterre, majoring in development economics, with a doctoral degree in economics, and he has been a professor. Mr. Yu has extensive experience in various aspects such as energy, non-ferrous metals, economics and management. He successively served as the general director for technology of SPEIC, the general director of the department of science, technology and standards of the State Environmental Protection Administration. He had also served as deputy mayor of Baotou City, vice governor of the government of the Inner Mongolia Autonomous Region, vice president of China Power Investment Corporation, and vice president of State Power Investment Corporation. Mr. Yu currently also serves as the president, and a director of the board, of Aluminum Corporation of China.

Mr AO Hong, 55, serves as an executive director and the president of the Company. Mr. Ao graduated from Central South University with a doctoral degree in management science and engineering. He is a professor-grade senior engineer with over 30 years of work experience in enterprises of non-ferrous metals industry. He successively served as the deputy dean of Beijing General Research Institute for Non-ferrous Metals and concurrently the chairman of GRINM Semiconductor Materials Co., Ltd., the chairman of Guorui Electronics Co., Ltd., the chairman of Guowei Silver Anticorrosive Materials Company in Hong Kong and a deputy general manager of Aluminum Corporation of China ("Chinalco"). During this period, he also successively served as the chairman of the supervisory committee of the Company, the dean of Chinalco Research Institute of Science and Technology and the chairman of China Rare Earth Co., Ltd.. Mr. Ao has been serving as the President of the Company since 20 November 2015, and as an executive Director of the Company since 29 December 2015.

Mr LU Dongliang, 42, is the assistant to the president of the Company. Mr. Lu graduated from North China University of Technology majoring in accounting. He holds a bachelor's degree in economics and is an accountant. Mr. Lu has more than 20 years of work experience in financial management and in non-ferrous metals industry. He had subsequently served as the cadre in the audit department of China Non-ferrous Metals Industry Corporation, the officer-in-charge of the capital division of the finance department of China Copper Lead & Zinc Group Corporation, the head of the accounting division and the capital division of the finance department of Aluminum Corporation of China, the deputy manager and manager of the treasure management division of the finance department, the manager of the general management office, the deputy general manager and general manager of the finance department of the Company, the chief financial officer of Chalco Gansu Aluminum Electricity Co., Ltd., the assistant to the president of the Company and the general manager of Lanzhou Branch of the Company, and the executive director and president of Chalco Gansu Aluminum Electricity Co., Ltd..

Mr JIANG Yinggang, 53, has served as an executive director on the Board and has been the Group's vice president since 2007. He has been employed by the Group since 2001. On 27 June 2013, Mr. Jiang was elected as an executive director on the Board. Graduated in 1983 from Central South University of Industry majoring in the metallurgy of non-ferrous metals, Mr. Jiang holds a master degree in metallurgy engineering of non-ferrous metals and is a professor-grade senior engineer. Mr. Jiang has more than 30 years of work experience in production operation of primary aluminium and corporate management of aluminium enterprises. He has long engaged in production operation and corporate management of production enterprises and has extensive professional experience. He formerly served as deputy head and then head of Corporate Management Department of Qinghai Aluminum Plant, head of Qinghai Aluminum Smelter, deputy general manager and general manager of Qinghai Aluminum Company Limited, and general manager of the Group's Qinghai branch.

Mr LIU Caiming, 54, serves as a non-executive Director on the Board. He has been employed by the Group since 2011. He resigned as the Group's non-executive director on 18 March 2014 and was re-appointed as non-executive director on the Board on 26 February 2015. He graduated from Fudan University majoring in political economics and obtained a doctoral degree in Economics. He is a senior accountant and engaged in the financial and accounting industry for more than 30 years. Mr. Liu has extensive experience in corporate management and financial management. He had subsequently served as deputy head and head of the Finance Department of China Non-ferrous Metals Foreign Engineering Corporation, deputy general manager of China Non-ferrous Metals Construction Group Limited, deputy general manager of China Nonferrous Construction Group Limited, director and deputy general manager of China Non-ferrous Metal Industry's Foreign Engineering and Construction Co., Ltd., and deputy general manager of China Nonferrous Metal Mining and Construction (Group) Co., Ltd. Mr. Liu has also acted as titular deputy head of Department of Finance of Yunnan Province, director of SASAC of Yunnan Provincial People's Government and assistant to the governor of Yunnan Province and director of SASAC Yunnan. From January 2007 to February 2011, Mr. Liu acted as deputy general manager of Chinalco, during which he acted as chairman of Yunnan Copper Industry (Group) Co., Ltd., and president of China Copper Co., Ltd. He acted as the Group's senior vice president and chief financial officer of since 23 February 2011 and as the Group's executive director of since 31 May 2011. Mr. Liu resigned as the Group's executive director, chief financial officer and senior vice president and was re-designated as non-executive Director on 8 March 2013.

Mr. WANG Jun, 51, has served as a non-executive director of the Company since 27 June 2013. Graduated from Huazhong Institute of Engineering with a degree of industrial and civil construction, Mr. Wang is an engineer. He has extensive experience in financial and corporate management. Mr. Wang formerly served as the engineer in the engineering department of Babcock & Wilcox Beijing Company Ltd., deputy manager of the real estate development department of China Yanxing Company, senior deputy manager of equity management department and senior manager of business management department, senior manager, deputy general manager, general manager of custody and settlement department in China Cinda Asset Management Co., Ltd. ("China Cinda") and general manager of the equity management department of China Cinda. Mr. Wang currently serves as the business director of China Cinda.

Ms CHEN Lijie, 62, has been serving as an independent non-executive Director since 26 February 2015. Ms. Chen graduated from Renmin University of China Law School and obtained a doctoral degree in Laws. Ms. Chen Lijie has more than 30 years of experience in law. She successively acted as director and deputy director of Commercial Affairs of the Office of Legislative Affairs of the State Council, deputy director of Department of Policies and Laws of the National Economic and Trade Commission, patrol officer of Bureau of Policies, Laws and Regulations of SASAC and chief legal consultant of China Mobile Communications Corporation.

Mr HU Shihai, 62, has been serving as an independent non-executive Director since 25 June 2015. Mr. Hu was graduated from Shanghai Jiao Tong University majoring in thermal energy engineering. He is a professor-level senior engineer with more than 40 years of working experience in power industry. Mr. Hu has extensive experience in corporate management and technical management and successively served as the supervisor, director and deputy head of the Huaneng Shanghai Shidongkou No. 2 Power Plant, deputy director of the preparatory office of the Shanghai Waigaoqiao No. 2 Power Plant, manager of the production department and assistant to the general manager of Huaneng Power International, Inc. and assistant to the general manager and director of the safety production department, and chief engineer of China Huaneng Group.

Mr LIE-A-CHEONG Tai Chong, David, 57, has been serving as an independent non-executive Director since 29 December 2015. He is honored with the Silver Bauhinia Star (SBS), Officier de l'Ordre National du Merite and Justice of Peace. Mr. Lie is the executive chairman of Newpower International (Holdings) Co., Ltd. and China Concept Consulting Ltd. He was selected as a member of the National Committee of the 8th, 9th, 10th and 11th Chinese People's Political Consultative Conference since 1993. From 2007 to 2013, he acted as a panel convener cum member of the Financial Reporting Review Panel of Hong Kong Special Administrative Region ("HKSAR"). Mr. Lie is currently the honorary consul of the Hashemite Kingdom of Jordan in the HKSAR, the chairman of the Hong Kong-Taiwan Economic and Cultural Cooperation and Promotion Council, the chairman of the Hong Kong-Taiwan Business Co-operation Committee, a member of the Commission on Strategic Development of the HKSAR, a standing committee member of the China Overseas Friendship Association, and a member of the Hong Kong General Chamber of Commerce (HKGCC). Currently, Mr. Lie is also an independent non-executive director of Herald Holdings Limited, a listed company in Hong Kong.

Supervisors

The following table sets forth information regarding the supervisors of the Company:

Name	Age	Position
LIU Xiangmin	54	Chairman of Supervisory Committee
WANG Jun	46	Supervisor
WU Zuoming	49	Supervisor

Mr LIU Xiangmin, 54, serves an executive director on the Board and the Group's senior vice president. He has been employed by the Group since 2001. Mr. Liu graduated from Central South University of Industry in 1982, majoring in non-ferrous metallurgy; he has a doctorate degree from Central South University and is a professor-grade senior engineer. He has long engaged in non-ferrous metal metallurgy and corporate management and has accumulated extensive and professional experience. Mr. Liu had previously served as the deputy head and head of the alumina branch of Zhongzhou Aluminum Plant, deputy head of Zhongzhou Aluminum Plant, general manager of Chalco Zhongzhou and the Group's vice president.

Mr WANG Jun, 46, has been serving as a supervisor of Supervisory Committee of the Company since 29 December 2015. He obtained a master's degree in business administration from Tsinghua University. He is a senior accountant, and has extensive experience in corporate financial accounting, fund management and auditing. Mr. Wang successively served as the deputy manager and manager of treasure management division of finance department of Aluminum Corporation of China, the general representative of the Peru office of Aluminum Corporation of China, a director and senior auditing manager of Minera Chinalco Perú S.A., the chief financial officer and the manager of finance department of Chinalco Resources Corporation, the chief financial officer of China Aluminum International Engineering Co., Ltd., an executive director, the chief financial officer and the secretary to the board of directors of China Aluminum International Engineering Corporation Limited. Mr. Wang currently serves as the deputy chief accountant, general manager of finance department and capital operating department of Aluminum Corporation of China. He is also a director of China Aluminum International Engineering Corporation Limited and a director and the president of Aluminum Corporation of China Overseas Holdings Limited.

Mr. WU Zuoming, 49, is currently the general manager of Human Resource Department of the Company. Mr. Wu holds an MBA degree from Renmin University of China. He is a senior engineer. Mr. Wu has extensive experience in human resource management. He successively acted as the deputy manager of Personnel Division, Human Resource Department of China Aluminum Corporation, the person in charge of the Personnel Division, Human Resource Department for the Preparatory Team of Aluminum Corporation of China, the deputy manager of the Personnel Division (Training Division), Human Resource Department of Aluminum Corporation of China; the deputy manager of Assessment and Training Division, the manager of Employee Management Division and the manager of General Division of the Company, the senior manager of the Human Resource Department (Retired Cadres Department), the manager of the General Division of Aluminum Corporation of China, and the deputy general manager of the Human Resource Department of the Company.

Senior Management

The following table sets forth information regarding the senior management of the Company:

Name	Age	Position
AO Hong	55	Executive director and President
LU Dongliang	42	Executive director and Senior Vice President
JIANG Yinggang	53	Executive director and Vice President
XU Bo	52	Vice President
ZHANG Zhankui	58	Chief Financial Officer and Secretary to the Board

Please see the subsection headed "— Directors" for the description of Mr AO Hong's, Mr LU Dongliang's and Mr JIANG Yinggang's experience.

Mr. XU Bo, 52, serves as vice president of the Company since March 2011. Mr. Xu graduated from North China University of Water Resources and Electric Power, majoring in hydraulic structure engineering, and obtained a master's degree in engineering. He also obtained a Ph.D. degree in economics from Renmin University of China. He is a senior engineer. Mr. Xu has extensive experience in mergers and acquisitions, capital operation, corporation management, and enjoys a high reputation in energy sectors such as coal and electric power. He formerly served as deputy head of hydropower and operations department and office manager of China Power and Machinery Bureau, deputy general manager, general manager and assistant to the head of the bureau in Steel Structure Department of China Huadian Power Station Equipment Engineering Group Corporation, deputy general manager, standing deputy general manager, general manager of China Huadian Engineering Co., Ltd., deputy general manager of Huadian Coal Industry Group Company Limited, head of China Huadian Corporation Shaanxi Office, general manager of China Huadian Corporation Shaanxi Branch, executive director and general manager of Huadian Shaanxi Energy Company, the assistant to the president of the Company and executive director and general manager of Chalco Energy Co., Ltd..

Mr ZHANG Zhankui, 58, has been working as the chief financial officer of the Company since 13 November 2015, and the Company Secretary (Secretary to the Board) since 17 March 2016. Mr. Zhang is a postgraduate in economic management and a senior accountant. He has over 30 years of experience in corporate financial accounting, fund management and auditing in the non-ferrous metals industry and is familar with domestic and international capital market. Mr. Zhang had formerly served as the head of the Finance Division and then the head of the Audit Division of China General Design Institute for Non-ferrous Metals, deputy general manager of Beijing Enfei Techindustry Group, the head of the Accounting Division of the Finance Department and deputy head of the Finance Department of China Copper Lead & Zinc Group Corporation, officer-in-charge of the Company's assets and finance in the Listing Office of the Company, head of the Capital Division of the Finance Department of Company and manager of the General Division of the Finance Department of the Company as well as deputy head and head of the Finance Department of Aluminum Corporation of China. Mr. Zhang had been serving as a Supervisor of the Company since 2006 and resigned on 13 November 2015.

EXCHANGE RATE INFORMATION

PRC

The PBOC sets and publishes daily a base exchange rate with reference primarily to the supply and demand of Renminbi against a basket of currencies in the markets during the prior day. The PBOC also takes into account other factors such as the general conditions existing in the international foreign exchange market. Since 1994, the conversion of Renminbi into foreign currencies, including Hong Kong dollars and U.S. dollars, has been based on rates set by the PBOC, which are set daily based on the previous day's inter-bank foreign exchange market rates and current exchange rates in the world financial markets. From 1994 to 20 July 2005, the official exchange rate for the conversion of Renminbi to U.S. dollars was generally stable. On 21 July 2005, the PRC Government changed its decade-old policy of pegging the value of the Renminbi to that of the U.S. dollar, to allow the value of the Renminbi to fluctuate within a narrow and managed band based on market supply and demand and by reference to a basket of currencies. This change in policy has resulted in a significant appreciation of the Renminbi against the U.S. dollar.

The PRC Government has made further adjustments to the exchange rate system. The PBOC authorised the China Foreign Exchange Trading Center, effective since 4 January 2006, to announce the central parity exchange rate of certain foreign currencies against the Renminbi at 9:15 a.m. each business day. This rate is set as the central parity for trading against the Renminbi in the inter-bank foreign exchange spot market and the over the counter exchange rate for that business day. On 18 May 2007, the PBOC enlarged, effective on 21 May 2007, the floating band for the trading prices in the inter-bank spot exchange market of Renminbi against the U.S. dollar from 0.3% to 0.5% around the central parity rate. This allows the Renminbi to fluctuate against the U.S. dollar by up to 0.5% above or below the central parity rate published by the PBOC. On 19 June 2010, the PBOC announced that in view of the recent economic situation and financial market developments in China and abroad, and the balance of payments situation in China, it has decided to proceed further with reform of the Renminbi exchange rate regime and to enhance the Renminbi exchange rate flexibility. According to the announcement, the exchange rate floating bands will remain the same as previously announced but the PBOC will place more emphasis on reflecting the market supply and demand with reference to a basket of currencies. On 12 April 2012, the PBOC announced that effective on 16 April 2012, the floating band for the trading prices in the inter-bank spot exchange market of Renminbi against the U.S. dollar is enlarged from 0.5% to 1.0% around the central parity rate, which allows the Renminbi to fluctuate against the U.S. dollar by up to 1.0% above or below the central parity rate published by the PBOC, and it was further expanded to 2.0 per cent. on 17 March 2014. More adjustments may be made to the exchange rate system by the PRC government in the future. Currently, the PBOC announces the closing price of a foreign currency traded against Renminbi in the inter-bank foreign exchange spot market after the closing of the market on each business day, and makes it the central parity for the following business day.

On 11 August 2015, the PBOC announced that the exchange rates between the Renminbi and foreign currencies would become more market driven, taking into account of the closing exchange rates on the previous trading day, supply and demand of foreign currencies and the fluctuations of exchanges rates between major international currencies. From 11 August to 13 August 2015, the value of the Renminbi depreciated by approximately 4.4 per cent. against the U.S. dollar and has stabilised since then. The PRC Government may in the future make further adjustments to the exchange rate system.

Although the PRC governmental policies have been introduced in 1996 to reduce restrictions on the convertibility of the Renminbi into foreign currency for current account items, conversion of the Renminbi into foreign currency for capital items, such as foreign direct investment, loans or security, requires the approval of the SAFE and other relevant authorities. The following table sets forth for the periods indicated, certain information concerning the exchange rates between Renminbi and U.S. dollars. The exchange rates reflect the exchange rates as set forth in the H.10 statistical release of the Board of Governors of the Federal Reserve System of the United States.

	Exchange Rate			
Period	**Period End**	**Average[1]**	**High**	**Low**
	(RMB per US$1.00)			
2009	6.8259	6.8295	6.8470	6.8176
2010	6.6000	6.7603	6.8330	6.6000
2011	6.2939	6.4475	6.6364	6.2939
2012	6.2301	6.3093	6.3879	6.2221
2013	6.0537	6.1478	6.2438	6.0537
2014	6.2046	6.1620	6.2591	6.0402
2015	6.4778	6.2827	6.4896	6.1870
2016				
January	6.5752	6.5726	6.5932	6.5219
February	6.5525	6.5501	6.5795	6.5154
March	6.4480	6.5027	6.5500	6.4480
April	6.4738	6.4754	6.5004	6.4571
May	6.5798	6.5259	6.5798	6.4738
June	6.6459	6.5892	6.6481	6.5590
July	6.6371	6.6771	6.7013	6.6371
August	6.6776	6.6466	6.6778	6.6238
September	6.6685	6.6702	6.6790	6.6600
October (through 21 October)	6.7654	6.7110	6.7654	6.6685

Note:

(1) Determined by averaging the rates on the last business day of each month during the relevant year, except for monthly average rates in 2016, which were determined by averaging the daily rates for such month or part thereof.

Hong Kong

The Hong Kong dollar is freely convertible into other currencies, including the U.S. dollar. Since 17 October 1983, the Hong Kong dollar has been linked to the U.S. dollar at the rate of HK$7.80 to US$1.00. The Basic Law of the Hong Kong Special Administrative Region of the People's Republic of China (the "Basic Law"), which came into effect on 1 July 1997, provides that no foreign exchange control policies shall be applied in Hong Kong.

The market exchange rate of the Hong Kong dollar against the U.S. dollar continues to be determined by the forces of supply and demand in the foreign exchange market. However, against the background of the fixed rate system which applies to the issuance and withdrawal of Hong Kong currency in circulation, the market exchange rate has not deviated significantly from the level of HK$7.80 to US$1.00. In May 2005, the Hong Kong Monetary Authority broadened the 22-year-old trading band from the original rate of HK$7.80 per U.S. dollar to a rate range of HK$7.75 to HK$7.85 per U.S. dollar. The Hong Kong government has indicated its intention to maintain the link within that rate range. Under the Basic Law, the Hong Kong dollar will continue to circulate and remain freely convertible. The Hong Kong government has also stated that it has no intention of imposing exchange controls in Hong Kong and that the Hong Kong dollar will remain freely convertible into other currencies, including the U.S. dollar.

The following table sets forth for the periods indicated, certain information concerning the exchange rate between Hong Kong dollars against U.S. dollars. The exchange rates reflect exchange rates as set forth in the weekly H.10 statistical release of the Board of Governors of the Federal Reserve System of the United States.

	Exchange Rate			
Period	**Period End**	**Average[(1)]**	**High**	**Low**
	(HKD per US$1.00)			
2010	7.7810	7.7687	7.8040	7.7501
2011	7.7663	7.7841	7.8087	7.7634
2012	7.7507	7.7569	7.7699	7.7493
2013	7.7539	7.7565	7.7654	7.7503
2014	7.7531	7.7545	7.7669	7.7495
2015	7.7507	7.7524	7.7686	7.7495
2016				
January	7.7876	7.7812	7.8270	7.7505
February	7.7763	7.7829	7.7968	7.7700
March	7.7563	7.7604	7.7745	7.7528
April	7.7570	7.7556	7.7570	7.7537
May	7.7689	7.7635	7.7689	7.7582
June	7.7591	7.7620	7.7709	7.7568
July	7.7588	7.7568	7.7588	7.7540
August	7.7568	7.7560	7.7609	7.7528
September	7.7555	7.7564	7.7585	7.7534
October (through 21 October)	7.7576	7.7577	7.7600	7.7557

Note:

(1) Averages are calculated by averaging the rates on the last business day of each month during the relevant year. Monthly averages are calculated by averaging the daily rates during the relevant monthly period.

TAXATION

The following summary of certain BVI, Hong Kong, PRC and European Union tax consequences of the purchase, ownership and disposition of the Securities is based upon applicable laws, regulations, rulings and decisions in effect as at the date of this Offering Circular, all of which are subject to change (possibly with retroactive effect). This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Securities and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Neither these statements nor any other statements in this Offering Circular are to be regarded as advice on the tax position of any Securityholder or any persons acquiring, selling or otherwise dealing in the Securities or on any tax implications arising from the acquisition, sale or other dealings in respect of the Securities. Persons considering the purchase of the Securities should consult their own tax advisers concerning the possible tax consequences of buying, holding or selling any Securities under the laws of their country of citizenship, residence or domicile.

British Virgin Islands

The Issuer and all dividends, interest, rents, royalties, compensation and other amounts paid by the Issuer to persons who are not resident in the BVI and any capital gains realised with respect to any shares, debt obligations, or other securities of the Issuer by persons who are not resident in the BVI are exempt from all provisions of the Income Tax Ordinance in the BVI.

No estate, inheritance, succession or gift tax, rate, duty, levy or other charge is payable by persons who are not resident in the BVI with respect to any shares, debt obligation or other securities of the Issuer.

All instruments relating to transfers of property to or by the Issuer and all instruments relating to transactions in respect of the shares, debt obligations or other securities of the Issuer and all instruments relating to other transactions relating to the business of the Issuer are exempt from payment of stamp duty in the BVI. This assumes that the Issuer does not hold an interest in real estate in the BVI.

There are currently no withholding taxes or exchange control regulations in the BVI applicable to the Issuer or its members.

Hong Kong

Withholding Tax

No withholding tax should be payable in Hong Kong in respect of payments of principal or Distributions in respect of the Securities or in respect of any capital gains arising from the sale of the Securities.

Profits Tax

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Under the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) (the "Inland Revenue Ordinance") as it is currently applied by the Inland Revenue Department, Distributions in respect of the Securities may be deemed to be profits arising in or derived from Hong Kong from a trade, professional or business carried on in Hong Kong in the following circumstances:

(a) any Distribution in respect of the Securities is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or

(b) any Distribution in respect of the Securities is derived from Hong Kong and is received by or accrues to a corporation (other than a financial institution) carrying on a trade, profession or business in Hong Kong; or

(c) any Distribution in respect of the Securities is derived from Hong Kong and is received by or accrues to a person (other than a corporation) carrying on a trade, profession or business in Hong Kong and is in respect of the funds of the trade, profession or business.

Sums derived from the sale, disposal or redemption of the Securities will be subject to Hong Kong profits tax where received by or accrued to a person (other than a financial institution) who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source.

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal and redemption of the Securities will be subject to profits tax.

Stamp Duty

No Hong Kong stamp duty should be chargeable upon the issue or transfer of a Security.

Estate Duty

No Hong Kong estate duty should be payable in respect of the Securities.

PRC

The following summary describes certain PRC tax consequences of ownership of the Securities by beneficial owners who, or which, are not residents of mainland China for PRC tax purposes. These beneficial owners are referred to as non-PRC Securityholders in this "Taxation — PRC" section. In considering whether to invest in the Securities, investors should consult their individual tax advisors with regard to the application of PRC tax laws to their particular situations as well as any tax consequences arising under the laws of any other tax jurisdiction.

Pursuant to the EIT Law and its implementation regulations, enterprises that are established under laws of foreign countries and regions (including Hong Kong, Macau and Taiwan) but whose actual management organs are within the territory of China are treated as PRC tax resident enterprises for the purpose of the EIT Law and must pay EIT at the rate of 25% in respect of their income sourced from both within and outside China. If relevant PRC tax authorities decide, in accordance with applicable tax rules and regulations, that the actual management organ of the Issuer or the Guarantor is within the territory of PRC, the Issuer or the Guarantor may be held to be a PRC tax resident enterprise for the purpose of the EIT Law and be subject to EIT at the rate of 25% on its income sourced from both within and outside PRC. As confirmed by the Issuer, as at the date of this Offering Circular, neither the Issuer nor the Guarantor has not been noticed or informed by the PRC tax authorities that it is considered as a PRC tax resident enterprise for the purpose of the EIT Law. On that basis, Securityholders will not be subject to withholding tax, income tax or any other taxes or duties (including stamp duty) imposed by any tax authority in the PRC in respect of the holding of the Securities or any repayment of principal and payment of Distributions made thereon.

However, there is no assurance that the Issuer or the Guarantor will not be treated as a PRC tax resident enterprise under the EIT Law and related implementation regulations in the future. Pursuant to the EIT Law and its implementation regulations, any non-resident enterprise without an establishment within the PRC, or where its incomes have no actual connection to its establishment inside the PRC, must pay EIT at the rate of 10% (subject to the provisions of any applicable tax treaties) on the incomes sourced inside the PRC, and such income tax must be withheld at source by the PRC payer acting as a withholding agent. Accordingly, in the event the Issuer or the Guarantor is deemed to be a PRC tax resident enterprise by the PRC tax authorities in the future, the Issuer or the Guarantor will withhold income tax from the payments of Distributions in respect of the Securities for any non-PRC Securityholder. In the case of payments to individuals, the tax may be withheld at a rate of 20% (subject to the provisions of any applicable tax treaties). The Issuer has agreed to pay additional amounts to Securityholders, subject to certain exceptions, so that Securityholders would receive the full amount of the scheduled payment, as further set out in the Terms and Conditions of the Securities.

The EIT Law and its implementation regulations impose a tax at the rate of 10%, or a lower rate if tax treaty benefits are available, on income derived from sources within the PRC realised by a "non-resident enterprise" that does not have an establishment or place of business in the PRC or that has an establishment or place of business in the PRC but the relevant gain is not effectively connected therewith. The Individual Income Tax Law (the "IIT Law") and its implementation regulations impose a tax at the rate of 20% on income derived from sources within the PRC realised by non-resident individuals. If the Issuer is considered a PRC resident enterprise by the PRC tax authorities in the future, and if the capital gains realised by Securityholders are treated as income derived from sources within the PRC, such gains will be subject to such PRC tax. To the extent that the PRC has entered into arrangements relating to the avoidance of double-taxation with any jurisdiction, such as Hong Kong, that allow a lower rate of tax, such lower rate may apply to qualified non-resident Securityholders.

The proposed financial transactions tax ("FTT")

The European Commission has published a proposal for a Directive for a common FTT in Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovakia, Slovenia and Spain (the "participating Member States"). Estonia officially announced its withdrawal from the negotiations in March 2016.

The proposed FTT has very broad scope and could, if introduced in its current form, apply to certain transactions relating to the Securities (including secondary market transactions) in certain circumstances. Under the European Commission's proposals, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain transactions relating to the Securities where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (i) by transacting with a person established in a participating Member State or (ii) where the financial instrument which is the subject of the transaction is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional Member States may decide to participate. The participating Member States (excluding Estonia) indicated during an ECOFIN meeting on 17 June 2016 that work and discussions would continue during the second half of 2016.

Prospective holders of the Securities are advised to seek their own professional advice in relation to the FTT.

SUBSCRIPTION AND SALE

The Issuer, the Guarantor and the Company have entered into a subscription agreement with BOCI Asia Limited, Barclays Bank PLC, DBS Bank Ltd., Natixis, China CITIC Bank International Limited, BOSC International Company Limited, Standard Chartered Bank and Haitong International Securities Company Limited as the Managers dated 31 October 2016 (the "Subscription Agreement") pursuant to which and subject to certain conditions contained in the Subscription Agreement, the Issuer has agreed to sell to the Managers, and the Managers have agreed to subscribe and pay for, or procure subscribers to subscribe and pay for, the aggregate principal amount of the Securities in the amounts set out in the Subscription Agreement.

The Subscription Agreement provides that the Issuer, the Guarantor and the Company will jointly and severally indemnify the Managers against certain liabilities in connection with the offer and sale of the Securities. The Subscription Agreement provides that the obligations of the Managers are subject to certain conditions precedent and entitles the Managers to terminate the Subscription Agreement in certain circumstances prior to payment being made to the Issuer.

The Issuer and the Guarantor have agreed to pay, through the Managers, a selling agent's commission to certain private banks based on the principal amount of the Securities purchased by the clients of such private banks.

The Managers and their affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities ("Banking Services or Transactions"). The Managers and their affiliates may have, from time to time, performed, and may in the future perform, various Banking Services or Transactions with the Issuer, the Guarantor and the Company for which they have received, or will receive, fees and expenses.

In connection with the Offering, the Managers and/or their affiliates may place orders, receive allocations and purchase Securities for their own account (without a view to distributing such Securities) and such orders and/or allocations of the Securities may be material. Such entities may hold or sell such Securities or purchase further Securities for their own account in the secondary market or deal in any other securities of the Issuer, the Guarantor or the Company, and therefore, they may offer or sell the Securities or other securities otherwise than in connection with the Offering. Accordingly, references herein to the Securities being "offered" should be read as including any offering of the Securities to the Managers and/or their affiliates for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any legal or regulatory obligation to do so. Furthermore, it is possible that only a limited number of investors may subscribe for a significant proportion of the Securities. If this is the case, liquidity of trading in the Securities may be constrained (see "Risk Factors — Risks relating to the Securities, the Guarantee, the Keepwell Deed and the Equity Interest Purchase Undertaking — The liquidity and price of the Securities following this offering may be volatile."). The Issuer, the Guarantor, the Company and the Managers are under no obligation to disclose the extent of the distributions of the Securities amongst individual investors.

In connection with the issue of the Securities, the Stabilising Manager or any person acting on behalf of the Stabilising Manager may, to the extent permitted by applicable laws and directives, over allot the Securities or effect transactions with a view to supporting the price of the Securities at a level higher than that which might otherwise prevail, but in so doing, the Stabilising Manager or any person acting on behalf of the Stabilising Manager shall act as principal and not as agent of the Issuer or the Guarantor. However, there is no assurance that the Stabilising Manager or any person acting on behalf of the Stabilising Manager will undertake stabilisation action. Any loss or profit sustained as a consequence of any such overallotment or stabilisation shall be for the account of the Managers.

General

The Securities are a new issue of securities with no established trading market. No assurance can be given as to the liquidity of any trading market for the Securities.

The distribution of this Offering Circular or any offering material and the offering, sale or delivery of the Securities is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Offering Circular or any offering material are advised to consult with their own legal advisers as to what restrictions may be applicable to them and to observe such restrictions. This Offering Circular may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Managers or any affiliate of the Managers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by that Manager or its affiliate on behalf of the Issuer in such jurisdiction.

No action has been taken or will be taken in any jurisdiction that would permit a public offering of the Securities, or possession or distribution of this Offering Circular or any amendment or supplement thereto or any other offering or publicity material relating to the Securities, in any country or jurisdiction where action for that purpose is required.

United States

The Securities and the Guarantee have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act ("Regulation S").

Each Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Securities and the Guarantee (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date, within the United States or to, or for the account or benefit of, U.S. persons, and it will send to each dealer to which it sells Securities and the Guarantee during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Securities and the Guarantee within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

The Securities and the Guarantee are being offered and sold outside of the United States to non-U.S. persons in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering of the Securities and the Guarantee, an offer or sale of the Securities and the Guarantee within the United States by any dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

United Kingdom

Each Manager has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "FSMA"), received by it in connection with the issue or sale of the Securities in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Securities in, from or otherwise involving the United Kingdom.

PRC

Each Manager has represented, warranted and agreed that the Securities are not being offered or sold and may not be offered or sold, directly or indirectly, in the People's Republic of China (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by the securities laws of the People's Republic of China.

Hong Kong

Each Manager has represented, warranted and agreed that:

(i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Securities other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "SFO") and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

(ii) it has not issued or had in their possession for the purposes of issue, and will not issue or have in their possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Securities, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under that Ordinance.

Singapore

The Managers have acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the Managers have represented, warranted and agreed that they have not offered or sold any Securities or caused such Securities to be made the subject of an invitation for subscription or purchase and will not offer or sell such Securities or cause such Securities to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will they circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Securities, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Securities are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Securities pursuant to an offer made under Section 275 of the SFA, except:

i. to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

ii. where no consideration is or will be given for the transfer;

iii. where the transfer is by operation of law;

iv. as specified in Section 276(7) of the SFA; or

v. as specified in Regulation 32 of the Securities and Futures (Offer of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

British Virgin Islands

The Managers have represented and agreed that no invitation has been or will be made directly or indirectly to any person resident in the British Virgin Islands to subscribe for any of the Securities but the Securities may be acquired by British Virgin Islands persons who receive the offer of the Securities outside of the British Virgin Islands and in a manner which does not contravene the laws of the jurisdiction in which such offer is received.

GENERAL INFORMATION

1 **Clearing Systems**: The Securities have been accepted for clearance through Euroclear and Clearstream under Common Code 151161090 and ISIN XS1511610906.

2 **Authorisations**: The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of its obligations under the Securities, the Keepwell Deed, the Trust Deed and the Agency Agreement. The issue of the Securities and the entry into of the Keepwell Deed was authorised by the resolutions of the board of directors of the Issuer on 25 October 2016. The Guarantor has obtained all necessary consents, approvals and authorisations in connection with the giving and performance of the Guarantee and the performance of its obligations under the Keepwell Deed. The giving of the Guarantee and the entry into of the Keepwell Deed was authorised by the resolutions of the board of directors of the Guarantor on 24 October 2015. The Company has obtained all necessary consents, approvals and authorisations in connection with the Trust Deed, the Keepwell Deed and the Equity Interest Purchase Undertaking. PRC counsel to the Company and the Managers have advised that no approvals or consents are required from any regulatory authorities or other relevant authorities in the PRC for the Company to enter into the Keepwell Deed and the Equity Interest Purchase Undertaking.

3 **No Material Adverse Change**: There has been no material adverse change in the financial or trading position or prospects of the Guarantor, the Company and the Group since 30 June 2016. There has been no material adverse change in the financial or trading position or prospects of the Issuer since the date of its incorporation.

4 **Litigation**: None of the Issuer, the Guarantor, the Company or any other member of the Group is involved in any litigation or arbitration proceedings that the Issuer, the Guarantor or the Company, as the case may be, believes are material in the context of the Securities nor are any of the Issuer, the Guarantor or the Company aware that any such proceedings are pending or threatened.

5 **Available Documents**: Copies of the Company's 2014 annual report published by the Company on 23 April 2015 and the Company's 2015 annual report published by the Company on 6 April 2016, the Agency Agreement, the Keepwell Deed, the Equity Interest Purchase Undertaking and the Articles of Association of each of the Issuer, the Guarantor and the Company are available for inspection from the Issue Date at the Company's principal place of business in Hong Kong at 6/F, Nexxus Building, 41 Connaught Road, Central, Hong Kong and upon written request and satisfactory proof of holding at the principal place of business of the Trustee during normal business hours, so long as any of the Securities are outstanding. The Company prepares and publishes an annual report and an interim report every year. Copies of the Company's annual report and interim report in respect of the latest year and period can be obtained from its corporate website.

6 **Financial Statements**: Each of (i) the consolidated financial statements of the Company as at and for the year ended 31 December 2014; (ii) the consolidated financial statements of the Company as at and for the year ended 31 December 2015; (iii) the consolidated financial statements of the Guarantor as at and for the year ended 31 December 2014 and (iv) the consolidated financial statements of the Guarantor as at and for the year ended 31 December 2015, all of which are included elsewhere in this Offering Circular, have been audited by Ernst & Young. Each of (i) the unaudited interim condensed consolidated

financial statements of the Company as at and for the six months ended 30 June 2015 and (ii) the unaudited interim condensed consolidated financial statements of the Company as at and for the six months ended 30 June 2016, which are included elsewhere in this Offering Circular, have been reviewed by Ernst & Young.

7 **Listing**: Application has been made to the HKSE for the listing of, and permission to deal in, the Securities issued to Professional Investors only. It is expected that dealing in, and listing of, the Securities on the HKSE will commence on 8 November 2016.

INDEX TO FINANCIAL STATEMENTS

Notes:

(1) The Independent Auditor's Report on the consolidated financial statements of the Company as at and for the year ended 31 December 2015 set out herein is reproduced from the Company's annual report for the year ended 31 December 2015 published on 6 April 2016. Page references referred to in the report are to pages set out in such annual report.

(2) The audited consolidated financial statements of the Company as at and for the year ended 31 December 2014 appearing on pages F-4 to F-12 of this Offering Circular have been restated to reflect the business combination under common control incurred during 2015. Please refer to the subsection headed "Summary Financial Information — Summary Financial Information of the Company" for details.

(3) The Independent Review Report on the interim condensed consolidated financial statements of the Company as at and for the six months ended 30 June 2016 set out herein is reproduced from the Company's interim report for the six months ended 30 June 2016 published on 22 September 2016. Page references referred to in the report are to pages set out in such interim report.

(4) The unaudited interim condensed consolidated financial statements of the Company for the six months ended 30 June 2015 appearing on pages F-206 to F-214 of this Offering Circular and the Company's audited consolidated financial statements as at 31 December 2015 appearing on pages F-206 to F-208 of this Offering Circular have been restated to reflect the business combination under common control incurred during the six months ended 30 June 2016. Please refer to the subsection headed "Summary Financial Information — Summary Financial Information of the Company" for details.

(5) The Independent Auditor's Report on the consolidated financial statements of the Guarantor as at and for the year ended 31 December 2015 is reproduced from the Guarantor's consolidated financial statements for the year ended 31 December 2015. Page references referred to in the report are to pages set out in such financial statements.

To the shareholders of Aluminum Corporation of China Limited
(Incorporated in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of Aluminum Corporation of China Limited (the "Company") and its subsidiaries set out on pages 129 to 328, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

Independent Auditors' Report (Continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 31 December 2015, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants

22/F, CITIC Tower
1 Tim Mei Avenue, Central
Hong Kong
17 March 2016

(Amounts expressed in thousands of RMB unless otherwise stated)

Consolidated Statement of Financial Position

	Notes	**31 December 2015**	31 December 2014 (restated)
ASSETS			
Non-current assets			
Intangible assets	5	**10,439,015**	10,980,098
Property, plant and equipment	6	**89,874,746**	94,119,984
Land use rights and leasehold land	7	**2,707,584**	3,274,428
Investments in joint ventures	8(a)	**5,150,887**	2,525,747
Investments in associates	8(b)	**5,602,701**	4,840,968
Available-for-sale financial investments	9	**130,440**	74,850
Deferred tax assets	10	**1,362,995**	952,057
Other non-current assets	11	**9,831,705**	12,479,204
Total non-current assets		**125,100,073**	129,247,336
Current assets			
Inventories	12	**20,177,028**	22,543,346
Trade and notes receivables	13	**5,151,039**	5,332,534
Other current assets	14	**15,847,333**	13,031,700
Financial assets at fair value through profit or loss	36.1/36.2	**2,058**	120,901
Available-for-sale financial investments	9	**224,820**	4,635,600
Restricted cash and time deposits	15	**1,734,739**	1,663,590
Cash and cash equivalents	15	**20,753,136**	16,268,600
		63,890,153	63,596,271
Assets of a disposal group classified as held for sale	16	**200,187**	–
Non-current assets held for sale	16	**78,838**	–
Total current assets		**64,169,178**	63,596,271
Total assets		**189,269,251**	192,843,607

Consolidated Statement of Financial Position (Continued)

31 December 2015
(Amounts expressed in thousands of RMB unless otherwise stated)

	Notes	**31 December 2015**	31 December 2014 (restated)
EQUITY AND LIABILITIES			
EQUITY			
Equity attributable to owners of the parent			
Share capital	17	**14,903,798**	13,524,488
Other reserves	18	**28,613,357**	19,640,292
Accumulated losses			
– proposed final dividend for the year	33	**–**	–
– others		**(4,677,058)**	(4,864,089)
		38,840,097	28,300,691
Non-controlling interests		**11,457,339**	11,353,155
Total equity		**50,297,436**	39,653,846
LIABILITIES			
Non-current liabilities			
Interest-bearing loans and borrowings	19	**53,725,670**	44,769,211
Other non-current liabilities	21	**3,302,659**	2,937,087
Deferred tax liabilities	10	**1,006,155**	1,061,265
Total non-current liabilities		**58,034,484**	48,767,563

(Amounts expressed in thousands of RMB unless otherwise stated)

Consolidated Statement of Financial Position (Continued)

	Notes	**31 December 2015**	31 December 2014 (restated)
Current liabilities			
Trade and notes payables	23	**14,506,138**	15,751,262
Other payables and accrued liabilities	22	**11,779,410**	13,203,174
Financial liabilities at fair value through profit or loss	36.1/36.2	**161,700**	29,384
Income tax payable		**43,356**	79,420
Interest-bearing loans and borrowings	19	**54,422,862**	75,358,958
		80,913,466	104,422,198
Liabilities of a disposal group classified as held for sale	16	**23,865**	–
Total current liabilities		**80,937,331**	104,422,198
Total liabilities		**138,971,815**	153,189,761
Total equity and liabilities		**189,269,251**	192,843,607
Net current liabilities		**16,768,153**	40,825,927
Total assets less current liabilities		**108,331,920**	88,421,409

The accompanying notes are an integral part of these financial statements.

Ao Hong	**Zhang Zhan Kui**
Director	*Chief Financial Officer*

Consolidated Statement of Comprehensive Income

Year ended 31 December 2015
(Amounts expressed in thousands of RMB unless otherwise stated

	Note	2015	2014 (restated)
Revenue	4	**123,445,872**	141,999,830
Cost of sales		**(120,927,088)**	(141,328,954)
Gross profit		**2,518,784**	670,876
Selling and distribution expenses	26(a)	**(1,775,254)**	(1,763,031)
General and administrative expenses	26(b)	**(2,334,071)**	(4,838,387)
Research and development expenses		**(168,869)**	(293,766)
Impairment loss on property, plant and equipment	6	**(10,011)**	(5,679,521)
Government grants	27(a)	**1,768,926**	823,986
Other gains, net	27(b)	**5,023,600**	356,935
Finance income	28	**812,084**	1,047,607
Finance costs	28	**(5,949,665)**	(6,730,597)
Share of profits and losses of:			
Joint ventures	8(a)	**23,238**	89,510
Associates	8(b)	**284,531**	350,575
Profit/(loss) before income tax		**193,293**	(15,965,813)
Income tax benefit/(expense)	31	**230,420**	(1,074,910)
Profit/(loss) for the year		**423,713**	(17,040,723)
Profit/(loss) attributable to:			
Owners of the parent		**206,319**	(16,208,170)
Non-controlling interests		**217,394**	(832,553)
		423,713	(17,040,723)

(Amounts expressed in thousands of

Consolidated Statement of Comprehensive Income (Continued)

	Note	**2015**	2014 (restated)
Other comprehensive income, net of tax:			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Gain on available-for-sale financial assets		**57,940**	–
Share of other comprehensive income of an associate		**4,658**	–
Exchange differences on translation of foreign operations		**499,837**	64,102
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		**562,435**	64,102
Total other comprehensive income, net of tax		**562,435**	64,102
Total comprehensive income/(loss) for the year		**986,148**	(16,976,621)
Total comprehensive income/(loss) for the year attributable to:			
Owners of the parent		**768,754**	(16,144,068)
Non-controlling interests		**217,394**	(832,553)
		986,148	(16,976,621)
Basic and diluted earnings/(loss) per share attributable to ordinary equity holders of the parent *(expressed in RMB per share)*	32	**0.01**	(1.20)

Details of the dividends payable and proposed for the year are disclosed in note 33 to the financial statements.

The accompanying notes are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

Year ended 31 December 2015
(Amounts expressed in thousands of RMB unless otherwise stated)

	Attributable to owners of the parent											
		Capital reserves										
	Share capital (note 17)	Share premium	Other capital reserves	Statutory surplus reserve	Special reserve	Gain on available-for-sale financial assets	Other equity instruments	Foreign currency translation reserve	Accumulated losses	Total	Non-controlling interests	Total equity
At 1 January 2015	**13,524,488**	**13,098,082**	**674,094**	**5,867,557**	**187,858**	**–**	**–**	**(187,299)**	**(4,889,093)**	**28,275,687**	**11,353,155**	**39,628,842**
Add: Retained earnings adjustment due to business combination under common control	–	–	–	–	–	–	–	–	**25,004**	**25,004**	–	**25,004**
At 1 January 2015	**13,524,488**	**13,098,082**	**674,094**	**5,867,557**	**187,858**	**–**	**–**	**(187,299)**	**(4,864,089)**	**28,300,691**	**11,353,155**	**39,653,846**
Profit for the year	–	–	–	–	–	–	–	–	206,319	206,319	217,394	423,713
Other comprehensive income for the year												
Gain on available-for-sale financial assets	–	–	–	–	–	57,940	–	–	–	57,940	–	57,940
Share of other comprehensive income of an associate	–	–	–	–	–	4,658	–	–	–	4,658	–	4,658
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	499,837	–	499,837	–	499,837
Total comprehensive income for the year	–	–	–	–	–	62,598	–	499,837	206,319	768,754	217,394	986,148
Issuance of A shares *(Note 17)*	1,379,310	6,518,162	–	–	–	–	–	–	–	7,897,472	–	7,897,472
Business combination under common control *(Note 38)*	–	(37,662)	–	–	–	–	–	–	–	(37,662)	–	(37,662)
Disposal of subsidiaries *(Note 39)*	–	–	–	–	(5,405)	–	–	–	–	(5,405)	5,686	281
Issuance of perpetual medium-term notes *(Note 40)*	–	–	–	–	–	–	2,000,000	–	–	2,000,000	–	2,000,000
Capital injection from non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	261,000	261,000
Other appropriation	–	–	–	–	(81,682)	–	–	–	–	(81,682)	(16,277)	(97,959)
Share of reserves of joint ventures and associates *(Note 8)*	–	–	–	–	11,878	–	–	–	–	11,878	–	11,878
Partial disposal of Jiaozuo Wangfang	–	–	–	–	(13,949)	–	–	–	–	(13,949)	–	(13,949)
Dividends paid by subsidiaries to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	(65,853)	(65,853)
Other equity instruments' distribution	–	–	–	–	–	–	19,288	–	(19,288)	–	(297,766)	(297,766)
At 31 December 2015	**14,903,798**	**19,578,582**	**674,094**	**5,867,557**	**98,700**	**62,598**	**2,019,288**	**312,538**	**(4,677,058)**	**38,840,097**	**11,457,339**	**50,297,436**

(Amounts expressed in thousands of RMB unless otherwise stated)

Consolidated Statement of Changes in Equity (Continued)

	Attributable to owners of the parent									
		Capital reserves								
(Restated)	Share capital	Share premium	Other capital reserves	Statutory surplus reserve	Special reserve	Foreign currency translation reserve	Retained earnings/ (accumulated losses)	Total	Non-controlling interests	Total equity
At 1 January 2014	13,524,488	13,098,082	645,012	5,867,557	146,200	(251,401)	11,327,787	44,357,725	9,344,394	53,702,119
Add: Retained earnings adjustment due to business combination under common control	–	–	–	–	–	–	16,294	16,294	–	16,294
At 1 January 2014	13,524,488	13,098,082	645,012	5,867,557	146,200	(251,401)	11,344,081	44,374,019	9,344,394	53,718,413
Loss for the year (restated)	–	–	–	–	–	–	(16,208,170)	(16,208,170)	(832,553)	(17,040,723)
Other comprehensive income for the year										
Exchange differences on translation of foreign operations	–	–	–	–	–	64,102	–	64,102	–	64,102
Total comprehensive loss for the year	–	–	–	–	–	64,102	(16,208,170)	(16,144,068)	(832,553)	(16,976,621)
Release of deferred government subsidies	–	–	20,000	–	–	–	–	20,000	–	20,000
Disposal of a subsidiary	–	–	–	–	–	–	–	–	(950)	(950)
Issuance of senior perpetual securities, net of issuance costs	–	–	–	–	–	–	–	–	2,461,813	2,461,813
Capital injection from non-controlling shareholders	–	–	–	–	–	–	–	–	694,957	694,957
Increase of equity interest in a subsidiary	–	–	24,061	–	–	–	–	24,061	(24,061)	–
Other appropriation	–	–	–	–	33,404	–	–	33,404	32,046	65,450
Share of reserves of a joint venture and associates	–	–	–	–	8,254	–	–	8,254	–	8,254
Share of change in an associate due to passive equity dilution	–	–	(14,979)	–	–	–	–	(14,979)	–	(14,979)
Senior perpetual securities' distribution	–	–	–	–	–	–	–	–	(224,241)	(224,241)
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	–	–	(98,250)	(98,250)
At 31 December 2014	13,524,488	13,098,082	674,094	5,867,557	187,858	(187,299)	(4,864,089)	28,300,691	11,353,155	39,653,846

The accompanying notes are an integral part of these financial statements.

Consolidated Statement of Cash Flows

Year ended 31 December 2015
(Amounts expressed in thousands of RMB unless otherwise stated)

	Note	**2015**	2014 (restated)
Net cash flows from operating activities	34	**7,231,450**	13,818,759
Investing activities			
Purchases of intangible assets		**(34,610)**	(106,077)
Purchases of property, plant and equipment		**(8,689,820)**	(8,038,327)
Purchases of land use rights and leasehold land		**(139,624)**	(295,506)
Proceeds from disposal of property, plant and equipment		**805,764**	219,490
Proceeds from disposal of intangible assets		**–**	11,637
Proceeds from disposal of a joint venture and an associate		**1,857,993**	7,993
Proceeds from disposal of land use rights	7	**554,554**	–
Acquisition of subsidiaries, net of cash acquired	38	**(30,000)**	–
Proceeds from disposal of subsidiaries and Alumina Production Line of Guizhou Branch of the Company		**1,568,950**	3,639,193
Interest received from unpaid disposal proceeds		**389,758**	654,028
Proceeds from disposal of Chalco Iron Holdings Limited, net of cash disposed of		**2,680,288**	2,801,901
Disposal of Shanxi Huaxing, net of cash disposed of	39(a)	**590,650**	–
Disposal of Ningxia Photovoltaic subsidiaries, net of cash disposed of	39(b)	**(189)**	–
Investments in joint ventures	8(a)	**(10,263)**	–
Investments in associates	8(b)	**(1,365,230)**	(67,358)
Prepaid equity investment		**(150,000)**	–
Proceeds from disposal of available-for-sale equity investments, net		**–**	6,899
Proceeds from disposal/(purchases) of financial products		**4,410,780**	(4,635,600)
Investment income from short-term investments	27(b)	**38,469**	71,023
Dividends received		**320,857**	58,929
Interest received from loans and borrowings to others		**14,639**	155,922
Decrease/(increase) in restricted cash		**8,500**	(4,000)
(Payment for)/proceeds from settlement of futures, options and forward foreign exchange contracts, net		**(680,685)**	181,768
Payment for acquisition of a subsidiary acquired in prior year		**–**	(36,958)
Loans to related parties	35	**(140,000)**	(764,000)
Loans repaid by related parties		**111,000**	972,139
Loan to a third party		**–**	(68,439)
Assets related government grants received		**840,769**	392,499
Others		**–**	(78,494)
Net cash flows from/(used in) investing activities		**2,952,550**	(4,921,338)

(Amounts expressed in thousands of RMB unless otherwise stated)

Consolidated Statement of Cash Flows (Continued)

	Note	**2015**	2014 (restated)
Financing activities			
Proceeds from issuance of short-term bonds and medium-term notes, net of issuance costs		**20,988,166**	34,892,986
Proceeds from issuance of perpetual securities, net of issuance costs		**2,000,000**	2,461,813
Repayments of short-term bonds and medium-term notes		**(32,000,000)**	(26,700,000)
Senior perpetual securities' distribution paid		**(297,766)**	(224,241)
Drawdown of short-term and long-term loans		**55,456,234**	60,417,625
Repayments of short-term and long-term loans		**(59,196,790)**	(70,276,842)
Proceeds from government subsidies		**–**	25,000
Proceeds from finance lease, net of deposit and transaction costs		**5,607,694**	1,768,840
Finance lease instalment paid		**(468,381)**	(390,433)
Proceeds from issuance of A shares, net of issuance cost		**7,897,472**	–
Capital injection from non-controlling interests		**261,000**	694,957
Dividends paid by subsidiaries to non-controlling shareholders		**(20,045)**	(19,273)
Interest paid		**(6,041,814)**	(6,763,197)
Others		**–**	96,314
Net cash flows used in financing activities		**(5,814,230)**	(4,016,451)
Net increase in cash and cash equivalents		**4,369,770**	4,880,970
Cash and cash equivalents at beginning of year		**16,268,600**	11,381,695
Effect of foreign exchange rate changes, net		**114,766**	5,935
Cash and cash equivalents at 31 December	15	**20,753,136**	16,268,600

The accompanying notes are an integral part of these financial statements.

(Amounts expressed in thousands of
RMB unless otherwise stated)

1. GENERAL INFORMATION

Aluminum Corporation of China Limited (the "Company") (中國鋁業股份有限公司) and its subsidiaries (together the "Group") are principally engaged in the manufacture and distribution of alumina, primary aluminum and energy products. The Group is also engaged in the development of bauxite related resources, the production, fabrication and distribution of bauxite, carbon and relevant non-ferrous metal products and the trading and logistics and transport services of non-ferrous metal products and coal products.

The Company is a joint stock company which is domiciled and was established on 10 September 2001 in the People's Republic of China (the "PRC") with limited liability. The address of its registered office is No. 62 North Xizhimen Street, Haidian District, Beijing, the PRC.

The Company's shares have been listed on the Main Board of the Hong Kong Stock Exchange and the New York Stock Exchange since 2001. The Company also listed its A shares on the Shanghai Stock Exchange in 2007.

In the opinion of the directors, the ultimate holding company and parent of the Company is Aluminum Corporation of China ("Chinalco") (中國鋁業公司), a company incorporated and domiciled in the PRC and wholly owned by the State-owned Assets Supervision and Administration Commission of the State Council.

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name	Place of registration and business	Registered capital	Principal activities	Percentage of equity attributable to the Company Direct	Indirect
Baotou Aluminum Co., Ltd. ("Baotou Aluminum") (包頭鋁業有限公司)	PRC/Mainland of China	1,668,980	Manufacture and distribution of primary aluminum, aluminum alloy and related fabricated products and carbon products	100%	–
China Aluminum International Trading Co., Ltd. ("Chalco International Trading") (中鋁國際貿易有限公司)	PRC/Mainland of China	1,731,111	Import and export activities	100%	–
Shanxi Huasheng Aluminum Co., Ltd. (山西華聖鋁業有限公司)	PRC/Mainland of China	1,000,000	Manufacture and distribution of primary aluminum, aluminum alloy and carbon-related products	51%	–

(Amounts expressed in thousands of
RMB unless otherwise stated)

1. GENERAL INFORMATION (Continued)

Information about subsidiaries (Continued)

Name	Place of registration and business	Registered capital	Principal activities	Percentage of equity attributable to the Company Direct	Indirect
Shanxi Huaze Aluminum and Power Co., Ltd. (山西華澤鋁電有限公司)	PRC/Mainland of China	1,500,000	Manufacture and distribution of primary aluminum and anode carbon products and electricity generation and supply	60%	–
Fushun Aluminum Co., Ltd. (撫順鋁業有限公司)	PRC/Mainland of China	1,430,000	Aluminum smelting, manufacture and distribution of nonferrous metals	100%	–
Zunyi Aluminum Co., Ltd. (遵義鋁業股份有限公司)	PRC/Mainland of China	802,620	Manufacture and distribution of primary aluminum	62.10%	–
Chalco Zunyi Alumina Co., Ltd. (中國鋁業遵義氧化鋁有限公司)	PRC/Mainland of China	1,400,000	Manufacture and distribution of alumina	73.28%	–
Shandong Huayu Aluminum and Power Co., Ltd. ("Shandong Huayu") (山東華宇鋁電有限公司)	PRC/Mainland of China	1,627,697	Manufacture and distribution of primary aluminum	55%	–
Gansu Hualu Aluminum Co., Ltd. ("Gansu Hualu") (甘肅華鷺鋁業有限公司)	PRC/Mainland of China	529,240	Manufacture and distribution of primary aluminum	51%	–
Chalco Hong Kong Ltd. ("Chalco Hong Kong") (中國鋁業香港有限公司)	Hong Kong	HKD849,940 in thousand	Overseas investments and alumina import and export activities	100%	–
Chalco Mining Co., Ltd. (中鋁礦業有限公司)	PRC/Mainland of China	760,000	Manufacture, acquisition and distribution of bauxite mines, limestone ore, aluminum magnesium ore and related nonferrous metal products	100%	–
Gansu Huayang Mining Development Co., Ltd. (甘肅華陽礦業開發有限責任公司)	PRC/Mainland of China	16,670	Manufacture and distribution of coal and other mineral products	70%	–
Chalco Energy Co., Ltd. (中鋁能源有限公司)	PRC/Mainland of China	819,993	Thermoelectric supply and investment management	100%	–

(Amounts expressed in thousands of RMB unless otherwise stated)

1. GENERAL INFORMATION (Continued)

Information about subsidiaries (Continued)

Name	Place of registration and business	Registered capital	Principal activities	Percentage of equity attributable to the Company Direct	Indirect
Chalco Ningxia Energy Group Co., Ltd. ("Ningxia Energy") (中鋁寧夏能源集團)	PRC/Mainland of China	5,025,800	Thermal power, wind power and solar power generation, coal mining, and power related equipment manufacturing	70.82%	–
Guizhou Huajin Aluminum Co., Ltd. (貴州華錦鋁業有限公司)	PRC/Mainland of China	1,000,000	Manufacture and distribution of alumina	60%	–
Chalco Hong Kong Investment Company Limited	Hong Kong	UDS1	Bond issue	–	100%
Yinxing Energy	PRC/Mainland of China	541,633	Operation of wind power, Design, manufacture and distribution of wind power and solar power equipment	–	52,91%
Chalco Zhengzhou Research Institute of Non-ferrous Metal Co., Ltd. (中國鋁業鄭州有色金屬研究院有限公司)	PRC/Mainland of China	200,000	Research and development services	100%	–
Chalco Shandong Co., Ltd. ("Chalco Shandong") (中鋁山東有限公司)	PRC/Mainland of China	2,500,000	Manufacture and distribution of alumina	100%	–
Guangxi Investment Co., Ltd. ("Guangxi Investment") (中鋁廣西投資有限責任公司)	PRC/Mainland of China	10,000	Investment management	100%	–
Chalco Zhongzhou Aluminum Co., Ltd. (中鋁中州鋁業有限公司)	PRC/Mainland of China	3,200,000	Manufacture and distribution of alumina	100%	–
Shanxi Aluminum China Resources Co., Ltd. (山西中鋁華潤有限公司)	PRC/Mainland of China	200,000	Manufacture and distribution of primary aluminum	50%	-
China Aluminum Logistics Group Corporation Co., Ltd. (中鋁物流集團有限公司)	PRC/Mainland of China	50,000	Logistic transportation	81.87%	18.13%

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB"). They have been prepared on a historical cost basis, except for available-for-sale financial investments and financial assets and liabilities at fair value through profit or loss which have been measured at fair value. Disposal groups held for sale are stated at the lower of their carrying amounts and fair values less costs to sell.

These financial statements are presented in thousands of Chinese Renminbi ("RMB") unless otherwise stated.

Going concern

As at 31 December 2015, the Group's current liabilities exceeded its current assets by approximately RMB16,768 million (31 December 2014: RMB40,826 million (restated)). The directors of the Company have considered the Group's available sources of funds as follows:

- The Group's expected net cash inflows from operating activities in 2016;

- Unutilised banking facilities of approximately RMB70,772 million as at 31 December 2015, of which amounts totaling RMB63,877 million will be subject to renewal during the next 12 months. The directors of the Company are confident that these banking facilities could be renewed upon expiration based on the Group's past experience and good credit standing; and

- Other available sources of financing from banks and other financial institutions given the Group's credit history.

The directors of the Company believe that the Group has adequate resources to continue operation for the foreseeable future of not less than 12 months from the approval date of these financial statements. The directors of the Company therefore are of the opinion that it is appropriate to adopt the going concern basis in preparing the consolidated financial statements.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

Consolidation

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries for the year ended 31 December 2015. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

Consolidation (Continued)

- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

Consolidation (Continued)

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interests;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

(a) *Merger accounting for business combinations under common control*

The consolidated financial statements incorporate the financial statements of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

Consolidation (Continued)

(a) *Merger accounting for business combinations under common control* (Continued)

The net assets of the combining entities or businesses are combined using the existing book values from the controlling parties' perspective. No amount is recognised in consideration for goodwill or excess of the acquirers' interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of the common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statement of comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under common control, where this is a shorter period, regardless of the date of the common control combination.

The comparative financial data have been restated to reflect the business combination under common control incurred during this year as disclosed in note 38.

Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs or losses incurred in combining operations of the previously separate businesses etc., incurred in relation to the common control combination that is to be accounted for by using merger accounting are recognised as expenses in the period in which they are incurred.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

Consolidation (Continued)

(b) *Acquisition method of accounting for other business combinations*

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group, other than common control combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets. The excess of the consideration transferred, the amount recognised for non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

If the business combination is achieved in stages through multiple transactions, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

Consolidation (Continued)

(c) Subsidiaries

A subsidiary is an entity, directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary in the consolidated financial statements to ensure consistency with the policies adopted by the Group.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

Consolidation (Continued)

(c) *Subsidiaries* (Continued)

In the Company's statement of financial position, as permitted under IFRS 1, the investments in subsidiaries acquired prior to 1 January 2008, being the date of transition to IFRS, are stated at deemed cost as required under the previously adopted accounting standards. Subsidiaries acquired after that date that are not classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are stated at cost less provision for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

When the Company loses control of a subsidiary in multiple arrangements (transactions), which indicate that the multiple arrangements is a single transaction, the multiple arrangements are accounted for as a single transaction.

2.2 Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2014, except the adoption of the following revised International Financial Reporting Standards ("IFRSs") (which include International Financial Reporting Standards, International Accounting Standards, and Interpretations and amendments) that are effective from 1 January 2015:

- Amendments to IAS 19 *Defined Benefit Plans: Employee Contributions*
- *Annual Improvements to IFRSs 2010–2012 Cycle*
- *Annual Improvements to IFRSs 2011–2013 Cycle*

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Changes in accounting policies and disclosures (Continued)

The principal effects of adopting these new and revised IFRSs are as follows:

IAS 19 *Contributions from employees or third parties to defined benefit plans*

The amendments simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction of service cost in the period in which the related service is rendered. The amendments have had no impact on the Group as the Group does not have defined benefit plans.

Annual Improvements to IFRSs 2010–2012 Cycle

IFRS 8 *Operating Segments:* Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments have had no impact on the Group.

IAS 16 *Property, Plant and Equipment and* IAS 38 *Intangible Assets:* Clarifies the treatment of gross carrying amount and accumulated depreciation or amortisation of revalued items of property, plant and equipment and intangible assets. The amendments have had no impact on the Group as the Group does not apply the revaluation model for the measurement of these assets.

IAS 24 *Related Party Disclosures:* Clarifies that a management entity (i.e., an entity that provides key management personnel services) is a related party subject to related party disclosure requirements. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment has had no impact on the Group as the Group does not receive any management services from other entities.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Changes in accounting policies and disclosures (Continued)

Annual Improvements to IFRSs 2011–2013 Cycle

IFRS 3 *Business Combinations:* Clarifies that joint arrangements but not joint ventures are outside the scope of IFRS 3 and the scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is applied prospectively. The amendment has had no impact on the Group as the Company is not a joint arrangement and the Group did not form any joint arrangement during the year.

IFRS 13 *Fair Value Measurement:* Clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 or IAS 39 as applicable. The amendment is applied prospectively from the beginning of the annual period in which IFRS 13 was initially applied. The amendment has had no impact on the Group as the Group does not apply the portfolio exception in IFRS 13.

IAS 40 *Investment Property:* Clarifies that IFRS 3, instead of the description of ancillary services in IAS 40 which differentiates between investment property and owner-occupied property, is used to determine if the transaction is a purchase of an asset or a business combination. The amendment is applied prospectively for acquisitions of investment properties. The amendment has had no impact on the Group as it does not own any investment properties.

In addition, the Company has adopted the amendments to the Listing Rules issued by the Hong Kong Stock Exchange relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

(Amounts expressed in thousands of RMB unless otherwise stated)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Issued but not yet effective financial reporting standards

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective, in these financial statements:

IFRS 9	*Financial Instruments*[2]
Amendments to IFRS 10 and IAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[1]
Amendments to IFRS 10 IFRS 12 and IAS 28(2011)	*Investment Entities: Applying the Consolidation Exception*[1]
Amendments to IFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[1]
IFRS 14	*Regulatory Deferral Accounts*[3]
Amendments to IAS 16 and IAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[1]
IFRS 15	*Revenue from Contracts with Customers*[2]
Amendments to IAS 1	*Disclosure Initiative*[1]
Amendments to IAS 16 and IAS 41	*Agriculture: Bearer Plants*[1]
Amendments to IAS 27 (2011)	*Equity Method in Separate Financial Statements*[1]
Annual Improvements 2012–2014 Cycle	Amendments to a number of IFRSs[1]

1 Effective for annual periods beginning on or after 1 January 2016
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for an entity that first adopts IFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

Further information about those IFRSs that are expected to be applicable to the Group is as follows:

IFRS 9 *Financial Instruments*

In September 2014, the IASB issued the final version of IFRS 9, bringing together all phases of the financial instruments project to replace IAS 39 and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt IFRS 9 from 1 January 2018. The Group is currently assessing the impact of the standard.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Issued but not yet effective financial reporting standards (Continued)

Amendments to IFRS 10 and IAS 28 (2011)

The amendments to IFRS 10 and IAS 28 (2011) address an inconsistency between the requirements in IFRS 10 and in IAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The Group expects to adopt the amendments from 1 January 2016.

Amendments to IFRS 11

The amendments to IFRS 11 require that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a business must apply the relevant principles for business combinations in IFRS 3. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Issued but not yet effective financial reporting standards (Continued)

Amendments to IAS 16 and IAS 38

Amendments to IAS 16 and IAS 38 clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are to be applied prospectively. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016 as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

Amendments to IFRS 15

IFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under IFRSs. In September 2015, the IASB issued an amendment to IFRS 15 regarding a one-year deferral of the mandatory effective date of IFRS 15 to 1 January 2018. The Group expects to adopt IFRS 15 on 1 January 2018 and is currently assessing the impact of IFRS 15 *upon adoption*.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Issued but not yet effective financial reporting standards (Continued)

Amendments to IAS 1

Amendments to IAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements. The amendments clarify:

(i) the materiality requirements in IAS 1;

(ii) that specific line items in the statement of comprehensive income and the statement of financial position may be disaggregated;

(iii) that entities have flexibility as to the order in which they present the notes to financial statements; and

(iv) that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of comprehensive income.. The Group expects to adopt the amendments from 1 January 2016. The amendments are not expected to have any significant impact on the Group's financial statements.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Investments in joint ventures and associates

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in associates and joint ventures are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of comprehensive income reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of comprehensive income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Investments in joint ventures and associates (Continued)

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, then recognises the loss as "Share of profit of an associate and a joint venture" in the statement of comprehensive income.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and the proceeds from disposal is recognised in profit or loss.

The Company's investments in associates and joint ventures are classified as non-current assets and are stated at cost less any impairment losses. The results of associates and joint ventures are included in the Company's statement of comprehensive income to the extent of dividends received and receivable.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the presidents of the Company that make strategic decisions.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person:

(i) has control or joint control over the Group;

(ii) has a significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7 Fair value measurement

The Group measures its derivative financial instruments and available-for-sale financial investments at fair value at the end of each reporting period. Also, the fair values of financial instruments measured at amortised cost are disclosed in note 36.

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 fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A 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 highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7 Fair value measurement (Continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Based on quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 – Based on valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 – Based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.8 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The consolidated financial statements are presented in RMB, which is the Company’s functional currency and the Group’s presentation currency.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Foreign currency translation (Continued)

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within "finance costs". All other foreign exchange gains and losses are presented in "other gains, net" in profit or loss.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss.

(c) Group companies

The results and financial positions of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities in each statement of financial position presented are translated at the closing rates at the end of the reporting period;

(ii) income and expenses in each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rates at the dates of the transactions); and

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Foreign currency translation (Continued)

(c) Group companies (Continued)

(iii) all resulting exchange differences are recognised in other comprehensive income. Upon disposal of a foreign operation, the other comprehensive income related to the foreign operation is reclassified to profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

2.9 Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with IFRS 5. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Property, plant and equipment (Continued)

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of comprehensive income in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	8 – 45 years
Machinery	3 – 30 years
Transportation facilities	6 –10 years
Office and other equipment	3 – 10 years

The assets' depreciation method, residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period. An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of comprehensive income in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress ("CIP") represents buildings under construction, and plant and equipment pending for installation, and is stated at cost less any impairment losses. Cost comprises construction expenditures, other expenditures necessary for the purpose of preparing the CIP for its intended use and those borrowing costs incurred before the asset is ready for its intended use that is eligible for capitalisation. CIP is transferred to property, plant and equipment when the CIP is ready for its intended use.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures and represents the excess of the consideration transferred over the fair value of the Group's share of the net identifiable assets of the acquiree at the date of acquisition.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(b) Mining rights and mineral exploration rights

The Group's mineral exploration rights and mining rights relate to coal, bauxite and other mines.

(i) Recognition

Mineral exploration rights and mining rights are initially recorded at the cost which includes the acquisition consideration, qualifying exploration and other direct costs. The mineral exploration rights are stated at cost less any impairment, and the mining rights are stated at cost less any amortisation and impairment.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Intangible assets (Continued)

(b) Mining rights and mineral exploration rights (Continued)

(ii) Reclassification

Mineral exploration rights are converted to mining rights when technical feasibility and commercial viability of extracting a mineral resource are demonstrable. Mineral exploration rights are subject to amortisation when the mineral exploration rights are converted to mining rights and commercial production has commenced.

The Group assesses the stage of each mine under construction to determine when a mine moves into the production stage. The criteria used to assess the start date are determined based on the unique nature of each mine construction project. The Group considers various relevant criteria, such as completion of a reasonable period of testing of the mine and equipment, ability to produce in saleable form (within specifications) and ability to sustain ongoing production to assess when a mine is substantially complete and ready for its intended use.

(iii) Amortisation

Amortisation of bauxite and other mining rights (except for coal mining rights) is provided on a straight-line basis according to the shorter of the expiration date of the mining certificate and the mineable period of natural resources. Estimated mineable periods of the majority of the mining rights range from 3 to 30 years.

Coal mining rights are amortised on a unit-of-production basis over the economically recoverable reserves evaluated based on the reserves estimated in accordance with the standards in the Solid Mineral Resource/Reserve Classification of the PRC (GB/T17766-1999) of the mine concerned.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Intangible assets (Continued)

(b) Mining rights and mineral exploration rights (Continued)

(iv) Impairment

An impairment review is performed when there are indicators that the carrying amount of the mineral exploration rights and mining rights may exceed their recoverable amounts. To the extent that this occurs, the excess is fully provided as an impairment loss.

(c) Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives, which do not exceed 10 years. Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

(d) Periodic review of the useful lives and amortisation method

For intangible assets with finite useful lives, the estimated useful lives and amortisation method are reviewed annually at the end of each reporting period and adjusted when necessary.

2.11 Research and development costs

Research and development expenditures are classified as research expenditures and development expenditures according to the nature of the expenditures and whether there is significant uncertainty of development activities transforming to assets.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Research and development costs (Continued)

Research expenditures are recognised in profit or loss for the current period. Development expenditures are recognised as assets when all of the following criteria are met:

(i) it is technically feasible to complete the asset so that it will be available for use or sale;

(ii) management intends to complete the asset and intends and has the ability to use or sell it;

(iii) it can be demonstrated that the asset will generate probable future economic benefits;

(iv) there are adequate technical, financial and other resources to complete the development of the asset and management has the ability to use or sell the asset; and

(v) the expenditure attributable to the asset during its development phase can be reliably measured.

Development expenditures that do not meet the criteria above are recorded in profit or loss for the current period as incurred. Development expenditures that have been recorded in profit or loss in previous periods will be not recognised as assets in subsequent periods. Capitalised development expenditures are included in property, plant and equipment and intangible assets as appropriate according to their natures.

2.12 Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (for example goodwill or intangible assets not ready to use), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.12 Impairment of non-financial assets (Continued)

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of comprehensive income in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

2.13 Non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets or disposal groups and its sale must be highly probable. All assets and liabilities of a subsidiary classified as a disposal group are reclassified as held for sale regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale.

Non-current assets and disposal groups (other than financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortised.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.14 Financial assets

(a) Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available-for-sale financial investments. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with positive net changes in fair value presented as other income and gains and negative net changes in fair value presented as finance costs in the statement of profit or loss. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policies set out for "Revenue recognition" below.

Financial assets designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in IAS 39 are satisfied.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.14 Financial assets (Continued)

(a) Classification (Continued)

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

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated as at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss in finance costs for loans and in other expenses for receivables.

(iii) *Available-for-sale financial investments*

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investments and debt securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.14 Financial assets (Continued)

(a) Classification (Continued)

(iii) *Available-for-sale financial investments* (Continued)

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the statement of profit or loss in other income, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to the statement of profit or loss in other gains or losses. Interest and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively and are recognised in the statement of profit or loss as other income in accordance with the policies set out for "Revenue recognition" below.

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.14 Financial assets (Continued)

(a) Classification (Continued)

(iii) *Available-for-sale financial investments* (Continued)

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

(b) Recognition and measurement

All regular purchases and sales of financial assets are recognised on the trade date, that is the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace. Investments are initially recognised at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial investments and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.14 Financial assets (Continued)

(c) Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.14 Financial assets (Continued)

(d) Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.14 Financial assets (Continued)

(d) Impairment of financial assets (Continued)

Financial assets carried at amortised cost (Continued)

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in the statement of profit or loss.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the statement of profit or loss, is removed from other comprehensive income and recognised in the statement of profit or loss.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.14 Financial assets (Continued)

(d) Impairment of financial assets (Continued)

Available-for-sale financial investments (Continued)

In the case of equity investments classified as available-for-sale financial investments, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial investments, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the statement of comprehensive income — is removed from other comprehensive income and recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments are not reversed through profit or loss.

The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

In the case of debt instruments classified as available for sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. Impairment losses on debt instruments are reversed through profit or loss if the subsequent increase in fair value of the instruments can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.15 Financial liabilities

(a) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs.

The Group's financial liabilities include financial liabilities at fair value through profit or loss and loans and borrowings.

(b) Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.15 Financial liabilities (Continued)

(b) Subsequent measurement (Continued)

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss. The net fair value gain or loss recognised in profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the date of initial recognition and only if the criteria of IAS 39 are satisfied.

(c) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.16 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.17 Derivative financial instruments

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risk and interest rate risk, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of commodity purchase contracts that meet the definition of a derivative as defined by HKAS 39 is recognised in the statement of profit or loss as cost of sales. Commodity contracts that are entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the Group's expected purchase, sale or usage requirements are held at cost.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.18 Inventories

Inventories comprise raw materials, work-in-progress, finished goods, spare parts and packaging materials and others, and are stated at the lower of cost and net recoverable amount. Cost is determined using the weighted average method. Work-in-progress and finished goods comprise materials, direct labour and an appropriate proportion of all production overhead expenditure (based on the normal operating capacity). Borrowing costs are excluded.

Provision for impairment of inventories is usually determined by the excess of cost over net recoverable amount and recorded in profit or loss. Net recoverable amounts are determined based on the estimated selling price less estimated conversion costs, selling expenses and related taxes in the ordinary course of business. Provision for or reversal of provision for impairment of inventories is recognised within "cost of sales" in profit or loss.

2.19 Trade and notes receivables and other receivables

Trade and notes receivables and other receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of these receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets.

Trade and notes receivables and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

2.21 Government grants

Government grants are recognised when the Group fulfils the conditions attached to them and there is reasonable assurance that the grant will be received. When the government grant is in the form of monetary assets, it is measured at the actual amount received. When the grant is provided based on a pre-determined rate, it is measured at the fair value of the amount receivable.

Asset-related government grants are recognised when the government document designates that the government grants are used for constructing or forming long-term assets. If the government document is inexplicit, the Group should make a judgement based on the basic conditions to obtain the government grants, and recognises them as asset-related government grants if the conditions are to construct or to form long-term assets. Otherwise, the government grants should be income-related.

Asset-related government grants are recognised as deferred income and are amortised evenly in profit or loss over the useful lives of the related assets.

Income-related government grants that are used to compensate subsequent related expenses or losses of the Group are recognised as deferred income and recorded in profit or loss when the related expenses or losses are incurred. When the grant used to compensate expenses or losses that were already incurred, they are directly recognised in profit or loss for the current period.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.22 Trade and notes payables and other payables

Trade and notes payables and other payables are mainly obligations to pay for goods, equipment or services that have been acquired in the ordinary course of business from suppliers and service providers. These payables are classified as current liabilities if they are due within one year or less (or in the normal operating cycle of the business if longer).

2.23 Employee benefits

Employee benefits mainly include salaries, bonuses, allowances and subsidies, pension insurance, social insurance and housing funds, labour union fees, employees' education fees and other expenses related to the employees for their services. The Group recognises employee benefits as liabilities during the accounting period when employees rendered the services and allocates the related cost of assets and expenses based on different beneficiaries.

(a) Bonus plans

The expected cost of bonus plans is recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

(b) Retirement benefit obligations

The Group primarily pays contributions on a monthly basis to participate in a pension plan organised by the relevant municipal and provincial governments in the PRC. In 2015, the Group made monthly contributions at the rate of 20% (2014: 20%) of the qualified employees' salaries. The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired employees payable under these plans. The Group has no legal or constructive obligations for further contributions if the fund does not hold sufficient assets to pay all employees the benefit relating to their current and past services.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.23 Employee benefits (Continued)

(c) Other social insurance and housing funds

The Group provides other social insurance and housing funds to the qualified employees in the PRC based on certain percentages of their salaries. These percentages are not to exceed the upper limits of the percentages prescribed by the Ministry of Human Resources and Social Security of the PRC. These benefits are paid to social security organisations and the amounts are expensed as incurred. The Group has no legal or constructive obligations for further contributions if the fund does not hold sufficient assets to pay all employees the benefit relating to their current and past services.

(d) Termination benefit obligations and early retirement benefit obligations

Termination and early retirement benefit obligations are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy and/or early retirement in exchange for these benefits. The Group recognises termination and early retirement benefit obligations when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy and/or early retirement. The specific terms vary among the terminated and early retired employees depending on various factors including position, length of service and district of the employees concerned. Benefits falling due for more than 12 months after the end of the reporting period are discounted to their present values.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.24 Current and deferred income tax

The income tax expense for the period comprises current and deferred tax. Share of income tax expense of joint ventures and associates are included in "share of profits and loss of joint ventures and associates". Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided using the liability method on all temporary differences at the end of reporting period between tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; the deferred tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences and the carry forward of unused tax losses can be utilised.

Deferred tax liability is provided for all taxable temporary differences arising on investments in subsidiaries, joint ventures and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.24 Current and deferred income tax (Continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.25 Perpetual securities

Perpetual securities are classified as equity if they are non-redeemable, or redeemable only at the issuer's option, and any interests and distributions are discretionary. Interests and distributions on perpetual securities classified as equity are recognized as distributions within equity.

2.26 Revenue recognition

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities (see descriptions below).

(a) Sales of goods

Revenue from the sales of goods is recognised when the Group has already transferred the significant risks and rewards of ownership of the goods to the buyers, the Group has retained neither continuing managerial involvement nor control over the goods, it is probable that the economic benefits related to the transaction will flow into the Group, and the revenue and related costs incurred can be measured reliably.

If the Group is acting solely as an agent, amounts billed to customers are offset against the relevant costs, and the related revenue is reported on a net basis.

(b) Rendering of services

The Group provides machinery processing, transportation and packaging services and other services to third party customers. These services are recognised in the period when the related services are provided.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.27 Interest income

Interest income is recognised using the effective interest method. When a loan or receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognised using the original effective interest rate.

2.28 Dividend income

Dividend income is recognised when the right to receive payment is established.

2.29 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

The Group leases certain leasehold lands and property, plant and equipment. Leasehold lands and property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased leasehold land and the present value of the minimum lease payments.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.29 Leases (Continued)

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance costs is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

Regarding to the sale and lease back agreements, the Group treats the transactions of sale and lease back as finance leases, the difference between the carrying amount and consideration will be deferred and recognized with the depreciation during the useful lives of relevant assets as an adjustment of depreciation expense.

2.30 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.31 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

2.32 Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these judgements, assumptions and estimates could result in outcomes that require a material adjustment to the carrying amounts of assets or liabilities affected in future periods.

Judgements

In the process of applying the Group's accounting policies and preparing the Group's consolidated financial statements, management has made the following judgements, apart from those involving estimates, which have the most significant effect on the amounts recognised in the consolidated financial statements.

(a) Going concern

As set out in note 2.1, the ability of the Group to continue operations is dependent upon obtaining the necessary borrowings and generating cash inflows from operating activities in order to generate sufficient cash flows to meet its liabilities as they fall due. In the event that the Group are unable to obtain adequate funding, there is uncertainty as to whether the Group will be able to continue as a going concern. These financial statements do not include any adjustments related to the carrying values and classifications of assets and liabilities that would be necessary should the Group be unable to continue as a going concern.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

Judgements (Continued)

(b) Significant influence over an entity in which the Group holds less than 20% of voting rights

At 31 December 2015, the Group owned a 2.46% equity interest of Jiaozuo Wanfang Aluminum Co., Ltd. ("Jiaozuo Wanfang") (焦作萬方鋁業股份有限公司). The Company considers that it has significant influence over Jiaozuo Wanfang even though it owns less than 20% of the voting rights, on the grounds that the Company can nominate five out of the eleven directors of the board of directors of Jiaozuo Wanfang.

At 31 December 2015, the Group owned a 15% equity interest of Chalco Mineral Resources Co. Ltd. ("Chalco Resources") (中鋁礦產資源有限公司). The Company considers that it has significant influence over Chalco Resources even though it owns less than 20% of the voting rights, on the grounds that the Company can nominate one out of the five directors of the board of directors of Chalco Resources.

At 31 December 2015, the Group owned a 14.62% equity interest of China Rare Earth Co., Ltd. ("China Rare Earth") (中國稀有稀土有限公司). The Company considers that it has significant influence over China Rare Earth even though it owns less than 20% of the voting rights, on the grounds that the Company can nominate one out of the seven directors of the board of directors of China Rare Earth.

Prior to 31 December 2015, the Group owned a 15% equity interest of ABC-CA Fund Management Co., Ltd. ("ABC-CA") (農銀匯理基金管理有限公司). The Company considers that it has significant influence over ABC-CA even though it owns less than 20% of the voting rights, on the grounds that the Company can nominate one out of the nine directors of the board of directors of ABC-CA.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

Judgements (Continued)

(c) Entity in which the Group holds more than a majority of voting rights that is not subject to consolidation

In April 2015, Ningxia Energy and Zhejiang Power Group Co., Ltd. ("Zhejiang Power") (浙江省能源集團有限公司) jointly established Ningxia Yinxing Power Co., Ltd. ("Yinxing Power") (寧夏銀星發電有限責任公司). The registered capital of Yinxing Power is RMB800 million, of which Ningxia Energy and Zhejiang Power contributed 51% and 49%, respectively. Ningxia Energy can nominate four out of the seven directors of the board of directors. According to the articles of association of Yinxing Power, it requires more than two-thirds of the votes for passing most of the resolutions of both shareholders' meeting and board of directors. Accordingly, the directors of the Company consider that Ningxia Energy and Zhejiang Energy have joint control over Yinxing Power, which is accounted for as a joint venture.

(d) Lease classification

As disclosed in note 20, the Group has entered into several sales and lease back agreements with third party lease companies and related party lease companies. The Group assessed the terms in the agreements and considered the Group had substantially all the risks and rewards of ownership and treated them as finance leases.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group's assumptions and estimates are based on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) Property, plant and equipment and intangible assets – recoverable amount

In accordance with the Group's accounting policy, each asset or cash-generating unit is evaluated in every reporting period to determine whether there are any indications of impairment. If any such indication exists, an estimate of recoverable amount is performed and an impairment loss is recognised to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an asset or cash-generating group of assets is measured at the higher of fair value less costs of disposal and value in use.

Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties.

Value in use is also generally determined as the present value of the estimated future cash flows of those expected to arise from the continued use of the asset in its present form and its eventual disposal. Present values are determined using a risk-adjusted pre-tax discount rate appropriate to the risks inherent in the asset. Future cash flow estimates are based on expected production and sales volumes, commodity prices (considering current and historical prices, price trends and related factors) and operating costs. This policy requires management to make these estimates and assumptions which are subject to risk and uncertainty; hence there is a possibility that changes in circumstances will alter these projections, which may impact on the recoverable amount of the assets. In such circumstances, some or all of the carrying value of the assets may be impaired and the impairment would be charged against profit or loss.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

Estimates and assumptions (Continued)

(b) Property, plant and equipment and intangible assets – estimated useful lives and residual values

The Group's management determines the estimated useful lives and residual values (if applicable) and consequently the related depreciation/amortisation charges for its property, plant and equipment and intangible assets. These estimates are based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions, or based on value-in-use calculations or market valuations according to the estimated periods that the Group intends to derive future economic benefits from the use of intangible assets. Management will increase the depreciation/amortisation charge where useful lives are less than previously estimated lives, and it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

Actual economic lives may differ from estimated useful lives and actual residual values may differ from estimated residual values. Periodic review could result in change in depreciable lives and residual values and therefore change in depreciation/amortisation expense in future periods.

(c) Estimated impairment of trade and other receivables and inventories

A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original repayment terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered as indicators that a trade receivable is impaired. The amount of provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to trade and other receivables are discounted if the effect of discounting is material. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the consolidated statement of comprehensive income. When a trade and other receivable is uncollectible, it is written off against the allowance account for trade and other receivables. Subsequent recoveries of amounts previously written off are recognised as income in profit or loss. The impairment is subject to management's assessment at the end of the reporting period, and hence, the provision amount is subject to uncertainty.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

Estimates and assumptions (Continued)

(c) Estimated impairment of trade and other receivables and inventories (Continued)

In accordance with the Group's accounting policy, the Group's management tests whether inventories suffered any impairment based on estimates of the net recoverable amount of the inventories. For different types of inventories, it requires the estimation on selling prices, costs of conversion, selling expenses and related tax expense to calculate the net recoverable amount of inventories. For inventories held for executed sales contracts, management estimates the net recoverable amount based on the contracted price; for other inventories, management estimates the realisable future price based on the actual prices during the period from the end of the reporting period to the date that these financial statements were approved for issue by the board of directors of the Company and takes into account the nature and balance of inventories and future estimated price trends. For raw materials and work-in-progress, management has established a model in estimating the net recoverable amount at which the inventories can be realised in the normal course of business after considering the Group's manufacturing cycles, production capacity and forecasts, estimated future conversion costs and selling prices. Management also takes into account the price or cost fluctuations and other related matters occurring after the end of the reporting period which reflect conditions that existed at the end of the reporting period.

It is reasonably possible that if there is a significant change in circumstances including the Group's business and the external environment, outcomes within the next financial year would be significantly affected.

(d) Coal reserve estimates and units-of-production depreciation for coal mining rights

External qualified valuation professionals evaluate "economically recoverable reserves" based on the reserves estimated by external qualified exploration engineers in accordance with the PRC standards. The estimates of coal reserves are inherently imprecise and represent only approximate amounts because of the subjective judgements involved in developing such information. Economically recoverable reserve estimates are evaluated on a regular basis and have taken into account recent production and technical information about each mine.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

Estimates and assumptions (Continued)

(e) Income tax

The Group estimates its income tax provision and deferred income taxation in accordance with the prevailing tax rules and regulations, taking into account any special approvals obtained from the relevant tax authorities and any preferential tax treatment to which it is entitled in each location or jurisdiction in which the Group operates. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, the differences will impact on the income tax and deferred income tax provisions in the period in which the determination is made.

Deferred tax assets are recognised for unused tax losses and deductible temporary differences, such as provision for impairment of receivables, inventories and property, plant and equipment and accruals of expenses not yet deductible for tax purposes, to the extent that it is probable that taxable profit will be available against which the losses deductible temporary difference can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of the Group's deferred tax assets at 31 December 2015 was RMB2,279 million (31 December 2014: RMB2,403 million), without taking into consideration the offsetting of balances within the same tax jurisdiction. The amount of unrecognised tax losses at 31 December 2015 was RMB22,328 million (31 December 2014: RMB22,564 million). Further details are contained in note 10 to the financial statements.

An entity shall recognise a deferred tax liability for all taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, except to the extent that both of the following conditions are satisfied:

- the parent, investor or joint venturer 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.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

Estimates and assumptions (Continued)

(e) Income tax (Continued)

As at 31 December 2015, the Group recognised the deferred tax liabilities for the taxable temporary differences associated with investments in an overseas subsidiary and a domestic associate. Apart from that, the Group believes that the taxable temporary differences associated with investments in all other subsidiaries, associates and joint ventures satisfy the above criteria and therefore, relevant deferred tax liabilities were not recognised as disclosed in note 10 to the financial statements.

The Group believes it has recorded adequate current tax provision and deferred income taxes based on the prevailing tax rules and regulations and its current best estimates and assumptions. In the event that future tax rules and regulations or related circumstances change, adjustments to current and deferred income taxation may be necessary which would impact on the Group's results or financial position.

(f) Goodwill – recoverable amount

In accordance with the Group's accounting policy, goodwill is allocated to the Group's operating segments as it represents the lowest level within the Group at which the goodwill is monitored for internal management purposes and is tested for impairment annually by preparing a formal estimate of the recoverable amount. The recoverable amount is estimated as the value in use of the operating segment. Similar considerations to those described above in respect of assessing the recoverable amount of property, plant and equipment also apply to goodwill.

4. REVENUE AND SEGMENT INFORMATION

(a) Revenue

Revenue recognised during the year is as follows:

	2015	2014 (restated)
Sales of goods (net of value-added tax)	**121,036,548**	139,708,748
Other revenue	**2,409,324**	2,291,082
	123,445,872	141,999,830

Other revenue primarily includes revenue from the sale of scrap and other materials, the supply of heat and water and the provision of machinery processing, transportation and packaging and other services.

(b) Segment information

The presidents of the Company have been identified as the chief operating decision-makers. They are responsible for the review of internal reports in order to allocate resources to operating segments and assess their performance.

The presidents monitor the business from a product perspective comprising alumina, primary aluminum and energy products which are identified as separate reportable operating segments. In addition, the Group's trading business is identified as a separate reportable operating segment. The Group's operating segments also include corporate and other operating activities.

The presidents assess the performance of operating segments based on profit or loss before income tax in related periods. Unless otherwise stated below, the manner of assessment used by the presidents is consistent with that applied in these financial statements. Management has determined the operating segments based on the reports reviewed by the presidents that are used to make strategic decisions.

4. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment information (Continued)

The Group's five reportable operating segments are summarised as follows:

- The alumina segment, which consists of the mining and purchasing of bauxite and other raw materials, the refining of bauxite into alumina, and the sale of alumina both internally to the Group's aluminum plants and externally to customers outside the Group. This segment also includes the production and sale of chemical alumina and metal gallium.

- The primary aluminum segment, which consists of the procurement of alumina and other raw materials, supplemental materials and electricity power, and the smelting of alumina to produce primary aluminum which is sold to external customers, including Chinalco and its subsidiaries. This segment also includes the production and sale of carbon products and aluminum alloy and other aluminum products.

- The energy segment, which consists of the research and development, production and operation of energy products, mainly includes coal mining, electricity generation by thermal power, wind power and solar power, and new energy related equipment manufacturing business. Sales of coals are mainly to the Group's internal and external coal consuming customers; electricity is sold to regional power grid corporations.

- The trading segment, which consists of the trading of alumina, primary aluminum, aluminum fabrication products, other non-ferrous metal products, coal products, raw materials and supplemental materials and logistics and transport services to internal manufacturing plants and external customers in the PRC. The products are sourced from fellow subsidiaries of the Group and international and domestic suppliers of the Group. Sales of products manufactured by the Group's manufacturing business are included in the total revenue of the trading segment and are eliminated with the segment revenue of the respective segments which supplied the products to the trading segment.

- Corporate and other operating segments, which mainly includes corporate management, research and development activities and others.

Prepaid current income tax and deferred tax assets are excluded from segment assets, and income tax payable and deferred tax liabilities are excluded from segment liabilities. All sales among the operating segments were conducted on terms mutually agreed among group companies, and have been eliminated upon consolidation.

(Amounts expressed in thousands of RMB unless otherwise stated)

4. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment information (Continued)

	Year ended 31 December 2015						
	Alumina	Primary aluminum	Energy	Trading	Corporate and other operating segments	Inter-segment elimination	Total
Total revenue	33,133,812	36,973,230	4,290,915	94,131,114	301,626	(45,384,825)	123,445,872
Inter-segment revenue	(26,501,470)	(8,861,390)	(98,124)	(9,908,906)	(14,935)	45,384,825	–
Sales of self-produced products *(Note (i))*				23,294,776			
Sales of products sourced from external suppliers				60,927,432			
Revenue from external customers	6,632,342	28,111,840	4,192,791	84,222,208	286,691	–	123,445,872
Segment profit/(loss) before income tax	1,967,072	(1,386,922)	(74,153)	(1,234,554)	733,746	188,104	193,293
Income tax benefit							230,420
Profit for the year							423,713
Other items:							
Finance income	204,206	20,820	39,231	265,372	282,455	–	812,084
Finance costs	(1,051,557)	(1,347,593)	(1,016,869)	(562,645)	(1,971,001)	–	(5,949,665)
Share of profits and losses of joint ventures	–	–	6,979	–	16,259	–	23,238
Share of profits and losses of associates	–	(2,027)	270,963	–	15,595	–	284,531
Amortisation of land use rights and leasehold land	(44,064)	(28,989)	(12,557)	(15)	(1,344)	–	(86,969)
Depreciation and amortisation (excluding the amortisation of land use rights and leasehold land)	(2,990,799)	(2,871,447)	(1,203,659)	(27,526)	(114,588)	–	(7,208,019)

(Amounts expressed in thousands of
RMB unless otherwise stated)

4. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment information (Continued)

	Year ended 31 December 2015						
	Alumina	Primary aluminum	Energy	Trading	Corporate and other operating segments	Inter-segment elimination	Total
Gain/(loss) on disposal of property, plant and equipment and land use rights	218,401	1,747,796	(611)	56,120	296,168	–	2,317,874
Government grants	297,688	1,369,644	79,611	12,816	9,167	–	1,768,926
Gain on disposal of Shanxi Huaxing	1,035,254	–	–	–	1,552,880	–	2,588,134
Partial disposal of Jiaozuo Wanfang	–	–	–	–	832,369	–	832,369
Impairment of property, plant and equipment	–	–	(10,011)	–	–	–	(10,011)
Change for impairment of inventories *(Note (ii))*	(219,997)	55,288	7,417	(459,575)	–	–	(616,867)
Reversal for impairment of receivables, net	5,389	40,603	64,417	121,741	–	–	232,150
Investment in associates	21,000	312,286	2,323,968	118,352	2,827,095	–	5,602,701
Investment in joint ventures	1,886,083	–	1,412,223	–	1,852,581	–	5,150,887
Capital expenditure in:							
Intangible assets	5,167	872	27,991	580	–	–	34,610
Land use rights and leasehold land	–	133,686	5,938	–	–	–	139,624
Property, plant and equipment *(Note (iii))*	5,112,086	1,862,662	2,377,708	16,930	144,097	–	9,513,483

Notes:

(i) The sales of self-produced products include sales of self-produced alumina amounting to RMB12,699 million(2014: RMB13,231 million), sales of self-produced primary aluminum amounting RMB8,099 million(2014: RMB 9,979 million), and sales of self-produced other products amounting to RMB2,497 million(2014: RMB 4,763 million).

(ii) Change for impairment of inventories do not include change for impairment due to disposal of subsidiaries and transferred to non-current assets held for sale.

(iii) The additions in property, plant and equipment under sale and leaseback contracts (note 20) are not included in capital expenditure in property, plant and equipment.

(Amounts expressed in thousands of RMB unless otherwise stated)

4. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment information (Continued)

	Year ended 31 December 2014 (restated)						
	Alumina	Primary aluminum	Energy	Trading	Corporate and other operating segments	Inter-segment elimination	Total
Total revenue	30,705,972	40,650,480	5,242,329	110,107,996	347,935	(45,054,882)	141,999,830
Inter-segment revenue	(24,852,245)	(10,260,057)	(148,158)	(9,761,841)	(32,581)	45,054,882	–
Sales of self-produced products *(Note (i))*				27,973,346			
Sales of products sourced from external suppliers				72,372,809			
Revenue from external customers	5,853,727	30,390,423	5,094,171	100,346,155	315,354	–	141,999,830
Segment (loss)/profit before income tax	(5,968,306)	(6,366,489)	(1,736,365)	658,678	(2,277,457)	(275,874)	(15,965,813)
Income tax expense							(1,074,910)
Loss for the year							(17,040,723)
Other items:							
Finance income	221,413	42,034	69,419	265,428	449,313	–	1,047,607
Finance costs	(1,277,390)	(1,396,930)	(1,256,195)	(449,456)	(2,350,626)	–	(6,730,597)
Share of profits and losses of joint ventures	–	–	78,392	–	11,118	–	89,510
Share of profits and losses of associates	–	(1,446)	281,932	(7)	70,096	–	350,575
Amortisation of land use rights and leasehold land	(39,034)	(30,239)	(13,976)	(15)	(1,344)	–	(84,608)
Depreciation and amortisation (excluding the amortisation of land use rights and leasehold land)	(3,376,746)	(2,744,872)	(1,196,038)	(6,715)	(73,823)	–	(7,398,194)

(Amounts expressed in thousands of
RMB unless otherwise stated)

4. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment information (Continued)

	Year ended 31 December 2014 (restated)						
	Alumina	Primary aluminum	Energy	Trading	Corporate and other operating segments	Inter-segment elimination	Total
Gain/(loss) on disposal of property, plant and equipment	2,537	(48,434)	437	11	1,305	–	(44,144)
Government grants	112,301	565,790	91,843	34,382	19,670	–	823,986
Impairment of intangible assets	(23,744)	–	(84,680)	–	–	–	(108,424)
Impairment of property, plant and equipment	(3,292,425)	(859,866)	(1,479,574)	–	(47,656)	–	(5,679,521)
Impairment of land use rights and leasehold land	(140,804)	–	–	–	–	–	(140,804)
Change for impairment of inventories	(43,251)	(590,357)	(87,423)	54,305	330	–	(666,396)
Reversal/(provision) for impairment of receivables, net	4,321	(2,860)	(61,970)	(81,755)	–	–	(142,264)
Investment in associates	–	314,313	2,389,395	–	2,137,260	–	4,840,968
Investment in joint ventures	4,900	–	1,165,149	–	1,355,698	–	2,525,747
Capital expenditure in:							
Intangible assets	54,165	12	49,325	1,231	1,344	–	106,077
Land use rights and leasehold land	8,340	284,514	2,652	–	–	–	295,506
Property, plant and equipment *(Note (iii))*	3,455,491	2,038,608	2,321,906	117,814	80,702	–	8,014,521

(Amounts expressed in thousands of RMB unless otherwise stated)

4. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment information (Continued)

	Alumina	Primary aluminum	Energy	Trading	Corporate and other operating segments	Total
As at 31 December 2015						
Segment assets	**68,597,170**	**46,330,865**	**37,020,858**	**19,158,171**	**35,873,305**	**206,980,369**
Reconciliation:						
Elimination of inter-segment receivables						**(19,131,592)**
Other elimination						**(181,437)**
Corporate and other unallocated assets:						
Deferred tax assets						**1,362,995**
Prepaid income tax						**238,916**
Total assets						**189,269,251**
Segment liabilities	**42,769,848**	**31,480,143**	**25,051,030**	**14,047,128**	**43,705,747**	**157,053,896**
Reconciliation:						
Elimination of inter-segment payables						**(19,131,592)**
Corporate and other unallocated liabilities:						
Deferred tax liabilities						**1,006,155**
Income tax payable						**43,356**
Total liabilities						**138,971,815**

(Amounts expressed in thousands of
RMB unless otherwise stated)

4. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment information (Continued)

	Alumina	Primary aluminum	Energy	Trading	Corporate and other operating segments	Total
As at 31 December 2014 (restated)						
Segment assets	72,961,013	48,198,781	36,855,105	20,890,288	25,990,507	204,895,694
Reconciliation:						
Elimination of inter-segment receivables						(12,883,041)
Other elimination						(370,006)
Corporate and other unallocated assets:						
Deferred tax assets						952,057
Prepaid income tax						248,903
Total assets						192,843,607
Segment liabilities	43,956,572	33,262,847	24,686,868	17,126,630	45,899,200	164,932,117
Reconciliation:						
Elimination of inter-segment payables						(12,883,041)
Corporate and other unallocated liabilities:						
Deferred tax liabilities						1,061,265
Income tax payable						79,420
Total liabilities						153,189,761

(Amounts expressed in thousands of RMB unless otherwise stated)

4. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment information (Continued)

The Group mainly operates in the mainland of China. Geographical information of the operating segments is as follows:

	2015	2014 (restated)
Segment revenue from external customers		
– Mainland China	**121,199,583**	138,745,983
– Outside of Mainland China	**2,246,289**	3,253,847
	123,445,872	141,999,830

	2015	2014 (restated)
Non-current assets (excluding financial assets and deferred tax assets)		
– Mainland China	**117,189,869**	119,378,945
– Outside of Mainland China	**359,308**	448,362
	117,549,177	119,827,307

For the year ended 31 December 2015, revenues of approximately RMB31,818 million (2014: RMB24,986 million) are derived from entities directly or indirectly owned or controlled by the PRC government including Chinalco. These revenues are mainly attributable to the alumina, primary aluminum, energy and trading segments. There was no other individual customer from whom the Group has derived revenue of more than 10% of the Group's revenue during the years ended 31 December 2015 and 2014.

(Amounts expressed in thousands of
RMB unless otherwise stated)

5. INTANGIBLE ASSETS

	Goodwill	Mining rights	Mineral exploration rights	Computer software and others	Total
Year ended 31 December 2015					
Opening net carrying amount	**2,345,057**	**7,121,134**	**1,312,222**	**201,685**	**10,980,098**
Additions	**–**	**32,309**	**716**	**1,585**	**34,610**
Transfer from property, plant and equipment	**–**	**23,009**	**6,559**	**7,433**	**37,001**
Reclassify to operating lease prepayments *(note 7(b))*	**–**	**(3,767)**	**–**	**–**	**(3,767)**
Disposal of subsidiaries *(note 39)*	**–**	**(183,267)**	**(186,114)**	**–**	**(369,381)**
Amortisation	**–**	**(223,068)**	**–**	**(32,030)**	**(255,098)**
Currency translation differences	**780**	**4,673**	**10,099**	**–**	**15,552**
Closing net carrying amount	**2,345,837**	**6,771,023**	**1,143,482**	**178,673**	**10,439,015**
As at 31 December 2015					
Cost	**2,345,837**	**7,799,213**	**1,143,482**	**405,093**	**11,693,625**
Accumulated amortisation and impairment	**–**	**(1,028,190)**	**–**	**(226,420)**	**(1,254,610)**
Net carrying amount	**2,345,837**	**6,771,023**	**1,143,482**	**178,673**	**10,439,015**

(Amounts expressed in thousands of RMB unless otherwise stated)

5. INTANGIBLE ASSETS (Continued)

(Restated)	Goodwill	Mining rights	Mineral exploration rights	Computer software and others	Total
Year ended 31 December 2014					
Opening net carrying amount	2,344,953	6,924,801	1,317,163	268,570	10,855,487
Additions	–	42,150	42,171	21,756	106,077
Transfer from property, plant and equipment *(note 6)*	–	385,840	–	38,395	424,235
Reclassification	–	48,222	(48,222)	–	–
Disposals	–	–	–	(10,977)	(10,977)
Amortisation	–	(245,194)	–	(43,055)	(288,249)
Impairment loss	–	(35,420)	–	(73,004)	(108,424)
Currency translation differences	104	735	1,110	–	1,949
Closing net carrying amount	2,345,057	7,121,134	1,312,222	201,685	10,980,098
As at 31 December 2014					
Cost	2,345,057	7,964,402	1,312,222	476,947	12,098,628
Accumulated amortisation and impairment	–	(843,268)	–	(275,262)	(1,118,530)
Net carrying amount	2,345,057	7,121,134	1,312,222	201,685	10,980,098

(Amounts expressed in thousands of
RMB unless otherwise stated)

5. INTANGIBLE ASSETS (Continued)

For the year ended 31 December 2015, the amortisation expenses of intangible assets recognised in profit or loss were analysed as follows:

	2015	2014 (restated)
Cost of sales	**223,068**	246,144
General and administrative expenses *(note 26(b))*	**32,030**	42,105
	255,098	288,249

As at 31 December 2015, the Group has pledged intangible assets with a net carrying value amounting to RMB1,241 million (31 December 2014: RMB1,125 million) for bank and other borrowings as set out in note 24 to the financial statements.

As at 31 December 2015, the Group was in the process of applying for the certificates of mining rights with a carrying value amounting to RMB1,582 million (31 December 2014: RMB4,569 million). There have been no litigation, claims or assessments against the Group for compensation with respect to the use of these rights to date. As at 31 December 2015, the carrying value of these rights only represented approximately 1% of the total asset value of the Group (31 December 2014: 2%). Management believes that it is probable that the Group can obtain the relevant ownership certificates from the appropriate authorities. The directors of the Company are of the opinion that the Group legally owns and has the rights to use the above mining rights, and that there is no material adverse impact on the overall financial position of the Group.

(Amounts expressed in thousands of RMB unless otherwise stated)

5. INTANGIBLE ASSETS (Continued)

Impairment tests for goodwill

The lowest level within the Group at which goodwill is monitored for internal management purposes is the operating segment level. Therefore, goodwill is allocated to the Group's cash generating units ("CGUs") and groups of CGUs according to operating segments. A summary of goodwill allocated to each segment is presented below:

	31 December 2015		31 December 2014	
	Alumina	**Primary aluminum**	Alumina	Primary aluminum
Qinghai Branch	**–**	**217,267**	–	217,267
Guangxi Branch	**189,419**	**–**	189,419	–
Lanzhou Branch	**–**	**1,924,259**	–	1,924,259
PT.Nusapati Prima ("PTNP")	**14,892**	**–**	14,112	–
	204,311	**2,141,526**	203,531	2,141,526

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a 5-year period. Cash flows beyond the 5-year period are extrapolated using the estimated growth rate of 2% (2014: 2%) not exceeding the long-term average growth rate for the businesses in which the CGU operates. Other key assumptions applied in the impairment tests include the expected product price, demand for the products, product costs and related expenses. Management determined that these key assumptions were based on past performance and their expectations on market development. Furthermore, the Group adopts a pre-tax rate of 12.62% (2014: 12.62%) that reflects specific risks related to CGUs and groups of CGUs as the discount rate. The assumptions above are used in analysing recoverable amounts of CGUs and groups of CGUs within operating segments.

The directors of the Company are of the view that, based on its assessment, there was no impairment of goodwill as at 31 December 2015 (31 December 2014: no impairment).

(Amounts expressed in thousands of
RMB unless otherwise stated)

6. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Machinery	Transportation facilities	Office and other equipment	Construction in progress	Total
Year ended 31 December 2015						
Opening net carrying amount	28,746,408	53,921,894	926,266	144,685	10,380,731	94,119,984
Currency translation differences	319	209	143	31	–	702
Reclassifications and internal transfers	2,331,561	4,021,603	108,344	18,414	(6,479,922)	–
Transfer to intangible assets *(note 5)*	–	–	–	–	(37,001)	(37,001)
Transfer to land use rights *(note 7(b))*	–	–	–	–	(5,284)	(5,284)
Additions	238,260	93,679	16,020	3,504	9,162,020	9,513,483
Additions from sales and lease back *(note 20)*	–	4,796,220	–	–	887,814	5,684,034
Transfer to an associate as capital injection *(note 8(b))*	(162,514)	(10,209)	–	(1,898)	–	(174,621)
Transfer to assets of a disposal group classified as held for sale *(note 16(a))*	(40,661)	(25,840)	(112)	(2)	–	(66,615)
Disposal of subsidiaries *(note 39)*	(2,472,604)	(1,464,038)	(7,032)	(1,288)	(937,381)	(4,882,343)
Disposals *(Note (i)(ii))*	(473,362)	(102,735)	(5,661)	(838)	(157,838)	(740,434)
Disposals for sales and lease back *(note 20)*	–	(5,693,039)	–	–	(965,180)	(6,658,219)
Depreciation	(1,576,682)	(5,026,216)	(224,616)	(41,415)	–	(6,868,929)
Impairment loss	–	(10,011)	–	–	–	(10,011)
Closing net carrying amount	26,590,725	50,501,517	813,352	121,193	11,847,959	89,874,746
As at 31 December 2015						
Cost	41,277,291	95,872,034	3,029,036	532,386	12,444,423	153,155,170
Accumulated depreciation and impairment	(14,686,566)	(45,370,517)	(2,215,684)	(411,193)	(596,464)	(63,280,424)
Net carrying amount	26,590,725	50,501,517	813,352	121,193	11,847,959	89,874,746

(Amounts expressed in thousands of RMB unless otherwise stated)

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(Restated)	Buildings	Machinery	Transportation facilities	Office and other equipment	Construction in progress	Total
Year ended 31 December 2014						
Opening net carrying amount	27,281,141	56,641,136	1,175,664	147,522	15,460,542	100,706,005
Currency translation differences	(241)	25	20	(1)	10	(187)
Reclassifications and internal transfers	4,182,675	6,485,681	29,590	35,270	(10,733,216)	–
Transfer to intangible assets	–	–	–	–	(424,235)	(424,235)
Transfer to land use rights and leasehold land	–	–	–	–	(460,421)	(460,421)
Additions	209,306	1,961,933	4,266	8,685	7,624,680	9,808,870
Disposals	(83,637)	(2,300,081)	(35,467)	(3,973)	(439,550)	(2,862,708)
Depreciation	(1,361,507)	(5,346,095)	(219,339)	(40,878)	–	(6,967,819)
Impairment losses	(1,481,329)	(3,520,705)	(28,468)	(1,940)	(647,079)	(5,679,521)
Closing net carrying amount	28,746,408	53,921,894	926,266	144,685	10,380,731	94,119,984
As at 31 December 2014						
Cost	42,537,307	99,110,829	2,933,497	512,894	11,658,141	156,752,668
Accumulated depreciation and impairment	(13,790,899)	(45,188,935)	(2,007,231)	(368,209)	(1,277,410)	(62,632,684)
Net carrying amount	28,746,408	53,921,894	926,266	144,685	10,380,731	94,119,984

Note:

Included in disposals are mainly caused by the following transactions:

(i) In November 2015, the Government of Baiyun District of Guiyang (貴陽市白雲區人民政府), Guiyang Land and Mineral Resources Reserve Centre (貴陽市土地礦產資源儲備中心) ("Guiyang Land Reserve Centre"), a government-related entity, Guizhou Branch of the Company ("Guizhou Branch") and Guizhou Aluminum Plant entered into a Land Reserve Acquisition Cooperation Agreement of Electrolytic Aluminum Plant Area of Baiyun District《白雲區電解鋁片區土地收儲合作協議》(the "Land Reserve Acquisition Cooperation Agreement"). According to the Land Reserve Acquisition Cooperation Agreement, Guizhou Branch sold the aluminum plant and buildings to the Guiyang Land Reserve Centre at a consideration of RMB1,950 million which was deterimined based on the appraised value. Pursuant to the Land Reserve Acquisition Cooperation Agreement, Guizhou Branch will receive the consideration by instalments of RMB600 million, RMB200 million, RMB1,000 million and RMB150 million by the end of December 2015, December 2017, June 2018 and December 2018, respectively. The disposed aluminium plant and buildings' carring value was RMB438.4 million and the Group recognised a gain of RMB1,364.8 million in other gains in the consolidated statement of comprehensive income which was the difference between the discounted value of the consideration and the carrying value of the assets disposed of. Guizhou Branch received RMB600 million in December 2015 in accordance with the aforementioned instalment terms. As at 31 December 2015, the receivable from Guiyang Land Reserve Center was RMB1,350 million, which was discounted to the present value of RMB1,203.3 million.

(ii) The Group disposed of its Hong Kong properties, including properties with carrying amount of RMB12.4 million and land use right with carrying amount of RMB89.4 million, to Chinalco assets holdings limited ("Chinalco assets holdings"), a subsidiary of Chinalco, in 2015, details of which is disclosed in note 35(a)(xiii).

(Amounts expressed in thousands of
RMB unless otherwise stated)

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

For the year ended 31 December 2015, depreciation expenses recognised in profit or loss are analysed as follows:

	2015	2014 (restated)
Cost of sales	**6,673,861**	6,756,110
General and administrative expenses *(note 26(b))*	**172,337**	179,813
Selling and distribution expenses *(note 26(a))*	**22,731**	31,896
	6,868,929	6,967,819

As at 31 December 2015, the Group was in the process of applying for the ownership certificates of buildings with a net carrying value of RMB5,105 million (31 December 2014: RMB5,898 million). There has been no litigation, claims or assessments against the Group for compensation with respect to the use of these buildings to the date of approval of these financial statements. As at 31 December 2015, the carrying value of these buildings only represented approximately 3% of our total asset value (31 December 2014: 3%). Management believes that it is probable that the Group can obtain the relevant ownership certificates from the appropriate authorities. The directors of the Company are of the opinion that the Group legally owns and has the rights to use the above property, plant and equipment, and that there is no material adverse impact on the overall financial position of the Group.

For the year ended 31 December 2015, interest expenses of RMB476 million (2014: RMB533 million) arising from borrowings attributable to the construction of property, plant and equipment during the year were capitalised at an annual rate of 4.90% to 6.55% (2014: 5.80% to 7.10%) (note 28), and were included in "additions" to property, plant and equipment.

As at 31 December 2015, the Group has pledged property, plant and equipment at a net carrying value amounting to RMB6,103 million (31 December 2014: RMB9,249 million) for bank and other borrowings as set out in note 24 to the financial statements.

As at 31 December 2015, the carrying value of temporarily idle property, plant and equipment of the Group is RMB6,257 million (31 December 2014: RMB4,139 million).

The net carrying amounting of the Group's fixed assets held under finance lease included in the total amounts of the machinery and construction in progress at 31 December 2015 were RM6,097 million (2014: RMB1,675 million) and RMB888 million (2014: nil), respectively. The accumulated depreciation of the Group's fixed assets held under finance lease was RMB494 million (2014: RMB119 million).

(Amounts expressed in thousands of
RMB unless otherwise stated)

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

Impairment tests for property, plant and equipment

When any indicators of impairment are identified, property, plant and equipment are reviewed for impairment based on each CGU. The CGU is an individual plant or entity. The carrying value of these individual plants or entities was compared to the recoverable amount of the CGUs, which was based predominantly on value-in-use. Value-in-use calculations use pre-tax cash flow projections based on financial budgets approved by management covering a 5-year period. Cash flows beyond the 5-year period are extrapolated using the same cash flow projections of the fifth year. Other key assumptions applied in the impairment tests include the expected product price, demand for the products, product cost and related expenses. Management determined that these key assumptions were based on past performance and their expectations on market development. Further, the Group adopts a pre-tax rate of 10.16% (2014: 10.16%) that reflects specific risks related to CGUs as discount rates. The assumptions above are used in analysing the recoverable amounts of CGUs within operating segments.

For the CGUs with indicators of impairment identified there was no impairment based on the impairment tests.

7. LAND USE RIGHTS AND LEASEHOLD LAND

Details of land use rights and leasehold land are as follows:

		31 December 2015	31 December 2014
(a)	**Finance leases:**		
	In Hong Kong, held on:		
	Leases between 10 and 50 years	**–**	89,555
(b)	**Operating leases:**		
	In the mainland of China, held on:		
	Leases less than 10 years	**142,429**	71,312
	Leases between 10 and 50 years	**2,351,478**	3,053,158
	Leases over 50 years	**213,677**	60,403
		2,707,584	3,184,873
		2,707,584	3,274,428

(Amounts expressed in thousands of
RMB unless otherwise stated)

7. LAND USE RIGHTS AND LEASEHOLD LAND (Continued)

(a) Finance leases

	2015	2014
As at 1 January		
Cost	**109,227**	108,498
Accumulated amortisation	**(19,672)**	(16,964)
Net carrying amount	**89,555**	91,534
Year ended 31 December		
Opening net carrying amount	**89,555**	91,534
Currency translation differences	**2,475**	607
Disposal *(Note)*	**(89,364)**	–
Amortisation	**(2,666)**	(2,586)
Closing net carrying amount	**–**	89,555
As at 31 December		
Cost	**–**	109,227
Accumulated amortisation	**–**	(19,672)
Net carrying amount	**–**	89,555

Note: The Group disposed of its Hong Kong properties, including properties with carrying amount of RMB12.4 million and land use right with carrying amount of RMB89.4 million, to Chinalco assets holdings in 2015, details of which is disclosed in note 35(a)(xiii).

(Amounts expressed in thousands of RMB unless otherwise stated)

7. LAND USE RIGHTS AND LEASEHOLD LAND (Continued)

(b) Operating lease prepayments

	2015	2014
As at 1 January	**3,184,873**	2,652,432
Additions	**139,624**	295,506
Reclassification *(note 5)*	**3,767**	–
Transfer from property, plant and equipment *(note 6)*	**5,284**	460,421
Disposal of Gansu Hualu land use right to Gansu Government *(Note)*	**(81,284)**	–
Other disposal	**(53,964)**	(660)
Disposal of subsidiaries *(note 39)*	**(365,625)**	–
Capital injection in an associate *(note 8(b))*	**(40,788)**	–
Amortisation	**(84,303)**	(82,022)
Impairment loss	**–**	(140,804)
As at 31 December	**2,707,584**	3,184,873

Note: In November 2015, the Company and Gansu Hualu and Baiyin Land and Mineral Resources Reserve Centre (白銀市土地收購儲備整理中心) (the "Baiyin Land Reserve Centre"), which is a governement-related entity, entered into the Land Use Right Acquisition Agreement (the "Land Acquisition Agreement"), pursuant to which Baiyin Land Reserve Centre acquired the land use right of 588 mu (equivalent to 392,000 square metres) at a consideration of RMB456 million based on the appraised value. The consideration was received before 2015 year end. The carrying amount of the disposed land use right is RMB81 million, and the disposal gain is RMB375 million.

7. LAND USE RIGHTS AND LEASEHOLD LAND (Continued)

(b) Operating lease prepayments (Continued)

As at 31 December 2015, the Group was in the process of applying for the certificates of land use rights with a carrying amount of RMB384 million (31 December 2014: RMB399 million). There has been no litigation, claims or assessments against the Group for compensation with respect to the use of land parcels to date. As at 31 December 2015, the carrying value of these land parcels only represented approximately 0.2% of the total asset value of the Group (31 December 2014: 0.2%). Management believes that it is probable that the Group can obtain the relevant ownership certificates from the appropriate authorities. The directors of the Company are of the opinion that the Group legally owns and has the rights to use the above land use rights, and that there is no material adverse impact on the overall financial position of the Group.

For the year ended 31 December 2015, the amortisation expenses of land use rights and leasehold land were recognised in "general and administrative expenses" in profit or loss amounting to RMB87 million (31 December 2014: RMB85 million).

As at 31 December 2015, the Group has pledged land use rights at a net carrying value amounting to RMB258 million (31 December 2014: RMB409 million) for bank and other borrowings as set out in note 24 to the financial statements.

(Amounts expressed in thousands of RMB unless otherwise stated)

8. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

(a) Investments in joint ventures

Movements in investments in joint ventures are as follows:

	2015	2014
As at 1 January	**2,525,747**	2,314,841
Capital injections *(Note (i)/(ii))*	**238,000**	121,200
Disposal of Shanxi Huaxing *(Note (iii))*	**2,351,479**	–
Share of profits and losses for the year	**23,238**	89,510
Share of change in reserves	**12,423**	196
As at 31 December	**5,150,887**	2,525,747

Notes:

(i) In December 2015, Guizhou Mining Company Co., Ltd. ("貴州礦業"), a subsidiary of the Company converted its receivables amounting to RMB74.8 million due from Hengtaihe Mining Corporation Co., Ltd. ("恒泰合礦業") into capital injection.

(ii) In April 2015, Ningxia Energy, a subsidiary of the Company, and Zhejiang Energy Group Co., Ltd.* (浙江省能源集團公司) jointly established Yinxing Power with registered capital of RMB800 million. Ningxia Energy holds 51% of equity interest in Yinxing Power. As at 31 December 2015, Ningxia Energy has made a capital contribution to Yinxing Power by way of injecting certain assets, cash and notes receivables amounting to RMB113.94 million, RMB10.26 million and RMB39 million, respectively, and has the capital injection commitment amounting to RMB244.8 million.

(iii) As disclosed in note 39(a), the Company disposed of 50% equity investment in Shanxi Huaxing, formerly its wholly-owned subsidiary, to Shenzhen CR Yuanta Asset Management Ltd., (深圳華潤元大資產管理有限公司) ("CR Yuanta"). As a result of the transaction, the Company lost control of Shanxi Huaxing and accounts for the remaining 50% equity investment as a joint venture at its fair value as at the date of loss of control. Details of the transaction are disclosed in note 39(a).

* The English names represent the best effort by the management of the Group in translating their Chinese names as they do not have any official English names.

(Amounts expressed in thousands of
RMB unless otherwise stated)

8. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (Continued)

(a) Investments in joint ventures (Continued)

As at 31 December 2015, particulars of the Group's material joint venture are as follows:

				Percentage of		
Name	**Place of establishment and operation**	**Registered and paid-in capital**	**Principal activities**	**Ownership interest**	**Voting power**	**Profit sharing**
Guangxi Huayin Aluminum Co., Ltd. ("Guangxi Huayin") (廣西華銀鋁業有限公司)	PRC/Mainland of China	2,441,987	Manufacture and distribution of alumina	33%	33%	33%

The above investment is directly held by the Company.

Guangxi Huayin, which is considered a material joint venture of the Group, is accounted for using the equity method.

The following table illustrates the summarised financial information in respect of Guangxi Huayin:

	2015	2014
Cash and cash equivalents	**206,090**	344,929
Other current assets	**1,424,496**	1,543,471
Current assets	**1,630,586**	1,888,400
Non-current assets	**6,356,342**	6,621,599
Financial liabilities	**4,504,192**	2,421,125
Other current liabilities	**114,718**	68,596
Current liabilities	**4,618,910**	2,489,721
Non-current liabilities	**27,416**	2,851,650
Net assets	**3,340,602**	3,168,628
Non-controlling interests	**–**	–

(Amounts expressed in thousands of RMB unless otherwise stated)

8. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (Continued)

(a) Investments in joint ventures (Continued)

	2015	2014
Reconciliation to the Group's interest in the joint venture:		
Proportion of the Group's ownership	**33%**	33%
Group's share of net assets of the joint venture	**1,102,399**	1,045,647
Carrying amount of the investment	**1,102,399**	1,045,647
Revenue	**4,234,157**	4,239,789
Gross profit	**706,818**	1,022,772
Interest income	**5,004**	5,670
Depreciation and amortisation	**524,436**	437,254
Interest expenses	**227,592**	276,995
Profit before income tax	**189,720**	169,350
Income tax	**47,914**	32,432
Profit and total comprehensive income for the year	**141,806**	136,918
Other comprehensive income	**–**	–
Dividend received	**–**	–

(Amounts expressed in thousands of
RMB unless otherwise stated)

8. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (Continued)

(a) Investments in joint ventures (Continued)

The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	2015	2014
Share of the joint ventures' profits and losses for the year	**(23,558)**	44,327
Share of the joint ventures' total comprehensive income	**(23,558)**	44,327
Aggregate carrying amount of the Group's investments in joint ventures	**4,048,488**	1,480,100

As at 31 December 2015, the proportionate interests of the Group in the joint ventures' capital commitments amounted to RMB11 million (31 December 2014: RMB75 million).

There were no material contingent liabilities relating to the Group's interests in the joint ventures and the joint ventures themselves.

(Amounts expressed in thousands of RMB unless otherwise stated)

8. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (Continued)

(b) Investments in associates

Movements in investments in associates are as follows:

	2015	2014
As at 1 January	**4,840,968**	4,587,818
Capital injections *(Note (i), (ii), (iii), (iv), (v), (vi))*	**2,087,180**	88,288
Partial disposal of Jiaozuo Wanfang *(Note (vii))*	**(1,039,573)**	–
Disposal of investments in an associate	**–**	(7,993)
Share of profits and losses for the year	**284,531**	350,575
Cash dividends declared *(Note (v), (viii), (ix))*	**(384,357)**	(58,953)
Share of change in an associate due to passive equity dilution	**–**	(14,979)
Share of change in reserves	**(545)**	8,058
Other comprehensive income	**4,658**	–
Reclassified as held for sale *(note 16(b))*	**(78,838)**	–
Other decrease of investment in an associate	**(111,323)**	(111,846)
As at 31 December	**5,602,701**	4,840,968

Notes:

(i) In August 2015, the Company entered into an agreement with Chalco Resource, a subsidiary of Chinalco, pursuant to which the Company shall make a capital injection to Chalco Resource of RMB616.58 million in proportion to its 15% equity interest in Chalco Resource. As at 31 December 2015, the Company has made a capital injection of RMB246.63 million in cash, and still has the capital injection commitment amounting to RMB369.95 million.

(ii) In August 2015, the Company signed a capital injection agreement with China Rare Earth pursuant to which the Company has made a capital injection of RMB400 million in cash in return for 14.62% equity interest in China Rare Earth.

8. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (Continued)

(b) Investments in associates (Continued)

Notes: (Continued)

(iii) In November 2015, the Company together with its two subsidiaries, Chalco International Trading and Chalco Shanghai Kelin Co., Ltd. (上海中鋁凱林鋁業有限公司) ("Shanghai Kelin") signed a capital injection agreement with Chinalco Asset Management Co., Ltd.* (中鋁資產經營管理公司) ("Chinalco Asset Management") to inject capital to Chinalco Property Development Co., Ltd.* (中鋁置業發展有限公司) ("Chinalco Property Development") by way of injecting certain urban property assets and land use rights with appraised value amounting to RMB676.95 million and cash amounting to RMB696 million. Subsequent to the capital injection, the Group held a 24.12% equity interest in Chinalco Investment Development. The investment in Chinalco Property Development has been adjusted the impact of downstream transaction amounting to RMB111.3 million. The transaction generated disposal gain amounting to RMB350.22 million.

In November 2015, Chinalco Property Development changed its name to Chinalco Investment Development Co., Ltd.*(中鋁投資發展有限公司).

(iv) In January 2015, Guangxi Investment signed an agreement with Fusheng Freight Co., Ltd.* (廣西福盛航運有限責任公司) ("Fusheng Freight") and Pinghai Industrial Trading Co., Ltd.* (平果縣平海工貿有限公司) ("Pinghai Trading") to set up Guangxi Huazhong Cement Co., Ltd.* (廣西華眾水泥有限責任公司) ("Guangxi Huazhong"). Pursuant to the agreement, Guangxi Investment, Fusheng Freight and Pinghai Trading shall make capital injection amounting to RMB42.9 million, RMB63.7 million and RMB15.9 million, respectively. As at 31 December 2015, Guangxi Investment has made a capital injection amounting to RMB21 million in return for 35% equity interest in Guangxi Huazhong and has the capital injection commitment amounting to RMB21.9 million.

(v) In April 2015, an associate of Ningxia Energy, Ningxia Ling Wu Power Co., Ltd.* (寧夏靈武發電有限責任公司) ("Lingwu Power") declared cash dividends of RMB290 million to Ningxia Energy, among which RMB45 million has been used to make additional capital injection to Lingwu Power and the remaining amount of RMB245 million has been received in 2015.

(vi) In November 2015, the Company has made a capital injection of RMB1.6 million in cash to Chalco Taiyue New Material Co. Ltd.* (中鋁太嶽新材料有限公司).

(vii) On 5 January 2015, the proposal regarding the transfer of 207,451,915 tradable shares in Jiaozuo Wanfang (represents 17.246% of all of the shares of Jiaozuo Wanfang) held by the Group was approved by the board of directors of the Company. During 2015, the Group disposed of 177,869,858 shares or 14.786% of Jiaozuo Wanfang and recognised the realized gain of RMB832 million. As of 31 December 2015, the Group held 2.46% of equity interest in Jiaozuo Wanfang.

(viii) In August 2015, an associate of Ningxia Energy, Ningxia Ning Dong Power Co., Ltd.* (寧夏寧東發電有限責任公司) ("Ning Dong Power") declared cash dividends of RMB88 million to Ningxia Energy of which RMB70 million was received before 31 December 2015.

(ix) In August 2015, an associate of the Company, ABC-CA Fund Management Co., Ltd.* (農銀匯理基金管理有限公司) ("ABC-CA") declared and paid cash dividends of RMB6 million to the Company.

* The English names represent the best effort by the management of the Group in translating their Chinese names as they do not have any official English names.

(Amounts expressed in thousands of RMB unless otherwise stated)

8. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (Continued)

(b) Investments in associates (Continued)

As at 31 December 2015, the investment in an associate of the Company at a net carrying value amounting to RMB421 million (31 December 2014: RMB451 million) was pledged for bank and other borrowings as set out in note 24 to the financial statements.

As at 31 December 2015, except for Jiaozuo Wanfang, which is a listed company, all associates of the Group are unlisted.

As at 31 December 2015, particulars of the Group's material associates are as follows:

Name	Place of establishment and operation	Registered and paid-in capital	Principal activities	Percentage of Ownership interest	Percentage of Voting power	Percentage of Profit sharing
Ling Wu Power	PRC/Mainland of China	Registered capital 1,300,000 Paid-in capital 2,050,239	Thermal power generation	35%	35%	35%
Ning Dong Power	PRC/Mainland of China	900,000	Thermal power generation	35%	35%	35%

(Amounts expressed in thousands of
RMB unless otherwise stated)

8. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (Continued)

(b) Investments in associates (Continued)

Ling Wu Power, which is considered a material associate of the Group, is accounted for using the equity method.

The following table illustrates the summarised financial information in respect of Ling Wu Power:

	2015	2014
Cash and cash equivalents	**73,001**	59,718
Other current assets	**1,278,209**	1,536,117
Current assets	**1,351,210**	1,595,835
Non-current assets	**9,669,618**	9,472,756
Financial liabilities	**2,359,825**	1,784,353
Other current liabilities	**10,556**	19,553
Current liabilities	**2,370,381**	1,803,906
Non-current liabilities	**5,043,634**	5,513,160
Net assets	**3,606,813**	3,751,525
Non-controlling interests	**–**	–

(Amounts expressed in thousands of RMB unless otherwise stated)

8. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (Continued)

(b) Investments in associates (Continued)

	2015	2014
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	**35%**	35%
Group's share of net assets of the associate	**1,262,385**	1,313,034
Carrying amount of the investment	**1,262,385**	1,313,034
Revenue	**4,319,345**	4,938,969
Gross profit	**1,190,966**	1,395,909
Interest income	**2,140**	2,240
Depreciation and amortisation	**610,910**	599,728
Interest expenses	**312,128**	387,620
Profit before income tax	**629,564**	704,363
Income tax	**75,404**	106,440
Profit and total comprehensive income for the year	**554,160**	597,923
Other comprehensive income	**–**	–
Dividend received	**289,605**	–

(Amounts expressed in thousands of
RMB unless otherwise stated)

8. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (Continued)

(b) Investments in associates (Continued)

Ning Dong Power, which is considered a material associate of the Group, is accounted for using the equity method.

The following table illustrates the summarised financial information in respect of Ning Dong Power:

	2015	2014
Cash and cash equivalents	132,881	88,301
Other current assets	303,979	394,069
Current assets	436,860	482,370
Non-current assets	3,781,254	4,002,002
Financial liabilities	794,007	842,324
Other current liabilities	163,571	153,723
Current liabilities	957,578	996,047
Non-current liabilities	1,809,171	2,032,785
Net assets	1,451,365	1,455,540
Non-controlling interests	–	–

(Amounts expressed in thousands of RMB unless otherwise stated)

8. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (Continued)

(b) Investments in associates (Continued)

	2015	2014
Reconciliation to the Group's interest in the joint venture:		
Proportion of the Group's ownership	**35%**	35%
Group's share of net assets of the associate	**507,978**	509,439
Carrying amount of the investment	**507,978**	509,439
Revenue	**1,741,041**	1,848,982
Gross profit	**554,860**	619,062
Interest income	**585**	1,560
Depreciation and amortisation	**264,634**	258,407
Interest expenses	**139,161**	170,366
Profit before income tax	**265,123**	301,122
Income tax	**17,213**	–
Profit and total comprehensive income for the year	**247,910**	301,122
Other comprehensive income	**–**	–
Dividend received	**88,230**	58,953

(Amounts expressed in thousands of
RMB unless otherwise stated)

8. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (Continued)

(b) Investments in associates (Continued)

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2015	2014
Share of the associates' profits and losses	**3,806**	35,909
Share of the associates' total comprehensive income	**4,658**	–
Aggregate carrying amount of the Group's investments in the associates	**3,832,338**	3,018,495

As at 31 December 2015, the proportionate interests of the Group in the associates' capital commitments amounted to RMB2 million (31 December 2014: RMB18 million).

There were no material contingent liabilities relating to the Group's interests in the associates and the associates themselves.

(Amounts expressed in thousands of RMB unless otherwise stated)

9. AVAILABLE-FOR-SALE FINANCIAL INVESTMENTS

	31 December 2015	31 December 2014
Current portion		
Stated at fair value:		
Short-term investments, at fair value *(Note (i))*	**224,820**	4,635,600
Non current portion		
Stated at fair value:		
Listed equity investments *(Note (ii))*	**59,940**	–
Stated at cost:		
Unlisted equity investments *(Note (iii), (iv))*	**73,211**	75,211
Less: provision for impairment *(Note (iv))*	**2,711**	361
	70,500	74,850
	130,440	74,850

Notes:

i. The short-term investments stated at fair value as at 31 December 2015 represented financial products issued by banks. The fair values of the short-term investments have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

ii. The long-term investment stated at fair value as at 31 December 2015 represented the Group's investment in Dongxing Securities Corporation Limited (東興證券股份有限公司), which is a listed company with its shares listed on the Shanghai Stock Exchange.

iii. As at 31 December 2015, unlisted equity investments with a carrying amount of RMB71 million (31 December 2014: RMB75 million) were stated at cost less impairment. The directors of the Company are of the opinion that as these available-for-sale financial investments do not have a quoted market price in an active market and their fair value cannot be reliably measured, and therefore, the available-for-sale financial investments are stated as cost.

iv. As at 31 December 2015, Ningxia Energy has made a full impairment provision amounting to RMB2 million of the equity investment in Western Electric Commercial Co., Ltd. (西部電子商務股份有限公司).

(Amounts expressed in thousands of
RMB unless otherwise stated)

10. DEFERRED TAX

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred taxes relate to the same tax authority.

The movements in deferred tax assets and liabilities during the year ended 31 December 2015, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

Movements in deferred tax assets:

	Provision for impairment	Accrued expenses	Tax losses	Unrealised profit at consolidation	Others	Total
As at 1 January 2014	504,281	76,923	1,008,091	74,821	227,514	1,891,630
Write-off of deferred tax assets previously recognised	–	–	(314,156)	–	(69,158)	(383,314)
Credited/(charged) to profit or loss	548,001	280,678	14,739	63,209	(11,849)	894,778
As at 31 December 2014	1,052,282	357,601	708,674	138,030	146,507	2,403,094
As at 1 January 2015	**1,052,282**	**357,601**	**708,674**	**138,030**	**146,507**	**2,403,094**
Disposal of subsidiary *(note 39(a))*	**–**	**(3,057)**	**–**	**–**	**–**	**(3,057)**
(Charged)/credited to profit or loss	**(62,759)**	**(139,047)**	**94,466**	**(36,571)**	**73,588**	**(70,323)**
Other Changes	**–**	**–**	**–**	**–**	**(51,167)**	**(51,167)**
As at 31 December 2015	**989,523**	**215,497**	**803,140**	**101,459**	**168,928**	**2,278,547**

Movements in deferred tax liabilities:

	Interest capitalisation	Fair value changes of financial assets	Depreciation and amortisation	Unrealised losses of consolidation	Assets of rehabilitation obligation	Fair value adjustments arising from acquisition of subsidiaries	Investment in a subsidiary	Investment in an associate	Total
As at 1 January 2014	82,283	56	6,952	9,085	5,080	1,083,014	–	–	1,186,470
Exchange realignment	–	–	–	–	–	179	–	–	179
(Credited)/charged to profit or loss	(3,272)	29,533	369	(9,085)	9,773	(23,070)	1,086,686	234,719	1,325,653
As at 31 December 2014	79,011	29,589	7,321	–	14,853	1,060,123	1,086,686	234,719	2,512,302
As at 1 January 2015	**79,011**	**29,589**	**7,321**	**–**	**14,853**	**1,060,123**	**1,086,686**	**234,719**	**2,512,302**
Exchange realignment	**–**	**–**	**–**	**–**	**–**	**1,836**	**–**	**–**	**1,836**
Disposal of subsidiaries *(note 39(b))*	**–**	**–**	**–**	**–**	**–**	**(36,389)**	**–**	**–**	**(36,389)**
(Credited)/charged to profit or loss	**(8,002)**	**(28,678)**	**333**	**4,889**	**(14,853)**	**(24,903)**	**(286,046)**	**(198,782)**	**(556,042)**
As at 31 December 2015	**71,009**	**911**	**7,654**	**4,889**	**–**	**1,000,667**	**800,640**	**35,937**	**1,921,707**

(Amounts expressed in thousands of RMB unless otherwise stated)

10. DEFERRED TAX (Continued)

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	31 December 2015	31 December 2014
Net deferred tax assets	**1,362,995**	952,057
Net deferred tax liabilities	**1,006,155**	1,061,265

As at 31 December 2015, no deferred tax liability was recognised for taxable temporary differences which amounted to RMB1,407 million.

As at 31 December 2015, the Group has not recognised deferred tax assets of RMB5,582 million (31 December 2014: RMB5,641 million) in respect of accumulated tax losses amounting to RMB22,328 million (31 December 2014: RMB22,564 million) arising in Mainland China that can be carried forward for offsetting against future taxable income, and deferred tax assets of RMB2,057 million (31 December 2014: RMB1,922 million) in respect of deductible temporary differences amounting to RMB8,227 million (31 December 2014: RMB7,686 million) as it was not considered probable that those assets would be realised. The above tax losses will expire in one to five years if unused.

(Amounts expressed in thousands of
RMB unless otherwise stated)

10. DEFERRED TAX (Continued)

As at 31 December 2015, the expiry profile of these tax losses was analysed as follows:

	31 December 2015	31 December 2014
Expiring in		
2015	–	106,146
2016	**63,812**	369,627
2017	**3,812,061**	4,840,206
2018	**8,463,049**	9,066,562
2019	**8,299,794**	8,181,448
2020	**1,688,920**	N/A
	22,327,636	22,563,989

As at 31 December 2015, deferred tax assets amounting to RMB1,363 million (31 December 2014: RMB952 million) were recognised for tax losses and deductible temporary differences carried forward to the extent that the realisation of the related tax benefit is probable. The recognition of these deferred tax assets is supported by forecast of future taxable profits available to the Group.

(Amounts expressed in thousands of RMB unless otherwise stated)

11. OTHER NON-CURRENT ASSETS

	31 December 2015	31 December 2014
Financial assets		
– Receivables from disposal of subsidiaries, business and assets	**4,252,776**	8,195,904
– Receivables from disposal of Guizhou Branch's aluminum plant and buildings	**1,203,239**	–
– Other long-term receivables	**601,446**	197,218
	6,057,461	8,393,122
Advances and deposits paid to suppliers	**1,153,948**	2,463,700
Prepayment for mining rights	**773,113**	811,184
Long-term prepaid expenses	**313,000**	317,275
Deferred losses for sales and lease back transactions	**1,131,018**	90,019
Others *(Note)*	**403,165**	403,904
	3,774,244	4,086,082
	9,831,705	12,479,204

Note: As disclosed in note 20, the Group entered into several sales and lease back agreements which constitute finance leases during the year. The deferred losses resulted from the sale are classified as other non-current assets and were amortized over the useful lives of the assets leased back.

(Amounts expressed in thousands of
RMB unless otherwise stated)

11. OTHER NON-CURRENT ASSETS (Continued)

As at 31 December 2015, except for an amount included in receivables from disposal of subsidiaries, business and assets amounting to RMB2,684 million (31 December 2014: RMB5,058 million), an amount included in advances and deposits paid to suppliers amounting to RMB1,115 million (31 December 2014: RMB1,836 million) which were denominated in USD, all amounts in other non-current assets were denominated in RMB (31 December 2014: all in RMB).

As at 31 December 2015 and 31 December 2014, except for receivables from disposal of subsidiaries, business and assets, a prepayment paid to a supplier and a loan to Shanxi Huaxing which were interest-bearing assets, all amounts in other non-current assets were non-interest-bearing (31 December 2014: all non-interest-bearing).

12. INVENTORIES

	31 December 2015	31 December 2014
Raw materials	**8,719,067**	9,575,425
Work-in-progress	**5,675,679**	6,624,732
Finished goods	**7,274,774**	7,461,754
Spare parts	**836,102**	879,755
Packaging materials and others	**41,490**	45,977
	22,547,112	24,587,643
Less: provision for impairment of inventories	**(2,370,084)**	(2,044,297)
	20,177,028	22,543,346

(Amounts expressed in thousands of RMB unless otherwise stated)

12. INVENTORIES (Continued)

Movements in the provision for impairment of inventories are as follows:

	2015	2014
As at 1 January	**2,044,297**	1,377,901
Provision for impairment of inventories	**1,997,719**	1,746,351
Reversal arising from increase in net recoverable amount	**(228,673)**	(358,750)
Reversal upon sales of inventories	**(1,152,179)**	(721,205)
Disposal of subsidiaries	**(270,741)**	–
Transfer to assets of a disposal group classified as held for sale	**(20,339)**	–
As at 31 December	**2,370,084**	2,044,297

As at 31 December 2015, the Group had no pledged inventories (31 December 2014: RMB50 million) for bank and other borrowings as set out in note 24 to the financial statements.

13. TRADE AND NOTES RECEIVABLES

	31 December 2015	31 December 2014 (restated)
Trade receivables	**4,394,814**	3,702,007
Less: provision for impairment	**(510,336)**	(719,992)
	3,884,478	2,982,015
Notes receivable	**1,266,561**	2,350,519
	5,151,039	5,332,534

(Amounts expressed in thousands of
RMB unless otherwise stated)

13. TRADE AND NOTES RECEIVABLES (Continued)

As at 31 December 2015, except for trade and notes receivables of the Group amounting to RMB1,451 million which were denominated in USD (31 December 2014: RMB901 million in USD), all trade and notes receivables were denominated in RMB (31 December 2014: all in RMB).

Trade receivables are non-interest-bearing and are generally on terms of 3 to 12 months. Certain of the Group's sales were on advanced payments or documents against payment. In some cases, these terms are extended for qualifying long term customers that have met specific credit requirements. As at 31 December 2015, the ageing analysis of trade and notes receivables was as follows:

	31 December 2015	31 December 2014 (restated)
Within 1 year	**3,881,858**	4,425,910
Between 1 and 2 years	**326,631**	678,508
Between 2 and 3 years	**667,601**	120,418
Over 3 years	**785,285**	827,690
	5,661,375	6,052,526
Less: provision for impairment	**(510,336)**	(719,992)
	5,151,039	5,332,534

(Amounts expressed in thousands of RMB unless otherwise stated)

13. TRADE AND NOTES RECEIVABLES (Continued)

The credit quality of trade and notes receivables that are neither past due nor impaired is assessed by reference to the counterparties' default history. As at 31 December 2015, there was no history of default for these customers.

As at 31 December 2015, the ageing analysis of past due but not impaired trade and notes receivables was as follows:

	31 December 2015	31 December 2014 (restated)
Past due for 1 year	**172,597**	668,467
Past due for 1 to 2 years	**651,928**	55,029
Past due for over 2 years	**445,587**	346,851
	1,270,112	1,070,347
Not past due	**3,880,927**	4,262,187
	5,151,039	5,332,534

The balances of trade and notes receivables that were past due but not impaired relate to a number of individual customers for whom there was no recent history of default. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered recoverable within 12 months as at 31 December 2015.

Included in the Group's trade receivables are amounts due from the Group's joint ventures of RMB28 million (31 December 2014: RMB8 million), which are repayable on credit terms similar to those offered to the major customers of the Group.

As at 31 December 2015, the Group had pledged trade receivables amounting to RMB360 million (31 December 2014: RMB270 million) and notes receivable amounting to RMB27 million (31 December 2014: RMB98 million) for bank and other borrowings as set out in note 24 to the financial statements.

(Amounts expressed in thousands of
RMB unless otherwise stated)

13. TRADE AND NOTES RECEIVABLES (Continued)

As at 31 December 2015, trade and notes receivables of RMB695 million (31 December 2014: RMB988 million) of the Group were impaired and provisions of RMB510 million (31 December 2014: RMB720 million) were made. The individually impaired receivables mainly relate to customers which are in unexpected difficult economic situations and it was expected that only a portion of these receivables would be recovered. The ageing analysis of these trade receivables is as follows:

	31 December 2015	31 December 2014
Within 1 year	**1,348**	2,815
Between 1 and 2 years	**22,052**	242,846
Between 2 and 3 years	**275,330**	97,317
Over 3 years	**396,088**	645,002
	694,818	987,980
Provision for impairment	**(510,336)**	(719,992)
	184,482	267,988

Movements in the provision for impairment of trade and notes receivables are as follows:

	2015	2014
As at 1 January	**719,992**	611,510
Provision for impairment	**6,847**	135,682
Written off	**(11,452)**	(3,625)
Reversal	**(179,193)**	(23,575)
Disposal of subsidiaries *(Note)*	**15,644**	–
Transfer to assets of a disposal group classified as held for sale	**(1,980)**	–
Others	**(39,522)**	–
As at 31 December	**510,336**	719,992

Note: As set out in note39 (b), the Group lost control of Ningxia photovoltaic subsidiaries and the trade receivables due form these companies eliminated previously become receivables due from third parties, which have been fully impaired.

13. TRADE AND NOTES RECEIVABLES (Continued)

As at 31 December 2015, the Group derecognised discounted notes receivables accepted by banks in the PRC to financial institutions with a carrying amount in aggregate of RMB1,021 million (31 December 2014: RMB1,374 million), and endorsed notes receivables accepted by banks in the PRC to certain of its suppliers in order to settle the trade payables due to such suppliers with a carrying amount in aggregate of RMB13,052 million (31 December 2014: RMB12,741 million). The above discounted notes and endorsed notes are collectively referred to as the "Derecognised Notes". The Derecognised Notes have a maturity from one to twelve months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Notes, including the financial institutions and the suppliers, have a right of recourse against the Group if the PRC banks default (the "Continuing Involvement"). In the opinion of the directors of the Company, the Group has transferred substantially all risks and rewards relating to the Derecognised Notes. Accordingly, it has derecognised the full carrying amounts of the Derecognised Notes and has derecognised the associated trade payables for the endorsed notes or has not recognised any short-term loans for the discounted notes. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Notes and the undiscounted cash flows to repurchase these Derecognised Notes is equal to their carrying amounts. In the opinion of the directors of the Company, the fair values of the Group's Continuing Involvement in the Derecognised Notes are not significant.

For the years ended 31 December 2015 and 2014, the Group has not recognised any gain or loss on the date of transfer of the Derecognised Notes. No gains or losses were recognised from the Continuing Involvement, both during the year or cumulatively.

As at 31 December 2015, the Group has not derecognised notes receivable accepted by banks in the PRC endorsed to certain of its suppliers in order to settle the trade payables due to such suppliers with a carrying amount of RMB937 million (31 December 2014: RMB1,074 million). In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such endorsed notes, and accordingly, it continued to recognise the full carrying amounts of the endorsed notes and recognised the associated trade payables settled for the endorsed notes. Subsequent to the endorsement, the Group did not retain any rights on the use of the endorsed notes, including the sale, transfer or pledge of the endorsed notes to any other third parties. None of the endorsed notes settled during the year has been recoursed as at 31 December 2015 (31 December 2014: nil).

(Amounts expressed in thousands of RMB unless otherwise stated)

14. OTHER CURRENT ASSETS

	31 December 2015	31 December 2014 (restated)
Financial assets		
– Advances and deposits paid to suppliers	**504,179**	248,070
– Dividends receivable	**118,061**	125,159
– Receivables from sales of non-core businesses	**286,415**	152,753
– Entrusted loans and loans receivable from third parties	**1,657,849**	275,091
– Entrusted loans and loans receivable from related parties	**1,111,954**	1,152,022
– Receivables from disposals of subsidiaries, business and assets	**4,321,024**	4,307,951
– Receivable from disposal of Shanxi Huaxing *(note 39(a))*	**1,646,035**	–
– Receivable from disposal of Hong Kong Properties *(note 35(a)(xiii))*	**218,130**	–
– Interest receivable	**95,304**	103,060
– Recoverable reimbursement for freight charges	**147,420**	203,649
– Other financial assets	**752,110**	660,435
	10,858,481	7,228,190
Less: provision for impairment	**(1,666,394)**	(407,198)
	9,192,087	6,820,992
Receivable of value-added tax refund	**53,458**	18,891
Advances to employees	**107,857**	94,364
Value-added tax recoverable	**2,079,039**	2,355,758
Deposits for investment projects	**27,515**	40,136
Prepaid income tax	**238,916**	248,903
Prepayments to related parties for purchases	**113,319**	157,988
Prepayments to suppliers for purchases and others	**3,633,301**	3,306,921
Others	**413,813**	–
	6,667,218	6,222,961
Less: provision for impairment	**(11,972)**	(12,253)
	6,655,246	6,210,708
Total other current assets	**15,847,333**	13,031,700

(Amounts expressed in thousands of RMB unless otherwise stated)

14. OTHER CURRENT ASSETS (Continued)

As at 31 December 2015, except for an amount included in receivables from disposal of subsidiaries, business and assets amounting to RMB2,683 million, an amount included in advances and deposits paid to suppliers amounting to RMB540 million and an amount included in other items amounting to RMB280 million, which were denominated in USD, and a receivable from disposal of Hong Kong Properties amounting to RMB218 million in HKD (31 December 2014: RMB4,091 million in USD, RMB0.1 million in HKD, RMB0.2 million in AUD), all amounts in other current assets were denominated in RMB (31 December 2014: all in RMB).

As at 31 December 2015 and 31 December 2014, except for entrusted loans and loans receivable and receivables from disposal of subsidiaries, business and assets which were interest- bearing assets, all amounts in other current assets were non-interest-bearing (31 December 2014: all non-interest-bearing).

Included in the Group's other current assets are amounts due from the Group's joint ventures and associates of RMB1,439 million (31 December 2014: RMB1,310 million) and RMB0 million (31 December 2014: RMB91 million) (note 35(b)), respectively, which are repayable according to the loan agreement.

As at 31 December 2015, the ageing analysis of financial assets included in other current assets was as follows:

	31 December 2015	31 December 2014
Within 1 year	**3,610,577**	2,041,011
Between 1 and 2 years	**970,569**	4,433,345
Between 2 and 3 years	**4,748,951**	94,759
Over 3 years	**1,528,384**	659,075
	10,858,481	7,228,190
Less: provision for impairment	**(1,666,394)**	(407,198)
	9,192,087	6,820,992

(Amounts expressed in thousands of
RMB unless otherwise stated)

14. OTHER CURRENT ASSETS (Continued)

As at 31 December 2015, the ageing analysis of past due but not impaired financial assets included in other current assets was as follows:

	31 December 2015	31 December 2014
Past due for 1 year	**848,338**	334,976
Past due for 1 to 2 years	**53,745**	75,159
Past due for over 2 years	**345,172**	279,301
	1,247,255	689,436
Not past due	**7,944,832**	6,131,556
	9,192,087	6,820,992

The credit quality of other current assets that were not impaired is assessed by reference to the counterparties' default history. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered recoverable within the credit terms.

(Amounts expressed in thousands of RMB unless otherwise stated)

14. OTHER CURRENT ASSETS (Continued)

As at 31 December 2015, other current assets of RMB2,133 million (31 December 2014: RMB436 million) of the Group were impaired and provisions of RMB1,678 million (31 December 2014: RMB419 million) were made. The ageing analysis of these current assets is as follows:

	31 December 2015	31 December 2014
Within 1 year	**278,094**	22,059
Between 1 and 2 years	**265,415**	5,729
Between 2 and 3 years	**378,985**	24,802
Over 3 years	**1,210,774**	383,755
	2,133,268	436,345
Less: provision for impairment	**(1,678,366)**	(419,451)
	454,902	16,894

Movements in the provision for impairment of other current assets are as follows:

	2015	2014
As at 1 January	**419,451**	467,491
Provision for impairment	**–**	43,133
Reversal	**(59,804)**	(12,976)
Disposal of subsidiaries *(Note)*	**1,321,712**	–
Transfer to non-current assets held for sale	**(21)**	–
Others	**(2,972)**	(78,197)
As at 31 December	**1,678,366**	419,451

Note: As set out in note39 (b), the Group lost control of Ningxia photovoltaic subsidiaries and the receivables due form these companies eliminated previously become receivables due from third parties, which have been fully impaired.

(Amounts expressed in thousands of
RMB unless otherwise stated)

15. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AND TIME DEPOSITS

	31 December 2015	31 December 2014
Restricted cash	**1,734,739**	1,655,090
Time deposits	**–**	8,500
Restricted cash and time deposits	**1,734,739**	1,663,590
Cash and cash equivalents	**20,753,136**	16,268,600
	22,487,875	17,932,190

Restricted cash mainly represented deposits held for use in issued notes payable and letters of credit.

As at 31 December 2015, the Group had no time deposits (31 December 2014: the Group had RMB8.5 million time deposits, of which the annual effective interest rate was 3.06% with average maturity of three months to one year).

As at 31 December 2015, bank balances and cash on hand of the Group were denominated in the following currencies:

	31 December 2015	31 December 2014
RMB	**20,987,018**	14,862,816
USD	**1,492,849**	3,055,287
HKD	**2,968**	4,889
EUR	**753**	6,387
AUD	**2,476**	2,751
IDR	**1,811**	60
	22,487,875	17,932,190

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances, time deposit and restricted cash are deposited with creditworthy banks with no recent history of default.

(Amounts expressed in thousands of RMB unless otherwise stated)

16. ASSETS AND LIABILITIES OF A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE AND NON-CURRENT ASSETS HELD FOR SALE

(a) Assets and liabilities of a disposal group classified as held for sale

Certain assets and liabilities of Chalco Shandong Co., Ltd.* (中鋁山東有限公司) ("Chalco Shandong") have been presented as held for sale following the assets exchange agreement signed on 25 June 2015 to exchange certain assets and liabilities with Shandong Aluminum Corporation* (山東鋁業公司) ("Shandong Aluminum"), a subsidiary of Chinalco. In accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, the assets and liabilities of Chalco Shandong to be exchanged under the assets exchange agreement are classified as assets and liabilities of a disposal group held for sale, respectively.

The major classes of assets and liabilities of Chalco Shandong classified as held for sale as at 31 December 2015 are as follows:

	Carrying amount after classification as held for sale
Property, plant and equipment *(note 6)*	66,615
Other assets	133,572
Assets of a disposal group classified as held for sale	200,187
Trade payables	22,522
Other liabilities	1,343
Liabilities of a disposal group classified as held for sale	23,865
Net carrying amount of a disposal group	176,322

* The English names represent the best effort by the management of the Group in translating their Chinese names as they do not have any official English names.

(Amounts expressed in thousands of RMB unless otherwise stated)

16. ASSETS AND LIABILITIES OF A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE AND NON-CURRENT ASSETS HELD FOR SALE (Continued)

(b) Non-current assets held for sale

In November 2015, the Company, Chinalco and Chinalco Capital Holdings Co., Ltd.* (中鋁資本控股有限公司) ("Chinalco Capital") which was wholly-owned subsidiary of Chinalco, entered into the Capital Contribution Agreement (the "Chinalco Capital Capital Increase Agreement"), pursuant to which, the Company made a capital injection to Chinalco Capital by way of 15% equity interest held by the Company in ABC-CA Fund Management Co., Ltd. (農銀匯理基金管有限公司) (hereinafter referred to as "ABC-CA") and cash of RMB150 million in return for equity interest in Chinalco Capital. The appraised value of equity interest in ABC-CA is RMB1,888 million, 15% of which is valued at RMB283 million.

As of 31 December, 2015, the directors of the Company consider the capital injection will be completed during 2016. Hence, the Company reclassified 15% equity interest in ABC-CA as held-for-sale non-current assets based on its carrying value as of 31 December 2015.

17. SHARE CAPITAL

	Number of shares in issue		Share capital	Share premium
	A shares	H shares		
At 1 January 2014	9,580,522	3,943,966	3,524,488	13,098,082
At 31 December 2014 and 1 January 2015	9,580,522	3,943,966	13,524,488	13,098,082
Issuance of A shares *(Note)*	1,379,310	–	1,379,310	6,518,162
Business combination under common control *(note 38)*	–	–	–	(37,662)
At 31 December 2015	10,959,832	3,943,966	14,903,798	19,578,582

17. SHARE CAPITAL (Continued)

Note:

As at 31 December 2015 and 2014, all issued shares are registered and fully paid. Both A shares and H shares rank pari passu with each other.

The Company completed the non-public issuance of 1,379,310,344 A shares on 15 June 2015 pursuant to the specific mandate as approved at the annual general meeting of the Company on 27 June 2014. Upon completion of the non-public issuance, the total number of shares of the Company increased from 13,524,487,892 shares to 14,903,798,236 shares. According to the "Capital Verification Report of Ernst & Young Hua Ming (2015) Yan Zi No. 60968352-A02" (the "Capital Verification Report") issued by Ernst & Young Hua Ming LLP on the receipt of proceeds raised under the non-public issuance of the Company, as of 21 May 2015, total proceeds of RMB8,000 million and net proceeds of RMB7,897 million after deducting all relevant expenses in respect of this non-public issuance of RMB103 million were transferred to the designated account of the Company.

The Company had completed the relevant procedures of registration and custody for the non-public issuance at Shanghai Branch of China Securities Depository and Clearing Corporation Limited on 15 June 2015. As a result of the non-public issuance, the Company's share capital increased by RMB1,379 million, and the share premium increased by RMB6,518 million.

18. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 134 to 135 of the financial statements.

(Amounts expressed in thousands of RMB unless otherwise stated)

19. INTEREST-BEARING LOANS AND BORROWINGS

	31 December 2015	31 December 2014 (restated)
Long-term loans and borrowings		
Finance lease payables *(note 20)*	**6,656,038**	1,429,446
Bank and other loans *(Note (a))*		
– Secured *(Note (f))*	**14,202,953**	15,301,820
– Guaranteed *(Note (e))*	**1,791,207**	1,652,737
– Unsecured	**16,373,473**	14,991,787
	32,367,633	31,946,344
Medium-term notes and bonds and long-term bonds *(Note (b))*		
– Guaranteed *(Note (e))*	**1,996,270**	1,993,821
– Unsecured	**25,715,582**	20,237,772
	27,711,852	22,231,593
Total long-term loans and borrowings	**66,735,523**	55,607,383
Current portion of finance lease payables *(note 20)*	**(1,511,161)**	(269,548)
Current portion of medium-term notes	**(6,896,181)**	(3,995,762)
Current portion of long-term bank and other loans	**(4,602,511)**	(6,572,862)
Non-current portion of long-term loans and borrowings	**53,725,670**	44,769,211

(Amounts expressed in thousands of RMB unless otherwise stated)

19. INTEREST-BEARING LOANS AND BORROWINGS (Continued)

	31 December 2015	31 December 2014 (restated)
Short-term loans and borrowings		
Bank and other loans *(Note (c))*		
– Secured *(Note (f))*	**2,201,584**	2,653,200
– Guaranteed *(Note (e))*	**400,000**	1,247,159
– Unsecured	**32,147,703**	37,084,037
	34,749,287	40,984,396
Short-term bonds, unsecured *(Note (d))*	**6,663,722**	23,536,390
Current portion of finance lease payables *(note 20)*	**1,511,161**	269,548
Current portion of medium-term notes	**6,896,181**	3,995,762
Current portion of long-term bank and other loans	**4,602,511**	6,572,862
Total short-term borrowings and current portion of long-term loans and borrowings	**54,422,862**	75,358,958

As at 31 December 2015, except for loans and borrowings of the Group amounting to RMB23 million (31 December 2014: RMB24 million) and RMB3,711 million (31 December 2014: RMB4,957 million) which were denominated in JPY and USD, respectively, all loans and borrowings were denominated in RMB.

As at 31 December 2015, interest-bearing loans and borrowings of RMB4,849 million including a finance lease payable of RMB220 million (31 December 2014: interest-bearing loans and borrowings of RMB1,333 million including a finance lease payable of RMB304 million) and a finance lease payable of RMB1,221 million (31 December 2014: none) were due to Chinalco Finance Company Limited ("Chinalco Finance") (中鋁財務有限責任公司) and Chinalco Financial Leasing Co., Ltd.* ("Chinalco Financial Leasing") (中鋁融資租賃有限公司), subsidiaries of Chinalco, respectively, as set out in note 35(b).

* The English name represents the best effort by the management of the Group in translating its Chinese names as it does not have any official English names.

(Amounts expressed in thousands of
RMB unless otherwise stated)

19. INTEREST-BEARING LOANS AND BORROWINGS (Continued)

Notes:

(a) Long-term bank and other loans

(i) The maturity of long-term bank and other loans is set out below:

	Loans from banks and other financial institutions		Other loans		Total of long-term bank and other loans	
	31 December 2015	31 December 2014	**31 December 2015**	31 December 2014	**31 December 2015**	31 December 2014
Within 1 year	**4,600,619**	6,558,565	**1,892**	14,297	**4,602,511**	6,572,862
Between 1 and 2 years	**4,863,465**	3,316,593	**2,020**	14,467	**4,865,485**	3,331,060
Between 2 and 5 years	**13,779,643**	11,770,086	**6,060**	14,018	**13,785,703**	11,784,104
Over 5 years	**9,100,933**	10,244,278	**13,001**	14,040	**9,113,934**	10,258,318
	32,344,660	31,889,522	**22,973**	56,822	**32,367,633**	31,946,344

(ii) Other loans were provided by local bureaus of the Ministry of Finance to the Group. The weighted average annual interest rate of long-term bank and other loans for the year ended 31 December 2015 was 5.51% (2014: 5.64%).

(b) Medium-term notes and bonds and long-term bonds

Outstanding long-term bonds and medium-term notes of the Group as at 31 December 2015 are summarised as follows:

	Face value/ maturity	**Effective interest rate**	**31 December 2015**	31 December 2014
2007 long-term bonds	2,000,000/2017	4.64%	**1,996,270**	1,993,821
2010 medium-term notes	1,000,000/2015	4.34%	**–**	998,249
2010 medium-term notes	1,000,000/2015	4.20%	**–**	998,040
2011 medium-term notes	4,900,000/2016	6.03%	**4,898,376**	4,896,842
2015 medium-term notes	3,000,000/2018	5.53%	**2,981,028**	–
2015 medium-term notes	1,500,000/2018	5.01%	**1,487,994**	–
2012 Ningxia Energy medium-term bonds	400,000/2017	6.06%	**400,000**	400,000
2012 medium-term bonds	2,000,000/2015	5.13%	**–**	1,999,473
2012 medium-term bonds	3,000,000/2017	5.77%	**2,992,788**	2,989,167
2013 medium-term bonds	3,000,000/2018	5.99%	**2,987,271**	2,981,609
2013 medium-term bonds	2,000,000/2016	5.99%	**1,997,805**	1,994,753
2014 medium-term bonds	3,000,000/2017	7.35%	**2,988,140**	2,979,639
2015 medium-term bonds	3,000,000/2018	6.11%	**2,993,630**	–
2015 medium-term bonds	2,000,000/2018	6.08%	**1,988,550**	–
			27,711,852	22,231,593

Long-term bonds and medium-term notes and bonds were issued for capital expenditure purposes, operating cash flows and bank loan re-financing.

(Amounts expressed in thousands of RMB unless otherwise stated)

19. INTEREST-BEARING LOANS AND BORROWINGS (Continued)

Notes: (Continued)

(c) Short-term bank and other loans

Other loans were entrusted loans provided by state-owned companies to the Group.

The weighted average annual interest rate of short-term bank and other loans for the year ended 31 December 2015 was 5.12% (2014: 5.48%).

(d) Short-term bonds

Outstanding short-term bonds as at 31 December 2015 are summarised as follows:

	Face value/ maturity	**Effective interest rate**	**31 December 2015**	31 December 2014
2014 short-term bonds	2,000,000/2015	6.45%	**–**	2,092,959
2014 short-term bonds	3,000,000/2015	5.40%	**–**	3,049,586
2014 short-term bonds	3,000,000/2015	5.85%	**–**	3,115,170
2014 short-term bonds	3,000,000/2015	5.94%	**–**	3,116,780
2014 short-term bonds	3,000,000/2015	5.80%	**–**	3,102,335
2014 short-term bonds	3,000,000/2015	4.99%	**–**	3,028,864
2014 short-term bonds	3,000,000/2015	4.75%	**–**	3,022,213
2014 short-term bonds	3,000,000/2015	5.00%	**–**	3,008,483
2015 short-term bonds	3,000,000/2016	4.15%	**3,045,981**	–
2015 short-term bonds	3,000,000/2016	3.85%	**3,017,741**	–
2015 short-term bonds	600,000/2016	3.35%	**600,000**	–
			6,663,722	23,536,390

All the above short-term bonds were issued for working capital needs.

(Amounts expressed in thousands of
RMB unless otherwise stated)

19. INTEREST BEARING LOANS AND BORROWINGS (Continued)

Notes: (Continued)

(e) Guaranteed interest-bearing loans and borrowings

Details of the interest-bearing loans and borrowings in which the Group received guarantees are set out as follows:

Guarantors	**31 December 2015**	31 December 2014
Long-term bonds		
Bank of Communications (交通銀行股份有限公司)	**1,996,270**	1,993,821
Long-term loans		
Lanzhou Aluminum Factory (蘭州鋁廠) *(Note (i))*	**12,000**	16,000
The Company	**749,207**	–
Yinxing Energy *(Note (ii))*	**202,400**	136,000
Ningxia Energy *(Note (ii))*	**827,600**	277,400
Agricultural Bank of China Limited, Head Office, Banking Department (中國農業銀行股份有限公司總行營業部)	**–**	1,223,337
	1,791,207	1,652,737
Short-term loans		
The Company	**–**	587,424
Ningxia Energy *(Note (ii))*	**50,000**	140,000
Yinxing Energy *(Note (ii))*	**50,000**	–
Guizhou Aluminum Plant (貴州鋁廠) *(Note (i))*	**–**	122,000
Chalco Trading *(Note (ii))*	**300,000**	397,735
	400,000	1,247,159

Notes:

(i) The guarantor is a subsidiary of Chinalco.

(ii) The guarantor is a subsidiary of the Group.

(f) Secured interest-bearing loans and borrowings

The assets pledged for bank and other borrowings were set out in note 24 to the financial statements.

(Amounts expressed in thousands of RMB unless otherwise stated)

20. FINANCE LEASE PAYABLES

As disclosed in note 6, the Group leased certain machinery under finance leases with lease terms ranging from three to five years.

At 31 December 2015, the total future minimum lease payments under finance leases and their present value are as follows:

	Minimum lease payments		**Present value of minimum lease payments**	
	31 December 2015	31 December 2014	**31 December 2015**	31 December 2014
Amounts payable:				
Within one year	**1,815,657**	318,103	**1,511,161**	269,548
In the second year	**1,803,103**	444,022	**1,533,730**	390,768
In the third to fifth years, inclusive	**3,751,049**	910,926	**3,611,147**	769,130
Total minimum finance lease payment	**7,369,809**	1,673,051	**6,656,038**	1,429,446
Future finance charges	**(713,771)**	(243,605)		
Total net finance lease payables *(note 19)*	**6,656,038**	1,429,446		
Portion classified as current liabilities *(note 19)*	**(1,511,161)**	(269,548)		
Non-current portion	**5,144,877**	1,159,898		

(Amounts expressed in thousands of
RMB unless otherwise stated)

20. FINANCE LEASE PAYABLES (Continued)

During 2015, the Group entered into various sale and leaseback agreements with Shenzhen Haotian Financial Leasing Co., Ltd.*(深圳皓天融資租賃有限公司), CCB Financial Leasing Co., Ltd.*(建信金融租賃有限公司), Ruize International Financial Leasing Co., Ltd.*(瑞澤國際租賃有限公司), Pingan International Financial Leasing Co., Ltd. ("Pingan") *(平安國際融資租賃有限公司), Guohong Financial Leasing Co., Ltd.*(國宏融資租賃有限公司), Caterpillar Financial Leasing Co., Ltd.* (卡特皮勒融資租賃有限公司), Chongqing Transportation Equipment Financing Lease Co., Ltd*(重慶市交通設備融資租賃有限公司), JIC Leasing (Shanghai) Co., Ltd.*(中建投租賃（上海）有限責任公司), and Chinalco Financial Leasing, which is a related party of the Group, respectively, under which the Group sold the machinery and construction in progress and leased the assets back. Set out below are the particulars of these transactions with third-party financial leasing companies and Chinalco Financial Leasing:

i. Sale and leaseback transactions with third-party financial leasing companies:

During the year 2015, the Group and several finance lease companies entered into eight sales and lease back agreements under which the lease terms range from 2015 to 2020 and the lease rentals are payable by instalments with interest charged at prevailing lending rates. Upon the expiry of the lease period, the Group is entitled to purchase the leased assets at nominal amount. Below is the summary of sales and lease back arrangements during the year.

	Machinery	**Construction in Progress**	**Total**
Original costs of the leased assets sold	7,287,627	700,000	7,987,627
Net carrying amounts of the leased assets sold	4,491,368	700,000	5,191,368
Consideration	3,833,960	700,000	4,533,960
Minimum lease payments	4,497,289	894,618	5,391,907
Initial recognition amount of leased assets under sales and lease back agreement	3,833,970	700,000	4,533,970

(Amounts expressed in thousands of RMB unless otherwise stated)

20. FINANCE LEASE PAYABLES (Continued)

ii. Sale and leaseback transactions with related-party financing leasing company:

During the year 2015, the Group and Chinalco Financial Leasing, entered into six sales and lease back agreements under which the lease terms range from 2015 to 2018 and the lease rentals are payable by instalments with interest bearing charged at prevailing lending rates. Upon the expiry of the lease period, the Group is entitled to purchase the leased assets at nominal amount. Below is the summary of sales and lease back arrangements during the year.

	Machinery	Construction in Progress	Total
Original costs of the leased assets sold	1,692,907	265,180	1,958,087
Net carrying amounts of the leased assets sold	1,201,671	265,180	1,466,851
Consideration	1,150,000	–	1,150,000
Minimum lease payments	1,264,760	–	1,264,760
Initial recognition amount of leased assets under sales and lease back agreement	962,250	187,814	1,150,064

The Group disposed of the assets under the aforementioned sales and lease back arrangements and incurred gains and losses of RMB92 million and RMB1,066 million, respectively, which were amortized over their respective useful lives of the assets. Besides, the Group also entered sales and lease back agreements with Chinalco Finance during 2014.

(Amounts expressed in thousands of
RMB unless otherwise stated)

21. OTHER NON-CURRENT LIABILITIES

	31 December 2015	31 December 2014
Financial liabilities		
– Long-term payables for mining rights	**797,694**	757,185
– Other financial liabilities	**300**	14,109
	797,994	771,294
Obligations in relation to early retirement schemes *(Note (i))*	**827,305**	1,128,572
Deferred government grants	**1,384,865**	824,631
Deferred gain relating to sales and lease back agreements (*Note (ii)*)	**88,955**	–
Deferred government subsidies *(Note (iii))*	**96,780**	104,080
Provision for rehabilitation	**100,285**	94,195
Others	**6,475**	14,315
	2,504,665	2,165,793
	3,302,659	2,937,087

Notes:

(i) Obligations in relation to early retirement schemes

During the years ended 31 December 2010 and 2014, certain subsidiaries and branches implemented certain early retirement benefit schemes which allow qualified employees to early retire on a voluntary basis. The Group undertakes obligation to pay the early retirement employees' living expenses for no more than 5 years in the future on a monthly basis according to early retirement benefit schemes, together with social insurance and housing fund pursuant to the regulation of the local Social Security Office. Living expenses, social insurance and housing fund are together referred to as "the Payments". The Payments are forecasted to increase by 3% per annum with reference to the inflation rate and adjusted based on the average death rate of China. The Payments are discounted by treasury bond rate of 31 December 2015. As at 31 December 2015, the current portion of the Payments within one year is reclassified to "other payables and accrued liabilities".

(Amounts expressed in thousands of RMB unless otherwise stated)

21. OTHER NON-CURRENT LIABILITIES (Continued)

Notes: (Continued)

(i) Obligations in relation to early retirement schemes (Continued)

As at 31 December 2015, obligations in relation to retirement benefits under the Group's early retirement schemes are as follows:

	2015	2014
As at 1 January	**1,374,101**	80,040
Provision made during the year *(note 26(b) and note 29)*	**34,893**	1,360,284
Interest costs	**14,007**	3,868
Payment during the year	**(275,681)**	(70,091)
As at 31 December	**1,147,320**	1,374,101
Non-current	**827,305**	1,128,572
Current *(note 22)*	**320,015**	245,529
	1,147,320	1,374,101

(ii) As disclosed in note 20, the Group entered into several sales and lease back agreements which were finance leases during the year. The deferred gains resulting from the sale were classified under other non-current liabilities and were amortized over the useful lives of the assets leased back.

(iii) Deferred government subsidies represent certain national debt fund reserve and other subsidies granted by governmental units to support various qualified technical projects of the Group. These subsidies are deferred at the time they were received and are released when certain pre-determined conditions are met.

(Amounts expressed in thousands of
RMB unless otherwise stated)

22. OTHER PAYABLES AND ACCRUED LIABILITIES

	31 December 2015	31 December 2014 (restated)
Financial liabilities		
– Payable for capital expenditures	**5,119,061**	5,599,870
– Accrued interest	**1,112,528**	923,930
– Payables withheld as guarantees and deposits	**1,040,315**	960,935
– Dividends payable by subsidiaries to non-controlling shareholders	**233,036**	187,228
– Consideration payable for investment projects	**98,966**	89,569
– Current portion of payables for mining rights	**218,158**	519,990
– Others	**1,002,727**	920,101
	8,824,791	9,201,623
Sales and other deposits from customers	**1,654,058**	2,689,453
Taxes other than income taxes payable *(Note)*	**385,554**	374,721
Accrued payroll and bonus	**179,580**	277,239
Staff welfare payables	**276,435**	251,587
Current portion of obligation in relation to early retirement schemes *(note 21)*	**320,015**	245,529
Contribution payable for pension insurance	**123,331**	51,266
Others	**15,646**	111,756
	2,954,619	4,001,551
	11,779,410	13,203,174

Note: Taxes other than income taxes payable mainly comprise accruals for value-added tax, resource tax, city construction tax and education surcharge.

As at 31 December 2015, except for other payables and accrued liabilities of the Group amounting to RMB22 million and RMB0.311 million which were denominated in USD and HKD, respectively (31 December 2014: RMB365 million in USD, RMB0.004 million in HKD), all payables and accrued liabilities were denominated in RMB (31 December 2014: all in RMB).

(Amounts expressed in thousands of RMB unless otherwise stated)

23. TRADE AND NOTES PAYABLES

	31 December 2015	31 December 2014 (restated)
Trade payables	**7,785,562**	10,517,159
Notes payable	**6,720,576**	5,234,103
	14,506,138	15,751,262

As at 31 December 2015, except for trade and notes payables of the Group amounting to RMB228 million which were denominated in USD (31 December 2014: RMB1,450 million in USD, RMB0.2 million in EUR), all trade and notes payables were denominated in RMB (31 December 2014: all in RMB).

The ageing analysis of trade and notes payables is as follows:

	31 December 2015	31 December 2014 (restated)
Within 1 year	**14,014,456**	15,215,869
Between 1 and 2 years	**248,509**	293,832
Between 2 and 3 years	**55,067**	62,882
Over 3 years	**188,106**	178,679
	14,506,138	15,751,262

The trade and notes payables are non-interest-bearing and are normally settled within one year.

(Amounts expressed in thousands of
RMB unless otherwise stated)

24. PLEDGE OF ASSETS

The Group has pledged various assets as collateral against certain secured borrowings as set out in note 19. As at 31 December 2015, a summary of these pledged assets was as follows:

	31 December 2015	31 December 2014
Property, plant and equipment *(note 6)*	**6,102,859**	9,249,127
Land use rights *(note 7(b))*	**257,610**	409,181
Intangible assets *(note 5)*	**1,241,057**	1,124,726
Inventories *(note 12)*	**–**	50,000
Investment in an associate *(note 8(b))*	**421,270**	450,611
Notes receivable *(note 13)*	**26,500**	98,000
Trade receivables *(note 13)*	**360,000**	270,084
	8,409,296	11,651,729

As at 31 December 2015, in addition to the loans and borrowings which were pledged by the above assets, the current portion of long-term loans and borrowings amounting to RMB882 million (31 December 2014: RMB874 million) and the non-current portion of long-term loans and borrowings amounting to RMB10,384 million (31 December 2014: RMB11,572 million) were secured by the contractual right to charge users for electricity generated in the future. As at 31 December 2015, no short-term loans and borrowings (31 December 2014: RMB241 million) were secured by letters of credit. As at 31 December 2015, the current portion of long-term loans and borrowings amounting to RMB10 million and non-current portion of long-term loans and borrowings amounting to RMB1,667 million were secured by the investment in a 70.82% owned subsidiary of the Company, Ningxia Energy. As at 31 December 2015, the balance of investment in Ningxia Energy of the Company was RMB5,895 million. In addition, as at 31 December 2015, a short-term loan amounting to RMB80 million (31 December 2014: nil) was secured by the note receivables in the Group which had been eliminated.

(Amounts expressed in thousands of RMB unless otherwise stated)

25. PROFIT/(LOSS) BEFORE INCOME TAX

An analysis of profit or loss before income tax is as follows:

	2015	2014 (restated)
Purchase of inventories in relation to trading activities	**60,318,158**	71,647,273
Raw materials and consumables used	**28,903,325**	34,949,449
Changes in work-in-progress and finished goods	**594,799**	1,014,376
Power and utilities	**15,826,259**	17,740,895
Depreciation and amortisation	**7,294,988**	7,482,802
Employee benefit expenses *(Note)*	**6,056,960**	7,866,845
Repair and maintenance	**1,797,181**	1,857,471
Transportation expenses	**1,149,261**	1,055,912

Note: For the year ended 31 December 2015, employee benefit expenses include early retirement benefit expenses and termination benefit expenses amounting to RMB35 million (2014: RMB1,360 million) and RMB27 million (2014: RMB176 million), respectively.

26. OPERATING EXPENSES

(a) Selling and distribution expenses

An analysis of selling and distribution expenses is as follows:

	2015	2014 (restated)
Transportation and loading expenses	**1,149,261**	1,055,912
Packaging expenses	**268,244**	249,843
Port expenses	**61,212**	61,707
Employee benefit expenses	**67,247**	70,418
Sales commissions and other handling fees	**12,838**	36,553
Warehouse and other storage fees	**74,207**	52,113
Marketing and advertising expenses	**4,467**	7,011
Depreciation of non-production property, plant and equipment *(note 6)*	**22,731**	31,896
Others	**115,047**	197,578
	1,775,254	1,763,031

(Amounts expressed in thousands of
RMB unless otherwise stated)

26. OPERATING EXPENSES (Continued)

(b) General and administrative expenses

An analysis of general and administrative expenses is as follows:

	2015	2014 (restated)
Early retirement benefit expenses *(note 21)*	**34,893**	1,360,284
Termination benefit expenses *(note 29)*	**26,753**	176,002
Employee benefit expenses	**954,402**	1,050,384
Taxes other than income tax expense *(Note (i))*	**560,842**	519,979
Travelling and entertainment	**72,446**	89,833
Depreciation of non-production property, plant and equipment *(note 6)*	**172,337**	179,813
(Reversal)/provision for impairment of receivables, net	**(232,150)**	142,264
Operating lease rental expenses	**115,440**	118,831
Legal and other professional fees	**38,741**	51,164
Amortisation of land use rights and leasehold land *(note 7)*	**86,969**	84,608
Utilities and office supplies	**30,283**	34,697
Repairs and maintenance expenses	**40,462**	39,134
Insurance expense	**17,910**	33,433
Pollutants discharge fees	**17,141**	28,984
Auditors' remuneration *(Note (ii))*	**23,666**	25,176
Amortisation of intangible assets *(note 5)*	**32,030**	42,105
Water and electricity expenses	**25,427**	24,176
Property management fees	**37,314**	40,693
Bank charges and others	**95,047**	110,969
Impairment of intangible assets and land use rights and leasehold land	**–**	249,228
Others	**184,118**	436,630
	2,334,071	4,838,387

Notes:

(i) Taxes other than income tax expense mainly comprise business tax, surcharges, land use tax, property tax and stamp duty.

(ii) During the year ended 31 December 2015, auditors' remuneration include audit and non-audit services provided by Ernst & Young, including Ernst & Young Hong Kong and Ernst & Young Hua Ming LLP amounting to RMB22.9 million (2014: RMB22.2 million), and services provided by other auditors.

(Amounts expressed in thousands of RMB unless otherwise stated)

27. GOVERNMENT GRANTS AND OTHER GAINS, NET

(a) Government grants

For the year ended 31 December 2015, government grants amounting to RMB1,769 million (2014: RMB824 million) were recognised as income for the year necessary to compensate the costs and facilitate the Group's development. There are no unfulfilled conditions or contingencies attached to the grants.

(b) Other gains, net

	2015	2014
Partial disposal of Jiaozuo Wanfang *(note 8(b))*	**832,369**	–
Gain on disposal of Shanxi Huaxing *(note 39(a))*	**2,588,134**	–
Realised (loss)/gains on futures, forward and option contracts, net *(Note)*	**(477,733)**	156,617
Unrealised (loss)/gains on futures, forward and option contracts, net *(Note)*	**(213,085)**	110,250
Gain on disposal of aluminum plants and buildings of Guizhou Branch *(note 6)*	**1,364,821**	–
Gain on disposal of Hong Kong properties *(note 35(a)(xiii))*	**209,735**	–
Gain on disposal of urban properties and land use rights for capital injection *(note 8(b))*	**350,218**	–
Gain on disposal of Gansu Hualu land use right *(note 7(b))*	**375,025**	–
Gain/(losses) on disposal of other property, plant and equipment and land use rights, net	**18,075**	(44,144)
Gain on investments in financial products	**38,469**	71,023
Others	**(62,428)**	63,189
	5,023,600	356,935

Note: None of these futures, forward and option contracts is designated for hedge accounting.

(Amounts expressed in thousands of RMB unless otherwise stated)

28. FINANCE INCOME/FINANCE COSTS

An analysis of finance income/finance costs are as follows:

	2015	2014 (restated)
Finance income – interest income	**(812,084)**	(1,047,607)
Interest expense	**6,045,011**	7,128,947
Less: interest expense capitalised in property, plant and equipment *(note 6)*	**(476,032)**	(532,695)
Interest expense, net of capitalised interest	**5,568,979**	6,596,252
Amortisation of unrecognized finance expenses	**284,835**	123,881
Exchange losses, net	**95,851**	10,464
Finance costs	**5,949,665**	6,730,597
Finance costs, net	**5,137,581**	5,682,990
Capitalisation rate during the year *(note 6)*	**4.90% to 6.55%**	5.80% to 7.10%

(Amounts expressed in thousands of RMB unless otherwise stated)

29. EMPLOYEE BENEFIT EXPENSES

An analysis of employee benefit expenses is as follows:

	2015	2014
Salaries and bonus	**3,930,088**	4,314,247
Housing fund	**395,203**	424,238
Staff welfare and other expenses *(Note)*	**1,670,023**	1,879,197
Employment expense in relation to early retirement schemes *(note 21 and note 26(b))*	**34,893**	1,360,284
Employment expenses in relation to termination benefit *(note 26(b))*	**26,753**	176,002
	6,056,960	8,153,968

Note: Staff welfare and other expenses include staff welfare, staff union expenses, staff education expenses, unemployment insurance expenses and pension insurance expenses, etc.

Employee benefit expenses include remuneration payables to directors, supervisors and senior management as set out in note 30.

30. DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S REMUNERATION

(a) Directors' and supervisors' remuneration

The aggregate amounts of remuneration payables to directors and supervisors of the Company during the year are as follows:

	2015	2014
Fees	**653**	622
Basic salaries, housing fund, other allowances and benefits in kind	**1,143**	2,590
Discretionary bonus	**–**	–
Pension cost	**140**	316
	1,936	3,528

(Amounts expressed in thousands of
RMB unless otherwise stated)

30. DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S REMUNERATION (Continued)

(a) Directors' and supervisors' remuneration (Continued)

The remuneration of each director and supervisor of the Company for the year ended 31 December 2015 is set out below:

Name of directors and supervisors	Fees	Salary	Discretionary Bonus	Pension	Total
Directors:					
Ge Honglin *(Note (i))*	–	–	–	–	–
Ao Hong *(Note (ii))*	–	–	–	–	–
Luo Jianchuan *(Note (ii))*	–	–	–	–	–
Liu Xiangmin	–	–	–	–	–
Jiang Yinggang	–	643	–	70	713
Liu Caiming *(Note (iii)*	–	–	–	–	–
Wang Jun	150	–	–	–	150
Ma Si-hang, Frederick *(Note (iv))*	192	–	–	–	192
Lie-A-Cheong Tai-Chong, David *(Note (iv))*	–	–	–	–	–
Chen Lijie *(Noted (v))*	162	–	–	–	162
Hu Shihai *(Noted (vi))*	102	–	–	–	102
Wu Zhenfang *(Noted (ix))*	47	–	–	–	47
Wu Jianchang *(Noted (x))*	–	–	–	–	–
	653	643	–	70	1,366
Supervisors:					
Zhao Zhao	–	–	–	–	–
Yuan Li	–	500	–	70	570
Zhang Zhankui *(Note (vii))*	–	–	–	–	–
Wang Jun *(Note (viii))*	–	–	–	–	–
	–	500	–	70	570
Total	653	1,143	–	140	1,936

30. DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S REMUNERATION (Continued)

(a) Directors' and supervisors' remuneration (Continued)

Notes:

(i) Mr. Ge Honglin was elected as an executive director of the Company at the 2015 first extraordinary general meeting of the Company and he was elected as the chairman of the Board of the Company at the sixteenth meeting of the fifth session of the Board of the Company. On 16 February 2016, Mr. Ge proposed to resign as an executive Director, the chairman of the Board and from each of his positions in relevant special committees under the Board of the Company due to his work commitment.

(ii) On 20 November 2015, due to work arrangement, Mr. Luo Jianchuan resigned from the Executive Director and President of the Company, along with all the duties of various special committees. Mr. Ao Hong was elected to be the Executive Director in the second extraordinary shareholders' meeting in 2015 of the fifth session of the board of directors.

(iii) Mr. Liu Caiming was elected as a non-executive director of the fifth session of the Board of the Company at the 2015 first extraordinary general meeting of the Company.

(iv) On 12 November 2015, due to other work arrangement, Mr Ma Si-hang resigned as an independent non-executive director and relevant duties of various special committees of the board of directors. Through the review of the election nomination committee of the fifth session of the board of directors and discussion of board of directors' 23th meeting, Mr. Lie-A-Cheong Tai-Chong, David was nominated to be the candidate of Non-executive Director. In the second extraordinary shareholders meeting in 2015, he was elected to be independent non-executive director of the fifth session of the board of directors.

(v) Ms. Chen Lijie was elected as an independent non-executive director of the fifth session of the Board of the Company at the 2015 first extraordinary general meeting of the Company.

(vi) Mr. Hu Shihai was elected as an independent non-executive director of the fifth session of the Board of the Company at the 2015 annual general meeting of the Company.

(vii) On 13 November 2015, due to other work arrangement, Mr. Zhang Zhankui resigned as a supervisor of the Group. On 13 November 2015, Mr. Zhang Zhankui was appointed as Chief Financial Officer by the Company with effect from 13 November 2015.

(viii) The controlling shareholder, Chinalco nominated Mr. Wang Jun as the candidate for the supervisor of the fifth session of the board of supervisors. Mr. Wang Jun was elected to be supervisor of the fifth session of the board of supervisors.

(ix) On 2 April 2015, due to the investigation by the competent authority, Mr. Wu Zhenfang resigned as an independent non-executive Director and from relevant positions in the special committees under the Board of the Company by submitting a resignation to the Board.

(x) Due to his age, Mr. Wu Jianchang resigned from the position of independent Non-executive Director of the Company, with effect from 26 February 2015.

(Amounts expressed in thousands of
RMB unless otherwise stated)

30. DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S REMUNERATION (Continued)

(a) Directors' and supervisors' remuneration (Continued)

The remuneration of each director and supervisor of the Company for the year ended 31 December 2014 is set out below:

Name of directors and supervisors	Fees	Salary	Discretionary bonus	Pension	Total
Directors:					
Xiong Weiping	–	606	–	63	669
Luo Jianchuan	–	528	–	63	591
Liu Xiangmin	–	515	–	63	578
Jiang Yinggang	–	491	–	63	554
Wu Jianchang	94	–	–	–	94
Ma Si-hang, Frederick	189	–	–	–	189
Wu Zhenfang	189	–	–	–	189
Wang Jun	150	–	–	–	150
Liu Caiming	–	–	–	–	–
Sun Zhaoxue	–	–	–	–	–
	622	2,140	–	252	3,014
Supervisors:					
Zhao Zhao	–	–	–	–	–
Yuan Li	–	450	–	64	514
Zhang Zhankui	–	–	–	–	–
	–	450	–	64	514
Total	622	2,590	–	316	3,528

(Amounts expressed in thousands of RMB unless otherwise stated)

30. DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S REMUNERATION (Continued)

(a) Directors' and supervisors' remuneration (Continued)

The remuneration of the directors and supervisors of the Company fell within the following band:

	Number of individuals	
	2015	2014
Nil to RMB1,000,000	**16**	13

During the year, no options were granted to the directors or the supervisors of the Company (2014: nil).

During the year, no emoluments were paid to the directors or the supervisors of the Company (among which included the five highest paid employees) as an inducement to join or upon joining the Company or as compensation for loss of office (2014: nil).

No directors or supervisors of the Company waived any remuneration during the years 2015 and 2014.

(b) Five highest paid individuals

During the year ended 31 December 2015, the five highest paid employees of the Group include a director and a supervisor (2014: four directors) whose remuneration is reflected in the analysis presented above. The remuneration payable to the remaining three individuals during 2015 (2014: one) is as follows:

	2015	2014
Basic salaries, housing fund, other allowances and benefits in kind	**1,875**	491
Discretionary bonus	**–**	–
Pension cost	**204**	63
	2,079	554

(Amounts expressed in thousands of
RMB unless otherwise stated)

30. DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S REMUNERATION (Continued)

(b) Five highest paid individuals (Continued)

The number of the remaining three individual during 2015 (2014: 1) whose remuneration fell within the following band is as follows:

	Number of employees	
	2015	2014
Nil to RMB1,000,000	**3**	1

31. INCOME TAX BENEFIT/(EXPENSE)

	2015	2014
Current income tax expenses:		
– PRC corporate income tax	**(255,299)**	(260,721)
Deferred income tax benefit/(expense)	**485,719**	(814,189)
	230,420	(1,074,910)

In general, the Group's PRC entities are subject to PRC corporate income tax at the standard rate of 25% (2014: 25%) on their respective estimated assessable profits for the year. Certain branches and subsidiaries of the Company located in the western regions of the PRC are granted tax concessions including a preferential tax rate of 15% (2014: 15%).

(Amounts expressed in thousands of RMB unless otherwise stated)

31. INCOME TAX EXPENSE (Continued)

The reconciliation between the actual income tax expense of the Group and the theoretical tax amount that would arise using the PRC standard income tax rate applied to profit or loss before income tax of the Group is as follows:

	2015	2014 (restated)
Profit/(loss) before income tax	**193,293**	(15,965,813)
Tax expense/(benefit) calculated at the standard income tax rate of 25% (2014: 25%)	**48,323**	(3,991,453)
Tax effects of:		
Preferential income tax rates applicable to certain branches and subsidiaries	**21,442**	(19,631)
Impact of change in income tax rate	**4,538**	(53,490)
Tax losses of which no deferred tax assets recognised	**422,230**	2,045,362
Deductible temporary differences of which no deferred tax assets recognised	**241,812**	1,223,707
Utilisation of previously unrecognised tax losses	**(358,106)**	(9,477)
Tax incentive in relation to deduction limits of certain expenses	**(2,502)**	(4,949)
Non-taxable income and deductible interest	**(149,084)**	(205,539)
Expenses not deductible for tax purposes	**30,280**	417,544
Write-off of unrecoverable deferred tax assets previously recognized	**76,775**	383,314
Recognition of deferred tax assets related to previously unrecognized deductible temporary differences and tax losses	**(238,728)**	–
Unrecognized taxable temporary differences relating to equity investments	**(351,846)**	–
Recognition of taxable temporary differences relating to equity investments previously unrecognized	**–**	1,321,405
True up adjustments in respect of prior year's annual income tax filings and others	**24,446**	(31,883)
Income tax (benefit)/expense	**(230,420)**	1,074,910
Effective tax rate	**(119%)**	(6.73%)

Share of income tax expense of associates and joint ventures of RMB41 million (2014: RMB52.0 million) and RMB21 million (2014: RMB20.4 million) is included in "share of profits and losses of associates" and "share of profits and losses of joint ventures", respectively.

(Amounts expressed in thousands of
RMB unless otherwise stated)

32. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

(a) Basic

The basic earnings/(loss) per share is calculated by dividing the earnings/(loss) attributable to equity holders of the parent by the weighted average number of shares in issue during the year.

	2015	2014 (restated)
Profit/(loss) attributable to owners of the parent *(RMB)*	**206,318,673**	(16,208,169,006)
Other equity instruments' distribution	**(19,287,671)**	–
	187,031,002	(16,208,169,006)
Weighted average number of ordinary shares in issue	**14,272,716,517**	13,524,487,892
Basic earnings/(loss) per share *(RMB)*	**0.01**	(1.20)

(b) Diluted

The diluted earnings/(loss) per share for the years ended 31 December 2015 and 2014 are the same as the basic earnings/(loss)per share as there were no dilutive potential shares during those years.

33. DIVIDENDS

According to the articles of association of the Company, the Company considers the maximum limit of profit appropriation to its shareholders is the lowest of:

(i) the sum of the current period net profit and opening retained earnings in accordance with IFRSs;

(ii) the sum of the current period net profit and opening retained earnings in accordance with the PRC Accounting Standards for Business Enterprises; and

(iii) the amount limited by the Company Law of the PRC.

According to the resolution at the annual shareholders' meeting dated 25 June 2015, no dividend would be distributed for the year ended 31 December 2014. Thus, no dividend was paid in 2015 (2014: nil).

According to the resolution of the Board of Directors dated 17 March 2016, the directors did not propose any final dividend for the year ended 31 December 2015, which is to be approved by the shareholders.

(Amounts expressed in thousands of
RMB unless otherwise stated)

34. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	2015	2014 (restated)
Cash flows generated from operating activities			
Profit/(loss) before income tax		**193,293**	(15,965,813)
Adjustments for:			–
Share of profits and losses of joint ventures	8(a)	**(23,238)**	(89,510)
Share of profits and losses of associates	8(b)	**(284,531)**	(350,575)
Depreciation of property, plant and equipment	6	**6,868,929**	6,967,819
(Gain) /loss on disposal of other property, plant and equipment and land use rights, net	27(b)	**(18,075)**	44,144
Impairment losses of property, plant and equipment	6	**10,011**	5,679,521
Impairment losses of intangible assets	5	**–**	108,424
Impairment losses of land use rights and leasehold land	7	**–**	140,804
Amortisation of intangible assets	5	**255,098**	288,249
Amortisation of land use rights and leasehold land	7	**86,969**	84,608
Amortisation of prepaid expenses included in other non-current assets	11	**83,992**	142,126
Realised and unrealised gains on futures, option and forward contracts	27(b)	**690,818**	(266,867)
Gain on disposal of Shanxi Huaxing	27(b)	**(2,588,134)**	–
Loss on disposal of Ningxia photovoltaic subsidiaries		**18,873**	–
Gain on disposal of Jiaozuo Wanfang	27(b)	**(832,369)**	–
Gain on disposal aluminum production buildings and plants of Guizhou Branch	27(b)	**(1,364,821)**	–
Gain on disposal of land use right of Gansu Hualu	27(b)	**(375,025)**	–
Gain on disposal of urban properties for capital injection	27(b)	**(350,218)**	–
Gain on disposal of Hong Kong Properties	27(b)	**(209,735)**	–
Receipt from government subsidies		**(280,535)**	(154,726)
Interest income		**(340,278)**	(605,385)
Interest expense		**5,949,665**	6,720,132
Gain on financial products	27(b)	**(38,469)**	71,023
Change in special reserve		**(103,364)**	65,450
Others		**(3,085)**	–
		7,345,771	2,879,424

(Amounts expressed in thousands of RMB unless otherwise stated)

34. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

	Notes	2015	2014 (restated)
Cash flows generated from operating activities (Continued)			
Changes in working capital:			
Decrease in inventories		**1,954,192**	1,132,087
(Increase)/decrease in trade and notes receivables		**(44,771)**	841,622
(Increase)/decrease in other current assets		**(769,218)**	3,158,148
Increase in restricted cash		**(126,364)**	(615,432)
Increase in other non-current assets		**(566,664)**	(23,834)
(Decrease)/increase in trade and notes payables		**(841,662)**	3,296,851
Increase in other payables and accrued liabilities		**1,019,266**	2,745,679
Increase in other non-current liabilities		**(461,995)**	712,929
Cash generated from operations *(Note (i))*		**7,508,555**	14,127,474
PRC corporate income taxes paid		**(277,105)**	(308,715)
Net cash generated from operating activities		**7,231,450**	13,818,759
Non-cash transactions of investing activities and financing activities			
Debt to equity swap *(Note (ii))*		**74,800**	121,200
Capital injection in an associate by properties and land use right *(Note (iii))*		**565,627**	–

34. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

Note (i): The cash inflows from the derecognised notes receivable which are discounted to banks are included in the cash flows generated from operating activities.

Note (ii): As disclosed in note 8(a), Guizhou Mining Company Co., Ltd converted its receivables amounting to RMB74.8 million due from Hengtaihe Mining Corporation Co., Ltd into capital injection.

Note (iii): As disclosed in note 8(b) in 2015, the Company together with its two subsidiaries, Chalco International Trading and Shanghai Kelin made capital contributions to Chinalco Property Development by way of injecting certain urban property assets.

Note (iv): In 2015, the Group had endorsed notes receivables from selling products and providing services amounting to RMB6,971 million.

35. SIGNIFICANT RELATED PARTY BALANCES AND TRANSACTIONS

The Company is controlled by Chinalco, the parent company and a state-owned enterprise established in the PRC. Chinalco itself is controlled by the PRC government, which also owns a significant portion of the productive assets in the PRC. In accordance with IAS 24 *Related Party Disclosures* government-related entities and their subsidiaries, directly or indirectly controlled, jointly controlled or significantly influenced by the PRC government are defined as related parties of the Group. On that basis, related parties include Chinalco and its subsidiaries (other than the Group), other government-related entities and their subsidiaries ("other state-owned enterprises"), other entities and corporations over which the Company is able to control or exercise significant influence and key management personnel of the Company and Chinalco as well as their close family members.

For the purposes of the related party transaction disclosures, the directors of the Company believe that meaningful information in respect of related party transactions has been adequately disclosed.

(Amounts expressed in thousands of RMB unless otherwise stated)

35. SIGNIFICANT RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

In addition to the related party information and transactions disclosed elsewhere in the consolidated financial statements, the following is a summary of significant related party transactions entered in the ordinary course of business between the Group and its related parties during the year.

(a) Significant related party transactions

	Notes	2015	2014
Sales of goods and services rendered:			
Sales of materials and finished goods to:	(i)		
Chinalco and its subsidiaries	(ix)	**11,085,064**	7,040,457
Associates of Chinalco		**703,628**	170,338
Joint ventures of Chinalco		**–**	142
Joint ventures		**79,034**	48,903
Associates		**2,165,445**	2,146,870
		14,033,171	9,406,710
Provision of engineering, construction and supervisory services to:	(iii)		
Chinalco and its subsidiaries	(ix)	**62,375**	68,634
Provision of utility services to:	(ii)		
Chinalco and its subsidiaries	(ix)	**302,571**	390,046
Associates of Chinalco		**14,803**	17,750
Joint ventures		**–**	113
Associates		**553**	1,977
		317,927	409,886
Provision of product processing services to:	(vii)		
Chinalco and its subsidiaries	(ix)	**–**	3,169
Rental revenue of land use rights and buildings to:	(vi)		
Chinalco and its subsidiaries		**34,281**	34,887
Associates of Chinalco		**249**	–
		34,530	34,887

(Amounts expressed in thousands of
RMB unless otherwise stated)

35. SIGNIFICANT RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

(a) Significant related party transactions (Continued)

	Notes	2015	2014
Purchases of goods and services:			
Purchases of engineering, construction and supervisory services from:	(iii)		
Chinalco and its subsidiaries	(ix)	**1,610,428**	987,706
Purchases of key and auxiliary materials, equipment and finished goods from:	(iv)		
Chinalco and its subsidiaries	(ix)	**1,710,841**	3,009,894
Associates of Chinalco		**–**	386,609
Joint ventures		**1,276,078**	1,268,123
Associates		**414,539**	762,003
		3,401,458	5,426,629
Provision of social services and logistics services by:	(v)		
Chinalco and its subsidiaries	(ix)	**324,872**	312,626
Provision of utility services by:	(ii)		
Chinalco and its subsidiaries	(ix)	**643,597**	414,745
Provision of product processing services by:	(vii)		
Chinalco and its subsidiaries	(ix)	**62,623**	76,075
Rental expenses for buildings and land use rights charged by Chinalco and its subsidiaries	(vi), (ix)	**590,657**	561,528

(Amounts expressed in thousands of RMB unless otherwise stated)

35. SIGNIFICANT RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

(a) Significant related party transactions (Continued)

	Notes	2015	2014
Other significant related party transactions:			
Borrowing from a subsidiary of Chinalco	(viii), (ix)	**5,929,000**	1,429,000
Interest expense on a borrowing from a subsidiary of Chinalco		**137,777**	38,772
Entrusted loan from a subsidiary of Chinalco		**–**	70,000
Entrusted loans and other borrowings to:			
Joint ventures		**140,000**	764,000
Interest income on entrusted loans and other borrowings:			
Joint ventures		**14,061**	60,459
An associate		**–**	88
Chinalco and its subsidiaries		**–**	2,027
		14,061	62,574
Interest income from the unpaid disposal proceeds from:			
Chinalco and its subsidiaries		**326,217**	542,811

(Amounts expressed in thousands of
RMB unless otherwise stated)

35. SIGNIFICANT RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

(a) Significant related party transactions (Continued)

	Notes	**2015**	2014
Disposal of assets under a sale and leaseback contract to a subsidiary of Chinalco	(xi)	**1,150,000**	300,000
Finance lease under a sale and leaseback contract from a subsidiary of Chinalco	(xi), (ix)	**1,150,064**	304,239
Provision of financial guarantees to:			
Joint ventures	(x)	**340,900**	345,760
An associate	(x)	**17,470**	23,710
		358,370	369,470
Financial guarantees provided by:			
Subsidiaries of Chinalco	19(e)	**12,000**	138,000
Discounted notes receivables to a subsidiary of Chinalco		**122,000**	118,757

35. SIGNIFICANT RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

(a) Significant related party transactions (Continued)

All transactions with related parties are conducted at prices and on terms mutually agreed by the parties involved, which are determined as follows:

(i) Sales of materials and finished goods comprised sales of alumina, primary aluminum, copper and scrap materials. Transactions entered into are covered by general agreements on mutual provision of production supplies and ancillary services. The pricing policy is summarised below:

(1) The price prescribed by the PRC government ("state-prescribed price") is adopted;

(2) If there is no state-prescribed price, state-guidance price is adopted;

(3) If there is neither state-prescribed price nor state-guidance price, then the market price (being price charged to and from independent third parties) is adopted; and

(4) If none of the above is available, then the adoption of a contractual price (being reasonable costs incurred in providing the relevant services plus not more than 5% of such costs is adopted).

(ii) Utility services, including electricity, gas, heat and water, are provided at the state-prescribed price.

(iii) Engineering, project construction and supervisory services were provided for construction projects of the Group. The state-guidance price or prevailing market price (including the tender price where by way of tender) is adopted for pricing purposes.

(iv) The pricing policy for purchases of key and auxiliary materials (including bauxite, limestone, carbon, cement and coal) is the same as that set out in (i) above.

35. SIGNIFICANT RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

(a) Significant related party transactions (Continued)

(v) Social services and logistics services provided by Chinalco Group cover public security, fire services, education and training, school and hospital services, cultural and physical education, newspaper and magazines, broadcasting and printing as well as property management, environmental and hygiene, greenery, nurseries and kindergartens, sanatoriums, canteens and offices, public transport and retirement management and other services. Provisions of these services are covered by the Comprehensive Social and Logistics Services Agreement. The pricing policy is the same as that set out in (i) above.

(vi) Pursuant to the Land Use Rights Lease Agreements entered into between the Group and Chinalco Group, operating leases for industrial or commercial land are charged at the market rent rate. The Group also entered into a building rental agreement with Chinalco Group and pays rent based on the market rate for its lease of buildings owned by Chinalco.

(vii) The pricing policy for product processing services is the same as that set out in (i) above.

(viii) Chinalco Finance, a wholly-owned subsidiary of Chinalco and a non-bank financial institution incorporated in the PRC, provide deposit services, credit services and miscellaneous financial services to the Group. The terms for the provision of financial services to the Group are no less favourable than those of the same type of financial services provided by Chinalco Finance to Chinalco and other members of its group or those of the same type of financial services that may be provided to the Group by other financial institutions.

(ix) The related party transactions in respect of these items above also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

35. SIGNIFICANT RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

(a) Significant related party transactions (Continued)

(x) The Group provided guarantees to Xinyugou Coal and Ningxia Tian Jing Shen Zhou Wind Power Co., Ltd., joint ventures of the Group, and Xingshengyuan Coal, an associate of the Group, for their bank loans amounting to RMB311 million, RMB30 million and RMB17 million, respectively.

(xi) As disclosed in note 20, the Company and its subsidiaries have entered into several sales and lease back agreements with Chinalco Finance and Chinalco Finance Leasing, respectively. Under these agreements, the Company and its subsidiaries sold certain assets and construction in progress to Chinalco Finance and Chinalco Finance Leasing, and leased back the assets and construction in progress under finance lease terms.

(xii) As disclosed in note 8(b), the Group transferred certain urban properties and cash to Chinalco Property Development as capital injection which constituted a connected transaction.

(xiii) Transfer of the Property Assets of Chalco Hong Kong to Chinalco Assets Holdings

In November 2015, Chalco Hong Kong and Chinalco Assets Holdings entered into an asset transfer agreement, pursuant to which, Chalco Hong Kong agreed to dispose of the property assets ("HK Property") of Chalco Hong Kong to Chinalco Assets Holdings. The appraised value of the properties was HKD372 million (equivalent to RMB311 million) as at the Benchmark Date of 30 September 2015. According to the asset transfer agreement, 30% of the total consideration, i.e. HKD112 million (equivalent to RMB93 million), shall be paid to Chalco Hong Kong by Chinalco Assets Holdings in December 2015, and the remaining 70% of the total consideration shall be paid before 30 June 2016. The transaction between the Group and Chinalco Assets Holdings constituted a connected transaction.

The Group disposed of the Hong Kong Properties with carrying value of RMB102 million and recognised a gain of RMB210 million. In December 2015, the Group received the first batch of the asset transfer consideration of RMB93 million.

35. SIGNIFICANT RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

(a) Significant related party transactions (Continued)

(xiv) As disclosed in note 38, the Group acquired relevant assets and liabilities of High-Purity Aluminum Plant and Light Metal Material Plant ("High-Purity Aluminum and Light Metal") from Baotou Group which also constituted a connected transaction.

(xv) As disclosed in note 8(b), the capital injection to Chalco Resource constituted a connected transaction.

(xvi) As disclosed in note 8(b), the capital injection to China Rare Earth constituted a connected transaction.

During the years ended 31 December 2015 and 2014, the Group's significant transactions with other state-owned enterprises (excluding Chinalco and its subsidiaries) constituted a large portion of its sales of goods and purchases of raw materials, electricity, property, plant and equipment and services. In addition, substantially all restricted cash, time deposits, cash and cash equivalents and borrowings as at 31 December 2015 and 2014 and the relevant interest earned or paid during the year were transacted with banks and other financial institutions which are controlled by the PRC government.

* The English names represent the best effort by the management of the Group in translating their Chinese names as they do not have any official English names.

(Amounts expressed in thousands of RMB unless otherwise stated)

35. SIGNIFICANT RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

(b) Balances with related parties

Other than those disclosed elsewhere in the consolidated financial statements, the outstanding balances with related entities at the year end are as follows:

	31 December 2015	31 December 2014
Cash and cash equivalents deposited with		
A subsidiary of Chinalco *(Note)*	**7,585,515**	4,889,705
Trade and notes receivables		
Chinalco and its subsidiaries	**857,742**	886,532
Associates of Chinalco	**23**	1,922
Associates	**–**	229
Joint ventures	**28,268**	8,213
	886,033	896,896
Provision for impairment of receivables	**(125,694)**	(167,799)
	760,339	729,097

Note: On 26 August 2011, the Company entered into an agreement with Chinalco Finance, pursuant to which, Chinalco Finance agreed to provide deposit services, credit services and other financial services to the Group. On 24 August 2012 and 28 April 2015, the Company renewed the financial service agreement with Chinalco Finance with a validation term of three years ending 25 August 2018.

(Amounts expressed in thousands of
RMB unless otherwise stated)

35. SIGNIFICANT RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

(b) Balances with related parties (Continued)

	31 December 2015	31 December 2014
Other current assets		
Chinalco and its subsidiaries	**4,852,181**	4,841,266
Associates	**–**	90,977
Joint ventures	**1,438,938**	1,310,499
	6,291,119	6,242,742
Less: Provision for impairment of other current assets	**(49,014)**	(54,516)
	6,242,105	6,188,226
Other non-current assets		
Chinalco and its subsidiaries	**4,252,776**	8,195,904
Joint ventures	**409,251**	–
An associate	**111,846**	111,846
	4,773,873	8,307,750
Borrowings and finance lease payable		
Subsidiaries of Chinalco	**6,070,364**	1,402,639
Trade and notes payables		
Chinalco and its subsidiaries	**481,006**	429,809
Associates of Chinalco	**–**	4
Associates	**–**	15,520
Joint ventures	**160,215**	81,988
	641,221	527,321

(Amounts expressed in thousands of RMB unless otherwise stated)

35. SIGNIFICANT RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

(b) Balances with related parties (Continued)

	31 December 2015	31 December 2014
Other payables and accrued liabilities		
Chinalco and its subsidiaries	**1,281,120**	1,426,842
Associates of Chinalco	**171**	880
Associates	**1,019**	91,207
Joint ventures	**62,613**	472
	1,344,923	1,519,401

As at 31 December 2015, included in long-term loans and borrowings and short-term loans and borrowings are borrowings payable to other state-owned enterprises amounting to RMB31,345 million (31 December 2014: RMB31,680 million) and RMB50,794 million (31 December 2014: RMB73,651 million).

The terms of all balances with the exception of the entrusted loans were unsecured and were in accordance with terms as set out in the respective agreements or as mutually agreed between the parties concerned.

(Amounts expressed in thousands of
RMB unless otherwise stated)

35. SIGNIFICANT RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

(c) Compensation of key management personnel

	2015	2014
Fees	**653**	622
Basic salaries, housing fund, other allowances and benefits in kind	**3,202**	4,062
Discretionary bonus	**–**	–
Pension cost	**221**	508
	4,076	5,192

Details of directors' and senior management's remuneration are included in note 30 to the financial statements.

(d) Commitments with related parties

As at 31 December 2015 and 2014, except for the other capital commitments disclosed in note 42(c) to these financial statements, the Group had no significant commitments with related parties.

36. FINANCIAL AND CAPITAL RISK MANAGEMENT

36.1 Financial risk management

The Group's activities expose it to a variety of financial risks, including market risk (including foreign currency risk, cash flow and fair value interest rate risk and commodity price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise the potential adverse effects on the Group's financial performance.

Risk management is carried out by the treasury management department (the "Group Treasury") under policies approved by the board of directors of the Company. The Group Treasury identifies, evaluates and hedges financial risks through close co-operation with the Group's operating units.

(a) Market risk

(i) Foreign currency risk

Foreign currency risk primarily arises from certain significant foreign currency deposits, trade and notes receivables, trade and notes payables, receivable from a subsidiary of Chinalco due to disposal of an entity in the preceding year and disposal of Hong Kong Properties in the current year, and short-term and long-term loans denominated in United States dollars ("USD"), Australian dollars ("AUD"), Euro ("EUR"), Japanese yen ("JPY") and Hong Kong dollars ("HKD"). Related exposures are disclosed in notes 11, 13, 14, 15 and 19 and 23 to the financial statements, respectively. The Group Treasury closely monitors the international foreign currency market on the change of exchange rates and takes these into consideration when investing in foreign currency deposits and borrowing loans. As at 31 December 2015, the Group only has significant exposure to USD.

As at 31 December 2015, if RMB had strengthened/weakened by 5% against USD with all other variables held constant, the comprehensive income for the year would have been approximately RMB177 million lower/higher (2014: RMB238 million higher/lower), mainly as a result of foreign exchange gains and losses arising from translation of USD-denominated borrowings and receivables. Profit was less sensitive to the fluctuation in the RMB/USD exchange rates in 2015 than in 2014, mainly due to the decrease in the USD denominated cash and receivables.

36. FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

36.1 Financial risk management (Continued)

(a) Market risk (Continued)

(i) *Foreign currency risk* (Continued)

As the assets and liabilities denominated in other foreign currencies other than USD were minimal relative to the total assets and liabilities of the Group, the directors of the Company are of the opinion that the Group was not exposed to any significant foreign currency risk arising from these foreign currency denominated assets and liabilities as at 31 December 2015 and 2014.

(ii) *Interest rate risk*

As at 31 December 2015, as the Group had no significant interest-bearing assets except for bank deposits (note 15), entrusted loans (note 14), receivables arising from disposal of subsidiaries, business and assets (note 11 and note 14) and a prepayment paid to a supplier (note 11), the Group's income and operating cash flows are substantially independent of changes in market interest rates.

Most of the bank deposits are maintained in savings and time deposit accounts in the PRC. The interest rates are regulated by the People's Bank of China and the Group Treasury closely monitors the fluctuation on such rates periodically. The interest rates of entrusted loans and a deposit paid to a supplier are fixed, the interest rate of the receivables from disposal of subsidiaries, business and assets to Chinalco is at the rate of one-year bank loan determined by People's Bank of China at the payment date and the interest rate of the receivables from disposal of an entity to a subsidiary of Chinalco is LIBOR plus 0.9%. As the interest rates applied to the deposits and receivables from disposal of subsidiaries, business and assets were relatively low and the interest rates applied to the entrusted loans and a prepayment paid to a supplier were fixed, the directors of the Company are of the opinion that the Group was not exposed to any significant interest rate risk for its financial assets held as at 31 December 2015 and 2014.

36. FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

36.1 Financial risk management (Continued)

(a) Market risk (Continued)

(ii) *Interest rate risk* (Continued)

The interest rate risk for the Group's financial liabilities primarily arises from interest-bearing loans. Loans borrowed at floating interest rates expose the Group to cash flow interest rate risk. The exposures to these risks are disclosed separately in note 19. The Group enters into debt obligations to support general corporate purposes including capital expenditures and working capital needs. The Group Treasury closely monitors market interest rates and maintains a balance between variable rate and fixed rate borrowings in order to reduce the exposures to the interest rate risk described above.

As at 31 December 2015, if interest rates had been 100 basis points (31 December 2014: 100 basis points) higher/lower for bank and other loans borrowed at floating interest rates with all other variables held constant, net profit for the year would have been RMB503 million lower/higher (2014: RMB547 million (restated)), respectively, mainly as a result of the higher/lower interest expense on floating rate borrowings.

The fair value interest rate risk of the Group mainly arises from long-term bonds, medium-term notes and short-term bonds issued at fixed rates. As the fluctuation of comparable interest rates of corporate bonds with similar terms was relatively low, the directors of the Company are of the opinion that the Group is not exposed to any significant fair value interest rate risk for its fixed interest rate borrowings held as at 31 December 2015 and 2014.

36. FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

36.1 Financial risk management (Continued)

(a) Market risk (Continued)

(iii) Commodity price risk

The Group uses futures and option contracts to reduce its exposure to fluctuations in the price of primary aluminum and other products. The Group uses the futures contract for hedging other than speculation. With reference to the hedging of primary aluminum, production company hedges the output of primary aluminum and trading company hedges the quantities of buyout and self-supporting.

The Group uses mainly futures contracts and option contracts traded on the Shanghai Futures Exchange and London Metal Exchange ("LME") to hedge against fluctuations in primary aluminum prices. As at 31 December 2015, the fair values of the outstanding futures contracts amounting to RMB2 million (31 December 2014: RMB121 million) and RMB11 million (31 December 2014: RMB4 million) are recognised in financial assets and financial liabilities at fair value through profit or loss, respectively. As at 31 December 2015, the fair value of outstanding options contracts amounting to RMB151 million (31 December 2014: RMB25 million) was recognised in financial liabilities at fair value through profit or loss.

(Amounts expressed in thousands of RMB unless otherwise stated)

36. FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

36.1 Financial risk management (Continued)

(a) Market risk (Continued)

(iii) *Commodity price risk* (Continued)

A summary of futures contracts held as at 31 December 2015 is as follows:

	As at 31 December 2015			
	Quantity (expressed in tonnes)	**Contract value**	**Market value**	**Contract maturity**
Primary aluminum:				
– long position	**51,850**	**532,285**	**568,353**	**January to March 2016**
– short position	**229,535**	**2,470,025**	**2,513,938**	**January to June 2016**
Copper:				
– long position	**425**	**15,513**	**15,615**	**January 2016**
– short position	**2,525**	**92,433**	**92,756**	**January to February 2016**
Zinc:				
– long position	**1,275**	**16,863**	**17,116**	**February to May 2016**
– short position	**800**	**9,884**	**10,732**	**February 2016**

(Amounts expressed in thousands of RMB
unless otherwise stated)

36. FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

36.1 Financial risk management (Continued)

(a) Market risk (Continued)

(iii) *Commodity price risk* (Continued)

	As at 31 December 2014			
	Quantity (expressed in tonnes)	Contract value	Market value	Contract maturity
Primary aluminum:				
– long position	44,535	600,762	591,871	January to May 2015
– short position	121,860	1,703,565	1,571,999	February to March 2015
Copper:				
– long position	8,900	384,072	379,780	January to March 2015
Zinc:				
– long position	1,000	16,444	16,723	January to May 2015
– short position	460	7,700	7,672	January to May 2015
Lead:				
– short position	25	340	308	January 2015
Coal:				
– long position	90,000	68,568	67,140	September 2015
– short position	52,000	51,148	51,996	January to May 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

36. FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

36.1 Financial risk management (Continued)

(a) Market risk (Continued)

(iii) *Commodity price risk* (Continued)

As at 31 December 2015, if the commodity futures prices had increased/decreased by 3% (31 December 2014: 3%) and all other variables held constant, profit for the year would have changed by the amounts shown below:

	2015	2014
Primary aluminum	**Decrease/increase RMB43.776 million**	Decrease/increase RMB22.053 million
Copper	**Decrease/increase RMB1.736 million**	Increase/decrease RMB8.545 million
Zinc	**Increase/decrease RMB0.144 million**	Increase/decrease RMB0.204 million
Lead	**N/A**	Decrease/increase RMB0.007 million
Coal	**N/A**	Increase/decrease RMB0.341 million

36. FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

36.1 Financial risk management (Continued)

(b) Credit risk

Credit risk arises from balances with banks and financial institutions, short-term investments, trade and notes receivables, other current and non-current receivables as well as credit exposures of customers, including outstanding receivables and committed transactions. The carrying amounts of short-term investments and these receivables included in notes 9, 11, 13, 14, and 15 represent the Group's maximum exposure to credit risk in relation to its financial assets. The Group also provided financial guarantees to certain subsidiaries, two joint ventures and an associate as well as a third party. The guarantees to joint ventures and an associate mentioned in note 35 represented the Group's maximum exposure to credit risk in relation to its guarantees to joint ventures and an associate. As at 31 December 2015, the guarantees balance provided to a third party is RMB11 million.

The Group maintains substantially all of its bank balances and cash and short-term investments in several major state-owned banks in the PRC. With strong support from the PRC government to these state-owned banks, the directors of the Company are of the opinion that there is no significant credit risk on such assets being exposed to losses.

With regard to receivables, the marketing department assesses the credit quality of the customers and their related parties, taking into account their financial positions, past experience and other factors. The Group performs periodic credit evaluations of its customers and believes that adequate provision for impairment of receivables has been made in the financial statements. Management does not expect any further losses from non-performance by these counterparties. The Group holds collateral for some entrusted loans. As at 31 December 2015, the Group has the receivables amounting to RMB8,792 million from Chinalco and its subsidiaries which arose from the disposal of subsidiaries, business and assets. Chinalco and its subsidiaries have settled the receivables and the related interest thereof in accordance with the payment terms. Therefore, the Group believes that there is no material credit risk related to the above-mentioned receivables.

For the year ended 31 December 2015, revenues of approximately RMB31,818 million (2014: RMB24,986 million) are derived from entities directly or indirectly owned or controlled by the PRC government including Chinalco. There were no other individual customers from whom the Group has derived revenue of more than 10% of the Group's revenue during the year ended 31 December 2015 and 2014. Thus, the directors of the Company are of the opinion that the Group was not exposed to any significant concentration of credit risk as at 31 December 2015 and 2014.

36. FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

36.1 Financial risk management (Continued)

(c) Liquidity risk

Cash flow forecast is performed in the operating entities of the Group and aggregated by the Group Treasury. The Group Treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. This forecast takes into consideration of the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable, external regulatory or legal requirements, for example, currency restrictions.

As at 31 December 2015, the Group had total banking facilities of approximately RMB138,392 million of which amounts totalling RMB67,620 million have been utilised as at 31 December 2015. Banking facilities of approximately RMB63,877 million will be subject to renewal during the next 12 months. The directors of the Company are confident that such banking facilities can be renewed upon expiration based on their past experience and good credit standing.

In addition, as at 31 December 2015, the Group had credit facilities through its futures agent at the LME amounting to USD120 million (equivalent to RMB799.23 million) (31 December 2014: USD120 million (equivalent to RMB734.28 million)), of which USD58 million (equivalent to RMB376.28 million) (31 December 2014: USD57 million (equivalent to RMB346.09 million)) has been utilised. The futures agent has the right to adjust the related credit facilities.

Management also monitors rolling forecasts of the Group's liquidity reserve on the basis of expected cash flows.

(Amounts expressed in thousands of RMB
unless otherwise stated)

36. FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

36.1 Financial risk management (Continued)

(c) Liquidity risk (Continued)

The table below analyses the maturity profile of the Group's financial liabilities as at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
As at 31 December 2015					
Finance lease payables, including current portion	1,815,657	1,803,103	3,751,049	–	7,369,809
Long-term bank and other loans, including current portion	4,602,511	4,865,485	13,785,703	9,113,934	32,367,633
Long-term bonds	–	2,000,000	–	–	2,000,000
Medium-term notes and bonds, including current portion	6,900,000	6,400,000	12,500,000	–	25,800,000
Short-term bonds	6,600,000	–	–	–	6,600,000
Short-term bank and other loans	34,749,287	–	–	–	34,749,287
Interest payables for borrowings	5,489,314	2,057,931	3,110,273	5,156,622	15,814,140
Financial liabilities at fair value through profit or loss	161,700	–	–	–	161,700
Financial liabilities included in other payables and accrued liabilities, excluding accrued interest	7,712,263	–	–	–	7,712,263
Financial liabilities included in other non-current liabilities *(Note)*	–	150,251	437,129	385,975	973,355
Trade and notes payables	14,506,138	–	–	–	14,506,138
	82,536,870	17,276,770	33,584,154	14,656,531	148,054,325

Note: As disclosed in note 21, as at 31 December 2015, the carrying value of financial liabilities included in other non-current liabilities was RMB798 million (31 December 2014: RMB771 million).

(Amounts expressed in thousands of RMB unless otherwise stated)

36. FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

36.1 Financial risk management (Continued)

(c) Liquidity risk (Continued)

	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
As at 31 December 2014 (restated)					
Finance lease payables, including current portion	318,103	444,022	910,926	–	1,673,051
Long-term bank and other loans, including current portion	6,572,862	3,331,060	11,784,104	10,258,318	31,946,344
Long-term bonds	–	–	2,000,000	–	2,000,000
Medium-term notes and bonds, including current portion	4,000,000	6,900,000	9,400,000	–	20,300,000
Short-term bonds	23,000,000	–	–	–	23,000,000
Short-term bank and other loans	40,984,396	–	–	–	40,984,396
Interest payables for borrowings	5,793,584	2,516,312	3,488,030	596,089	12,394,015
Financial liabilities at fair value through profit or loss	29,384	–	–	–	29,384
Financial liabilities included in other payables and accrued liabilities, excluding accrued interest	8,277,693	–	–	–	8,277,693
Financial liabilities included in other non-current liabilities	–	229,704	581,265	359,264	1,170,233
Trade and notes payables	15,751,262	–	–	–	15,751,262
	104,727,284	13,421,098	28,164,325	11,213,671	157,526,378

(Amounts expressed in thousands of RMB
unless otherwise stated)

36. FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

36.2 Financial instruments

(a) Financial instruments by category

The carrying amounts of each of the categories of financial instruments of the Group as at the end of the reporting period are as follows:

Financial assets

	31 December 2015			
	Financial assets at fair value through profit or loss	Loans and receivables	Available-for-sale financial investments	Total
Current				
Trade and notes receivables	–	5,151,039	–	5,151,039
Available-for-sale financial investments	–	–	224,820	224,820
Financial assets at fair value through profit or loss	2,058	–	–	2,058
Restricted cash and time deposits	–	1,734,739	–	1,734,739
Cash and cash equivalents	–	20,753,136	–	20,753,136
Financial assets included in other current assets	–	9,192,087	–	9,192,087
Subtotal	2,058	36,831,001	224,820	37,057,879
Non-current				
Available-for-sale financial investments	–	–	130,440	130,440
Financial assets included in other non-current assets	–	6,057,461	–	6,057,461
Subtotal	–	6,057,461	130,440	6,187,901
Total	2,058	42,888,462	355,260	43,245,780

(Amounts expressed in thousands of RMB unless otherwise stated)

36. FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

36.2 Financial instruments (Continued)

(a) Financial instruments by category (Continued)

Financial liabilities

	31 December 2015		
	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
Current			
Financial liabilities at fair value through profit or loss	161,700	–	161,700
Interest-bearing loans and borrowings	–	54,422,863	54,422,863
Financial liabilities included in other payables and accrued liabilities *(note 22)*	–	8,824,791	8,824,791
Trade and notes payables	–	14,506,138	14,506,138
Subtotal	161,700	77,753,792	77,915,492
Non-current			
Financial liabilities included in other non-current liabilities *(note 21)*	–	797,994	797,994
Interest-bearing loans and borrowings	–	53,725,670	53,725,670
Subtotal	–	54,523,664	54,523,664
Total	161,700	132,277,456	132,439,156

(Amounts expressed in thousands of RMB
unless otherwise stated)

36. FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

36.2 Financial instruments (Continued)

(a) Financial instruments by category (Continued)

Financial assets

	31 December 2014 (restated)			
	Financial assets at fair value through profit or loss	Loans and receivables	Available-for-sale financial investments	Total
Current				
Trade and notes receivables	–	5,332,534	–	5,332,534
Available-for-sale financial investments	–	–	4,635,600	4,635,600
Financial assets at fair value through profit or loss	120,901	–	–	120,901
Restricted cash and time deposits	–	1,663,590	–	1,663,590
Cash and cash equivalents	–	16,268,600	–	16,268,600
Financial assets included in other current assets *(note 14)*	–	6,820,992	–	6,820,992
Subtotal	120,901	30,085,716	4,635,600	34,842,217
Non-current				
Available-for-sale financial investments	–	–	74,850	74,850
Financial assets included in other non-current assets *(note 11)*	–	8,393,122	–	8,393,122
Subtotal	–	8,393,122	74,850	8,467,972
Total	120,901	38,478,838	4,710,450	43,310,189

(Amounts expressed in thousands of RMB unless otherwise stated)

36. FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

36.2 Financial instruments (Continued)

(a) Financial instruments by category (Continued)

Financial liabilities

	31 December 2014 (restated)		
	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
Current			
Financial liabilities at fair value through profit or loss	29,384	–	29,384
Interest-bearing loans and borrowings	–	75,358,958	75,358,958
Financial liabilities included in other payables and accrued liabilities	–	9,201,623	9,201,623
Trade and notes payables	–	15,751,262	15,751,262
Subtotal	29,384	100,311,843	100,341,227
Non-current			
Financial liabilities included in other non-current liabilities	–	771,294	771,294
Interest-bearing loans and borrowings	–	44,769,211	44,769,211
Subtotal	–	45,540,505	45,540,505
Total	29,384	145,852,348	145,881,732

(Amounts expressed in thousands of RMB
unless otherwise stated)

36. FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

36.2 Financial instruments (Continued)

(b) Fair value and fair value hierarchy

Fair value

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values and those carried at fair value, are as follows:

	Carrying amounts		**Fair values**	
	31 December 2015	31 December 2014	**31 December 2015**	31 December 2014
Financial assets				
Financial assets included in other non-current assets *(note 11)*	**6,057,461**	8,393,122	**6,245,648**	8,703,168

	Carrying amounts		**Fair values**	
	31 December 2015	31 December 2014	**31 December 2015**	31 December 2014
Financial liabilities				
Financial liabilities included in other non-current liabilities *(note 21)*	**797,994**	771,294	**797,994**	771,294
Long-term interest-bearing loans and borrowings *(note 19)*	**53,725,670**	44,769,211	**52,987,968**	44,292,962
	54,523,664	45,540,505	**53,785,962**	45,064,256

36. FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

36.2 Financial instruments (Continued)

(b) Fair value and fair value hierarchy (Continued)

Fair value (Continued)

Management has assessed that the fair values of cash and cash equivalents, restricted cash and time deposits, trade and notes receivables, financial assets included in other current assets, entrusted loans, trade and notes payables, financial liabilities included in other payables and accrued liabilities, short-term and current portion of interest-bearing loans and borrowings, interest payable and the current portion of long-term payables approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- The fair values of the financial assets included in other non-current assets and financial liabilities included in other non-current liabilities have been calculated by discounting the expected future cash flows using rates currently available for instruments on with similar terms, credit risk and remaining maturities.

- The fair values of long-term interest-bearing loans and borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

The Group's own non-performance risk for financial liabilities included in other non-current liabilities and long-term interest-bearing loans and borrowings as at 31 December 2015 was assessed to be insignificant.

(Amounts expressed in thousands of RMB
unless otherwise stated)

36. FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

36.2 Financial instruments (Continued)

(b) Fair value and fair value hierarchy (Continued)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value

As at 31 December 2015	**Fair value measurement using**			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
Financial assets at fair value through profit or loss:				
Futures contracts	**2,058**	**–**	**–**	**2,058**
Available-for-sale financial investments	**59,940**	**224,820**	**–**	**284,760**
	61,998	**224,820**	**–**	**286,818**

(Amounts expressed in thousands of RMB unless otherwise stated)

36. FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

36.2 Financial instruments (Continued)

(b) Fair value and fair value hierarchy (Continued)

Fair value hierarchy (Continued)

Assets measured at fair value (Continued)

As at 31 December 2014	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial assets at fair value through profit or loss:				
Futures contracts	120,901	–	–	120,901
Available-for-sale financial investments	–	4,635,600	–	4,635,600
	120,901	4,635,600	–	4,756,501

Liabilities measured at fair value

As at 31 December 2015	**Fair value measurement using**			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
Financial liabilities at fair value through profit or loss:				
Futures contracts	**10,719**	**–**	**–**	**10,719**
European option contracts	**–**	**150,981**	**–**	**150,981**
	10,719	**150,981**	**–**	**161,700**

(Amounts expressed in thousands of RMB
unless otherwise stated)

36. FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

36.2 Financial instruments (Continued)

(b) Fair value and fair value hierarchy (Continued)

Fair value hierarchy (Continued)

Liabilities measured at fair value (Continued)

As at 31 December 2014	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial liabilities at fair value through profit or loss:				
Futures contracts	4,455	–	–	4,455
European option contracts	–	24,929	–	24,929
	4,455	24,929	–	29,384

(Amounts expressed in thousands of RMB unless otherwise stated)

36. FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

36.2 Financial instruments (Continued)

(b) Fair value and fair value hierarchy (Continued)

Fair value hierarchy (Continued)

Assets for which fair values are disclosed

As at 31 December 2015	**Fair value measurement using**			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
Loans and receivables:				
Financial assets included in other non-current assets	**–**	**6,245,648**	**–**	**6,245,648**

As at 31 December 2014	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Loans and receivables:				
Financial assets included in other non-current assets	–	8,703,168	–	8,703,168

(Amounts expressed in thousands of RMB
unless otherwise stated)

36. FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

36.2 Financial instruments (Continued)

(b) Fair value and fair value hierarchy (Continued)

Fair value hierarchy (Continued)

Liabilities for which fair values are disclosed

As at 31 December 2015	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial liabilities included in other non-current liabilities	–	797,994	–	797,994
Long-term interest-bearing loans and borrowings	–	52,987,968	–	52,987,968
	–	53,785,962	–	53,785,962

(Amounts expressed in thousands of RMB unless otherwise stated)

36. FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

36.2 Financial instruments (Continued)

(b) Fair value and fair value hierarchy (Continued)

Fair value hierarchy (Continued)

Liabilities for which fair values are disclosed

As at 31 December 2014	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial liabilities included in other non-current liabilities	–	771,294	–	771,294
Long-term interest-bearing loans and borrowings	–	44,292,962	–	44,292,962
	–	45,064,256	–	45,064,256

During the year, the Group had no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2014: nil).

36. FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

36.3 Capital risk management

The Group's capital management objectives are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debts.

Consistent with other entities in the industry, the Group monitors capital on the basis of its gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total liabilities (excluding deferred tax liabilities and income tax payable) less restricted cash, time deposits and cash and cash equivalents. Total capital is calculated as equity, as shown in the consolidated statement of financial position, plus net debt less non-controlling interests.

(Amounts expressed in thousands of RMB unless otherwise stated)

36. FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

36.3 Capital risk management (Continued)

During 2015 and 2014, the change in sales prices of the Group's primary products has adversely impacted on the profitability of the Group. The gearing ratio as at 31 December 2015 is as follows:

	31 December 2015	31 December 2014 (restated)
Total liabilities (excluding deferred tax liabilities and income tax payable)	**137,922,304**	152,049,076
Less: restricted cash, time deposits and cash and cash equivalents	**(22,487,875)**	(17,932,190)
Net debt	**115,434,429**	134,116,886
Total equity	**50,297,436**	39,653,846
Add: net debt	**115,434,429**	134,116,886
Less: non-controlling interests	**(11,457,339)**	(11,353,155)
Total capital attributable to owners of the parent	**154,274,526**	162,417,577
Gearing ratio	**75%**	83%

The decrease in the gearing ratio as at 31 December 2015 mainly resulted from the increase of share capital by the issuance of A shares.

(Amounts expressed in thousands of RMB
unless otherwise stated)

37. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

	2015	2014
Percentage of equity interest held by non-controlling interests		
Ningxia Energy	**29.18%**	29.18%
Shandong Huayu	**45.00%**	45.00%
Loss for the year allocated to non-controlling interests		
Ningxia Energy	**(29,716)**	(550,825)
Shandong Huayu	**(21,459)**	(19,940)
Dividends paid to non-controlling interests		
Ningxia Energy	**41,905**	64,553
Shandong Huayu	**–**	–
Accumulated balances of non-controlling interests at the reporting dates		
Ningxia Energy	**3,496,613**	3,572,917
Shandong Huayu	**742,704**	766,693

(Amounts expressed in thousands of RMB unless otherwise stated)

37. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (Continued)

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

2015	Ningxia Energy	Shandong Huayu
Revenue	3,929,406	2,355,849
Total expenses	(3,981,824)	(2,403,535)
Loss for the year	(52,418)	(47,686)
Total comprehensive loss for the year	(52,418)	(47,686)
Current assets	3,392,945	930,275
Non-current assets	30,534,583	2,461,806
Current liabilities	(6,507,721)	(1,751,726)
Non-current liabilities	(18,229,159)	(1,110)
Net cash flows from operating activities	2,281,584	261,886
Net cash flows used in investing activities	(2,077,674)	(36,529)
Net cash flows (used in)/ from financing activities	(227,037)	120,570
Effect of foreign exchange rate changes, net	(576)	–
Net (decrease)/ increase in cash and cash equivalents	(23,703)	345,927

(Amounts expressed in thousands of RMB
unless otherwise stated)

37. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (Continued)

2014	Ningxia Energy	Shandong Huayu
Revenue	4,676,461	2,644,227
Total expenses	(6,366,978)	(2,688,539)
Loss for the year	(1,690,517)	(44,312)
Total comprehensive loss for the year	(1,690,517)	(44,312)
Current assets	4,052,484	584,375
Non-current assets	29,611,512	2,480,330
Current liabilities	(6,952,449)	(1,372,077)
Non-current liabilities	(17,417,698)	(385)
Net cash flows from operating activities	2,004,293	589,152
Net cash flows used in investing activities	(2,270,943)	(71,158)
Net cash flows from/(used in) financing activities	372,707	(435,947)
Effect of foreign exchange rate changes, net	84	–
Net increase in cash and cash equivalents	106,141	82,047

(Amounts expressed in thousands of RMB unless otherwise stated)

38. BUSINESS COMBINATION

In November 2015, Baotou Aluminum, the subsidiary of the Company, acquired relevant assets and liabilities of High-Purity Aluminum and Light Metal of Baotou Aluminum Group at a total cash consideration of RMB37.662 million. Baotou Aluminum Group is a subsidiary of Chinalco, the parent company of the Group. Before and after the acquisition, both sides are controlled by Chinalco, and the control is not temporary. Thus, the acquisition is considered to be business combination under common control. The combination date is 30 November 2015, which is determined by the date of transfer of the assets and liabilities.

The book values of the assets and liabilities of High-Purity Aluminum and Light Metal as at the acquisition date and the comparative financial figures were as follows:

	31 December 2015	31 December 2014
Assets		
Trade and notes receivables	**47,729**	19,959
Other current assets	**13**	11,808
Inventories	**146,224**	101,898
Property, plant and equipment	**76,611**	87,609
Intangible assets	**1,347**	2,139
Liabilities		
Trade and notes payables	**43,597**	2,911
Other payables and accrued expenses	**137,539**	3,791
Interest bearing loans and borrowings	**65,000**	191,707
Net assets	**25,788**	25,004
Difference recognised in equity	**11,874**	
	37,662	
Satisfied by cash	**37,662**	
Total purchase consideration	**37,662**	

(Amounts expressed in thousands of RMB
unless otherwise stated)

38. BUSINESS COMBINATION (Continued)

An analysis of the cash flows of cash and cash equivalents in respect of the acquisition of High-Purity Aluminum Plant and Light Metal is as follows:

Cash consideration paid	30,000
Cash and bank balances acquired	–
Net outflow of cash and cash equivalents included in cash flows from investing activities	30,000

39. DISPOSAL OF SUBSIDIARIES

(a) Disposal of Shanxi Huaxing

In December 2015, the Group entered into Equity Transfer Agreement with Shenzhen CR Yuanda, a state-owned entity, to transfer 50% equity interests in Shanxi Huaxing, a wholly owned subsidiary, through the Shanghai United Assets and Equity Exchange at a price of RMB2,351 million. The price was determined based on the appraisal value provided by an independent qualified appraisal company. According to the Equity Transfer Agreement, 30% of the consideration amounting to RMB705 million has been received by the Group in December 2015 whereas the remaining amount of RMB1,646 million would be paid within one year from the effective date of the Equity Transfer Agreement and the balance is interest bearing charged at prevailing lending interest rate.

The directors of the Company are of the opinion that the Group lost control over Shanxi Huaxing and accounted for it as a joint venture accordingly. As of the date of disposal, the carrying amounts of Shanxi Huaxing was RMB2,115 million, and the Group recognised gain of disposal of subsidiary of RMB1,294 million for 50% equity interest disposed of. The Group re-measured the remaining 50% net assets of Shanxi Huaxing to fair value of RMB2,351 million and recognised fair value gain of RMB1,294 million accordingly.

(Amounts expressed in thousands of RMB unless otherwise stated)

39. DISPOSAL OF SUBSIDIARIES (Continued)

(a) Disposal of Shanxi Huaxing (Continued)

The details of the net assets disposed of are as follows:

	Date of disposal
Net assets disposed of:	
Cash and cash equivalents	**114,794**
Restricted cash and time deposits	**46,716**
Trade and notes receivables	**34,479**
Other current assets	**30,849**
Inventories	**340,218**
Property, plant and equipment *(note 6)*	**4,495,019**
Land use right *(note 7)*	**251,295**
Intangible assets *(note 5)*	**365,427**
Deferred tax assets *(note 10)*	**3,057**
Other non-current assets	**487,076**
Trade and notes payables	**(426,288)**
Other payables and accrued liabilities	**(898,781)**
Interest bearing loans and borrowings	**(2,312,574)**
Income tax payable	**(4,271)**
Other non-current liabilities	**(412,192)**
Net assets	**2,114,824**
50% of net assets transferred into joint venture *(Note)*	**(1,057,412)**
Net assets disposed of	**1,057,412**
Gain on disposal of Shanxi Huaxing	**1,294,067**
	2,351,479
Satisfied by:	
Cash	**705,444**
Receivables as at 31 December 2015	**1,646,035**
	2,351,479
Note:	
50% of net assets transferred into joint venture	**1,057,412**
Gain on remeasurement of the remaining equity interest at fair value *(note 27(b))*	**1,294,067**
Initial cost of investment in joint venture *(note 8(a))*	**2,351,479**

39. DISPOSAL OF SUBSIDIARIES (Continued)

(a) Disposal of Shanxi Huaxing (Continued)

An analysis of the cash flows of cash and cash equivalents in respect of the Disposal of Shanxi Huaxing is as follows:

	2015
Cash consideration received	**705,444**
Less: cash and cash equivalents of Shanxi Huaxing disposed of	**114,794**
Net inflows of cash and cash equivalents in respect of the disposal of Shanxi Huaxing	**590,650**

(b) Lost control of Ningxia photovoltaic subsidiaries

In September and Octobor 2015, LingWu People's Court , Yinchuan Intermediate People's Court and Wuzhong People's Court accepted the liquidation petition filed by the Group's subsidiaries, Ningxia Ning Electric Silicon Co., Ltd.* (寧夏寧電矽業有限公司), Ningxia Ning Electric PV Material Co., Ltd.* (寧夏寧電光伏材料有限公司), Ningxia Ning Electric Silicon Materials Co., Ltd.* (寧夏寧電矽材料有限公司) and Ningxia Yinxing Polycrystalline Silicon Co., Ltd.* (寧夏銀星多晶矽有限公司) (hereinafter referred to as "Ningxia photovoltaic subsidiaries"), respectively. Upon the liquidation administrators took control over those companies, the directors of the Company considered the Group lost control over Ningxia photovoltaic subsidiaries and therefore ceased to consolidate these companies since then ("date of lost control").

The book value of assets and liabilities of Ningxia photovoltaic subsidiaries is result from the fair value adjustments of Ningxia photovoltaic subsidiaries' assets and liabilities arising from acquisition of Ningxia Energy in 2013.

* The English names represent the best effort by the management of the Group in translating their Chinese names as they do not have any official English names.

(Amounts expressed in thousands of RMB unless otherwise stated)

39. DISPOSAL OF SUBSIDIARIES (Continued)

(b) Lost control of Ningxia photovoltaic subsidiaries (Continued)

The details of the net assets of Ningxia photovoltaic subsidiaries are as follows:

	Date of disposal
Net assets:	
Cash and cash equivalents	**189**
Trade and notes receivables	**47,619**
Other current assets	**166,377**
Inventories	**18,718**
Property, plant and equipment *(note 6)*	**387,324**
Land use right *(note 7(b))*	**114,330**
Intangible assets *(note 5)*	**3,954**
Other non-current assets	**8,432**
Available-for-sale financial investments	**5,686**
Trade and notes payables	**(290,441)**
Other payables and accrued expenses	**(215,198)**
Deferred tax liabilities *(note 10)*	**(36,389)**
Other non-current liabilities	**(61,123)**
Net assets	**149,478**
Trade and notes receivable due from Ningxia photovoltaic subsidiaries	**15,644**
Other current amount due from Ningxia photovoltaic subsidiaries	**1,435,802**
Provision for trade and notes receivable due from Ningxia photovoltaic subsidiaries	**(15,644)**
Provision for other current assets due from Ningxia photovoltaic subsidiaries	**(1,321,712)**
Consideration	**114,090**
Release of unrealised gains or losses between Ningxia photovoltaic subsidiaries and the Group upon deconsolidation	**16,515**
Net loss on lost control of Ningxia photovoltaic subsidiaries	**(18,873)**

(Amounts expressed in thousands of RMB
unless otherwise stated)

39. DISPOSAL OF SUBSIDIARIES (Continued)

(b) Disposal of Ningxia photovoltaic subsidiaries (Continued)

An analysis of the cash flows of cash and cash equivalents in respect of lost control of Ningxia photovoltaic subsidiaries is as follows:

	2015
Cash consideration paid	**–**
Less: cash and cash equivalents of Ningxia photovoltaic subsidiaries	**189**
Net outflows of cash and cash equivalents in respect of lost control of Ningxia photovoltaic subsidiaries	**(189)**

40. OTHER EQUITY INSTRUMENTS

On 22 October 2013, a subsidiary of the Company, Chalco Hong Kong Investment Company Limited (the "Issuer") issued USD350 million senior perpetual securities at an initial distribution rate of 6.625% (the "2013 Senior Perpetual Securities"). The proceeds from issuance of the 2013 Senior Perpetual Securities after the issuance costs is USD347 million (equivalent to RMB2,123 million). The proceeds will be on-lent to the Company and any of its subsidiaries for general corporate use. Coupon payments of 6.625% per annum on the 2013 Senior Perpetual Securities are paid semi-annually in arrears from 29 October 2013 and may be deferred at the discretion of the Group. The 2013 Senior Perpetual Securities have no fixed maturity and are callable only at the Group's option on or after 29 October 2018 at their principal amounts together with any accrued, unpaid or deferred coupon distribution payments. After 29 October 2018, the coupon distribution rate will be reset to a percentage per annum equal to the sum of (a) the initial spread of 5.312 per cent, (b) the U. S. Treasury Rate, and (c) a margin of 5.00 per cent. per annum. While any coupon distribution payments are unpaid or deferred, the Group, the wholly owned subsidiaries of Chalco Hong Kong as guarantors, and the issuer cannot declare or pay dividends or make distributions or similar discretionary payments in respect of, or repurchase, redeem or otherwise acquire any securities of lower or equal rank.

40. OTHER EQUITY INSTRUMENTS (Continued)

On 10 April 2014, Chalco Hong Kong Investment Company Limited issued USD400 million senior perpetual securities at an initial distribution rate of 6.25% (the "2014 Senior Perpetual Securities"). The proceeds from issuance of the 2014 Senior Perpetual Securities after the issuance costs is USD398 million (equivalent to RMB2,462 million). The proceeds will be on-lent to the Company and any of its subsidiaries for general corporate use. Coupon payments of 6.25% per annum on the 2014 Senior Perpetual Securities are paid semi-annually on 29 April and 29 October in arrears from 17 April 2014 and may be deferred at the discretion of the Group. The first coupon payment date was 29 April 2014. The 2014 Senior Perpetual Securities have no fixed maturity and are callable only at the Group's option on or after 17 April 2017 at their principal amounts together with any accrued, unpaid or deferred coupon distribution payments. After 17 April 2017, the coupon distribution rate will be reset to a percentage per annum equal to the sum of (a) the initial spread of 5.423 per cent, (b) the U. S. Treasury Rate, and (c) a margin of 5.00 per cent. per annum. While any coupon distribution payments are unpaid or deferred, the Group, the wholly owned subsidiaries of Chalco Hong Kong as guarantors, and the issuer cannot declare or pay dividends or make distributions or similar discretionary payments in respect of, or repurchase, redeem or otherwise acquire any securities of lower or equal rank.

On 27 October 2015, the Company issued RMB2,000 million perpetual medium-term notes at an initial distribution rate of 5.50% (the "2015 Perpetual Medium-term Notes"). The proceeds from issuance of the 2015 Perpetual Medium-term Notes is RMB2,000 million. The proceeds will be used for repayments of interest-bearing loans and borrowings. Coupon payments of 5.50% per annum on the 2015 Perpetual Medium-term Notes are paid annually in arrears from 29 October 2015 and may be deferred at the discretion of the Company. The 2015 Perpetual Medium-term Notes have no fixed maturity and are callable only at the Group's option on 29 October 2020 or any coupon distribution date after 29 October 2020 at their principal amounts together with any accrued, unpaid or deferred coupon distribution payments. The coupon distribution rate will be reset to a percentage per annum equal to the sum of (a) the initial spread of 2.61 per cent, (b) the China Treasury Rate, and (c) a margin of 300 Bps every five years after 29 October 2020. While any coupon distribution payments are unpaid or deferred, the headquarters of the Company cannot declare or pay dividends to shareholders or decrease the share capital, or make material fixed asset investments of the headquarters of the Company.

Pursuant to the terms of the 2013 Senior Perpetual Securities, 2014 Senior Perpetual Securities and 2015 Perpetual Medium-term Notes, the Group has no contractual obligation to repay their principal or to pay any coupon distribution. The 2013 Senior Perpetual Securities, 2014 Senior Perpetual Securities and 2015 Perpetual Medium-term Notes do not meet the definition of financial liabilities according to IAS 32 Financial Instruments: Presentation, and are classified as equity and subsequent distribution declared will be treated as distribution to equity owners.

(Amounts expressed in thousands of RMB unless otherwise stated)

41. CONTINGENT LIABILITIES

As at 31 December 2015 and 2014, the Group had no significant contingent liabilities.

42. COMMITMENTS

(a) Capital commitments of property, plant and equipment

	31 December 2015	31 December 2014
Contracted, but not provided for	**7,770,944**	12,624,047

(b) Commitments under operating leases

The future aggregate minimum lease payments as at 31 December 2015 pursuant to non-cancellable lease agreements entered into by the Group are summarised as follows:

	31 December 2015	31 December 2014
Within one year	**561,028**	556,727
In the second to fifth years, inclusive	**2,167,718**	2,310,421
After five years	**15,088,512**	16,276,818
	17,817,258	19,143,966

(Amounts expressed in thousands of RMB unless otherwise stated)

42. COMMITMENTS (Continued)

(c) Other capital commitments

As at 31 December 2015, commitments to make capital contributions to the Group's joint ventures and associates were as follows:

	31 December 2015	31 December 2014
Associates	**1,492,475**	1,102,250
Joint ventures	**244,800**	74,800
	1,737,275	1,177,050

43. EVENTS AFTER THE REPORTING PERIOD

(a) On 1 February 2016, Jiaozuo Wanfang held the first extraordinary general meeting and conducted general election of non-independent directors and independent directors of the seventh session of the board of directors. None of the six non-independent nor the three independent directors representing the Company was appointed by Jiaozuo Wangfang. Thus, the Company lost significant influence on Jiaozuo Wanfang.

(b) As set out in note16 (a), on 25 June 2015, the Group and Shandong Aluminum, a subsidiary of Chinalco, signed an asset exchange agreement that the Group would exchange part of the assets and liabilities of Chalco Shandong with part of the assets and liabilities of Shandong Aluminum. In January 2016, the exchange of Chalco Shandong business and Shandong Aluminum business was completed.

(c) On 5 February 2016, the Company received notice from Chinalco, that ACCOH, a subsidiary of Chinalco, has increased holding H shares of the Company through the Hong Kong stock exchange trading system since 9 November 2015. As of 4 February 2016, Chinalco and ACCOH have increased holding A and H shares of the Company by 188 million shares, accounting for about 1.26% of the total shares of the Company. On the same day, Chinalco and the persons acting in concert held 5,135 million A shares and 187 million H shares of the Company in aggregate, accounting for about 35.71% of the total shares of the Company.

(Amounts expressed in thousands of RMB unless otherwise stated)

44. COMPARATIVE AMOUNTS

Certain comparative amounts have been restated as a result of the business combination under common control as disclosed in note 38.

45. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	31 December 2015	31 December 2014
ASSETS		
Non-current assets		
Intangible assets	**3,282,017**	3,638,375
Property, plant and equipment	**33,258,857**	44,064,328
Land use rights and leasehold land	**852,679**	1,102,498
Investments in subsidiaries	**31,537,923**	25,491,924
Investments in joint ventures	**1,336,924**	1,151,923
Investments in associates	**2,763,649**	1,067,463
Available-for-sale financial investments	**64,940**	7,000
Deferred tax assets	**299,865**	291,822
Other non-current assets	**4,174,660**	3,927,933
Total non-current assets	**77,571,514**	80,743,266
Current assets		
Inventories	**6,096,147**	11,089,803
Trade and notes receivables	**1,408,012**	1,905,978
Other current assets	**15,311,341**	8,952,811
Financial assets at fair value through profit or loss	**255**	–
Available-for-sale financial investments	**17,720**	2,525,600
Restricted cash and time deposits	**149,288**	252,459
Cash and cash equivalents	**12,650,099**	7,567,985
	35,632,862	32,294,636
Non-current assets held for sale	**78,838**	–
Total current assets	**35,711,700**	32,294,636
Total assets	**113,283,214**	113,037,902

(Amounts expressed in thousands of RMB unless otherwise stated)

45. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

	31 December 2015	31 December 2014
EQUITY AND LIABILITIES		
EQUITY		
Equity attributable to owners of the parent		
Share capital	**14,903,798**	13,524,488
Other reserves	**29,721,714**	21,148,051
Accumulated losses		
– proposed final dividend for the year	**–**	–
– others	**(9,889,519)**	(12,228,419)
Total equity	**34,735,993**	22,444,120
LIABILITIES		
Non-current liabilities		
Interest-bearing loans and borrowings	**33,638,462**	23,940,172
Other non-current liabilities	**1,354,080**	1,317,175
Total non-current liabilities	**34,992,542**	25,257,347

(Amounts expressed in thousands of RMB
unless otherwise stated)

45. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

	31 December 2015	31 December 2014
Current liabilities		
Interest-bearing loans and borrowings	**31,954,073**	53,174,693
Other payables and accrued liabilities	**8,051,891**	6,369,227
Trade and notes payables	**3,548,715**	5,792,515
Total current liabilities	**43,554,679**	65,336,435
Total liabilities	**78,547,221**	90,593,782
Total equity and liabilities	**113,283,214**	113,037,902
Net current liabilities	**7,842,979**	33,041,799
Total assets less current liabilities	**69,728,535**	47,701,467

Ao Hong	**Zhang Zhankui**
Diretor	***Chief Financial Officer***

(Amounts expressed in thousands of RMB unless otherwise stated)

45. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note:

A summary of the Company's reserves is as follows:

	Share premium	Other capital reserves	Statutory surplus reserve	Special reserve	Available-for-sale reserve	Other equity instrument	Retained earnings/ (accumulated losses)	Total
Balance at 1 January 2014	14,390,784	852,925	5,867,557	36,962	–	–	868,753	22,016,981
Loss for the year	–	–	–	–	–	–	(13,097,172)	(13,097,172)
Other appropriation	–	–	–	(177)	–	–	–	(177)
Balance at 31 December 2014	14,390,784	852,925	5,867,557	36,785	–	–	(12,228,419)	8,919,632
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**2,358,188**	**2,358,188**
Issuance of A shares	**6,518,162**	**–**	**–**	**–**	**–**	**–**	**–**	**6,518,162**
Other appropriation	**–**	**–**	**–**	**(1,949)**	**–**	**–**	**–**	**(1,949)**
Transfer form a branch to a subsidiary	**–**	**–**	**–**	**(19,778)**	**–**	**–**	**–**	**(19,778)**
Gain on available-for-sale financial assets	**–**	**–**	**–**	**–**	**57,940**	**–**	**–**	**57,940**
Perpetual Medium-term notes	**–**	**–**	**–**	**–**	**–**	**2,000,000**	**–**	**2,000,000**
Perpetual Medium-term notes' distribution	**–**	**–**	**–**	**–**	**–**	**19,288**	**(19,288)**	**–**
At 31 December 2015	**20,908,946**	**852,925**	**5,867,557**	**15,058**	**57,940**	**2,019,288**	**(9,889,519)**	**19,832,195**

46. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 17 March 2016.

INDEPENDENT REVIEW REPORT

To the shareholders of Aluminum Corporation of China Limited

(Incorporated in the People's Republic of China with limited liability)

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Aluminum Corporation of China Limited (the "Company") and its subsidiaries (collectively, the "Group") as of 30 June 2016 and the related interim condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 Interim Financial Reporting ("IAS 34"). The directors of the Company are responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity.* A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young
Certified Public Accountants

22/F, CITIC Tower
1 Tim Mei Avenue, Central
Hong Kong
25 August 2016

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

(Amounts expressed in thousands of RMB unless otherwise stated)

	Notes	**30 June 2016 (Unaudited)**	31 December 2015 (Restated and audited)
ASSETS			
Non-current assets			
Intangible assets	7	**10,332,825**	10,439,015
Property, plant and equipment	7	**87,770,403**	90,203,100
Land use rights and leasehold land		**2,689,172**	2,707,584
Investments in joint ventures	8	**5,378,809**	5,150,887
Investments in associates	8	**5,887,121**	5,602,701
Available-for-sale financial investments		**330,596**	130,440
Deferred tax assets		**1,258,502**	1,362,995
Other non-current assets		**7,429,185**	9,831,705
Total non-current assets		**121,076,613**	125,428,427
Current assets			
Inventories		**19,241,330**	20,177,028
Trade and notes receivables	9	**6,577,937**	5,151,039
Other current assets		**18,008,274**	15,847,333
Financial assets at fair value through profit or loss		**1,391**	2,058
Available-for-sale financial investments		**17,720**	224,820
Restricted cash and time deposits		**1,853,885**	1,734,739
Cash and cash equivalents		**18,724,058**	20,753,136
		64,424,595	63,890,153
Assets of a disposal group classified as held for sale		**–**	200,187
Non-current assets held for sale		**–**	78,838
Total current assets		**64,424,595**	64,169,178
Total assets		**185,501,208**	189,597,605

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(CONTINUED)*

As at 30 June 2016

(Amounts expressed in thousands of RMB unless otherwise stated)

	Notes	**30 June 2016 (Unaudited)**	31 December 2015 (Restated and audited)
EQUITY AND LIABILITIES			
Equity			
Equity attributable to the owners of the parent			
Share capital	10	**14,903,798**	14,903,798
Other reserves		**29,098,011**	29,073,618
Accumulated losses			
– proposed final dividend	20	**–**	–
– others		**(4,807,854)**	(4,810,453)
		39,193,955	39,166,963
Non-controlling interests		**11,588,850**	11,457,339
Total equity		**50,782,805**	50,624,302
Liabilities			
Non-current liabilities			
Interest-bearing loans and borrowings	11	**46,410,748**	53,725,670
Other non-current liabilities		**3,067,204**	3,302,659
Deferred tax liabilities		**990,802**	1,006,155
Total non-current liabilities		**50,468,754**	58,034,484

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(CONTINUED)*

As at 30 June 2016

(Amounts expressed in thousands of RMB unless otherwise stated)

	Notes	**30 June 2016 (Unaudited)**	31 December 2015 (Restated and audited)
Current liabilities			
Trade and notes payables	13	**12,452,771**	14,506,138
Other payables and accrued expenses		**11,182,965**	11,780,898
Financial liabilities at fair value through profit or loss		**128,343**	161,700
Income tax payable		**61,958**	43,356
Interest-bearing loans and borrowings	11	**60,423,612**	54,422,862
		84,249,649	80,914,954
Liabilities of a disposal group classified as held for sale		**–**	23,865
Total current liabilities		**84,249,649**	80,938,819
Total liabilities		**134,718,403**	138,973,303
Total equity and liabilities		**185,501,208**	189,597,605
Net current liabilities		**19,825,054**	16,769,641
Total assets less current liabilities		**101,251,559**	108,658,786

The accompanying notes are an integral part of these financial statements.

Yu Dehui	**Zhang Zhankui**
Director	*Chief Financial Officer*

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2016

(Amounts expressed in thousands of RMB unless otherwise stated)

	Notes	For the six months ended 30 June 2016 (Unaudited)	2015 (Restated and unaudited)
Revenue	6	**49,705,296**	66,141,187
Cost of sales		**(45,744,744)**	(62,810,920)
Gross profit		**3,960,552**	3,330,267
Selling and distribution expenses	14	**(946,429)**	(889,753)
General and administrative expenses	15	**(1,217,822)**	(1,225,485)
Research and development expenses		**(79,779)**	(83,180)
Other income	16(a)	**433,165**	666,300
Other gains, net	16(b)	**433,145**	904,905
Operating profit		**2,582,832**	2,703,054
Finance income	17	**397,936**	389,628
Finance costs	17	**(2,478,056)**	(3,133,784)
Share of profits and losses of:			
Joint ventures	8	**(93,121)**	60,332
Associates	8	**88,609**	123,353
Profit before income tax		**498,200**	142,583
Income tax (expense)/credit	18	**(152,403)**	36,486
Profit for the period		**345,797**	179,069
Profit attributable to:			
Owners of the parent		**57,448**	1,543
Non-controlling interests		**288,349**	177,526
		345,797	179,069
Basic and diluted earnings per share attributable to ordinary equity holders of the parent *(expressed in RMB per share)*	19	**0.0002**	0.0001

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(CONTINUED)*

For the six months ended 30 June 2016

(Amounts expressed in thousands of RMB unless otherwise stated)

	For the six months ended 30 June	
	2016	2015
	(Unaudited)	(Restated and unaudited)
Profit for the period	**345,797**	179,069
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods, net of tax:		
Gain on available-for-sale financial investments	**55,500**	57,820
(Transfer out)/share of other comprehensive income of an associate	**(4,658)**	4,658
Exchange differences on translation of foreign operations	**213,963**	(79,249)
Total other comprehensive income/(loss) for the period, net of tax	**264,805**	(16,771)
Total comprehensive income for the period	**610,602**	162,298
Total comprehensive income/(loss) for the period attributable to:		
Owners of the parent	**322,253**	(15,228)
Non-controlling interests	**288,349**	177,526
	610,602	162,298

Details of the dividends proposed for the six months ended 30 June 2016 are disclosed in note 20 to the financial statements.

The accompanying notes are an integral part of these financial statements.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016

(Amounts expressed in thousands of RMB unless otherwise stated)

	Attributable to owners of the parent											
		Capital reserves										
	Share capital	Share premium	Other capital reserves	Statutory surplus reserve	Special reserve	Gain on available-for-sale financial investments	Other equity instruments	Foreign currency translation reserve	Accumulated losses	Total	Non-controlling interests	Total equity
At 1 January 2016	14,903,798	19,578,582	674,094	5,867,557	98,700	62,598	2,019,288	312,538	(4,677,058)	38,840,097	11,457,339	50,297,436
Add: Adjustment due to business combination under common control *(note 4)*	–	460,261	–	–	–	–	–	–	(133,395)	326,866	–	326,866
At 1 January 2016	14,903,798	20,038,843	674,094	5,867,557	98,700	62,598	2,019,288	312,538	(4,810,453)	39,166,963	11,457,339	50,624,302
Profit for the period	–	–	–	–	–	–	–	–	57,448	57,448	288,349	345,797
Other comprehensive income/(loss) for the period, net of tax												
Gain on available-for-sale financial investments	–	–	–	–	–	55,500	–	–	–	55,500	–	55,500
Transfer out of share of other comprehensive income of an associate	–	–	–	–	–	(4,658)	–	–	–	(4,658)	–	(4,658)
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	213,963	–	213,963	–	213,963
Total comprehensive income	–	–	–	–	–	50,842	–	213,963	57,448	322,253	288,349	610,602
Business combination under common control *(note 4)*	–	(338,284)	–	–	–	–	–	–	–	(338,284)	–	(338,284)
Capital injection from non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	10,000	10,000
Other appropriations	–	–	–	–	32,417	–	–	–	–	32,417	(8,699)	23,718
Share of reserves of joint ventures and an associate	–	–	–	–	10,606	–	–	–	–	10,606	–	10,606
Other equity instruments' distribution	–	–	–	–	–	–	54,849	–	(54,849)	–	(158,139)	(158,139)
At 30 June 2016 (Unaudited)	14,903,798	19,700,559	674,094	5,867,557	141,723	113,440	2,074,137	526,501	(4,807,854)	39,193,955	11,588,850	50,782,805

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(CONTINUED)*

For the six months ended 30 June 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

	Attributable to owners of the parent										
		Capital reserves									
(Restated)	Share capital	Share premium	Other capital reserves	Statutory surplus reserve	Special reserve	Gain on available-for-sale financial investments	Foreign currency translation reserve	Accumulated losses	Total	Non-controlling interests	Total equity
At 1 January 2015	13,524,488	13,098,082	674,094	5,867,557	187,858	–	(187,299)	(4,864,089)	28,300,691	11,353,155	39,653,846
Add: Adjustment due to business combination under common control	–	460,261	–	–	–	–	–	(78,151)	382,110	–	382,110
At 1 January 2015	13,524,488	13,558,343	674,094	5,867,557	187,858	–	(187,299)	(4,942,240)	28,682,801	11,353,155	40,035,956
Profit for the period	–	–	–	–	–	–	–	1,543	1,543	177,526	179,069
Other comprehensive income/(loss) for the period, net of tax											
Gain on available-for-sale financial investments	–	–	–	–	–	57,820	–	–	57,820	–	57,820
Share of other comprehensive income of an associate	–	–	–	–	–	4,658	–	–	4,658	–	4,658
Exchange differences on translation of foreign operations	–	–	–	–	–	–	(79,249)	–	(79,249)	–	(79,249)
Total comprehensive income/(loss)	–	–	–	–	–	62,478	(79,249)	1,543	(15,228)	177,526	162,298
Issuance of A shares	1,379,310	6,518,162	–	–	–	–	–	–	7,897,472	–	7,897,472
Capital injection from non-controlling shareholders	–	–	–	–	–	–	–	–	–	111,000	111,000
Other appropriations	–	–	–	–	6,978	–	–	–	6,978	29,235	36,213
Share of reserves of a joint venture and associates	–	–	–	–	1,413	–	–	–	1,413	–	1,413
Other equity instruments' distribution	–	–	–	–	–	–	–	–	–	(147,302)	(147,302)
Dividends declared by subsidiaries to non-controlling shareholders	–	–	–	–	–	–	–	–	–	(2,988)	(2,988)
At 30 June 2015 (Unaudited)	**14,903,798**	**20,076,505**	**674,094**	**5,867,557**	**196,249**	**62,478**	**(266,548)**	**(4,940,697)**	**36,573,436**	**11,520,626**	**48,094,062**

The accompanying notes are an integral part of these financial statements.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2016

(Amounts expressed in thousands of RMB unless otherwise stated)

	Notes	**For the six months ended 30 June 2016 (Unaudited)**	2015 (Restated and unaudited)
Net cash flows from operating activities	21	**3,896,115**	2,845,337
Investing activities			
Purchases of intangible assets		**(21,415)**	(8,919)
Purchases of property, plant and equipment		**(2,979,739)**	(4,060,068)
Purchases of land use rights and leasehold land		**(5,861)**	–
Proceeds from disposal of property, plant and equipment		**254,361**	46,572
Proceeds from partial disposal of an associate		**–**	1,615,050
Proceeds from disposal of the environmental protection business	5	**526,309**	–
Collection of considerations from disposal of the aluminum fabrication segment and the alumina production line of Guizhou Branch		**1,568,914**	1,568,950
Interest received		**150,371**	228,277
Investments in joint ventures	8	**(290,500)**	(10,200)
Investments in associates	8	**–**	(8,000)
Decrease in short-term investments in available-for-sale financial investments		**207,100**	423,790
Investment income from short-term investments in available-for-sale financial investments		**15,394**	35,772
Dividend received		**–**	44,176
Decrease in time deposits		**–**	5,898
Change in deposit of futures and option contracts		**(1,066,502)**	108,125
Payment for acquisition of a business in the prior year		**(7,662)**	–
Loans to related parties		**–**	(40,000)
Loans repaid by related parties		**–**	30,951
Receipt of government grants		**17,060**	32,615
Net cash flows (used in)/from investing activities		**(1,632,170)**	12,989

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS *(CONTINUED)*

For the six months ended 30 June 2016

(Amounts expressed in thousands of RMB unless otherwise stated)

	Notes	**For the six months ended 30 June 2016 (Unaudited)**	For the six months ended 30 June 2015 (Restated and unaudited)
Financing activities			
Proceeds from gold leasing arrangement	11(f)	**3,000,000**	–
Payment of upfront interest of gold leasing arrangement	11(f)	**(86,424)**	–
Proceeds from issuance of short-term bonds and medium-term notes, net of issuance costs		**1,886,500**	12,895,825
Senior perpetual securities' distribution paid		**(158,139)**	(147,302)
Repayments of medium-term notes and short-term bonds		**(3,000,000)**	(16,000,000)
Drawdown of short-term and long-term bank and other loans		**18,739,750**	27,521,670
Repayments of short-term and long-term bank and other loans		**(22,049,892)**	(32,404,918)
Proceeds from finance lease under sale and leaseback contracts, net of deposit and transaction costs		**799,039**	2,590,500
Capital elements of finance lease rental payment		**(757,744)**	(177,025)
Proceeds from issuance of A shares, net of issuance cost		**–**	7,897,472
Capital injection from non-controlling shareholders		**10,000**	111,000
Dividends paid by subsidiaries to non-controlling shareholders		**(20,469)**	(19,554)
Interest paid		**(2,686,135)**	(3,251,221)
Net cash flows used in financing activities		**(4,323,514)**	(983,553)
Net (decrease)/increase in cash and cash equivalents		**(2,059,569)**	1,874,773
Net foreign exchange differences		**30,491**	(2,622)
Cash and cash equivalents at beginning of the period		**20,753,136**	16,268,600
Cash and cash equivalents at 30 June		**18,724,058**	18,140,751

The accompanying notes are an integral part of these financial statements.

1. GENERAL INFORMATION

Aluminum Corporation of China Limited (中國鋁業股份有限公司) (the "Company") and its subsidiaries (together the "Group") are principally engaged in the manufacture and distribution of alumina, primary aluminum and energy products. The Group is also engaged in the development of bauxite related resources and coal mining, the production and distribution of carbon and relevant non-ferrous metal products and the trading of non-ferrous metal products and coal products.

The Company is a joint stock company which was incorporated on 10 September 2001 in the People's Republic of China (the "PRC") with limited liability. The address of its registered office is No. 62 North Xizhimen Street, Haidian District, Beijing, the PRC.

The Company's shares have been listed on the Main Board of the Hong Kong Stock Exchange and the New York Stock Exchange in 2001. The Company also listed its A shares on the Shanghai Stock Exchange in 2007.

In the opinion of the directors, the ultimate holding company of the Company is Aluminum Corporation of China (中國鋁業公司) ("Chinalco"), a company incorporated and domiciled in the PRC and wholly owned by the State-owned Assets Supervision and Administration Commission of the State Council.

The interim condensed consolidated financial statements are presented in thousands of Renminbi ("RMB") unless otherwise stated.

The interim condensed consolidated financial statements have not been audited.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2016 have been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting*.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2015.

Going concern

As at 30 June 2016, the Group's current liabilities exceeded its current assets by approximately RMB19,825 million (31 December 2015: RMB16,770 million). The directors of the Company have considered the Group's available sources of funds as follows:

- The Group's expected net cash inflows from operating activities in 2016 and 2017;
- Unutilised banking facilities of approximately RMB74,918 million as at 30 June 2016, of which amounts totalling RMB62,944 million will be subject to renewal during the next 12 months. The directors of the Company are confident that these banking facilities could be renewed upon expiration based on the Group's past experience and good credit standing; and
- Other available sources of financing from banks and other financial institutions given the Group's credit history.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(a) Basis of preparation *(continued)*

Going concern *(continued)*

The directors of the Company believe that the Group has adequate resources to continue operation for the foreseeable future of not less than 12 months from the approval date of these interim condensed consolidated financial statements. The directors of the Company therefore are of the opinion that it is appropriate to adopt the going concern basis in preparing the interim condensed consolidated financial statements.

Merger accounting for business combination under common control

The accounting policies for business combination under common control of the interim condensed consolidated financial statements are in consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2015.

The comparative financial data have been restated to reflect the business combination under common control which took place during the period as disclosed in note 4.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(b) Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2015, except for the adoption of new and revised International Financial Reporting Standards ("IFRSs") (which include all International Financial Reporting Standards, International Accounting Standards, and Interpretations and amendments) that are effective from 1 January 2016. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The nature and the effect of these changes are disclosed below. Although these new standards and amendments apply for the first time in 2016, they do not have a material impact on the annual consolidated financial statements or the interim condensed consolidated financial statements of the Group.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(b) Significant accounting policies *(continued)*

New and revised IFRSs adopted by the Group

IFRS 14 *Regulatory Deferral Accounts*

IFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of comprehensive income. The standard requires disclosure of the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. IFRS 14 is effective for annual periods beginning on or after 1 January 2016. The Group's involvement in electricity generation business, which is a rate regulated activity, is not significant, and the Group has not applied IFRS 14. Therefore, the standard does not impact the Group's financial statements.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(b) Significant accounting policies *(continued)*

New and revised IFRSs adopted by the Group *(continued)*

Amendments to IFRS 11 *Accounting for Acquisitions of Interests in Joint Operation*

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant IFRS 3 *Business Combinations* principles for business combination accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation if joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments do not have any impact on the Group as there has been no interest acquired in a joint operation during the period.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(b) Significant accounting policies *(continued)*

New and revised IFRSs adopted by the Group *(continued)*

Amendments to IAS 16 and IAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*

The amendments clarify the principle in IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets* that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is a part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments do not have any impact on the Group given that the Group has not used a revenue-based method to depreciate its non-current assets.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(b) Significant accounting policies *(continued)*

New and revised IFRSs adopted by the Group *(continued)*

Amendments to IAS 27 *Equity Method in Separate Financial Statements*

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in their separate financial statements will have to apply that change retrospectively. First-time adopters of IFRS electing to use the equity method in their separate financial statements will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments do not have any impact on the Group's consolidated financial statements.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(b) Significant accounting policies *(continued)*

New and revised IFRSs adopted by the Group *(continued)*

Annual Improvements *2012–2014 Cycle*

These improvements are effective for annual periods beginning on or after 1 January 2016. They include:

IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*

Assets (or disposal groups) are generally disposed of either through sale or distribution to owners. The amendments clarify that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5. The amendment must be applied prospectively.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(b) Significant accounting policies *(continued)*

New and revised IFRSs adopted by the Group *(continued)*

Annual Improvements *2012–2014 Cycle (continued)*

IFRS 7 *Financial Instruments: Disclosures*

(i) Servicing contracts

The amendments clarify that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7 in order to assess whether the disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures would not need to be provided for any period beginning before the annual period in which the entity first applies the amendments.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(b) Significant accounting policies *(continued)*

New and revised IFRSs adopted by the Group *(continued)*

Annual Improvements *2012–2014 Cycle (continued)*

IFRS 7 *Financial Instruments: Disclosures (continued)*

(ii) Applicability of the amendments to IFRS 7 to condensed interim financial statements

The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report. This amendment must be applied retrospectively.

IAS 19 *Employee Benefits*

The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. This amendment must be applied prospectively.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(b) Significant accounting policies *(continued)*

New and revised IFRSs adopted by the Group *(continued)*

Annual Improvements *2012–2014 Cycle (continued)*

IAS 34 *Interim Financial Reporting*

The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. This amendment must be applied retrospectively.

These amendments do not have any impact on the Group.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(b) Significant accounting policies *(continued)*

New and revised IFRSs adopted by the Group *(continued)*

Annual Improvements *2012–2014 Cycle (continued)*

Amendments to IAS 1 *Disclosure Initiative*

The amendments to IAS 1 clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

➢ The materiality requirements in IAS 1

➢ That specific line items in the statement of comprehensive income and the statement of financial position may be disaggregated

➢ That entities have flexibility as to the order in which they present the notes to financial statements

➢ That the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(b) Significant accounting policies *(continued)*

New and revised IFRSs adopted by the Group *(continued)*

Annual Improvements *2012–2014 Cycle (continued)*

Amendments to IAS 1 *Disclosure Initiative (continued)*

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of comprehensive income. These amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments do not have any impact on the Group.

Amendments to IFRS 10, IFRS 12 and IAS 28 *Investment Entities: Applying the Consolidation Exception*

The amendments address issues that have arisen in applying the investment entities exception under IFRS 10 *Consolidated Financial Statements*. The amendments to IFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(b) Significant accounting policies *(continued)*

New and revised IFRSs adopted by the Group *(continued)*

Annual Improvements *2012–2014 Cycle (continued)*

Amendments to IFRS 10, IFRS 12 and IAS 28 *Investment Entities: Applying the Consolidation Exception (continued)*

Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to IAS 28 *Investments in Associates and Joint Ventures* allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

These amendments must be applied retrospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments do not have any impact on the Group as the Group does not apply the consolidation exception.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the interim condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these judgements, assumptions and estimates could result in outcomes that require a material adjustment to the carrying amounts of assets or liabilities affected in future periods.

In preparing these interim condensed consolidated financial statements, the significant judgements and estimates made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were consistent with those applied to the consolidated financial statements for the year ended 31 December 2015.

4. BUSINESS COMBINATION UNDER COMMON CONTROL

On 1 January 2016, Chalco Shandong Co., Ltd. (中鋁山東有限公司) ("Chalco Shandong"), a subsidiary of the Company completed the swap of its certain assets and liabilities with Shandong Aluminum Corporation* (山東鋁業公司) ("Shandong Aluminum"), a subsidiary of Chinalco. The assets disposed of by Chalco Shandong includes: the assets and relevant liabilities of the electrolysis aluminum plant except for the electrolysis production line (mainly carbon assets), the aluminum processing plant and the hospital ward building of Chalco Shandong (the "Assets Disposed of"). The business acquired by Chalco Shandong comprised of the relevant assets and liabilities of the Bayer alumina production line of Shandong Aluminum (the "Business Acquired"). Before and after the transaction, both entities were controlled by Chinalco, and the control was not temporary. Thus, the acquisition is considered to be a business combination under common control. The combination date is 1 January 2016, which is determined by the completion of transfer of the rights and risks of the assets and liabilities.

(Amounts expressed in thousands of RMB unless otherwise stated)

4. BUSINESS COMBINATION UNDER COMMON CONTROL *(CONTINUED)*

The book values of the assets and liabilities of the Business Acquired as at the acquisition date and the comparative financial figures were as follows:

	1 January 2016 and 31 December 2015
Assets	
Property, plant and equipment	**328,354**
Liabilities	
Other payables and accrued expenses	**1,488**
Net assets acquired	**326,866**
Difference recognised in equity	**11,418**
Total acquisition consideration	**338,284**
An analysis of the acquisition consideration was as follows:	
Satisfied by cash	**161,962**
Net assets disposed of	**176,322**
Total acquisition consideration	**338,284**

5. DISPOSAL OF BUSINESS

On 29 June 2016, each of the Lanzhou Branch and three subsidiaries (Baotou Aluminum Co., Ltd. (包頭鋁業有限公司) ("Baotou Aluminum"), Shandong Huayu Alloy Material Co., Ltd. (山東華宇合金材料有限公司) ("Shandong Huayu") and Chalco Ningxia Energy Group Co., Ltd. (中鋁寧夏能源集團) ("Ningxia Energy")) of the Company (collectively the "Sellers" and each a "Seller") entered into a business transfer agreement with Beijing Aluminum SPC Environment Protection Tech Co., Ltd. (北京鋁能清新環境技術有限公司) ("Aluminum SPC"), respectively, pursuant to which the Sellers agreed to sell and Aluminum SPC agreed to acquire the environmental protection business. Aluminum SPC is a joint venture of the Company and Beijing SPC Environment Protection Tech Co., Ltd. (北京清新環境技術股份有限公司) ("SPC"). The environmental protection business includes the environmental protection assets and relevant liabilities in relation to the desulfurization, denitration and dedusting of the coal-fired generating units of the sellers (together as "Environmental Protection Business"). The aggregate consideration of the business transfer agreements were RMB1,754 million, which was determined based on the valuation reports of the Environmental Protection Business on the valuation base date of 31 March 2016. Pursuant to the business transfer agreements, the consideration will be received in two instalments. An amount of RMB526 million has been received on 30 June 2016, and the remaining RMB1,228 million is due by 31 December 2016. The transaction between the Sellers and Aluminum SPC constituted a related party transaction. The Group disposed of the Environmental Protection Business with a carrying value of RMB1,183 million and recognised a disposal gain of RMB571 million in the period.

(Amounts expressed in thousands of RMB unless otherwise stated)

5. DISPOSAL OF BUSINESS *(CONTINUED)*

	Note	**30 June 2016**
Net assets disposed of:		
Property, plant and equipment		**1,187,802**
Trade and notes payables		**(2,042)**
Accruals and other payables		**(2,665)**
		1,183,095
Gain on disposal of the Environmental Protection Business	16	**571,270**
Cash consideration		**1,754,365**

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of the Environmental Protection Business is as follows:

	Six months ended 30 June 2016
Cash consideration received	**526,309**
Cash and bank balances disposed of	**–**
Net inflow of cash and cash equivalents in respect of the disposal of the Environmental Protection Business	**526,309**

(Amounts expressed in thousands of RMB unless otherwise stated)

6. REVENUE AND SEGMENT INFORMATION

(a) Revenue

	For the six months ended 30 June	
	2016	2015 (restated)
Sales of goods (net of value-added tax)	**48,516,936**	64,898,076
Other revenue	**1,188,360**	1,243,111
	49,705,296	66,141,187

Other revenue primarily includes revenue from the sale of scrap and other materials, the supply of heat and water and the provision of machinery processing, transportation, packing and other services.

(b) Segment information

The presidents of the Company have been identified as the chief operating decision-makers. They are responsible for the review of the internal reports in order to allocate resources to operating segments and assess their performance.

The presidents consider the business from a product perspective comprising alumina, primary aluminum and energy for the Group's manufacturing business, which is identified as separate reportable operating segments. In addition, the Group's trading business is identified as a separate reportable operating segment. The Group's operating segments also include corporate and other operating activities.

The presidents assess the performance of operating segments based on profit or loss before income tax in related periods. The manner of assessment used by the presidents is consistent with that applied to the consolidated financial statements for the year ended 31 December 2015. Management has determined the operating segments based on the reports reviewed by the presidents that are used to make strategic decisions.

6. REVENUE AND SEGMENT INFORMATION *(CONTINUED)*

(b) Segment information *(continued)*

The Group's five reportable operating segments are summarised as follows:

- The alumina segment, which consists of mining and purchasing bauxite and other raw materials, refining bauxite into alumina, and selling alumina both internally to the Group's aluminum plants and externally to customers outside the Group. This segment also includes the production and sale of chemical alumina and metal gallium.

- The primary aluminum segment, which consists of procuring alumina and other raw materials, supplemental materials and electricity power, smelting alumina to produce primary aluminum which is sold to external customers, including Chinalco and its subsidiaries. This segment also includes the production and sale of carbon products and aluminum alloy and other aluminum products.

- The energy segment, which consists of research and development, production and operation of energy products, mainly includes coal mining, electricity generation by thermal power, wind power and solar power, new energy related equipment manufacturing business. Sales of coals are mainly to the Group's internal and external coal consuming customers; electricity is sold to regional power grid corporations.

6. REVENUE AND SEGMENT INFORMATION *(CONTINUED)*

(b) Segment information *(continued)*

- The trading segment, which mainly engages in the trading of alumina, primary aluminum, aluminum fabrication products, other non-ferrous metal products, coal products and raw materials and supplemental materials and logistics and transport services to internal manufacturing plants and external customers. The products are sourced from fellow subsidiaries and international and domestic suppliers of the Group. Sales of products manufactured by the Group's manufacturing business are included in the total revenue of the trading segment and are eliminated with the segment revenue of the respective segments which supplied the products to the trading segment.

- Corporate and other operating segments, which mainly include management of corporate, research and development activities and others.

Prepaid current income tax and deferred tax assets are excluded from segment assets, and income tax payable and deferred tax liabilities are excluded from segment liabilities. All sales among the operating segments were conducted on terms mutually agreed among group companies, and have been eliminated upon consolidation.

(Amounts expressed in thousands of RMB unless otherwise stated)

6. REVENUE AND SEGMENT INFORMATION *(CONTINUED)*

(b) Segment information *(continued)*

	For the six months ended 30 June 2016						
	Alumina	Primary aluminum	Energy	Trading	Corporate and other operating segments	Inter-segment elimination	Total
Total revenue	12,587,695	15,535,779	2,005,085	35,979,047	198,430	(16,600,740)	49,705,296
Inter-segment revenue	(8,510,998)	(2,252,349)	(57,724)	(5,776,452)	(3,217)	16,600,740	–
Sales of self-produced products				8,739,922			
Sales of products sourced from external suppliers				21,462,673			
Revenue from external customers	4,076,697	13,283,430	1,947,361	30,202,595	195,213	–	49,705,296
Segment (loss)/profit before income tax	(215,424)	1,135,934	111,968	325,491	(794,463)	(65,306)	498,200
Income tax expense							(152,403)
Profit for the period							345,797

(Amounts expressed in thousands of RMB unless otherwise stated)

6. REVENUE AND SEGMENT INFORMATION *(CONTINUED)*

(b) Segment information *(continued)*

	For the six months ended 30 June 2016						
	Alumina	Primary aluminum	Energy	Trading	Corporate and other operating segments	Inter-segment elimination	Total
Other items:							
Finance income	140,771	16,310	13,278	110,674	116,903	–	397,936
Finance costs	(427,903)	(601,155)	(476,104)	(183,584)	(789,310)	–	(2,478,056)
Share of (losses)/profits of joint ventures	(36,547)	–	25,940	–	(82,514)	–	(93,121)
Share of profits/(losses) of associates	–	107	78,778	(146)	9,870	–	88,609
Amortisation of land use rights and leasehold land	(14,533)	(20,009)	(5,206)	(7)	(673)	–	(40,428)
Depreciation and amortisation excluding the amortisation of land use rights and leasehold land	(1,385,528)	(1,359,384)	(635,838)	(27,564)	(43,765)	–	(3,452,079)
Gain/(loss) on disposal of property, plant and equipment	195,659	1,617	(5,555)	861	4,862	–	197,444
Gain on disposal of the Environmental Protection Business	–	327,586	243,684	–	–	–	571,270
Other income	273,575	133,257	14,620	10,952	761	–	433,165
(Provision for)/reversal of provision for impairment of inventories	(119,683)	142,349	–	8,946	–	–	31,612
Reversal of impairment of receivables, net of bad debts recovered	52,522	326	16,354	–	–	–	69,202

(Amounts expressed in thousands of RMB unless otherwise stated)

6. REVENUE AND SEGMENT INFORMATION *(CONTINUED)*

(b) Segment information *(continued)*

	For the six months ended 30 June 2016						
	Alumina	Primary aluminum	Energy	Trading	Corporate and other operating segments	Inter-segment elimination	Total
Additions during the period							
Investment in associates	–	–	–	–	372,522	–	372,522
Investment in joint ventures	48,000	2,500	40,000	–	220,000	–	310,500
Intangible assets	46	6	39	–	9	–	100
Land use rights and leasehold land	–	–	5,861	–	–	–	5,861
Property, plant and equipment *(Note)*	700,688	1,181,067	673,175	34,453	41,253	–	2,630,636

Note: The additions in property, plant and equipment under the sale and finance leaseback contracts are not included.

(Amounts expressed in thousands of RMB unless otherwise stated)

6. REVENUE AND SEGMENT INFORMATION *(CONTINUED)*

(b) Segment information *(continued)*

	For the six months ended 30 June 2015 (restated)						
	Alumina	Primary aluminum	Energy	Trading	Corporate and other operating segments	Inter-segment elimination	Total
Total revenue	16,939,738	20,182,223	2,256,771	50,744,124	162,412	(24,144,081)	66,141,187
Inter-segment revenue	(13,427,301)	(5,792,493)	(58,158)	(4,854,893)	(11,236)	24,144,081	–
Sales of self-produced products				13,847,843			
Sales of products sourced from external suppliers				32,041,388			
Revenue from external customers	3,512,437	14,389,730	2,198,613	45,889,231	151,176	–	66,141,187
Segment profit/(loss) before income tax	1,335,648	(1,141,409)	231,830	31,374	(270,552)	(44,308)	142,583
Income tax credit							36,486
Profit for the period							179,069

(Amounts expressed in thousands of RMB unless otherwise stated)

6. REVENUE AND SEGMENT INFORMATION *(CONTINUED)*

(b) Segment information *(continued)*

	For the six months ended 30 June 2015 (restated)						
	Alumina	Primary aluminum	Energy	Trading	Corporate and other operating segments	Inter-segment elimination	Total
Other items:							
Finance income	81,465	18,482	21,031	124,876	143,774	–	389,628
Finance costs	(569,312)	(714,330)	(497,168)	(265,433)	(1,087,541)	–	(3,133,784)
Share of profits of joint ventures	–	–	7,854	–	52,478	–	60,332
Share of (losses)/profits of associates	–	(1,384)	132,182	–	(7,445)	–	123,353
Amortisation of land use rights and leasehold land	(24,139)	(16,270)	(6,763)	(7)	(673)	–	(47,852)
Depreciation and amortisation excluding the amortisation of land use rights and leasehold land	(1,652,105)	(1,297,451)	(592,818)	(7,089)	(44,431)	–	(3,593,894)
Gain/(loss) on disposal of property, plant and equipment	4,608	12,930	3,601	–	(13)	–	21,126
Other income	31,921	587,840	38,226	864	7,449	–	666,300
Reversal of provision for/(provision for) impairment of inventories	191,206	(670,448)	–	(99,617)	–	–	(578,859)
Reversal of impairment of receivables, net of bad debts recovered	1,500	267	3,761	5,850	–	–	11,378

(Amounts expressed in thousands of RMB unless otherwise stated)

6. REVENUE AND SEGMENT INFORMATION *(CONTINUED)*

(b) Segment information *(continued)*

	For the six months ended 30 June 2015						
	Alumina	Primary aluminum	Energy	Trading	Corporate and other operating segments	Inter-segment elimination	Total
Additions during the period							
Investment in associates	8,000	–	45,000	–	–	–	53,000
Investment in joint ventures	–	–	10,200	–	–	–	10,200
Intangible assets	–	30	8,644	245	–	–	8,919
Property, plant and equipment *(Note)*	2,321,172	363,021	1,001,371	5,147	9,992	–	3,700,703

Note: The additions in property, plant and equipment under the sale and finance leaseback contracts are not included.

(Amounts expressed in thousands of RMB unless otherwise stated)

6. REVENUE AND SEGMENT INFORMATION *(CONTINUED)*

(b) Segment information *(continued)*

	Alumina	Primary aluminum	Energy	Trading	Corporate and other operating segments	Total
As at 30 June 2016						
Segment assets	**69,858,915**	**44,674,064**	**37,500,727**	**17,871,302**	**36,228,029**	**206,133,037**
Reconciliation:						
Elimination of inter-segment receivables						**(21,913,830)**
Other elimination						**(230,121)**
Unallocated:						
Deferred tax assets						**1,258,502**
Prepaid income tax						**253,620**
Total assets						**185,501,208**
Segment liabilities	**42,455,611**	**29,563,305**	**25,439,360**	**12,762,467**	**45,358,730**	**155,579,473**
Reconciliation:						
Elimination of inter–segment payables						**(21,913,830)**
Unallocated:						
Deferred tax liabilities						**990,802**
Income tax payable						**61,958**
Total liabilities						**134,718,403**

(Amounts expressed in thousands of RMB unless otherwise stated)

6. REVENUE AND SEGMENT INFORMATION *(CONTINUED)*

(b) Segment information *(continued)*

	Alumina	Primary aluminum	Energy	Trading	Corporate and other operating segments	Total
As at 31 December 2015 (restated)						
Segment assets	68,925,524	46,330,865	37,020,858	19,158,171	35,873,305	207,308,723
Reconciliation:						
Elimination of inter-segment receivables						(19,131,592)
Other elimination						(181,437)
Unallocated:						
Deferred tax assets						1,362,995
Prepaid income tax						238,916
Total assets						189,597,605
Segment liabilities	42,771,336	31,480,143	25,051,030	14,047,128	43,705,747	157,055,384
Reconciliation:						
Elimination of inter–segment payables						(19,131,592)
Unallocated:						
Deferred tax liabilities						1,006,155
Income tax payable						43,356
Total liabilities						138,973,303

(Amounts expressed in thousands of RMB unless otherwise stated)

6. REVENUE AND SEGMENT INFORMATION *(CONTINUED)*

(b) Segment information *(continued)*

The Group mainly operates in Mainland China. Geographical information on operating segments is as follows:

	For the six months ended 30 June	
	2016	2015 (restated)
Segment revenue from external customers		
– Mainland China	**49,163,670**	65,278,744
– Outside of Mainland China	**541,626**	862,443
	49,705,296	66,141,187

	30 June 2016	31 December 2015 (restated)
Non-current assets (excluding financial assets and deferred tax assets)		
– Mainland China	**114,557,288**	117,518,223
– Outside of Mainland China	**359,755**	359,308
	114,917,043	117,877,531

6. REVENUE AND SEGMENT INFORMATION *(CONTINUED)*

(b) Segment information *(continued)*

For the six months ended 30 June 2016, revenues of approximately RMB13,452 million (for the six months ended 30 June 2015: RMB13,991 million) were derived from entities directly or indirectly owned or controlled by the PRC government, including Chinalco. These revenues were mainly attributable to the alumina, primary aluminum, energy and trading segments. There is no other individual customer with transactions contributed to more than 10% of the Group's revenue during the six months ended 30 June 2016 (for the six months ended 30 June 2015: nil).

(Amounts expressed in thousands of RMB unless otherwise stated)

7. INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

	Intangible assets					
	Goodwill	Mining rights	Mineral exploration rights	Computer software and others	Total	Property, plant and equipment
Net book amounts as at 1 January 2016 (restated)	2,345,837	6,771,023	1,143,482	178,673	10,439,015	90,203,100
Additions *(Note)*	–	–	48	52	100	3,470,672
Transfer from property, plant and equipment to intangible assets	–	6,265	–	–	6,265	(6,265)
Transfer from property, plant and equipment to land use rights and leasehold land	–	–	–	–	–	(16,155)
Reclassification	–	(4,669)	7,595	(2,926)	–	–
Disposals *(Note)*	–	–	–	–	–	(2,569,218)
Amortisation and depreciation	–	(101,594)	–	(18,212)	(119,806)	(3,311,936)
Currency translation differences	315	2,842	4,094	–	7,251	205
Net book amounts as at 30 June 2016	2,346,152	6,673,867	1,155,219	157,587	10,332,825	87,770,403

Note:

The disposals and additions of property, plant and equipment include the disposals under sale and finance leaseback contracts entered into during the period amounting to RMB958 million (for the six months ended 30 June 2015: RMB3,046 million), and additions under the sale and finance leaseback contracts in the period amounting to RMB840 million (for the six months ended 30 June 2015: RMB2,600 million).

Other than the disposal of the Environmental Protection Business as disclosed in note 5, and the disposals through sales and leaseback contracts above, the disposals during the period also included the disposals of certain property, plant and equipment by Chalco Shandong, Chalco Shanxi Branch and Chalco Henan Branch amounting to RMB279 million, to Shandong Aluminum, Shanxi Aluminum Plant and ChangCheng Aluminum Corporation, respectively, which are all subsidiaries of Chinalco. The transactions generated disposal gain amounting to RMB195 million.

(Amounts expressed in thousands of RMB unless otherwise stated)

7. INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT *(CONTINUED)*

	Intangible assets					
(Restated)	Goodwill	Mining rights	Mineral exploration rights	Computer software and others	Total	Property, plant and equipment
Net book amounts as at 1 January 2015	2,345,057	7,121,134	1,312,222	201,685	10,980,098	94,492,753
Additions	–	–	–	8,919	8,919	6,300,703
Transfer from property, plant and equipment to intangible assets	–	12,983	–	–	12,983	(12,983)
Transfer from property, plant and equipment to land use rights and leasehold land	–	–	–	–	–	(133)
Transfer from property, plant and equipment to asset of a disposal group classified as held for sale	–	–	–	–	–	(68,952)
Disposals	–	–	–	–	–	(3,209,119)
Amortisation and depreciation	–	(101,784)	–	(16,178)	(117,962)	(3,448,207)
Currency translation differences	(92)	(897)	(1,183)	–	(2,172)	(100)
Net book amounts as at 30 June 2015	2,344,965	7,031,436	1,311,039	194,426	10,881,866	94,053,962

As at 30 June 2016, the Group has pledged mining rights and mineral exploration rights at a net book value amounting to RMB1,026 million (31 December 2015: RMB1,241 million) for bank and other borrowings as set out in note 11(g).

As at 30 June 2016, the Group has pledged property, plant and equipment at a net book value amounting to RMB6,104 million (31 December 2015: RMB6,103 million) for bank and other borrowings as set out in note 11(g).

(Amounts expressed in thousands of RMB unless otherwise stated)

7. INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT *(CONTINUED)*

Impairment tests for goodwill

The lowest level within the Group at which goodwill is monitored for internal management purposes is the operating segment level. Therefore, goodwill is allocated to the Group's cash generating units ("CGUs") and groups of CGUs according to operating segments. A summary of goodwill allocated to each segment is presented below:

	30 June 2016		31 December 2015	
	Alumina	**Primary aluminum**	Alumina	Primary aluminum
Qinghai Branch	**–**	**217,267**	–	217,267
Guangxi Branch	**189,419**	**–**	189,419	–
Lanzhou Branch	**–**	**1,924,259**	–	1,924,259
PT. Nusapati Prima ("PTNP")	**15,207**	**–**	14,892	–
	204,626	**2,141,526**	204,311	2,141,526

7. INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT *(CONTINUED)*

Impairment tests for goodwill *(continued)*

As of 30 June 2016, the directors of the Company are of the view that goodwill impairment indicators were identified in Qinghai Branch CGU and Lanzhou Branch CGU, and goodwill impairment tests were performed for these two CGUs accordingly. The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a 5-year period. Cash flows beyond the 5-year period are extrapolated using the estimated growth rate of 2% (2015: 2%) not exceeding the long-term average growth rate for the businesses in which the CGU operates. Other key assumptions applied in the impairment tests include the expected product price, demand for the products, product costs and related expenses. Management determined that these key assumptions were based on past performance and their expectations on market development. Furthermore, the Group adopts a pre-tax rate of 12.62% (2015: 12.62%) that reflects specific risks related to CGUs and groups of CGUs as the discount rate. The assumptions above are used in analysing the recoverable amounts of CGUs and groups of CGUs within operating segments.

The directors of the Company are of the view that, based on its assessment, there was no impairment of goodwill as at 30 June 2016 (31 December 2015: no impairment).

(Amounts expressed in thousands of RMB unless otherwise stated)

8. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

Movements in investments in joint ventures and associates are as follows:

	Joint ventures	**Associates**
As at 1 January 2016	5,150,887	5,602,701
Capital injection *(Note (i)/(ii))*	310,500	433,151
Reclassification of an investment in an associate to available-for-sale financial investments *(Note (iii))*	–	(176,774)
Share of profits and losses for the period	(93,121)	88,609
Share of change in reserves	10,543	63
Other decrease in investment in an associate *(Note (ii))*	–	(60,629)
As at 30 June 2016	5,378,809	5,887,121

As at 30 June 2016, the investment in Guizhou Yuneng Mining Co., Ltd.* (貴州渝能礦業有限公司), an associate of the Group, amounting to RMB393 million (31 December 2015: RMB421 million) was pledged to obtain a long-term bank loan as set out in note 11(g).

8. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES *(CONTINUED)*

Notes:

(i) Capital injections in joint ventures

In May 2016, Ningxia Energy, a subsidiary of the Company, made a capital injection to Ningxia Yinxing Power Co., Ltd. (寧夏銀星發電有限責任公司) ("Yinxing Power") in cash and notes receivable amounting to RMB20 million and RMB20 million, respectively. As at 30 June 2016, Ningxia Energy has total capital injection in Yinxing Power amounting to RMB203.2 million and still has the capital injection commitment amounting to RMB204.8 million.

In May 2016, Chalco Zhengzhou Research Institute of Non-ferrous Metal Co., Ltd. (中國鋁業鄭州有色金屬研究院有限公司) ("Zhengzhou Institute"), a subsidiary of the Company, entered into an agreement with Yitai Zhongcheng New Material Technology Co., Ltd.* (易泰眾成新材料科技) ("Yitai Zhongcheng") to set up Zhengzhou Light Metal and Alloy Research Co., Ltd.* (鄭州輕研合金科技有限公司) ("Zhengzhou Light Metal and Alloy"), pursuant to which Zhengzhou Institute has made a capital injection of RMB2.5 million in cash and held a 50% equity interest in Zhengzhou Light Metal and Alloy.

In January 2016, Guangxi Investment Co., Ltd. (中鋁廣西投資發展有限公司), a subsidiary of the Company, has made a capital injection of RMB48 million to Guangxi Hualei Aluminum and Power Co., Ltd.* (廣西華磊鋁電有限公司) ("Guangxi Hualei") and held 40% equity interest in Guangxi Hualei.

In June 2016, the Company entered into an agreement with SPC, a company listed on the Shenzhen Stock Exchange, to set up Aluminum SPC. Pursuant to the agreement, the Company has made a capital injection of RMB220 million in cash and held a 40% equity interest in Aluminum SPC.

(ii) Capital injections in an associate

In November 2015, the Company, Chinalco and Chinalco Capital Holdings Co., Ltd.* (中鋁資本控股有限公司) ("Chinalco Capital") used to be a wholly-owned subsidiary of Chinalco, entered into a capital contribution agreement (the "Capital Contribution Agreement"), pursuant to which, the Company made a capital injection to Chinalco Capital by the 15% equity interest held by the Company in ABC-CA Fund Management Co., Ltd. (農銀匯理基金管理有限公司) ("ABC-CA") and cash of RMB150 million to obtain the 17.7% equity interest in Chinalco Capital. The appraised value of the equity interest in ABC-CA was RMB1,888 million, 15% of which was valued at RMB283.15 million. The total consideration for the 17.7% equity interest in Chinalco Capital was RMB433.15 million. The capital injection was completed in June 2016, and the Company has significant influence in Chinalco Capital and accounted for as an associate. The disposal gain of equity interest in ABC-CA amounted to RMB143.68 million after considering the share of equity interest in Chinalco Capital.

8. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES *(CONTINUED)*

Note: (continued)

(iii) Reclassification of an investment in an associate to available-for-sale financial investments

Pursuant to the resolution of the 2016 first extraordinary general meeting of Jiaozuo Wanfang Aluminum Co., Ltd. (焦作萬方鋁業股份有限公司) ("Jiaozuo Wanfang") convened in November 2015, the Company did not nominate any directors to the board of director of Jiaozuo Wanfang. Hence, the Company lost significant influence over Jiaozuo Wanfang, and accounted for the investment in Jiaozuo Wanfang as an available-for-sale financial investment at fair value.

* The English names represent the best effort made by management of the Group in translating their Chinese names as they do not have any official English names.

(Amounts expressed in thousands of RMB unless otherwise stated)

9. TRADE AND NOTES RECEIVABLES

	30 June 2016	31 December 2015
Trade receivables	**4,810,560**	4,394,814
Less: provision for impairment of receivables	**(442,161)**	(510,336)
	4,368,399	3,884,478
Notes receivable	**2,209,538**	1,266,561
	6,577,937	5,151,039

(Amounts expressed in thousands of RMB unless otherwise stated)

9. TRADE AND NOTES RECEIVABLES *(CONTINUED)*

Trade receivables are non-interest-bearing and are generally on terms of 3 to 12 months. Certain of the Group's sales were on advance payments or documents against payments. The sales to certain subsidiaries of Chinalco are receivable on demand. Credit terms are extended for qualifying long-term customers that have met specific credit requirements. As at 30 June 2016, the ageing analysis of trade and notes receivables is as follows:

	30 June 2016	31 December 2015
Within 1 year	**5,252,872**	3,881,858
Between 1 and 2 years	**596,947**	326,631
Between 2 and 3 years	**458,788**	667,601
Over 3 years	**711,491**	785,285
	7,020,098	5,661,375
Less: provision for impairment of receivables	**(442,161)**	(510,336)
	6,577,937	5,151,039

As at 30 June 2016, the Group had not pledged any trade and notes receivables (31 December 2015: RMB387 million) for bank and other borrowings as set out in note 11(g).

(Amounts expressed in thousands of RMB unless otherwise stated)

10. SHARE CAPITAL

	30 June 2016	31 December 2015
A shares	**10,959,832**	10,959,832
H shares	**3,943,966**	3,943,966
	14,903,798	14,903,798

(Amounts expressed in thousands of RMB unless otherwise stated)

11. INTEREST-BEARING LOANS AND BORROWINGS

	30 June 2016	31 December 2015
Long-term loans and borrowings		
Finance lease payable *(note 12)*	**6,718,279**	6,656,038
Bank and other loans *(Note (a))*		
– Secured *(Note (g))*	**13,923,220**	14,202,953
– Guaranteed *(Note (e))*	**2,094,681**	1,791,207
– Unsecured	**15,969,851**	16,373,473
	31,987,752	32,367,633
Medium-term notes and bonds, long-term bonds and private placement notes *(Note (b))*		
– Guaranteed *(Note (e))*	**1,997,552**	1,996,270
– Unsecured	**25,740,450**	25,715,582
	27,738,002	27,711,852
Total long-term loans and borrowings	**66,444,033**	66,735,523
Current portion of finance lease payable *(note 12)*	**(1,652,633)**	(1,511,161)
Current portion of medium-term notes and bonds, long-term bonds and private placement notes	**(12,289,142)**	(6,896,181)
Current portion of long-term bank and other loans	**(6,091,510)**	(4,602,511)
Non-current portion of long-term loans and borrowings	**46,410,748**	53,725,670

(Amounts expressed in thousands of RMB unless otherwise stated)

11. INTEREST-BEARING LOANS AND BORROWINGS *(CONTINUED)*

	30 June 2016	31 December 2015
Short-term loans and borrowings		
Gold leasing arrangement *(Note (f))*	**2,923,296**	–
Bank and other loans *(Note (c))*		
– Secured *(Note (g))*	**1,392,600**	2,201,584
– Guaranteed *(Note (e))*	**170,000**	400,000
– Unsecured	**30,327,882**	32,147,703
	31,890,482	34,749,287
Short-term bonds, unsecured *(Note (d))*	**5,576,549**	6,663,722
Total short-term loans and borrowings	**40,390,327**	41,413,009
Current portion of finance lease payable *(note 12)*	**1,652,633**	1,511,161
Current portion of medium-term notes and bonds, long-term bonds and private placement notes	**12,289,142**	6,896,181
Current portion of long-term bank and other loans	**6,091,510**	4,602,511
Total short-term loans and borrowings and current portion of long-term loans and borrowings	**60,423,612**	54,422,862

(Amounts expressed in thousands of RMB unless otherwise stated)

11. INTEREST-BEARING LOANS AND BORROWINGS *(CONTINUED)*

Notes:

(a) Long-term bank and other loans

(i) The maturity of long-term bank and other loans is set out below:

	Loans from banks and other financial institutions		**Other loans**	
	30 June 2016	31 December 2015	**30 June 2016**	31 December 2015
Within 1 year	**6,085,278**	4,600,619	**6,232**	1,892
Between 1 and 2 years	**6,613,082**	4,863,465	**6,528**	2,020
Between 2 and 5 years	**10,862,571**	13,779,643	**7,584**	6,060
Over 5 years	**8,392,570**	9,100,933	**13,907**	13,001
	31,953,501	32,344,660	**34,251**	22,973

The weighted average annual interest rate of long-term bank and other loans for the six months ended 30 June 2016 was 5.10% (for the six months ended 30 June 2015: 5.48%).

(ii) Other loans amounting to RMB34 million were provided by local bureaus of the Ministry of Finance to the Group.

(Amounts expressed in thousands of RMB unless otherwise stated)

11. INTEREST-BEARING LOANS AND BORROWINGS *(CONTINUED)*

Note: (continued)

(b) Medium-term notes and bonds, long-term bonds and private placement notes

As at 30 June 2016, the maturity of the outstanding medium-term notes and bonds, long-term bonds and private placement notes were from 0.5 to 2 years, and their effective interest rates range from 4.64% to 7.35%.

	Face value/ maturity year	**Effective interest rate**	**30 June 2016**	31 December 2015
2007 long-term bonds *(Note)*	2,000,000/2017	4.64%	**1,997,552**	1,996,270
2011 medium-term notes *(Note)*	4,900,000/2016	6.03%	**4,899,284**	4,898,376
2015 medium-term notes	3,000,000/2018	5.53%	**2,985,510**	2,981,028
2015 medium-term notes	1,500,000/2018	5.01%	**1,490,172**	1,487,994
2012 Ningxia Energy medium-term bonds *(Note)*	400,000/2017	6.06%	**400,000**	400,000
2012 private placement notes	3,000,000/2017	5.77%	**2,994,702**	2,992,788
2013 private placement notes	3,000,000/2018	5.99%	**2,990,272**	2,987,271
2013 private placement notes *(Note)*	2,000,000/2016	6.07%	**1,999,425**	1,997,805
2014 private placement notes *(Note)*	3,000,000/2017	7.35%	**2,992,881**	2,988,140
2015 private placement notes	3,000,000/2018	6.11%	**2,995,122**	2,993,630
2015 private placement notes	2,000,000/2018	6.08%	**1,993,082**	1,988,550
			27,738,002	27,711,852

Note: The maturity of these medium-term notes, long-term bonds and private placement notes is within one year.

Medium-term notes and bonds, long-term bonds and private placement notes were issued for capital expenditure, operating cash flows and the purpose of re-financing of bank loans.

(Amounts expressed in thousands of RMB unless otherwise stated)

11. INTEREST-BEARING LOANS AND BORROWINGS *(CONTINUED)*

Notes: (continued)

(c) Short-term bank and other loans

Other loans were entrusted loans provided by other state-owned enterprises to the Group.

The weighted average annual interest rate of short-term bank and other loans for the six months ended 30 June 2016 was 4.51% (for the six months ended 30 June 2015: 5.39%).

(d) Short-term bonds

As at 30 June 2016, the outstanding short-term bonds were summarised as follows:

	Face value/ maturity year	**Effective interest rate**	**30 June 2016**	31 December 2015
2015 short-term bonds	3,000,000/2016	4.15%	**–**	3,045,981
2015 short-term bonds	3,000,000/2016	3.85%	**3,073,958**	3,017,741
2015 short-term bonds	600,000/2016	3.35%	**600,000**	600,000
2016 short-term bonds	1,500,000/2017	3.98%	**1,502,591**	–
2016 short-term bonds	400,000/2017	4.13%	**400,000**	–
			5,576,549	6,663,722

All the above short-term bonds were issued for working capital and repayment of bank loans and borrowings.

(Amounts expressed in thousands of RMB unless otherwise stated)

11. INTEREST-BEARING LOANS AND BORROWINGS *(CONTINUED)*

Notes: (continued)

(e) Guaranteed interest-bearing loans and borrowings

Details of the interest-bearing loans and borrowings for which the Group received guarantees are set out as follows:

Guarantor	30 June 2016	31 December 2015
Long-term bonds		
Bank of Communications Co., Ltd. (交通銀行股份有限公司) (“BOCOM”)	**1,997,552**	1,996,270
Long-term bank and other loans		
Lanzhou Aluminum Factory (蘭州鋁廠) *(Note (i))*	**8,000**	12,000
Ningxia Yinxing Energy Co., Ltd. (寧夏銀星能源股份有限公司) *(Note (ii))*	**59,400**	202,400
The Company	**776,881**	749,207
Ningxia Energy *(Note (ii))*	**1,250,400**	827,600
	2,094,681	1,791,207
Short-term bank and other loans		
Ningxia Energy *(Note (ii))*	**120,000**	50,000
Ningxia Yinxing Energy Co., Ltd. (寧夏銀星能源股份有限公司) *(Note (ii))*	**–**	50,000
Chalco Aluminum International Trading Co., Ltd. (中鋁國際貿易有限公司) *(Note (ii))*	**–**	300,000
Chalco Shandong *(Note (ii))*	**50,000**	–
	170,000	400,000

Note:

(i) The guarantor is a subsidiary of Chinalco.

(ii) The guarantor is a subsidiary of the Group.

11. INTEREST-BEARING LOANS AND BORROWINGS *(CONTINUED)*

Note: (continued)

(f) Gold leasing arrangement

On 6 June 2016, the Company entered into a gold leasing operational agreement, four gold leasing agreements and a general hedging agreement with BOCOM, pursuant to which the Company developed gold leasing for working capital financing purpose.

According to the gold leasing operational agreement and gold leasing agreements, the Company leased from BOCOM standard gold with fineness of Au99.99 for 12 months with annual lease fee rates from 3.61% to 3.70%. The total value of the gold leased was determined in accordance with the settlement price as agreed by both parties (the "Predetermined Price") amounted to RMB3,000 million. Right after the gold was leased to the Company, the Group sold them via BOCOM at the Predetermined Price and received cash of RMB3,000 million. The Company has paid an upfront lease fee amounting to RMB86.4 million at the beginning of the lease period. Upon the expiry of the leasing term, the Company shall purchase the same amount of gold with fineness of Au99.99 from BOCOM at the Predetermined Price pursuant to the general hedging agreement, and return the standard gold with same quality as those under the gold lease agreements.

The directors of the Company are of view that the gold leasing operational agreement, gold leasing agreements and the general hedging agreement are planned, determined and operated as an integrated transaction, through which the Group is free from the risks of gold price fluctuations, and therefore, should be accounted for as loans from BOCOM with fixed interest rates.

(Amounts expressed in thousands of RMB unless otherwise stated)

11. INTEREST-BEARING LOANS AND BORROWINGS *(CONTINUED)*

Note: (continued)

(g) Security for long-term and short-term bank and other loans

The Group has pledged various assets as collateral against certain secured loans. As at 30 June 2016, a summary of these pledged assets was as follows:

	30 June 2016	31 December 2015
Property, plant and equipment *(note 7)*	**6,103,634**	6,102,859
Land use rights	**185,622**	257,610
Intangible assets *(note 7)*	**1,026,368**	1,241,057
Investment in an associate *(note 8)*	**392,954**	421,270
Notes receivable *(note 9)*	**–**	26,500
Trade receivables *(note 9)*	**–**	360,000
	7,708,578	8,409,296

As at 30 June 2016, in addition to the loans and borrowings which were pledged by the above assets, the current portion of long-term loans and borrowings amounting to RMB861 million (31 December 2015: RMB882 million) and the non-current portion of long-term loans and borrowings amounting to RMB8,421 million (31 December 2015: RMB10,384 million) were secured by the contractual right to charge users for electricity generated in the future.

Besides, no short-term loan (31 December 2015: RMB55 million) was secured by intra-group trade receivables. In addition, as at 30 June 2016, the current portion of long-term loans and borrowings amounting to RMB10 million (31 December 2015: RMB10 million) and the non-current portion of long-term loans and borrowings amounting to RMB1,662 million (31 December 2015: RMB1,667 million) were secured by the Company's investment in a 70.82% owned subsidiary, Ningxia Energy.

(Amounts expressed in thousands of RMB unless otherwise stated)

12. FINANCE LEASE PAYABLE

As disclosed in note 7, the Group leased back certain machineries under finance lease with the lease term of one to five years.

At 30 June 2016, the total future minimum lease payments under finance lease and their present values were as follows:

	Minimum lease payments		Present value of minimum lease payments	
	30 June 2016	31 December 2015	**30 June 2016**	31 December 2015
Amounts payable:				
Within one year	**1,961,161**	1,815,657	**1,652,633**	1,511,161
In the second year	**1,835,506**	1,803,103	**1,602,308**	1,533,730
In the third to fifth years, inclusive	**3,490,091**	3,751,049	**3,463,338**	3,611,147
Total minimum finance lease payment	**7,286,758**	7,369,809	**6,718,279**	6,656,038
Future finance charges	**(568,479)**	(713,771)		
Total net finance lease payables *(note 11)*	**6,718,279**	6,656,038		
Portion classified as current liabilities *(note 11)*	**(1,652,633)**	(1,511,161)		
Non-current portion	**5,065,646**	5,144,877		

(Amounts expressed in thousands of RMB unless otherwise stated)

13. TRADE AND NOTES PAYABLES

	30 June 2016	31 December 2015
Trade payables	**6,747,368**	7,785,562
Notes payable	**5,705,403**	6,720,576
	12,452,771	14,506,138

As at 30 June 2016, the ageing analysis of trade and notes payables was as follows:

	30 June 2016	31 December 2015
Within 1 year	**11,831,351**	14,014,456
Between 1 and 2 years	**392,256**	248,509
Between 2 and 3 years	**81,860**	55,067
Over 3 years	**147,304**	188,106
	12,452,771	14,506,138

The trade and notes payables are non-interest-bearing and are normally settled within one year. The trade payables over one year are mainly outstanding purchase payment.

(Amounts expressed in thousands of RMB unless otherwise stated)

14. SELLING AND DISTRIBUTION EXPENSES

An analysis of selling and distribution expenses is as follows:

	For the six months ended 30 June	
	2016	2015 (restated)
Transportation and loading expenses	**703,056**	599,968
Packaging expenses	**104,683**	130,203
Port expenses	**23,471**	43,222
Employee benefit expenses	**33,031**	29,609
Warehouse and other storage fees	**5,045**	25,260
Marketing and advertising expenses	**1,335**	2,885
Depreciation of non-production property, plant and equipment	**5,080**	12,892
Sales commissions and other handling fees	**21,145**	6,044
Others	**49,583**	39,670
	946,429	889,753

(Amounts expressed in thousands of RMB unless otherwise stated)

15. GENERAL AND ADMINISTRATIVE EXPENSES

An analysis of general and administrative expenses is as follows:

	For the six months ended 30 June	
	2016	2015 (restated)
Employee benefit expenses	**597,530**	459,422
Taxes other than current income tax expense *(Note)*	**269,737**	293,558
Depreciation of non-production property, plant and equipment	**81,885**	90,502
Amortisation of land use rights and leasehold land	**40,428**	47,852
Operating lease rental expenses	**60,614**	52,885
Travelling and entertainment	**24,528**	34,476
Utilities and office supplies	**11,059**	13,454
Pollutants discharge fees	**14,201**	7,395
Repairs and maintenance expenses	**11,754**	13,775
Insurance expenses	**8,428**	10,013
Legal and other professional fees	**15,114**	6,022
Others	**82,544**	196,131
	1,217,822	1,225,485

Note: Taxes other than income tax expense mainly comprise land use tax, property tax, stamp duty, business tax, urban maintenance and construction tax and educational surcharges.

(Amounts expressed in thousands of RMB unless otherwise stated)

16. OTHER INCOME AND GAINS, NET

(a) Other income

For the six months ended 30 June 2016, government grants amounting to RMB433 million (for the six months ended 30 June 2015: RMB666 million) were recognised as income for the period necessary to compensate the costs and the Group's development, etc. There are no unfulfilled conditions or contingencies attached to the grants.

(b) Other gains, net

	For the six months ended 30 June	
	2016	2015
Gain on disposal of investments in associates	**116,224**	767,828
Realised (loss)/gain on futures, forward and option contracts, net *(Note)*	**(490,818)**	191,676
Unrealised loss on futures, forward and option contracts, net *(Note)*	**(23,548)**	(236,661)
Gain on disposal of the Environmental Protection Business *(note 5)*	**571,270**	–
Gain on disposal of property, plant and equipment, net	**197,444**	21,126
Gain on short-term investments	**15,394**	35,772
Others	**47,179**	125,164
	433,145	904,905

Note: None of these futures, forward and option contracts are designated as contracts under hedge accounting.

(Amounts expressed in thousands of RMB unless otherwise stated)

17. FINANCE INCOME/FINANCE COSTS

An analysis of finance income/finance costs is as follows:

	For the six months ended 30 June	
	2016	2015 (restated)
Interest income	**(397,936)**	(389,628)
Interest expense	**2,479,864**	3,248,961
Less: interest expense capitalised in property, plant and equipment	**(174,149)**	(225,769)
Interest expense, net of capitalised interests	**2,305,715**	3,023,192
Amortisation of unrecognised finance expenses	**183,946**	76,155
Exchange (gain)/loss, net	**(11,605)**	34,437
Finance costs	**2,478,056**	3,133,784
Finance costs, net	**2,080,120**	2,744,156
Capitalisation rates during the period	**4.54% to 6.00%**	5.60% to 7.10%

(Amounts expressed in thousands of RMB unless otherwise stated)

18. INCOME TAX (EXPENSE)/CREDIT

	For the six months ended 30 June	
	2016	2015
Current income tax expense		
– PRC enterprise income tax	**(63,263)**	(163,093)
Deferred income tax (expense)/credit	**(89,140)**	199,579
	(152,403)	36,486

19. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

(a) Basic

Basic earnings per share is calculated by dividing the adjusted profit attributable to ordinary equity holders of the parent by the weighted average number of shares in issue during the period.

For the purpose of calculating basic earnings per share, the Group adjusted the profit attributable to owners of the parent for the after-tax amounts of cumulative distribution reserved for the period of other equity instruments, which were issued by the Group and classified as equity instrument.

(Amounts expressed in thousands of RMB unless otherwise stated)

19. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT *(CONTINUED)*

(a) Basic *(continued)*

	For the six months ended 30 June	
	2016	2015 (restated)
Profit attributable to owners of the parent *(RMB)*	**57,448,082**	1,543,048
Other equity instruments' distribution	**(54,849,315)**	–
Profit attributable to ordinary equity holders of the parent *(RMB)*	**2,598,767**	1,543,048
Weighted average number of ordinary shares in issue	**14,903,798,236**	13,639,430,421
Basic earnings per share *(RMB)*	**0.0002**	0.0001

(b) Diluted

The diluted earnings per share amounts for the six months ended 30 June 2016 and 2015 were the same as the basic earnings per share amounts as the Group had no potential dilutive share.

20. DIVIDENDS

The board of directors of the Company did not recommend the distribution of an interim dividend for the six months ended 30 June 2016 (for the six months ended 30 June 2015: nil).

(Amounts expressed in thousands of RMB unless otherwise stated)

21. NET CASH FLOWS GENERATED FROM OPERATING ACTIVITIES

		For the six months ended 30 June	
	Notes	**2016**	2015 (restated)
Cash flows generated from operating activities			
Profit before income tax		**498,200**	142,583
Adjustments for:			
Share of profits and losses of joint ventures	8	**93,121**	(60,332)
Share of profits and losses of associates	8	**(88,609)**	(123,353)
Depreciation of property, plant and equipment	7	**3,311,936**	3,448,207
Gain on disposal of property, plant and equipment	16	**(197,444)**	(21,126)
Gain on disposal of the Environmental Protection Business	16	**(571,270)**	–
Amortisation of intangible assets	7	**119,806**	117,962
Amortisation of land use rights and leasehold land		**40,428**	47,852
Amortisation of prepaid expenses		**20,337**	27,725
Realised and unrealised losses on futures, option and forward contracts		**514,366**	44,985
Gain on disposal of investments in associates		**(116,224)**	(767,828)
Amortisation of government grants related to assets		**(107,363)**	(59,845)
Interest income		**(152,333)**	(154,145)
Finance costs	17	**2,478,056**	3,133,784
Gain on short-term investments in available-for-sale financial investments		**(15,394)**	(35,772)
Changes in special reserves		**23,718**	36,213
		5,851,331	5,776,910

(Amounts expressed in thousands of RMB unless otherwise stated)

21. NET CASH FLOWS GENERATED FROM OPERATING ACTIVITIES *(CONTINUED)*

		For the six months ended 30 June	
	Notes	**2016**	2015 (restated)
Cash flows generated from operating activities *(continued)*			
Changes in working capital:			
Decrease/(increase) in inventories		**935,698**	(1,086,193)
Increase in trade and notes receivables		**(1,624,605)**	(1,218,690)
Decrease/(increase) in other current assets		**822,521**	(772,160)
Increase in restricted cash		**(119,146)**	(367,478)
Increase in other non-current assets		**(108,719)**	(374,351)
(Decrease)/increase in trade and notes payables		**(2,061,392)**	1,052,416
Increase in other payables and accrued expenses		**263,686**	8,366
Decrease in other non-current liabilities		**(3,894)**	(11,515)
Cash generated from operations *(Note (i))*		**3,955,480**	3,007,305
PRC enterprise income tax paid		**(59,365)**	(161,968)
Net cash flows generated from operating activities		**3,896,115**	2,845,337
Non-cash transactions of investing activities and financing activities			
Capital injection in an associate *(Note (ii))*		**283,151**	–
Capital injection in a joint venture *(Note (iii))*		**20,000**	–
Assets swap *(Note (iv))*		**176,322**	–
Receivables offset against payables *(Note (v))*		**76,624**	–

(Amounts expressed in thousands of RMB unless otherwise stated)

21. NET CASH FLOWS GENERATED FROM OPERATING ACTIVITIES *(CONTINUED)*

Notes:

(i) The cash inflows from the derecognised notes receivable which are discounted to banks are included in the cash flows generated from operating activities.

(ii) As disclosed in note 8(ii), the Company made a capital injection to Chinalco Capital by the 15% equity interest held by the Company in ABC-CA, for which the fair value as at the capital injection date is RMB283.15 million.

(iii) As disclosed in note 8(i), Ningxia Energy converted its notes receivable amounting to RMB20 million due from Yinxing Power into capital injection.

(iv) As disclosed in note 4, Chalco Shandong completed the business acquisition from Shandong Aluminum. As part of the consideration, the book value of the net assets disposed by Chalco Shandong was RMB176.32 million.

(v) In June 2016, Chalco Shangdong and Shandong Aluminum entered into an agreement to offset receivables and payables arisen from investing activities by RMB77 million.

(vi) For the six months ended 30 June 2016, the Group endorsed notes receivable amounting to RMB15,946 million for settlement of purchasing products and receiving services.

22. COMMITMENTS

(a) Capital commitments of property, plant and equipment

	30 June 2016	31 December 2015
Contracted, but not provided for	**7,946,481**	7,770,944

(Amounts expressed in thousands of RMB unless otherwise stated)

22. COMMITMENTS *(CONTINUED)*

(b) Commitments under operating leases

The future aggregate minimum lease payments as at 30 June 2016 pursuant to non-cancellable lease agreements entered into by the Group were summarised as follows:

	30 June 2016	31 December 2015
Within one year	**476,638**	561,028
In the second to fifth years, inclusive	**1,704,870**	2,167,718
After five years	**11,495,969**	15,088,512
	13,677,477	17,817,258

(c) Other capital commitments

As at 30 June 2016, the Group was committed to make capital contributions to its joint ventures and associates as follows:

	30 June 2016	31 December 2015
Joint ventures	**204,800**	244,800
Associates	**1,492,475**	1,492,475
	1,697,275	1,737,275

(Amounts expressed in thousands of RMB unless otherwise stated)

23. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

The following is a summary of significant related party transactions entered into, in the ordinary course of business, between the Group and its related parties during the period.

(a) Significant related party transactions

	For the six months ended 30 June	
	2016	2015
Sales of goods and services rendered:		
Sales of materials and finished goods to:		
Chinalco and its subsidiaries	**4,877,313**	3,749,704
Associates of Chinalco	**355,313**	74,824
Joint ventures	**204,860**	44,228
Associates	**337,287**	918,869
	5,774,773	4,787,625
Provision of utility services to:		
Chinalco and its subsidiaries	**192,267**	160,135
Associates of Chinalco	**4,415**	7,305
Joint ventures	**2,811**	–
Associates	**272**	263
	199,765	167,703

(Amounts expressed in thousands of RMB unless otherwise stated)

23. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES *(CONTINUED)*

(a) Significant related party transactions *(continued)*

	For the six months ended 30 June	
	2016	2015
Provision of goods and services:		
Provision of engineering, construction and supervisory services to:		
Chinalco and its subsidiaries	**96,051**	28,074
Joint ventures	**27,080**	–
	123,131	28,074
Rental revenue of land use rights and buildings from:		
Chinalco and its subsidiaries	**16,471**	12,833

(Amounts expressed in thousands of RMB unless otherwise stated)

23. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES *(CONTINUED)*

(a) Significant related party transactions *(continued)*

	For the six months ended 30 June	
	2016	2015
Purchases of goods and services:		
Purchase of engineering, construction and supervisory services from:		
Chinalco and its subsidiaries	**360,494**	668,926
Purchases of key and auxiliary materials, equipment and finished goods from:		
Chinalco and its subsidiaries	**588,411**	715,757
Associates of Chinalco	**–**	126,461
Joint ventures	**1,549,931**	742,407
Associates	**20,788**	394,959
	2,159,130	1,979,584

(Amounts expressed in thousands of RMB unless otherwise stated)

23. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES *(CONTINUED)*

(a) Significant related party transactions *(continued)*

	For the six months ended 30 June	
	2016	2015
Purchases of goods and service: *(continued)*		
Provision of social services and logistics services by:		
Chinalco and its subsidiaries	**123,986**	160,393
Provision of utility services by:		
Chinalco and its subsidiaries	**203,519**	247,958
Joint ventures	**1,709**	–
Associates	**850**	–
	206,078	247,958
Provision of products processing service by:		
Chinalco and its subsidiaries	**–**	30,889
Rents for land use rights and buildings charged by:		
Chinalco and its subsidiaries	**245,314**	287,926

(Amounts expressed in thousands of RMB unless otherwise stated)

23. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES *(CONTINUED)*

(a) Significant related party transactions *(continued)*

	For the six months ended 30 June	
	2016	2015
Other significant related party transaction:		
Borrowings from a subsidiary of Chinalco	**915,000**	1,079,000
Interest expenses on borrowings from a subsidiary of Chinalco	**104,302**	34,389
Entrusted loans and other borrowings to:		
Joint ventures	**–**	40,000
Interest income on entrusted loans and other borrowings to:		
Joint ventures	**30,729**	6,871
Proceeds from sales of property, plant and equipment under sale and finance leaseback contracts:		
A subsidiary of Chinalco	**840,036**	–
Finance lease payments under sale and leaseback contracts:		
A subsidiary of Chinalco	**301,295**	55,394

23. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES *(CONTINUED)*

(a) Significant related party transactions *(continued)*

Other transactions with related parties

As at 30 June 2016, the financial guarantees provided by the Group to joint ventures and an associate were RMB353 million (31 December 2015: RMB358 million).

As at 30 June 2016, the financial guarantees provided by certain subsidiaries of Chinalco for certain bank loans of the Group were RMB8 million (31 December 2015: RMB12 million) as further detailed in note 11(e).

For the six months ended 30 June 2016, the notes receivable discounted to a subsidiary of Chinalco was RMB200 million (for the six months ended 30 June 2015: RMB22 million).

For the six months ended 30 June 2016, the interest income from the unpaid disposal proceeds from Chinalco and its subsidiaries was RMB135 million (for the six months ended 30 June 2015: RMB156 million).

As disclosed in note 4, on 1 January 2016, Chalco Shandong swapped certain assets and liabilities to acquire a business from Shandong Aluminum, which constituted a related party transaction.

As disclosed in note 5, on 30 June 2016, the Group transferred the Environmental Protection Business to Aluminum SPC, which constituted a related party transaction.

As disclosed in note 7, on 31 March 2016, Chalco Shandong, Chalco Henan Branch and Chalco Shanxi Branch disposed of certain assets to subsidiaries of Chinalco, which constituted related party transactions.

23. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES *(CONTINUED)*

(a) Significant related party transactions *(continued)*

Other transactions with related parties *(continued)*

The Group has entered into 4 sale and leaseback contracts with Chinalco Financial Leasing Co., Ltd. (中鋁融資租賃有限公司) , a subsidiary of Chinalco, during the period, under which certain property, plant and equipment are sold and leased back with total proceeds amounting to RMB840 million. The lease terms ranged from 1 to 5 years with purchase right at the end of the leases at prices much lower than the fair values of the assets. The interest rates are determined by the prevailing loan interest rate marked up by 10%. In the opinion of the directors of the Company, the above sale and leaseback constitute finance leases.

For the six months ended 30 June 2016, the Group's significant transactions with entities directly or indirectly owned or controlled by the government through its agencies, affiliates or other organisations (collectively "State-owned Enterprises" ("SOEs")) (excluding Chinalco and its subsidiaries) constituted a large portion of purchases of raw materials, electricity, property, plant and equipment and services. In addition, substantially all restricted cash, time deposits, cash and cash equivalents and loans and borrowings as at 30 June 2016 and the relevant interest earned or paid during the period were transacted with banks and other financial institutions which are also SOEs. In the opinion of the directors of the Company, the transactions with SOEs are activities conducted in the ordinary course of business, and the dealings of the Group have not been significantly or unduly affected by the fact that the Group and those SOEs are ultimately controlled or owned by the PRC government. The Group has also established pricing policies for rendered services and such pricing policies do not depend on whether or not the customers are SOEs.

Significant commitments with related parties

Save as the commitments disclosed in note 22(c), the Group had no other significant related party commitments.

(Amounts expressed in thousands of RMB unless otherwise stated)

23. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES *(CONTINUED)*

(b) Key management personnel compensation

	For the six months ended 30 June	
	2016	2015
Fees	**364**	273
Basic salaries, housing fund, other allowances and benefits in kind	**684**	1,107
Pension costs – defined contribution schemes *(Note)*	**31**	104
	1,079	1,484

Note: The Group provided pension to key management personnel in accordance with the regulation of the Beijing Social Security Bureau.

(Amounts expressed in thousands of RMB unless otherwise stated)

23. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES *(CONTINUED)*

(c) Balances with related parties

Other than those disclosed elsewhere in the condensed consolidated financial statements, the outstanding balances with related parties as at 30 June 2016 were as follows:

	30 June 2016	31 December 2015
Cash and cash equivalents		
A subsidiary of Chinalco	**7,798,559**	7,585,515
Trade and notes receivables		
Chinalco and its subsidiaries	**1,147,003**	857,742
Associates of Chinalco	**35,350**	23
Joint ventures	**36,451**	28,268
Provision for impairment of receivables	**(78,934)**	(125,694)
	1,139,870	760,339
Other current assets		
Chinalco and its subsidiaries	**4,943,127**	4,852,181
Joint ventures	**2,514,756**	1,438,938
Provision for impairment of other current assets	**(27,720)**	(49,014)
	7,430,163	6,242,105

(Amounts expressed in thousands of RMB unless otherwise stated)

23. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES *(CONTINUED)*

(c) Balances with related parties *(continued)*

	30 June 2016	31 December 2015
Other non-current assets		
Chinalco and its subsidiaries	**2,740,733**	4,252,776
Associates	**111,846**	111,846
Joint ventures	**410,034**	409,251
	3,262,613	4,773,873
Borrowings		
Chinalco and its subsidiaries	**6,328,065**	6,070,365
Trade and notes payables		
Chinalco and its subsidiaries	**280,807**	481,006
Joint ventures	**22,952**	160,215
	303,759	641,221
Other payables and accrued liabilities		
Chinalco and its subsidiaries	**1,151,515**	1,281,120
Associates of Chinalco	**12,866**	171
Associates	**–**	1,019
Joint ventures	**41,676**	62,613
	1,206,057	1,344,923

23. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES *(CONTINUED)*

(c) Balances with related parties *(continued)*

As at 30 June 2016, included in long-term loans and borrowings and short-term loans and borrowings were borrowings payable to other state-owned enterprises amounting to RMB31,954 million (31 December 2015: RMB31,345 million) and RMB57,009 million (31 December 2015: RMB50,794 million), respectively.

All the balances were unsecured except for the entrusted loans, and all the balances were interest-free except for receivables arising from disposal of subsidiaries, business and assets.

(d) Commitments with related parties

As at 30 June 2016, except for the other capital commitments disclosed in note 22 to these financial statements, the Group had no significant commitments with other related parties.

24. FINANCIAL RISK MANAGEMENT

24.1 Financial risk management

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, cash flow and fair value interest rate risk and commodity price risk), credit risk and liquidity risk.

The interim condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2015.

There have been no changes in the risk management department or in any risk management policies since last year end. Compared to the last year end, there was no material change in the status of credit risk.

(b) Liquidity risk

Compared to 31 December 2015, there was no material change in the contractual undiscounted cash outflows for financial liabilities, except for the net decrease in short-term loans and borrowings amounting to RMB1,023 million and the net decrease in long-term loans and borrowings amounting to RMB291 million, respectively.

24. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

24.1 Financial risk management *(continued)*

(b) Liquidity risk *(continued)*

As at 30 June 2016, the Group had total banking facilities of approximately RMB152,135 million, of which amounts totalling RMB77,217 million have been utilised as at 30 June 2016. Banking facilities of approximately RMB62,944 million will be subject to renewal within the next 12 months. The directors of the Company are confident that such banking facilities can be renewed upon expiration based on their past experience and good credit standing.

In addition, as at 30 June 2016, the Group had credit facilities through its primary aluminum futures agent at the London Metal Exchange amounting to USD120 million (equivalent to RMB795.74 million) (31 December 2015: USD120 million (equivalent to RMB799.23 million)), of which USD83 million (equivalent to RMB552.26 million) (31 December 2015: USD58 million (equivalent to RMB376.28 million)) has been utilised. The futures agent has the right to adjust the related credit facilities.

Management also monitors rolling forecasts of the Group's liquidity reserve on the basis of expected cash flows.

(c) Market risk

The Group's market risk mainly relates to the foreign currency risk, interest rate risk and commodity price risk. There have been no changes in the risk management department or in any risk management policies since the last year end. Compared to the last year end, there was no material change in the status of market risk.

(Amounts expressed in thousands of RMB unless otherwise stated)

24. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

24.2 Financial instruments

Fair values

Set out below are the carrying amounts and fair values of financial instruments as at 30 June 2016:

	Carrying amount	Fair value
Financial assets		
Current		
Trade and notes receivables	6,577,937	6,577,937
Financial assets at fair value through profit or loss	1,391	1,391
Restricted cash and time deposits	1,853,885	1,853,885
Cash and cash equivalents	18,724,058	18,724,058
Available-for-sale financial investments	17,720	17,720
Financial assets included in other current assets	11,043,085	11,043,085
	38,218,076	38,218,076

(Amounts expressed in thousands of RMB unless otherwise stated)

24. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

24.2 Financial instruments *(continued)*

Fair values *(continued)*

Set out below are the carrying amounts and fair values of financial instruments as at 30 June 2016: *(continued)*

	Carrying amount	Fair value
Non-current		
Available-for-sale financial investments	330,596	330,596
Financial assets included in other non-current assets	4,570,472	4,711,680
	4,901,068	5,042,276
	43,119,144	43,260,352
Financial liabilities		
Current		
Financial liabilities at fair value through profit or loss	128,343	128,343
Interest-bearing loans and borrowings	60,423,612	60,423,612
Financial liabilities included in other payables and accrued expenses	7,901,908	7,901,908
Trade and notes payables	12,452,771	12,452,771
	80,906,634	80,906,634

(Amounts expressed in thousands of RMB unless otherwise stated)

24. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

24.2 Financial instruments *(continued)*

Fair values *(continued)*

Set out below are the carrying amounts and fair values of financial instruments as at 30 June 2016: *(continued)*

	Carrying amount	Fair value
Non-current		
Interest-bearing loans and borrowings	46,410,748	45,655,210
Financial liabilities included in other non-current liabilities	800,336	800,336
	47,211,084	46,455,546
	128,117,718	127,362,180

(Amounts expressed in thousands of RMB unless otherwise stated)

24. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

24.2 Financial instruments *(continued)*

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value

As at 30 June 2016	**Fair value measurement using**			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
Financial assets at fair value through profit or loss:				
Futures contracts	**1,391**	**–**	**–**	**1,391**
Available-for-sale financial investments	**260,096**	**17,720**	**–**	**277,816**
	261,487	**17,720**	**–**	**279,207**

(Amounts expressed in thousands of RMB unless otherwise stated)

24. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

24.2 Financial instruments *(continued)*

Fair value hierarchy *(continued)*

Liabilities measured at fair value

As at 30 June 2016	**Fair value measurement using**			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
Financial liabilities at fair value through profit or loss:				
Futures contracts	**125,756**	**–**	**–**	**125,756**
European options contracts	**–**	**2,587**	**–**	**2,587**
	125,756	**2,587**	**–**	**128,343**

During the six-month period ended 30 June 2016, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

25. CONTINGENT LIABILITIES

As at 30 June 2016, the Group had no significant contingent liabilities.

26. EVENTS AFTER THE REPORTING PERIOD

In addition to the subsequent events disclosed elsewhere in the interim financial statements, the significant subsequent events are as follows:

On 28 June 2016, the first meeting of the sixth session of the board of directors of the Company considered and approved the participation in the bidding for 60% of the equity interests of Chinalco Shanghai Company Limited (中鋁(上海)有限公司) ("Chinalco Shanghai"), which is a subsidiary of Chinalco. On 5 August 2016, the Company submitted the letter of intent in respect of the equity acquisition to Shanghai United Assets and Equity Exchange. On 8 August 2016, the Company was affirmed as the acquirer of the equity interest in Chinalco Shanghai, with the final bidding price of RMB2,114 million. On the same day, the Company officially entered into an equity transfer agreement with Chinalco subject to conditions precedent. The transaction is still pending for the 2016 second extraordinary general meeting of the Company to be convened on 6 September 2016 to consider and approve.

On 27 July 2016, the Company completed an issuance of short-term bonds with a total face value of RMB3 billion at par value of RMB100.00 per unit which will be matured in January 2017 for working capital needs and repayment of bank borrowings. The fixed annual coupon interest rate of these bonds is 3.73%.

On 8 August 2016, the Company completed an issuance of short-term bonds with a total face value of RMB3 billion at par value of RMB100.00 per unit which will be matured in May 2017 for working capital needs and repayment of bank borrowings. The fixed annual coupon interest rate of these bonds is 3.55%.

27. COMPARATIVE AMOUNTS

Certain comparative amounts have been restated as a result of the business combination under common control as disclosed in note 4.

28. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved and authorised for issue by the board of directors on 25 August 2016.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF CHALCO HONGKONG LIMITED
中國鋁業香港有限公司
(Incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Chalco HongKong Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 3 to 44, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)
TO THE MEMBERS OF CHALCO HONGKONG LIMITED
中國鋁業香港有限公司
(Incorporated in Hong Kong with limited liability)

Opinion

In our opinion, these financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 31 December 2015, and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants

Hong Kong
17 March 2016

CHALCO HONGKONG LIMITED
中國鋁業香港有限公司
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended 31 December 2015

	Notes	2015 USD	2014 USD
REVENUE	4	208,910,132	70,244,297
Cost of sales	5	(202,184,945)	(67,693,539)
Gross profit		6,725,187	2,550,758
Selling and distribution expenses		-	(964,754)
Administrative expenses		(6,997,899)	(8,301,970)
Share of profit of an associate	13	15,223,641	3,037,399
Finance income	6	50,414,198	54,426,000
Finance costs	6	(60,307,919)	(52,631,260)
Other gains, net		33,166,969	258,597
PROFIT/(LOSS) BEFORE TAX	5	38,224,177	(1,625,230)
Income tax (expense)/benefit	22	(420,375)	402,133
PROFIT/(LOSS) FOR THE YEAR		37,803,802	(1,223,097)
PROFIT/(LOSS) ATTRIBUTABLE TO:			
Owners of the parent		38,225,089	(167,807)
Non-controlling interests		(421,287)	(1,055,290)
		37,803,802	(1,223,097)
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		2,054,893	1,569,966
NET OTHER COMPREHENSIVE INCOME/(LOSS) TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS		2,054,893	1,569,966
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX		2,054,893	1,569,966
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		39,858,695	346,869
ATTRIBUTABLE TO:			
Owners of the parent		40,279,982	1,402,159
Non-controlling interests		(421,287)	(1,055,290)
		39,858,695	346,869

Details of dividends payable and proposed for the year are disclosed in Note 7 to the financial statements

The accompanying notes are an integral part of these financial statements.

CHALCO HONGKONG LIMITED
中國鋁業香港有限公司
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2015

	Notes	31 December 2015 USD	31 December 2014 USD
NON-CURRENT ASSETS			
Leasehold land	9	-	2,695,310
Property, plant and equipment	10	1,817,520	2,230,618
Investment properties	11	-	12,447,083
Intangible assets	12	53,134,078	54,862,971
Investment in an associate	13	297,587,196	286,482,884
Amounts due from related parties	24	813,332,459	1,278,495,065
Other non-current assets		2,439,448	2,297,164
Total non-current assets		1,168,310,701	1,639,511,095
CURRENT ASSETS			
Inventories	14	8,952,404	5,513,965
Trade receivables	15	127,199,688	13,979,331
Prepayments, deposits and other receivables	16	6,592,006	6,396,238
Prepaid income tax		-	135,783
Amounts due from related parties	24	1,146,093,165	659,155,680
Cash and cash equivalents	17	47,008,519	286,749,184
Total current assets		1,335,845,782	971,930,181
CURRENT LIABILITIES			
Other payables and accruals		19,259,509	18,642,147
Income tax payable		28	11,574
Amounts due to related parties	24	42,906,135	40,611,624
Interest-bearing bank borrowings	18	291,719,234	6,108,217
Total current liabilities		353,884,906	65,373,562
NET CURRENT ASSETS		981,960,876	906,556,619
TOTAL ASSETS LESS CURRENT LIABILITIES		2,150,271,577	2,546,067,714

CHALCO HONGKONG LIMITED
中國鋁業香港有限公司
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
31 December 2015

	Notes	31 December 2015 USD	31 December 2014 USD
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	18	-	200,000,000
Deferred tax liabilities	23	5,184,837	5,614,136
Senior perpetual securities	19	745,601,341	745,564,191
Other non-current liabilities		1,297,545	1,283,184
Total non-current liabilities		752,083,723	952,461,511
Net assets		1,398,187,854	1,593,606,203
EQUITY			
Equity attributable to owners of the parent			
Share capital	20	109,642,321	109,642,321
Loans from the intermediate holding company	20	716,648,113	714,648,113
Capital reserve		4,253,649	3,920,693
Retained earnings	21	554,793,353	754,178,264
Currency translation differences		1,283,641	(771,252)
		1,386,621,077	1,581,618,139
Non-controlling interests		11,566,777	11,988,064
Total equity		1,398,187,854	1,593,606,203

The accompanying notes are an integral part of these financial statements.

Director

Director

CHALCO HONGKONG LIMITED
中國鋁業香港有限公司
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2015

	Attributable to owners of the parent							
	Share capital USD (Note 20)	Loan from the intermediate holding company USD (Note 20)	Capital reserve USD	Retained earnings USD (Note 21)	Exchange fluctuation reserve USD	Total USD	Non–controlling interests USD	Total equity USD
At 1 January 2015	109,642,321	714,648,113	3,920,693	754,178,264	(771,252)	1,581,618,139	11,988,064	1,593,606,203
Profit/(Loss) for the year				38,225,089		38,225,089	(421,287)	37,803,802
Other comprehensive income for the year:								
Exchange differences on translation of foreign operations					2,054,893	2,054,893		2,054,893
Total comprehensive (loss)/income for the year				38,225,089	2,054,893	40,279,982	(421,287)	39,858,695
Special reserves			332,956			332,956		332,956
Capital injection from the intermediate holding company		2,000,000				2,000,000		2,000,000
Issued dividends				(237,610,000)		(237,610,000)		(237,610,000)
At 31 December 2015	109,642,321	716,648,113	4,253,649	554,793,353	1,283,641	1,386,621,077	11,566,777	1,398,187,854
At 1 January 2014	109,642,321	714,648,113	-	754,346,071	(2,341,218)	1,576,295,287	18,236,047	1,594,531,334
Loss for the year	-	-	-	(167,807)	-	(167,807)	(1,055,290)	(1,223,097)
Other comprehensive loss for the year:								
Exchange differences on translation of foreign operations	-	-	-		1,569,966	1,569,966	-	1,569,966
Total comprehensive income/(loss) for the year	-	-	-	(167,807)	1,569,966	1,402,159	(1,055,290)	346,869
Increase of equity interest in a subsidiary	-	-	3,920,693	-	-	3,920,693	(3,920,693)	-
Decrease of capital from non-controlling shareholders	-	-	-	-	-	-	(1,272,000)	(1,272,000)
At 31 December 2014	109,642,321	714,648,113	3,920,693	754,178,264	(771,252)	1,581,618,139	11,988,064	1,593,606,203

The accompanying notes are an integral part of these financial statements.

CHALCO HONGKONG LIMITED
中國鋁業香港有限公司
CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 December 2015

	Notes	2015 USD	2014 USD
Cash flows from operating activities			
Profit/(loss) before income tax:		38,224,177	(1,625,230)
Adjustments for:			
-Share of profit of an associate	13	(15,223,640)	(3,037,399)
-Amortisation of leasehold land	9	78,075	78,075
-Depreciation of property, plant and equipment	10	290,770	239,326
-Amortisation and depreciation of investment properties	11	370,912	370,911
-Amortisation of intangible asset	12	1,842,141	1,814,106
-Gains on disposal of Hong Kong properties	5	(33,166,969)	-
-Gain on disposal of other property, plant and equipment	5	-	(258,597)
-Interest income	6	(50,031,023)	(48,101,725)
-Interest expense	6	60,307,919	52,604,934
Changes in working capital			
-(Increase)/decrease in inventories		(3,438,439)	20,829,208
-(Increase)/decrease in trade receivables		(113,220,357)	91,823,069
-Increase in prepayments, deposits and other receivables		(43,914)	(1,509,017)
-Decrease/(increase) in amount due from related parties		271,049	(1,136,013)
-Decrease in trade payables		-	(28,535,527)
-Decrease in other payables and accrued expenses		(208,205)	(3,620,951)
-Increase in amounts due to related parties		2,549,022	1,435,061
-Increase in other non-current assets		(142,504)	(294,946)
-Increase in other non-current liabilities		14,361	-
Cash (used in) /generated from operations		(111,526,625)	81,075,285
Enterprise income taxes paid		(713,891)	(27,166)
Net cash (used in) /generated from operating activities		(112,240,516)	81,048,119

CHALCO HONGKONG LIMITED
中國鋁業香港有限公司
CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
Year ended 31 December 2015

	Notes	2015 USD	2014 USD
Cash flows from investing activities			
Purchases of property, plant and equipment and intangible assets		(265,679)	(1,627,132)
Payment for previous acquisition of a subsidiary		-	(4,750,000)
Proceeds from disposal of a subsidiary		-	205,599,698
Interest received from unpaid disposal proceeds		-	26,264,685
Investments in an associate		-	(283,445,485)
Dividend income from an unlisted investment		4,301,777	-
Loan to an associate		-	(66,877,524)
Proceeds from disposal of property, plant and equipment		-	279,730
Loans repaid by related parties		48,000,000	-
Interest received from loans to related parties		23,964,322	20,247,648
Net cash generated from/(used in) investing activities		76,000,420	(104,308,380)
Cash flows from financing activities			
Capital injection from intermediate holding company		2,000,000	-
Drawdown of short-term loans		191,918,121	108,916,879
Issuance of perpetual securities		-	400,000,000
Issuance costs of perpetual securities		-	(4,133,002)
Repayments of short-term loans		(102,307,104)	(169,749,528)
Repayments of long-term loans		(4,000,000)	-
Dividends paid		(237,610,000)	-
Interest paid		(53,371,412)	(43,805,381)
Net cash (used in) /generated from financing activities		(203,370,395)	291,228,968
Effect of foreign exchange rate changes, net		(130,174)	(97,011)
NET INCREASE IN CASH AND CASH EQUIVALENTS		(239,740,665)	267,871,696
Cash and cash equivalents at beginning of year		286,749,184	18,877,488
CASH AND CASH EQUIVALENTS AT END OF YEAR	17	47,008,519	286,749,184

The accompanying notes are an integral part of these financial statements.

1 CORPORATE INFORMATION

Chalco Hong Kong Limited (the "Company") is a limited liability company incorporated in Hong Kong, which is a wholly-owned subsidiary of Aluminum Corporation of China Limited (中國鋁業股份有限公司) ("Chalco"), the intermediate holding company. The address of its registered office is Room 4501, 45/F, Far East Finance Centre, No. 16 Harcourt Road, Admiralty, Hong Kong.

During the year ended 31 December 2015, the Company and its subsidiaries (together, the "Group") were involved in the following principal activities:

- provision of project management services on its intermediate holding company's projects outside of the People's Republic of China (the "PRC");
- property holding; and
- minerals trading.

In the opinion of the directors, the Company's ultimate holding company is Aluminum Corporation of China (中國鋁業公司) ("Chinalco"), a company incorporated and domiciled in the PRC and wholly owned by State-owned Assets Supervision and Administration Commission of the State Council.

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name	Place of incorporation and type of legal entity	Particulars of issued paid up capital	Principal activities	Effective equity interest held 2015
Chalco HK Southeast Asia Investment Limited ("Chalco HK Southeast")	Hong Kong, limited liability company	1 ordinary share of HKD1.00	Investment holding	100%
Laos Service Mining Co., Ltd. ("Laos Mining")*	Laos, limited liability company	1.82 million ordinary shares of USD1.00	Exploring and mining	60%
Chalco Singapore Pte. Ltd	Singapore, limited liability company	1 ordinary share of SGD1.00	Investment holding	100%
Chalco Australia Co., Ltd. * *(Note)*	Australia, limited liability company	1 ordinary share of AUD1.00	Research and development on projects	100%
Blue Sky Resource (Indonesia) Limited ("Blue Sky")	Hong Kong, limited liability company	1 ordinary share of HKD1.00	Investment holding	100%
PT. Nusapati Prima ("PTNP")*	Indonesia, limited liability company	80,800 ordinary share of IDR1,000,000	Bauxite exploitation and exploration	96.28%
Chalco Hong Kong Investment Company Limited ("Chalco Hong Kong Investment")	British Virgin Islands, limited liability company	1 ordinary share of USD1.00	Bond issuance	100%*

1 CORPORATE INFORMATION (CONTINUED)

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2015. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
(a) the contractual arrangement with the other vote holders of the investee;
(b) rights arising from other contractual arrangements; and
(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.1 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention, except for investment properties and certain equity investments which have been measured at fair value. These financial statements are presented in United States dollars ("US$").

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements, which are applicable to the Group.

Annual Improvements to HKFRSs 2010-2012 Cycle

Annual Improvements to HKFRSs 2011-2013 Cycle

The nature and the impact of the amendments are described below:

(a) The *Annual Improvements to HKFRSs 2010-2012 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year and applicable to the Company are as follows:

- HKAS 16 *Property, Plant and Equipment* and HKAS 38 *Intangible Assets*: Clarifies the treatment of gross carrying amount and accumulated depreciation or amortisation of revalued items of property, plant and equipment and intangible assets. The amendments have had no impact on the Company.

- HKAS 24 *Related Party Disclosures*: Clarifies that a management entity (i.e., an entity that provides key management personnel services) is a related party subject to related party disclosure requirements. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment has had no impact on the Company as the Company does not receive any management services from other entities.

(b) The *Annual Improvements to HKFRSs 2011-2013 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year and applicable to the Company are as follows:

- HKFRS *13 Fair Value Measurement*: Clarifies that the portfolio exception in HKFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of HKFRS 9 or HKAS 39 as applicable. The amendment is applied prospectively from the beginning of the annual period in which HKFRS 13 was initially applied. The amendment has had no impact on the Company as the Company does not apply the portfolio exception in HKFRS 13.

- HKAS 40 *Investment Property*: Clarifies that HKFRS 3, instead of the description of ancillary services in HKAS 40 which differentiates between investment property and owner-occupied property, is used to determine if the transaction is a purchase of an asset or a business combination. The amendment is applied prospectively for acquisitions of investment properties. The amendment has had no impact on the Company as there was no acquisition of investment properties during the year.

In addition, the requirements of Part 9 "Accounts and Audit" of the Hong Kong Companies Ordinance (Cap. 622) came into effect for the first time during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

2.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPROTING STANDARDS

The Group has not early applied any of the new and revised HKFRSs that have been issued but are not yet effective for the year ended 31 December 2015, in these financial statements. Among the new and revised HKFRSs, the following are expected to be relevant to the Group's financial statements upon becoming effective:

HKFRS 9	*Financial Instruments*[1]
HKFRS 15	*Revenue from Contracts with Customers*[1]

[1] Effective for annual periods beginning on or after 1 January 2018

HKFRS 9 *Financial Instruments*

In September 2014, the HKICPA issued the final version of HKFRS 9, which reflects all phases of the financial instruments project and replaces HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group is currently assessing the impact of the standards upon adoption.

HKFRS 15 *Revenue from Contracts with Customers*

HKFRS 15 was issued in July 2014 and shall be applied to a financial period beginning on or after 1 January 2018. The new standard establishes a new five-step model that will apply to revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. The Group is currently assessing the impact of HKFRS 15 upon adoption.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Associates

An associate is an entity in which the Company has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and reserves of associates is included in the consolidated statement of profit or loss and other comprehensive income and consolidated reserves, respectively. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates, except where unrealised losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of associates is included as part of the Group's investments in associates and is not individually tested for impairment.

The results of an associate are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investment in an associate is treated as non-current assets and are stated at cost less any impairment losses. When an investment in an associate is classified as held for sale, it is accounted for in accordance with HKFRS 5.

Fair value measurement

The Group measures its investment properties, land and buildings and certain equity investments at fair value at the end of each reporting period. 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.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, 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

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;
(ii) has significant influence over the Group; or
(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same Group;
(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
(iii) the entity and the Group are joint ventures of the same third party;
(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group; and the sponsoring employers of the post-employment benefit plan;
(vi) the entity is controlled or jointly controlled by a person identified in (a); and
(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity);and
(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in USD, which is the Group's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and other comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of profit or loss and other comprehensive income within 'finance income or cost'. All other foreign exchange gains and losses are presented in the statement of profit or loss and other comprehensive income within 'other gains–net'.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment and depreciation

Items of plant and equipment are stated at cost or valuation less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on a straight-line basis to write off the cost or valuation of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Land and buildings	2% to 5%
Leasehold improvements	Over the shorter of the lease terms and 20%
Furniture and fixtures	10% to 33⅓%
Motor vehicles	20% to 25%

The gain or loss on disposal of items of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset and is recognised in profit or loss.

The assets' residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

Investment properties

Investment properties are land and buildings which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation. These include land and buildings held for a currently undetermined future use. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value with changes in fair value recognised in the statement of profit or loss.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

Intangible assets

Intangible assets include purchased patents and capitalised development costs. Purchased patents are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 10 to 15 years.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

The Group acquired leasehold land in Hong Kong. Leasehold land where the Group leases has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leasehold land and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Leasehold land classified as finance lease commences amortisation from the time when the land interest becomes available for its intended use. Amortisation on leasehold land classified as finance lease and depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over the shorter of remaining lease term or their useful lives.

Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is an indication that an asset may be impaired. If such an indication exists, the Group makes an estimate of the asset's recoverable amount.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e., a cash-generating unit).

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. The impairment loss is reversed if there has been a favorable change in the estimates used to determine the recoverable amount. A reversal of the impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. The reversal of the impairment loss is credited to profit or loss in the year in which it arises.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments

The Group classifies its financial instruments into the following categories at inception, depending on the purpose for which the assets were acquired or the liabilities were incurred.

(a) Financial assets designated as at fair value through profit or loss

A financial asset is classified in this category if it is held for trading, or upon initial recognition, the asset is designated as at fair value through profit or loss and it meets any of the following criteria: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the financial asset or recognising the gains and losses on it on a different basis; or (ii) the asset is part of a group of financial assets that are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) the financial asset contains an embedded derivative that would be separately recorded.

Financial assets so designated are recognised initially at fair value, with transaction costs taken directly to profit or loss, and are subsequently re-measured at fair value. This designation, once made, is irrevocable in respect of the financial asset to which it is made.

Gains and losses from changes in the fair value of such financial assets are recognised in profit or loss as they arise, together with the related interest income and expenses and dividends.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recorded at fair value plus any directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest rate method, less impairment allowances.

The Group recognises losses for impaired loans promptly where there is objective evidence that impairment of a loan or a portfolio of loans has occurred. Impairment allowances are assessed either individually for individually significant loans or collectively for loan portfolios with similar credit risk characteristics including those individually assessed balances for which no impairment provision is made on an individual basis.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the statement of comprehensive income.

(c) Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

(c) Available-for-sale financial investments (continued)

Available-for-sale financial investments are initially measured at fair value plus directly attributable transaction costs. Subsequently, they are re-measured at fair value with changes in fair value recognised as other comprehensive income in the available-for-sale investment valuation reserve until the securities are either sold or impaired. On disposal of available-for-sale securities, cumulative gains or losses are recognised in profit or loss and removed from the available-for-sale investment valuation reserve.

If an available-for-sale financial asset measured at fair value is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is removed from other comprehensive income and recognised in profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through profit or loss. Increases in their fair values after impairment are recognised directly in other comprehensive income. Impairment losses on debt instruments are reversed through profit or loss; if the increase in the fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

When the fair value of unquoted equity securities cannot be reliably measured because (i) the variability in the range of reasonable fair value estimates is significant for that investment or (ii) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating the fair value, such securities are stated at cost less any impairment losses.

If there is objective evidence that an impairment loss has been incurred on such unquoted equity securities, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

(d) Financial guarantee contract liabilities

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for attributable transaction costs and subsequently measured at the higher of (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

(e) Other financial liabilities

Other financial liabilities include bank borrowings, trade payables, accruals and other monetary liabilities. All other financial liabilities are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, they are subsequently measured at amortised cost using the effective interest rate method.

The fair value of financial instruments that are traded in active markets is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments where there is no active market, the fair value is determined using appropriate valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; a discounted cash flow analysis, and option pricing models or other valuation models.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired; or where the Group has transferred its contractual rights to receive the cash flows of the financial assets and has transferred substantially all the risks and rewards of ownership; or where control is not retained. Financial liabilities are derecognised when they are extinguished, i.e., when the obligation is discharged or cancelled, or expires.

Deferred tax

Deferred tax is provided using the liability method, on temporary differences at the end of the reporting period arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Tax rates enacted or substantively enacted by the end of the reporting period are used to determine the deferred tax.

Deferred tax liabilities are provided in full while deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in first-out basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss and other comprehensive income.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of returns and discounts.

Revenue from the sale of goods is recognised on the transfer of the significant risks and rewards of ownership, which generally coincides with the time of delivery of goods.

Service income is recognised in the period when the related services are provided.

Rental income under operating leases is recognised on the straight-line basis over the terms of the relevant leases.

Interest income is recognised using the effective interest rate method.

Dividend income is recognised when the right to receive payment has been established.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with banks, and other short term highly liquid investments with original maturity of three months or less when acquired, less bank overdrafts.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Borrowing costs

Borrowing costs are expensed in the period in which they are incurred, except to the extent that they are capitalised as the costs directly attributable to the financing of the construction of a qualifying asset. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employee benefits

Employee benefits mainly include salaries, bonuses, retirement benefit obligations, social insurance and housing funds and other expenses related to the employees for their services. The Group recognises employee benefits as liabilities during the accounting period when employees rendered the services and allocates the related cost of assets and expenses based on different beneficiaries.

a) Bonus plans

The expected cost of bonus plan is recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

b) Retirement benefit obligations

The Group primarily pays contributions on a monthly basis to various defined contribution retirement benefit plans organized by relevant municipal and provincial governments in the PRC. The Group makes monthly defined contributions at rates of 20% (2014: 20%) of the qualified employee's basic salaries. The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired employees payable under these plans. The Group has no legal or constructive obligations for further contributions if the fund does not hold sufficient assets to pay all employees the benefit relating to their current and past services.

c) Other social insurance and housing funds

The Group provides other social insurance and housing funds to the qualified employees in the PRC based on certain percentages of their salaries. These percentages are not to exceed the upper limits of the percentages prescribed by Ministry of Human Resources and Social Security of the PRC. These benefits are paid to social security organization and the amounts are expensed as incurred. The Group has no legal or constructive obligations for further contributions if the fund does not hold sufficient assets to pay all employees the benefit relating to their current and past services.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

Dividend

Dividend distribution to the Group's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the board of directors meeting.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the report amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgments apart from those involving estimations which have the most significant effect on the amounts recognised in the financial statements.

Income taxes

Significant judgments on the future tax treatment of certain transactions are required in determining income tax provisions. The Group carefully evaluates tax implications of transactions and tax provisions are recorded accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation.

Deferred tax assets are recognised for unused tax losses and other temporary differences, such as provision for impairment of receivables, inventories and property, plant and equipment and accruals of expenses not yet deductible for tax purposes, to the extent that it is probable that taxable profit will be available against which the losses can be utilised or other temporary difference could be reversed. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of the Group's deferred tax assets at 31 December 2015 was USD25,051 (31 December 2014: USD25,051), without taking into consideration the offsetting of balances within the same tax jurisdiction. Further details are contained in note 25 to the financial statements.

An entity shall recognise a deferred tax liability for all taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, except to the extent that both of the following conditions are satisfied:

- the parent, investor or joint venturer 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.

Loans from the intermediate holding company reported as equity

Significant judgment on the classification of loans from the intermediate holding company is required. The loans from the intermediate holding company represent interest-free and no fixed repayment term loans, provided by the intermediate holding company to support the Company's investing and operating activities, which is accounted as capital injection based on the terms of the loan contract and the accounting judgments applied by the Company. The treatment of such transactions is reconsidered periodically to take into account all changes.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Judgements (continued)

Impairment of long-term investments

For long-term investments, a significant or prolonged decline in fair value below cost is considered to be an objective evidence of impairment. Significant judgement is required when determining whether a decline in fair value has been significant or prolonged. The Group considers factors, such as industry and sector performance and financial information regarding the investee. The directors consider that at the reporting date there was no evidence that the long-term investments were impaired.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of property, plant and equipment

Items of property, plant and equipment are tested for impairment if there is any indication that the carrying value of these assets may not be recoverable and the assets are subject to an impairment loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the relevant cash-generating unit and a suitable discount rate is used in order to calculate the present value.

Impairment of trade receivables

The Group maintains an allowance for the estimated loss arising from the inability of its customers to make the required payments. The Group makes its estimates based on the ageing of its trade receivable balances, customers' creditworthiness, and historical write-off experience. If the financial condition of its customers was to deteriorate so that the actual impairment loss might be higher than expected, the Group would be required to revise the basis of making the allowance.

4 REVENUE AND SEGMENT INFORMATION

Revenue recognised during the year is as follows:

	2015 USD	2014 USD
Sales of goods	207,894,491	69,390,721
Rental income (Note 11)	1,015,641	853,576
	208,910,132	70,244,297

The Group's revenue and net income are substantially derived from trading of goods and rental income. The Group does not have discrete financial information of costs and expenses between trading of goods and rental income in its internal reporting, and reports costs and expenses by nature as a whole. Therefore, the Group has one operating segment.

5 PROFIT/ (LOSS) BEFORE INCOME TAX

The Group's profit or loss before tax is arrived at after charging:

	2015 USD	2014 USD
Cost of inventories sold	202,184,945	67,693,539
Amortisation of leasehold land (Note 9)	78,075	78,075
Depreciation of property, plant and equipment (Note 10)	290,770	239,326
Amortisation and depreciation of investment properties (Note 11)	370,912	370,911
Amortisation of intangible assets (Note 12)	1,842,141	1,814,106
Auditor's remuneration	58,696	62,016
Gain on disposal of Hong Kong properties	(33,166,969)	-
Gain on disposal of other property, plant and equipment	-	(258,597)
Staff costs (excluding directors' remuneration (Note 8)):		
Wages and salaries	2,335,520	2,061,932
Pension cost-defined contribution schemes	141,739	172,554
	2,477,258	2,234,486

6 FINANCE INCOME/FINANCE COSTS

	2015 USD	2014 USD
Finance income:		
– interest income from banks	383,175	3,697,221
– interest income from interest-bearing trade receivables	-	2,627,054
– interest income from other non-current assets	151,854	254,210
– interest income from loans to related parties	24,342,887	21,582,830
– interest income from receivables from disposal a subsidiary in prior year	25,536,282	26,264,685
	50,414,198	54,426,000
Finance costs :		
- Interest expense	(56,157,395)	(52,604,934)
- Exchange losses, net	(4,150,524)	(26,326)
	(60,307,919)	(52,631,260)
Finance (costs) /income, net	(9,893,721)	1,794,740

7 DIVIDENDS

According to the resolution of the board of directors held on 9 February 2015, the directors recommended the payment of a final dividend of USD237.6 million in respect of the year.

8 DIRECTORS' REMUNERATION

No director received any fees or emoluments in respect of their services rendered to the Company during the year of 2015 (2014: nil).

9 LEASEHOLD LAND

	31 December 2015 USD	31 December 2014 USD
Opening balance		
Cost	3,287,374	3,287,374
Accumulated amortisation	(592,064)	(513,989)
Net book value	2,695,310	2,773,385
Year ended 31 December		
Opening net book value	2,695,310	2,773,385
Amortisation	(78,075)	(78,075)
Disposal	(2,617,235)	
Closing net book value	-	2,695,310
Closing balance		
Cost	-	3,287,374
Accumulated amortisation	-	(592,064)
Net book value	-	2,695,310

In 2015, the Group sold its interest in leasehold land, which is situated in Hong Kong, to Chinalco Assets Holdings Limited, a subsidiary of the ultimate holding company.

Amortisation of leasehold land has been included in administrative expenses in the consolidated statement of profit or loss and other comprehensive income.

10 PROPERTY, PLANT AND EQUIPMENT

	Building USD	Office equipment USD	Machine USD	Motor vehicles USD	Construction in-progress USD	Total USD
At 1 January 2015						
Cost	3,141,881	461,411	765,723	771,951	72,113,132	77,254,098
Accumulated depreciation and impairment	(2,390,202)	(358,030)	(118,622)	(293,516)	(71,863,110)	(75,023,480)
Net carrying amount	751,679	103,381	647,101	478,435	250,022	2,230,618
At 1 January 2015, net of accumulated depreciation and impairment	751,679	103,381	647,101	478,435	250,022	2,230,618
Additions	-	5,291	-	-	-	5,291
Depreciation provided during the year	(84,060)	(27,163)	(60,873)	(118,674)	-	(290,770)
Disposal	(127,619)	-	-	-	-	(127,619)
At 31 December 2015, net of accumulated depreciation and impairment	540,000	81,509	586,228	359,761	250,022	1,817,520
At 31 December 2015						
Cost	791,693	446,181	765,723	771,951	64,378,906	67,154,454
Accumulated depreciation and impairment	(251,693)	(364,672)	(179,495)	(412,190)	(64,128,884)	(65,336,934)
Net carrying amount	540,000	81,509	586,228	359,761	250,022	1,817,520

10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Building USD	Office equipment USD	Machine USD	Motor vehicles USD	Construction in-progress USD	Total USD
At 1 January 2014						
Cost	3,138,793	459,629	734,573	557,518	78,420,313	83,310,826
Accumulated depreciation and impairment	(2,302,768)	(352,044)	(63,030)	(203,202)	(78,170,291)	(81,091,335)
Net carrying amount	836,025	107,585	671,543	354,316	250,022	2,219,491
At 1 January 2014, net of accumulated depreciation and impairment	836,025	107,585	671,543	354,316	250,022	2,219,491
Additions	3,088	22,911	31,150	214,433	-	271,582
Depreciation provided during the year	(87,434)	(5,986)	(55,592)	(90,314)	-	(239,326)
Disposal	-	(21,129)	-	-	-	(21,129)
At 31 December 2014, net of accumulated depreciation and impairment	751,679	103,381	647,101	478,435	250,022	2,230,618
At 31 December 2014						
Cost	3,141,881	461,411	765,723	771,951	72,113,132	77,254,098
Accumulated depreciation and impairment	(2,390,202)	(358,030)	(118,622)	(293,516)	(71,863,110)	(75,023,480)
Net carrying amount	751,679	103,381	647,101	478,435	250,022	2,230,618

11 INVESTMENT PROPERTIES

	Leasehold land USD	Building USD	Total USD
Net book amount as at 1 January 2015	11,858,199	588,884	12,447,083
Amortisation and depreciation	(343,498)	(27,414)	(370,912)
Disposal	(11,514,701)	(561,470)	(12,076,171)
Net book amount as at 31 December 2015	-	-	-
Net book amount as at 1 January 2014	12,201,696	616,298	12,817,994
Amortisation and depreciation	(343,497)	(27,414)	(370,911)
Net book amount as at 31 December 2014	11,858,199	588,884	12,447,083

In 2015, the Group sold its investment properties situated in Hong Kong to Chinalco Assets Holdings Limited, a subsidiary of the ultimate holding company.

With respect to the Group's investment properties, the following amounts have been recognised in the consolidated statement of profit or loss and other comprehensive income:

	2015 USD	2014 USD
Rental income (Note 4)	1,015,641	853,576
Direct operating expenses arising from investment properties that generate rental income	(390,802)	(390,802)

12 INTANGIBLE ASSETS

	Goodwill USD	Mining rights USD	Mineral exploration rights USD	Total USD
Net book amount as at 1 January 2015	2,293,147	22,931,136	29,638,688	54,862,971
Additions	-	-	113,248	113,248
Amortisation	-	(1,842,141)	-	(1,842,141)
Net book amount as at 31 December 2015	2,293,147	21,088,995	29,751,936	53,134,078
Net book amount as at 1 January 2014	2,293,147	24,643,799	27,471,270	54,408,216
Additions	-	101,443	2,167,418	2,268,861
Amortisation	-	(1,814,106)	-	(1,814,106)
Net book amount as at 31 December 2014	2,293,147	22,931,136	29,638,688	54,862,971

13 INVESTMENTS IN AN ASSOCIATE

Movements in investments in an associate of the Group are as follows:

	31 December 2015 USD	31 December 2014 USD
Opening balance	286,482,884	-
Additions/capital injections	-	283,445,485
Share of profit for the year	15,223,640	3,037,399
Reserves	332,956	-
Dividend on shares	(4,452,284)	-
Closing balance	297,587,196	286,482,884

In August 2014, the Company entered into the Equity Transfer Agreement with Chalco, the intermediate holding company of the Company, to acquire 40% equity interest in Shanxi Huaxing Alumina Co., Ltd. ("Shanxi Huaxing") at a total consideration of USD249 million (RMB1,531 million). The Company has significant influence over Shanxi Huaxing and accounts for Shanxi Huaxing as an associate. In October 2014, the Company made an additional capital injection of USD34 million (RMB212 million) in Shanxi Huaxing.

Shanxi Huaxing is considered a material associate of the Group. The following table illustrates the summarised financial information of Shanxi Huaxing adjusted for any differences in accounting policies, and reconciled to the carrying amount in the consolidated financial statements:

	31 December 2015 USD	31 December 2014 USD
Current assets	87,325,658	176,991,433
Non-current assets	883,502,558	861,758,811
Current liabilities	(297,597,661)	(335,113,921)
Non-current liabilities	(326,725,877)	(416,245,093)
Net assets	346,504,678	287,391,230
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	40%	40%
Group's share of net assets of the associate	138,601,871	114,956,492
Carrying amount of the investment	297,587,196	286,445,485
Revenues for the year/the period (after the acquisition date)	386,163,170	95,642,759
Profit for the year/the period (after the acquisition date)	38,059,102	7,593,498
Total comprehensive income for the year/the period (after the acquisition date)	38,059,102	7,593,498

14 INVENTORIES

	31 December 2015 USD	31 December 2014 USD
Trading goods	8,952,404	5,513,965

15 TRADE RECEIVABLES

	31 December 2015 USD	31 December 2014 USD
Trade debtors	127,199,688	13,979,331

The Group's trading terms with its customers are mainly on credit. The credit period is generally for a period of one year. The Group seeks to maintain strict control over its outstanding receivables to minimise the credit risk. Overdue balances are reviewed regularly by senior management.

At 31 December 2015, no trade receivables were determined to be impaired. The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired is as follows:

	31 December 2015 USD	31 December 2014 USD
Within one year	127,199,688	13,979,331

16 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	31 December 2015 USD	31 December 2014 USD
Advance to suppliers	2,522,482	2,522,482
Others	4,069,524	3,873,756
	6,592,006	6,396,238

17 CASH AND CASH EQUIVALENTS

	31 December 2015 USD	31 December2014 USD
Cash in bank and on hand	46,966,202	31,428,127
Short-term bank deposits	42,317	255,321,057
	47,008,519	286,749,184

Cash and cash equivalents were denominated in the following currencies:

	31 December 2015 USD	31 December 2014 USD
USD	45,283,752	284,676,023
HKD	286,557	578,261
AUD	381,238	447,085
RMB	778,117	1,038,016
IDR	278,855	9,799
	47,008,519	286,749,184

The Group's cash and cash equivalents denominated in RMB were deposited in banks in Mainland China. The conversion of these RMB denominated balances into foreign currencies and the remittance of funds out of Mainland China is subject to the rules and regulations of foreign exchange control promulgated by the government of China.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates.

18 INTEREST-BEARING BANK BORROWINGS

	31 December 2015 USD	31 December 2014 USD
Bank loans		
Unsecured	95,719,234	6,108,217
Guaranteed (*Note*)	196,000,000	200,000,000
	291,719,234	206,108,217
Analysed into bank loans repayable:		
Within one year	291,719,234	6,108,217
In the second to fifth years, inclusive	-	200,000,000
	291,719,234	206,108,217
Amounts due within one year included in current liabilities	(291,719,234)	(6,108,217)
	-	200,000,000

Note: As at 31 December 2015, the bank loans of USD196 million of the Group are guaranteed by Agriculture Bank of China (31 December 2014: USD200 million guaranteed by Agriculture Bank of China).

The Group repaid 4 million in 2015 of the total 200 million loan borrowed from Agricultural Bank of China in 2013 and the other 196 million are all due in 2016.

The average effective interest rate (per annum) of the Company's borrowings for the year was 1.84% (2014: 1.47%).

All the bank loans are denominated in USD.

19 SENIOR PERPETUAL SECURITIES

On 29 October 2013, a subsidiary of the Company, Chalco Hong Kong Investment Company Limited (the "Issuer"), issued USD350 million senior perpetual securities at an initial interest rate of 6.625% ("2013 Senior Perpetual Securities"). The proceeds from issuance of 2013 Senior Perpetual Securities after the issuance costs is USD347 million, and will be on-lent to the Company's intermediate holding company and its fellow subsidiaries for general corporate use. Coupon payments of 6.625% per annum on the 2013 Senior Perpetual Securities are paid semi-annually in arrears from 29 October 2013 and may be deferred at the discretion of the Group. The 2013 Senior Perpetual Securities have no fixed maturity and are callable only at the Group's option on or after 29 October 2018 at their principal amounts together with any accrued, unpaid or deferred coupon interest payments. After 29 October 2018, the coupon rate will be reset to a percentage per annum equal to the sum of (a) the initial spread of 5.312%, (b) the U. S. Treasury Rate, and (c) a margin of 5.00% per annum. While any coupon interest payments are unpaid or deferred, the Group, subsidiary guarantors, and the Issuer cannot declare or pay dividends or make distributions or similar discretionary payments in respect of, or repurchase, redeem or otherwise acquire any securities of lower or equal rank.

On 10 April 2014, Chalco Hong Kong Investment Company Limited issued USD400 million senior perpetual securities at an initial interest rate of 6.25% ("2014 Senior Perpetual Securities").The proceeds from issuance of 2014 Senior Perpetual Securities after the issuance costs is USD398 million. The proceeds will be on-lent to the Company's intermediate holding company and its fellow subsidiaries for general corporate use. Coupon payments of 6.25% per annum on the 2014 Senior Perpetual Securities are paid semi-annually on 29 April and 29 October in arrears from 17 April 2014 and may be deferred at the discretion of the Group. The first coupon payment date was 29 April 2014. The 2014 Senior Perpetual Securities have no fixed maturity and are callable only at the Group's option on or after 17 April 2017 at their principal amounts together with any accrued, unpaid or deferred coupon interest payments. After 17 April 2017, the coupon rate will be reset to a percentage per annum equal to the sum of (a) the initial spread of 5.423 per cent, (b) the U. S. Treasury Rate, and (c) a margin of 5.00 per cent. per annum. While any coupon interest payments are unpaid or deferred, the Group, subsidiary guarantors, and the issuer cannot declare or pay dividends or make distributions or similar discretionary payments in respect of, or repurchase, redeem or otherwise acquire any securities of lower or equal rank.

Pursuant to the terms of the 2013 Senior Perpetual Securities and 2014 Senior Perpetual Securities, under certain circumstances the Group has contractual obligation to repay their principal and to pay the coupon interests, which meets the definition of financial liabilities according to HKAS 32 *Financial Instruments: Presentation*, and are classified as financial liabilities recorded in non-current liabilities.

20 ISSUED CAPITAL AND LOAN FROM THE INTERMEDIATE HOLDING COMPANY

	31 December 2015 USD	31 December 2014 USD
Issued and fully paid:		
849,940,471 (2014: 849,940,471) ordinary shares	109,642,321	109,642,321
Loans from the intermediate holding company	716,648,113	714,648,113
	826,290,434	824,290,434

The loans from the intermediate holding company represent interest-free and no fixed repayment term loans, provided by the intermediate holding company to support the Company's investing and operating activities, which is accounted as capital injections based on the terms of the loan contract and the accounting judgments applied by the Company as disclosed in Note 3.

There is no movement of the Company's share capital during the year.

21 RETAINED EARNINGS/ACCUMULATED LOSSES

The amounts of the Group's retained earnings and the movements therein for the current and the prior year are presented in the consolidated statement of changes in equity on page 6 of the financial statements.

22 INCOME TAX (EXPENSE)/BENEFIT

	31 December 2015 USD	31 December 2014 USD
Current income tax:		
- Hong Kong profits tax	(386,478)	-
- PRC enterprise income tax	(463,196)	(27,166)
Deferred income tax	429,299	429,299
	(420,375)	402,133

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the countries in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates to the effective tax rates, are as follows:

	2015 USD	2014 USD
Profit/(loss) before income tax	38,224,177	(1,625,230)
Tax (expense)/benefit calculated at profit tax rate of 16.5% (2014:16.5%)	(6,306,989)	268,163
Tax effects of:		
- Effect of non-HK entities subject to statutory income tax rate	19,205	123,654
- Non-deductible expenses	(1,155,463)	(747,323)
- Income not subject to taxation	7,303,058	1,107,953
- Tax losses utilised	24,997	70,684
- Tax losses not recognised	(305,183)	(420,998)
Tax (expense)/benefit for the year	(420,375)	402,133

23 DEFERRED TAX LIABILITIES

	Tax losses USD	Depreciation of properties and equipment USD	Fair value adjustments arising from acquisition of a subsidiary USD	Total USD
At 1 January 2015	25,051	(58,303)	(5,580,884)	(5,614,136)
Credited to profit or loss	-	-	429,299	429,299
At 31 December 2015	25,051	(58,303)	(5,151,585)	(5,184,837)
At 1 January 2014	25,051	(58,303)	(6,010,183)	(6,043,435)
Credited to profit or loss	-	-	429,299	429,299
At 31 December 2014	25,051	(58,303)	(5,580,884)	(5,614,136)

As at 31 December 2015, the Group has not recognised deferred tax assets of USD27.8 million (31 December 2014: USD27.5 million) in respect of accumulated tax losses amounting to USD94 million (31 December 2014: USD93 million) that can be carried forward for offsetting against future taxable income. The above tax losses will not expire if unused according to Hong Kong and Australian tax law.

24 AMOUNTS DUE FROM/TO RELATED PARTIES

	31 December 2015 USD	31 December 2014 USD
(a) Amounts due from related parties		
-Included in non-current assets		
Fellow subsidiaries (*Note (i), (ii)*)	750,308,775	1,211,617,541
An associate	63,023,684	66,877,524
	813,332,459	1,278,495,065
-Included in current assets		
Fellow subsidiaries (*Note (i), (ii), (iii)*)	450,570,945	418,955,067
An associate	1,035,528	350,178
The intermediate holding company	694,486,692	239,850,435
	1,146,093,165	659,155,680
	1,959,425,624	1,937,650,745
(b) Amounts due to related parties		
-Included in current liabilities		
Fellow subsidiaries	809,529	355,064
The intermediate holding company	42,096,606	40,256,560
	42,906,135	40,611,624

Note:

(i) *Included in the amounts due from fellow subsidiaries is an aggregate amount of USD827 million (31 December 2014: USD1,240 million) recorded in current and non-current assets regarding the receivable arising from the disposal of a subsidiary in 2013. All the receivables are denominated in USD.*

(ii) *Included in the amounts due from fellow subsidiaries is an amount of USD337 million (31 December 2014: USD385 million) recorded in non-current assets regarding the loans provided to a fellow subsidiary with the related interest receivable of USD3.43 million (31 December 2014: USD3.74 million) recorded in current assets. All the receivables are denominated in USD.*

(iii) *Included in the amounts due from fellow subsidiaries is an amount of USD33.59 million (HKD260.4 million) (31 December 2014: nil) recorded in current assets regarding the receivable arising from the disposal of Hong Kong properties in 2015. All the receivables are denominated in HKD.*

25 SIGNIFICANT RELATED PARTY TRANSACTIONS

The Company is wholly-owned and controlled by Chalco. The directors consider Chinalco, a company incorporated in PRC, as the Company's ultimate holding company.

In accordance with HKAS 24 *Related Party Disclosures*, government-related entities and their subsidiaries, directly or indirectly controlled, jointly controlled or significantly influenced by the PRC government are defined as related parties of the Group.

In addition to the related party information and transactions disclosed elsewhere in the financial statements, the following is a summary of significant related party transactions entered in the ordinary course of business between the Group and its related parties during the year.

25 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

	2015 USD	2014 USD
Sales of goods to fellow subsidiaries (*Note*)	207,894,491	69,390,721
Purchase of equity interest in an associate from the intermediate holding company	-	283,445,485
Capital injection from the intermediated holding company	2,000,000	-
Loan to an associate	-	66,877,524
Disposal of Hong Kong properties to a fellow subsidiary	47,988,000	-
Interest income on loans and interest-bearing receivables from fellow subsidiaries	20,051,159	23,859,706
Interest income on a loan to an associate	4,291,728	350,178
Interest income on unpaid other receivables of disposal an associate	25,536,282	26,264,685

Note: *Goods were sold at prices mutually agreed by both parties.*

	2015 USD	2014 USD
Compensation of key management personnel of the Company:		
Short term employee benefits	534,139	313,467
Pension cost-defined contribution schemes	33,978	19,963
	568,117	333,430

During the years ended 31 December 2015 and 2014, there were no significant transactions between the Group and other state-owned enterprises (excluding Chinalco and its subsidiaries).

Further details of directors' emoluments are included in Note 8 to the financial statements.

26 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's exposure to market risk (including interest rate risk), credit risk, and liquidity risk arises in the normal course of its business. These risks are managed by the Group's financial management policies and practices described below:

Interest rate risk

The Group's exposure to interest rate risk relates principally to the Group's bank loans which are based on the London Interbank Offered Rate. The Group mitigates the risk by monitoring closely the movements in interest rates and reviewing its banking facilities regularly. The Group has not used any interest rate swap to hedge its exposure to interest rate risk.

As at 31 December 2015, if the interest rates on borrowings had been 100 basis points higher/lower, which was considered reasonably possible by management, with all other variables held constant, the profit after tax for the year would have been decreased/increased by USD2.4 million (2014: USD1.7 million) as a result of higher/lower interest expenses on bank borrowing.

Credit risk

The carrying amounts of cash and cash equivalents, trade receivables, amounts due from related parties and other current assets except for prepayments, represent the Group's maximum exposure to credit risk in relation to financial assets. Most of the Group's cash and cash equivalents are held in major financial institutions located in Hong Kong, which management believes are of high credit quality. All the goods are sold to the fellow subsidiaries of the Company. The directors consider that the Group does not have a significant concentration of credit risk.

Liquidity risk

The Group aims to maintain sufficient cash and credit lines to meet its liquidity requirements. The Group finances its working capital requirements through a combination of funds generated from operations and bank and other borrowings.

26 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (continued)

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	USD	USD	USD	USD	USD
As at 31 December 2015					
Interest-bearing bank borrowings	122,337,051	169,382,183	-	-	291,719,234
Senior perpetual securities	-	-	750,000,000	-	750,000,000
Interest to be paid under contract	10,330,542	49,403,722	49,566,951	-	109,301,215
Financial liabilities included in other payables and accruals	9,084,031	-	-	-	9,084,031
Amounts due to related parties	42,906,135	-	-	-	42,906,135
	184,657,759	218,785,905	799,566,951	-	1,203,010,615

	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	USD	USD	USD	USD	USD
As at 31 December 2014					
Interest-bearing bank borrowings	6,108,217	-	200,000,000	-	206,108,217
Senior perpetual securities	-	-	750,000,000	-	750,000,000
Interest to be paid under contract	12,801,327	38,897,345	99,395,522	-	151,094,194
Financial liabilities included in other payables and accruals	9,451,646	-	-	-	9,451,646
Amounts due to related parties	40,611,624	-	-	-	40,611,624
	68,972,814	38,897,345	1,049,395,522	-	1,157,265,681

26 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholder's value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholder, return capital to shareholder or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the year.

The Group monitors capital using a gearing ratio, which is net debt divided by equity plus net debt. Net debt is calculated as total liabilities (excluding deferred tax liabilities and income tax payable) less restricted cash, time deposits and cash and cash equivalents. Total capital is calculated as equity, as shown in the consolidated statement of financial position, plus net debt less non-controlling interests.

	31 December 2015 USD	**31 December 2014** USD
Total liabilities (excluding deferred tax liabilities and income tax payable)	1,100,783,764	1,012,209,363
Less: restricted cash, time deposits and cash and cash equivalents	47,008,519	286,749,184
Net debt	1,053,775,245	725,460,179
Total equity	1,398,187,854	1,593,606,203
Add: net debt	1,053,775,245	725,460,179
Less: non-controlling interests	11,566,777	11,988,064
Total capital attributable to owners of the parent	2,440,396,322	2,307,078,318
Gearing ratio	43%	31%

Fair values

The carrying amounts of the Group's financial instruments are all approximate to the fair value.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

26 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Fair values (continued)

Fair value hierarchy

Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

There are no assets or liabilities measured at fair values as at 31 December 2015 (31 December 2014: nil). During the year, there were no transfers into or out of fair value measurements (2014: nil).

27 COMMITMENTS UNDER OPERATING LEASE

	31 December 2015 USD	31 December 2014 USD
Within one year	326,103	344,954
In the second to third years, inclusive	-	344,954
	326,103	689,908

28 EVENTS AFTER THE REPORTING PERIOD

No significant events after the reporting period are noted.

29 STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of the financial position of the Company at the end of the reporting period is as follows:

29 STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

	31 December 2015 USD	31 December 2014 USD
NON-CURRENT ASSETS		
Leasehold land	-	2,695,310
Property, plant and equipment	408,612	578,145
Investment properties	-	12,447,083
Investment in subsidiaries	18,000,099	18,000,099
Investment in an associate	283,445,485	283,445,485
Amounts due from related parties	813,332,459	1,278,495,065
Total non-current assets	1,115,186,655	1,595,661,187
CURRENT ASSETS		
Inventories	3,187,744	-
Trade receivables	127,199,688	13,979,331
Prepayments, deposits and other receivables	5,986,901	5,911,242
Prepaid income tax	-	135,783
Amounts due from related parties	1,178,550,055	691,008,463
Cash and cash equivalents	41,999,391	280,709,884
Total current assets	1,356,923,779	991,744,703
CURRENT LIABILITIES		
Trade payables	-	-
Other payables and accruals	10,693,361	9,667,090
Income tax payable	28	11,574
Amounts due to related parties	25,510,507	21,618,215
Interest-bearing bank borrowings	291,719,234	6,108,217
Total current liabilities	327,923,130	37,405,096
NET CURRENT ASSETS	1,029,000,649	954,339,607
TOTAL ASSETS LESS CURRENT LIABILITIES	2,144,187,304	2,550,000,794
NON-CURRENT LIABILITIES		
Interest-bearing bank borrowings	-	200,000,000
Deferred tax liabilities	33,252	33,252
Amounts due to a subsidiary	750,000,000	750,000,000
Other non-current liabilities	1,297,545	1,283,185
Total non-current liabilities	751,330,797	951,316,437
Net assets	1,392,856,507	1,598,684,357
EQUITY		
Share capital	109,642,321	109,642,321
Loans from the intermediate holding company	716,648,113	714,648,113
Retained earnings/(accumulated losses)	566,615,619	774,393,423
Currency translation differences	(49,546)	500
Total equity	1,392,856,507	1,598,684,357

29 STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note:

A summary of the Company 's reserve is as follows:

	Share capital USD	Loan from shareholders USD	Retained earnings USD	Exchange fluctuation reserve USD	Total USD
At 1 January 2015	109,642,321	714,648,113	774,393,423	500	1,598,684,357
Exchange differences on translation of foreign operations	-	-	-	(50,046)	(50,046)
Profit for the year	-	-	29,832,196	-	29,832,196
Capital injection from the intermediated holding company	-	2,000,000	-	-	2,000,000
Issued dividends	-	-	(237,610,000)	-	(237,610,000)
At 31 December 2015	109,642,321	716,648,113	566,615,619	(49,546)	1,392,856,507
At 1 January 2014	109,642,321	714,648,113	775,272,351	(168)	1,599,562,617
Exchange differences on translation of foreign operations	-	-	-	668	668
Loss for the year	-	-	(878,928)	-	(878,928)
At 31 December 2014	109,642,321	714,648,113	774,393,423	500	1,598,684,357

30 APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 17 March 2016.

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