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METALLURGICAL CORPORATION OF CHINA LTD. *

中國冶金科工股份有限公司

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

(Stock Code: 1618)

2013 INTERIM RESULTS ANNOUNCEMENT

PRESIDENT'S STATEMENT

Everything prospers in summer. First of all, I would like to express my sincere respect and heartfelt gratitude to the Shareholders and friends from different industries in the society who have been concerning and supporting MCC on behalf of the staff of MCC!

In the first half of 2013, the external economic environment was complicated and changeable which created both opportunities and challenges to MCC. It will take time for the world economy to recover fully. However, governments of emerging economies, such as those of India, South Asia and Latin America, urged to improve their infrastructures. This is in favour of enterprises which mainly focus on civil construction and municipal engineering to seek new market shares. Modern constructions which mainly use steel and iron have begun in some of the African countries, leaving room for the iron and steel market to grow. On the other hand, although the overall growth of the domestic economy slowed down, driven by the acceleration of urbanization in the country, technological innovation in the iron and steel industry, optimization of layout and other policies, MCC still has much to accomplish.

When you are exhausted, you do not feel hot during the hot summer days but just cherish the long days to do more. All the MCC staff seized every opportunity to develop and forge ahead with high morale, enthusiasm and courage. In the first half of 2013, MCC showed recovery and improvement in production and operations through effective measures, such as active exploration in the domestic and foreign markets, deepening of internal reforms, emphasis on governance in loss-making enterprises, strengthening of meticulous management, active expansion of financing channels and risk control capability enhancement. The development of the enterprise had been stable and promising in general. In the first half of the year, value of newly-signed contracts totaled RMB110 billion and its revenue amounted to RMB90,953 million with a profit of RMB1,357 million.

A person should be grateful and return other people's favour. While MCC creates wealth, as a listed company, it also remembers its social responsibility. We are committed to operating in an environmental friendly manner, assisting major iron and steel companies to upgrade their technology and using the new technology to save energy and reduce emission. Our performance in the fields of clean energy, such as waste incineration, sewage treatment and photovoltaic power generation, was remarkable. We promoted the use of renewable energy actively. Furthermore, MCC responded to the national welfare housing policy actively by cooperating with several local governments. Our planned construction areas of the current welfare housing projects are 17 million square meters as a means to make contributions to improve people's livelihood, give people better homes and establish a harmonious society.

MCC will continue to focus on the traditional industry, maintaining its leading position in the domestic metallurgical industry and expanding its non-steel market earnestly. The Group will strengthen the brand's influence in the non-steel market, accelerating the transformation and upgrading of the EPC business. MCC will also develop emerging markets actively. It will continue to develop new profit growth points which are in line with the national industrial policy. We will promote a fast and sound development of the enterprise by pushing the structural reform ahead, focusing on the enhancement of technological innovation and the management level, improving the quality of the assets and guarding against risks of operations carefully.

Dear Shareholders and friends, I believe that MCC's staff will definitely be able to turn negative changes into power, challenges into opportunities, giving satisfactory performance to the Shareholders and the society, and creating a glorious new chapter of MCC under the leadership of the Board!

Shen Heting

President and Executive Director

HIGHLIGHTS

The Board of Metallurgical Corporation of China Ltd.* is pleased to announce the unaudited operating results of the Company and its subsidiaries for the six months ended 30 June 2013, which are mainly set out as follows:

- Revenue amounted to RMB90,953 million, representing a year-on-year decrease of RMB13,481 million or 12.91% from RMB104,434 million for the same period of 2012.
- Profit amounted to RMB1,357 million, all of which was profit from continuing operations. While loss amounted to RMB457 million for the same period of 2012, of which profit from continuing operations amounted to RMB367 million.
- Profit attributable to equity holders of the Company amounted to RMB1,481 million, all of which was profit from continuing operations attributable to equity holders of the Company. While loss attributable to equity holders of the Company amounted to RMB182 million for the same period of 2012, of which profit from continuing operations attributable to equity holders of the Company amounted to RMB43 million.
- Basic earnings per share amounted to RMB0.08, all of which was basic earnings per share from continuing operations. While basic loss per share amounted to RMB0.01 for the same period of 2012, of which basic earnings per share from continuing operations amounted to RMB0.002.
- As at 30 June 2013, the total assets amounted to RMB330,819 million, representing an increase of RMB4,592 million or 1.41% from RMB326,227 million as at 31 December 2012.
- As at 30 June 2013, the total equity amounted to RMB53,986 million, representing an increase of RMB1,151 million or 2.18% from RMB52,835 million as at 31 December 2012.
- Value of newly-signed contracts amounted to RMB110,000 million, representing a decrease of RMB13,600 million or 11.00% from RMB123,600 million for the same period of 2012.

I. CORPORATE INFORMATION

Company name (in Chinese)	中國冶金科工股份有限公司
Abbreviation in Chinese	中國中冶
Company name (in English)	Metallurgical Corporation of China Ltd.*
Abbreviation in English	MCC
Legal representative of the Company	Shen Heting
Registered address	28 Shuguang Xili Chaoyang District Beijing
First registration date of the Company	1 December 2008
Business address in the PRC	MCC Tower 28 Shuguang Xili, Chaoyang District Beijing, PRC
Place of business in Hong Kong	Room 3205, 32/F Office Tower, Convention Plaza 1 Harbour Road, Wanchai, Hong Kong
Website address of the Company	http://www.mccchina.com
E-mail	ir@mccchina.com
Joint company secretaries	Kang Chengye, Ma Sau Kuen Gloria

Contact address	MCC Tower 28 Shuguang Xili, Chaoyang District Beijing, PRC
Tel	86-10-59868666
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Places of listing	The Stock Exchange of Hong Kong Limited, Shanghai Stock Exchange
Abbreviation of stock name	MCC
Stock codes	1618 (Hong Kong), 601618 (Shanghai)
H Share registrar and transfer office	Computershare Hong Kong Investor Services Limited
Address of H Share registrar and transfer office	17M Floor Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
PRC auditor	PricewaterhouseCoopers Zhong Tian LLP
Office address of the PRC auditor	26/F, Office Tower A, Beijing Fortune Plaza 7 Dongsanhuan Zhonglu Chaoyang District, Beijing, PRC
International auditor	PricewaterhouseCoopers Certified Public Accountants

Office address of the international auditor	22/F, Prince's Building Central Hong Kong
PRC legal advisor	Beijing Jiayuan Law Firm
Office address of the PRC legal advisor	F407, Ocean Plaza 158 Fuxingmennei Avenue Beijing, PRC
Hong Kong legal advisor	King & Wood Mallesons
Office address of the Hong Kong legal advisor	13th Floor, Gloucester Tower The Landmark 15 Queen's Road Central Central, Hong Kong

II. FINANCIAL HIGHLIGHTS

(I) OVERVIEW

The Group's financial position as at 30 June 2013 and the operating results for the six months ended 30 June 2013 are highlighted as follows:

- Revenue amounted to RMB90,953 million, representing a year-on-year decrease of RMB13,481 million or 12.91% from RMB104,434 million for the same period of 2012.
- Profit amounted to RMB1,357 million, all of which was profit from continuing operations. While loss amounted to RMB457 million for the same period of 2012, of which profit from continuing operations amounted to RMB367 million.
- Profit attributable to equity holders of the Company amounted to RMB1,481 million, all of which was profit from continuing operations attributable to equity holders of the Company. While loss attributable to equity holders of the Company amounted to RMB182 million for the same period of 2012, of which profit from continuing operations attributable to equity holders of the Company amounted to RMB43 million.
- Basic earnings per share amounted to RMB0.08, all of which was basic earnings per share from continuing operations attributable to equity holders of the Company. While basic loss per share amounted to RMB0.01 for the same period of 2012, of which basic earnings per share from continuing operations attributable to equity holders of the Company amounted to RMB0.002.
- As at 30 June 2013, the total assets amounted to RMB330,819 million, representing an increase of RMB4,592 million or 1.41% from RMB326,227 million as at 31 December 2012.
- As at 30 June 2013, the total equity amounted to RMB53,986 million, representing an increase of RMB1,151 million or 2.18% from RMB52,835 million as at 31 December 2012.
- Value of newly-signed contracts amounted to RMB110,000 million, representing a decrease of RMB13,600 million or 11.00% from RMB123,600 million for the same period of 2012.

(II) REVENUE FROM PRINCIPAL BUSINESS SEGMENTS

During the Reporting Period, the Group:

- ***Engineering and construction business***

Revenue amounted to RMB75,499 million, representing a decrease of RMB13,121 million or 14.81% from RMB88,620 million for the same period of 2012.

- ***Equipment manufacturing business***

Revenue amounted to RMB4,506 million, representing a decrease of RMB1,547 million or 25.56% from RMB6,053 million for the same period of 2012.

- ***Resources development business***

Revenue amounted to RMB1,360 million, representing an increase of RMB7 million or 0.52% from RMB1,353 million for the same period of 2012.

- ***Property development business***

Revenue amounted to RMB9,395 million, representing an increase of RMB2,172 million or 30.07% from RMB7,223 million for the same period of 2012.

- ***Other businesses***

Revenue amounted to RMB1,347 million, representing a decrease of RMB1,429 million or 51.48% from RMB2,776 million for the same period of 2012.

Note: All of the above revenues represent the data before elimination of inter-segment transactions.

III. MANAGEMENT DISCUSSION AND ANALYSIS

(I) OVERVIEW

For the six months ended 30 June 2013, the Group's revenue amounted to RMB90,953 million, representing a decrease of 12.91% compared to the same period of last year. Profit attributable to equity holders of the Company amounted to RMB1,481 million. Basic earnings per share for the six months ended 30 June 2013 was RMB0.08.

The following are the unaudited financial results of the Group for the six months ended 30 June 2013 compared to that for the six months ended 30 June 2012.

(II) UNAUDITED CONDENSED CONSOLIDATED OPERATING RESULTS

1. Revenue

The Group is mainly engaged in engineering and construction, equipment manufacturing, resources development, property development and other businesses. For the six months ended 30 June 2013, the revenue of the Group amounted to RMB90,953 million, representing a decrease of RMB13,481 million or 12.91% compared to RMB104,434 million for the six months ended 30 June 2012. The decrease was mainly attributable to the decrease in segment revenues of engineering and construction, equipment manufacturing and other businesses of RMB13,121 million or 14.81%, RMB1,547 million or 25.56% and RMB1,429 million or 51.48% respectively before elimination of inter-segment transactions. Segment revenues of resources development and property development increased by RMB7 million or 0.52% and RMB2,172 million or 30.07%, respectively before elimination of inter-segment transactions.

2. *Cost of sales and gross profit*

The Group's cost of sales primarily includes material cost (raw materials and products, work-in-progress consumed, equipment purchased and consumables used), subcontracting charges, employee benefits and other costs. For the six months ended 30 June 2013, cost of sales of the Group amounted to RMB81,700 million, representing a decrease of RMB13,028 million or 13.75% compared to RMB94,728 million for the six months ended 30 June 2012.

For the six months ended 30 June 2013, the gross profit of the Group amounted to RMB9,253 million, representing a decrease of RMB453 million or 4.67% compared to RMB9,706 million for the same period of 2012. Gross profit margin of the Group was 10.17% for the six months ended 30 June 2013, representing an increase of 0.88% compared to 9.29% for the same period of 2012.

For the six months ended 30 June 2013, all business segments of the Group, namely engineering and construction, equipment manufacturing, resources development, property development and other businesses, recorded a gross profit of RMB7,583 million, RMB378 million, RMB-11 million, RMB1,317 million and RMB70 million respectively, and the gross profit margins were 10.04%, 8.39%, -0.81%, 14.02% and 5.20% respectively before elimination of inter-segment transactions.

3. *Operating profit*

For the six months ended 30 June 2013, the operating profit of the Group amounted to RMB4,851 million, representing an increase of RMB1,836 million or 60.90% compared to RMB3,015 million for the same period of 2012. The increase in operating profit was mainly attributable to the loss of segment results of the resources development business of the Group of RMB562 million for the six months ended 30 June 2013, compared to the loss of segment results of RMB1,932 million for the six months ended 30 June 2012. The equipment manufacturing business recorded a loss of segment results of RMB152 million for the six months ended 30 June 2013 compared to a loss of segment results of RMB229 million for the six months ended 30 June 2012. The operating profit of the engineering and construction business and property development business increased by RMB67 million

or 1.50% and RMB401 million or 55.62% respectively compared to the six months ended 30 June 2012. The operating profit of other businesses decreased by RMB59 million or 54.13% compared to that for the six months ended 30 June 2012. (all segments' information is before elimination of inter-segment transactions)

4. *Finance income*

The Group's finance income mainly consists of interest income on bank deposits, interest income on loans to related parties and unwinding of discount of long-term receivables. Finance income of the Group for the six months ended 30 June 2013 amounted to RMB754 million, representing a decrease of RMB101 million or 11.81% compared to RMB855 million for the same period of 2012, mainly attributable to the decrease of interest income on bank deposits and unwinding of discount of long-term receivables incurred by advances for projects during the period over the same period of last year.

5. *Finance costs*

The Group's finance costs mainly consist of interest expenses on bank borrowings and borrowings from other financial institutions, net foreign exchange losses and discount charges on bank acceptance notes, less amounts capitalized in construction-in-progress and amounts capitalized in properties under development. For the six months ended 30 June 2013, finance costs of the Group increased by RMB641 million or 27.52% to RMB2,970 million from RMB2,329 million for the same period of 2012, mainly attributable to the increase in net foreign exchange losses of borrowings and the decrease in amounts capitalized.

6. *Share of (losses)/profits of associates*

The Company's share of profits of associates is the profits attributable to the Company from its associates, net of the losses attributable to the Company from its associates, pursuant to its equity interests in such associates. For the six months ended 30 June 2013, the Company's share of losses of associates was RMB7 million, and for the six months ended 30 June 2012, the Company's share of profits of associates was RMB5 million.

7. *Profit before income tax*

As a result of the foregoing, for the six months ended 30 June 2013, the Group's profit before income tax increased by RMB1,082 million or 69.99% to RMB2,628 million from RMB1,546 million for the same period of 2012.

8. *Income tax expense*

For the six months ended 30 June 2013, the Group's income tax expense increased by RMB92 million or 7.80% from RMB1,179 million for the same period of 2012 to RMB1,271 million. For the six months ended 30 June 2013, the Group's effective tax rate was 48.36%, representing a decrease of 27.90% compared to 76.26% for the same period of 2012, which was mainly attributable to the increase in tax losses and other temporary differences not recognized as deferred income tax assets by subsidiaries of the Company in accordance with profit forecast during the period.

9. *Loss attributable to non-controlling interests*

Loss attributable to non-controlling interests represents the interests of external shareholders in the operating results of non-wholly owned subsidiaries of the Company. The loss attributable to non-controlling interests for the six months ended 30 June 2013 amounted to RMB124 million, while the loss attributable to non-controlling interests for the same period of 2012 amounted to RMB275 million.

10. *Profit/(losses) attributable to equity holders of the Company*

Based on the reasons above, the profit attributable to equity holders of the Company amounted to RMB1,481 million for the six months ended 30 June 2013, all of which was profit from continuing operations attributable to equity holders of the Company. The loss attributable to equity holders of the Company amounted to RMB182 million, of which profit from continuing operations attributable to equity holders of the Company amounted to RMB43 million for the same period of 2012.

(III) DISCUSSION OF RESULTS BY SEGMENT

The following table sets forth the Group's segment revenue, gross profit and segment results for the six months ended 30 June 2013 and the six months ended 30 June 2012.

	Segment revenue		Gross profit		Gross profit margin		Segment result		Segment result margin ^(note1)	
	For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	RMB	RMB	RMB	RMB			RMB	RMB		
	'million	'million	'million	'million	%	%	'million	'million	%	%
	Unaudited	Restated	Unaudited	Restated			Unaudited	Restated		
Engineering and construction	75,499	88,620	7,583	8,012	10.04%	9.04%	4,528	4,461	6.00%	5.03%
% of the total	81.97%	83.58%	81.21%	82.14%			90.82%	142.53%		
Equipment manufacturing	4,506	6,053	378	410	8.39%	6.77%	(152)	(229)	-3.37%	-3.78%
% of the total	4.89%	5.71%	4.05%	4.20%			-3.05%	-7.32%		
Resources development	1,360	1,353	(11)	184	-0.81%	13.60%	(562)	(1,932)	-41.32%	-142.79%
% of the total	1.48%	1.28%	-0.12%	1.89%			-11.27%	-61.73%		
Property development	9,395	7,223	1,317	1,018	14.02%	14.09%	1,122	721	11.94%	9.98%
% of the total	10.20%	6.81%	14.11%	10.44%			22.50%	23.04%		
Other businesses	1,347	2,776	70	130	5.20%	4.68%	50	109	3.71%	3.93%
% of the total	1.46%	2.62%	0.75%	1.33%			1.00%	3.48%		
Subtotal	92,107	106,025	9,337	9,754	10.14%	9.20%	4,986	3,130	5.41%	2.95%
Inter-segment elimination	(1,154)	(1,591)	(84)	(48)			(84)	(48)		
Total	<u>90,953</u>	<u>104,434</u>	<u>9,253</u>	<u>9,706</u>	<u>10.17%</u>	<u>9.29%</u>	<u>4,902</u>	<u>3,082</u>	<u>5.39%</u>	<u>2.95%</u>
Unallocated administrative expenses							(51)	(67)		
Total operating profit							<u>4,851</u>	<u>3,015</u>		

Note1: Segment result margin represents a percentage of segment result over segment revenue.

1. *Engineering and construction business*

The financial information of the engineering and construction business in this section is presented before elimination of inter-segment transactions and does not include unallocated cost.

The following table sets forth the principal profit or loss information for the engineering and construction business for the six months ended 30 June 2013 and the six months ended 30 June 2012.

	For the six months ended 30 June	
	2013	2012
	(RMB 'million)	(RMB 'million)
	Unaudited	Restated
Segment revenue	75,499	88,620
Cost of sales	(67,916)	(80,608)
Gross profit	7,583	8,012
Selling and marketing expenses	(285)	(339)
Administrative expenses	(3,340)	(3,625)
Other income and gains	570	413
Segment results	4,528	4,461
Depreciation and amortization	749	720

Segment revenue. Segment revenue from the engineering and construction business decreased by RMB13,121 million or 14.81% from RMB88,620 million for the six months ended 30 June 2012 to RMB75,499 million for the six months ended 30 June 2013. The decrease was mainly attributable to the slight decrease in revenue from new projects and implementation of previously undertaken projects during the Reporting Period.

Cost of sales and gross profit. Cost of sales incurred from the engineering and construction business decreased by RMB12,692 million or 15.75% from RMB80,608 million for the six months ended 30 June 2012 to RMB67,916 million for the six months ended 30 June 2013. Percentage of cost of sales against segment revenue decreased to 89.96% for the six months ended 30 June 2013 from 90.96% for the six months ended 30 June 2012.

Gross profit of the engineering and construction business decreased by RMB429 million or 5.35% from RMB8,012 million for the six months ended 30 June 2012 to RMB7,583 million for the six months ended 30 June 2013. Gross profit margin of the engineering and construction business increased from 9.04% for the six months ended 30 June 2012 to 10.04% for the six months ended 30 June 2013.

Selling and marketing expenses. Selling and marketing expenses incurred for the engineering and construction business decreased by RMB54 million or 15.93% from RMB339 million for the six months ended 30 June 2012 to RMB285 million for the six months ended 30 June 2013.

Administrative expenses. Administrative expenses incurred for the engineering and construction business decreased by RMB285 million or 7.86% from RMB3,625 million for the six months ended 30 June 2012 to RMB3,340 million for the six months ended 30 June 2013, mainly attributable to the decrease in research and development expenses and the decrease in the provision for impairment on trade and other receivables.

Other income and gains. Other income and gains from the engineering and construction business increased by RMB157 million or 38.01% from RMB413 million for the six months ended 30 June 2012 to RMB570 million for the six months ended 30 June 2013. This was mainly attributable to the increase in gains from the disposal of fixed assets.

Segment results. Segment results of the engineering and construction business increased by RMB67 million or 1.50% from RMB4,461 million for the six months ended 30 June 2012 to RMB4,528 million for the six months ended 30 June 2013.

2. *Equipment manufacturing business*

The financial information of the equipment manufacturing business in this section is presented before elimination of inter-segment transactions and does not include unallocated cost.

The following table sets forth the principal profit or loss information for the equipment manufacturing business for the six months ended 30 June 2013 and the six months ended 30 June 2012.

	For the six months ended 30 June	
	2013	2012
	(RMB ‘million)	(RMB ‘million)
	Unaudited	Restated
Segment revenue	4,506	6,053
Cost of sales	(4,128)	(5,643)
Gross profit	378	410
Selling and marketing expenses	(100)	(133)
Administrative expenses	(548)	(596)
Other income and gains	118	90
Segment results	(152)	(229)
Depreciation and amortization	287	280

Segment revenue. Segment revenue from the equipment manufacturing business decreased by RMB1,547 million or 25.56% from RMB6,053 million for the six months ended 30 June 2012 to RMB4,506 million for the six months ended 30 June 2013, mainly attributable to the Company’s cease of control over WISDRI (Xinyu) Cold Processing Engineering Co., Ltd. (中冶南方(新餘)冷軋新材料技術有限公司) and the decrease in revenue of CERI (Yingkou) Equipment Development and Manufacturing Co., Ltd. (中冶京誠(營口)裝備技術有限公司), subsidiaries of the Company. Meanwhile, revenue of other subsidiaries of the Company engaged in equipment manufacturing also decreased under the effect of drop in business and decline of price.

Cost of sales and gross profit. Cost of sales incurred from the equipment manufacturing business decreased by RMB1,515 million or 26.85% from RMB5,643 million for the six months ended 30 June 2012 to RMB4,128 million for the six months ended 30 June 2013. Percentage of cost of sales against segment revenue decreased from 93.23% for the six months ended 30 June 2012 to 91.61% for the six months ended 30 June 2013.

Gross profit of the equipment manufacturing business decreased by RMB32 million or 7.80% from RMB410 million for the six months ended 30 June 2012 to RMB378 million for the six months ended 30 June 2013. Gross profit margin of the equipment manufacturing business increased from 6.77% for the six months ended 30 June 2012 to 8.39% for the six months ended 30 June 2013, mainly attributable to the decrease in amount of loss from the loss-generating enterprises.

Selling and marketing expenses. Selling and marketing expenses incurred for the equipment manufacturing business decreased by RMB33 million or 24.81% from RMB133 million for the six months ended 30 June 2012 to RMB100 million for the six months ended 30 June 2013.

Administrative expenses. Administrative expenses incurred for the equipment manufacturing business decreased by RMB48 million or 8.05% from RMB596 million for the six months ended 30 June 2012 to RMB548 million for the six months ended 30 June 2013.

Other income and gains. Other income and gains from the equipment manufacturing business increased by RMB28 million or 31.11% from RMB90 million for the six months ended 30 June 2012 to RMB118 million for the six months ended 30 June 2013.

Segment results. Segment results of the equipment manufacturing business recorded a loss of RMB152 million for the six months ended 30 June 2013 compared to the loss of RMB229 million for segment results of the equipment manufacturing business for the six months ended 30 June 2012.

3. *Resources development business*

The financial information of the resources development business in this section is presented before elimination of inter-segment transactions and does not include unallocated cost.

The following table sets forth the principal profit or loss information for the resources development business for the six months ended 30 June 2013 and the six months ended 30 June 2012.

	For the six months ended 30 June	
	2013	2012
	(RMB ‘million)	(RMB ‘million)
	Unaudited	Restated
Segment revenue	1,360	1,353
Cost of sales	(1,371)	(1,169)
Gross profit	(11)	184
Sales and marketing expenses	(136)	(71)
Administrative expenses	(463)	(2,045)
Other income and gains	48	—
Segment results	(562)	(1,932)
Depreciation and amortization	359	209

Segment revenue. Segment revenue from the resources development business increased by RMB7 million or 0.52% from RMB1,353 million for the six months ended 30 June 2012 to RMB1,360 million for the six months ended 30 June 2013. It was mainly attributable to the fact that the Ramu Project of MCC-JJJ Mining Development Company Limited (中冶金吉礦業開發有限公司), a subsidiary of the Company, had commenced production and contributed revenue, while Luoyang China Silicon Hi-tech Corporation (洛陽中硅高科技有限公司), a subsidiary of the Company which produced polysilicon, contributed less revenue due to not having resumed production under the impact of the market. As a result of the foregoing, the segment revenue from the resources development business increased slightly.

Cost of sales and gross profit. Cost of sales incurred from the resources development business increased by RMB202 million or 17.28% from RMB1,169 million for the six months ended 30 June 2012 to RMB1,371 million for the six months ended 30 June 2013. Percentage of the cost of sales against segment revenue increased from 86.40% for the six months ended 30 June 2012 to 100.81% for the six months ended 30 June 2013, which was caused by the fact that the Ramu Project was at the initial stage of operation with higher cost than revenue in sales.

Gross profit of the resources development business was made loss of RMB11 million for the six months ended 30 June 2013, compared to gross profit of RMB184 million for the six months ended 30 June 2012. Gross profit margin of the resources development business decreased from 13.60% for the six months ended 30 June 2012 to -0.81% for the six months ended 30 June 2013, mainly attributable to the influence of the Ramu Project.

Selling and marketing expenses. Selling and marketing expenses incurred for the resources development business increased by RMB65 million or 91.55% from RMB71 million for the six months ended 30 June 2012 to RMB136 million for the six months ended 30 June 2013.

Administrative expenses. Administrative expenses incurred for the resources development business decreased by RMB1,582 million or 77.36% from RMB2,045 million for the six months ended 30 June 2012 to RMB463 million for the six months ended 30 June 2013, mainly attributable to the provision for impairment of exploration rights amounted to RMB1,809 million accrued by MCC Australia Holding Pty Ltd. (中冶澳大利亞控股有限公司), a subsidiary of the Company, in 2012.

Other income and gains. Other income and gains from the resources development business for the six months ended 30 June 2013 reached RMB48 million.

Segment results. Segment results of the resources development business recorded a loss of RMB562 million for the six months ended 30 June 2013, and a loss of RMB1,932 million was recorded for the six months ended 30 June 2012. The decrease in loss was mainly because of the provision for impairment of exploration rights amounted to RMB1,809 million accrued by MCC Australia Holding Pty Ltd. (中冶澳大利亞控股有限公司), a subsidiary of the Company, in 2012.

4. *Property development business*

The financial information of the property development business in this section is presented before elimination of inter-segment transactions and does not include unallocated cost.

The following table sets forth the principal profit or loss information for the property development business for the six months ended 30 June 2013 and the six months ended 30 June 2012.

	For the six months ended 30 June	
	2013	2012
	(RMB ‘million)	(RMB ‘million)
	Unaudited	Restated
Segment revenue	9,395	7,223
Cost of sales	(8,078)	(6,205)
Gross profit	1,317	1,018
Selling and marketing expenses	(153)	(108)
Administrative expenses	(289)	(227)
Other income and gains	247	38
Segment results	1,122	721
Depreciation and amortization	<u>27</u>	<u>20</u>

Segment revenue. Segment revenue from the property development business increased by RMB2,172 million or 30.07% from RMB7,223 million for the six months ended 30 June 2012 to RMB9,395 million for the six months ended 30 June 2013, which was mainly caused by the fact that sales of commercial housing and the construction of welfare housing and development of primary land progressed steadily.

Cost of sales and gross profit. Cost of sales incurred from the property development business for the six months ended 30 June 2013 was RMB8,078 million, representing an increase of RMB1,873 million or 30.19% from RMB6,205 million for the six months ended 30 June 2012. Percentage of the cost of sales against segment revenue increased from 85.91% for the six months ended 30 June 2012 to 85.98% for the six months ended 30 June 2013.

Gross profit of the property development business increased by RMB299 million or 29.37% from RMB1,018 million for the six months ended 30 June 2012 to RMB1,317 million for the six months ended 30 June 2013. Gross profit margin of the property development business decreased from 14.09% for the six months ended 30 June 2012 to 14.02% for the six months ended 30 June 2013.

Selling and marketing expenses. Selling and marketing expenses incurred for the property development business increased by RMB45 million or 41.67% from RMB108 million for the six months ended 30 June 2012 to RMB153 million for the six months ended 30 June 2013.

Administrative expenses. Administrative expenses incurred for the property development business increased by RMB62 million or 27.31% from RMB227 million for the six months ended 30 June 2012 to RMB289 million for the six months ended 30 June 2013.

Other income and gains. Other income and gains from the property development business for the six months ended 30 June 2013 amounted to RMB247 million, representing an increase of RMB209 million or 550.00% from RMB38 million for the six months ended 30 June 2012, mainly attributable to the increase in gains from the disposal of subsidiaries.

Segment results. Segment results of the property development business increased by RMB401 million or 55.62% from RMB721 million for the six months ended 30 June 2012 to RMB1,122 million for the six months ended 30 June 2013, mainly attributable to the fact that the sales of commercial housing and the construction of welfare housing and development of primary land progressed steadily.

5. *Other businesses*

The financial information of other businesses in this section is presented before elimination of inter-segment transactions and does not include unallocated cost.

The following table sets forth the principal profit or loss information for other businesses for the six months ended 30 June 2013 and the six months ended 30 June 2012.

	For the six months ended 30 June	
	2013	2012
	(RMB ‘million)	(RMB ‘million)
	Unaudited	Restated
Segment revenue	1,347	2,776
Cost of sales	(1,277)	(2,646)
Gross profit	70	130
Selling and marketing expenses	(37)	(41)
Administrative expenses	(4)	(35)
Other income and gains	21	55
Segment results	50	109
Depreciation and amortization	<u>23</u>	<u>25</u>

Segment revenue. Segment revenue from the other businesses decreased by RMB1,429 million or 51.48% from RMB2,776 million for the six months ended 30 June 2012 to RMB1,347 million for the six months ended 30 June 2013. Segment revenue from the other businesses is substantially derived from imports and exports trading. The revenue decrease was mainly attributable to the market influence which led to a decrease in trade volume.

Cost of sales and gross profit. Cost of sales incurred from the other businesses decreased by RMB1,369 million or 51.74% from RMB2,646 million for the six months ended 30 June 2012 to RMB1,277 million for the six months ended 30 June 2013. Percentage of the cost of sales against segment revenue decreased from 95.32% for the six months ended 30 June 2012 to 94.80% for the six months ended 30 June 2013.

Gross profit of the other businesses decreased by RMB60 million or 46.15% from RMB130 million for the six months ended 30 June 2012 to RMB70 million for the six months ended 30 June 2013. Gross profit margin of the other businesses increased from 4.68% for the six months ended 30 June 2012 to 5.20% for the six months ended 30 June 2013, which was mainly attributable to the decrease in the amount of trading with low gross profit.

Selling and marketing expenses. Selling and marketing expenses incurred for the other businesses decreased by RMB4 million or 9.76% from RMB41 million for the six months ended 30 June 2012 to RMB37 million for the six months ended 30 June 2013.

Administrative expenses. Administrative expenses incurred for the other businesses decreased by RMB31 million or 88.57% from RMB35 million for the six months ended 30 June 2012 to RMB4 million for the six months ended 30 June 2013.

Other income and gains. Other income and gains of the other businesses decreased by RMB34 million or 61.82% from RMB55 million for the six months ended 30 June 2012 to RMB21 million for the six months ended 30 June 2013.

Segment results. Segment results of the other businesses decreased by RMB59 million or 54.13% from RMB109 million for the six months ended 30 June 2012 to RMB50 million for the six months ended 30 June 2013.

(IV) LIQUIDITY AND CAPITAL RESOURCES

The Group's principal sources of funds have been cash generated from operations and various short-term and long-term bank borrowings and lines of credit, as well as equity contributions from shareholders. The Group's liquidity requirements involve primarily its working capital needs, purchases of property, plant and equipment, and its debt repayment.

The Group has historically met its working capital and other liquidity requirements principally from cash generated from operations, while financing the remainder primarily through bank borrowings. Since its public offerings, the Group has further enhanced its financing flexibility in the financial markets.

1. Information on cash flows

The following cash flows information is extracted from the unaudited condensed consolidated interim statement of cash flows of the Group for the six months ended 30 June 2013 and the six months ended 30 June 2012.

	For the six months ended 30 June	
	2013	2012
	(RMB 'million)	(RMB 'million)
Net cash used in operating activities	(4,108)	(9,171)
Net cash generated from /(used in)		
investing activities	1,552	(2,440)
Net cash (used in)/generated from		
financing activities	(6,947)	2,505
Net decrease in cash and		
cash equivalents	(9,503)	(9,106)
Cash and cash equivalents		
at the beginning of the period	32,084	42,721
Exchange losses on cash and		
cash equivalents	(78)	(9)
Cash and cash equivalents at the end		
of the period	<u>22,503</u>	<u>33,606</u>

2. *Cash flows from operating activities*

For the six months ended 30 June 2013, the Group's net cash used in operating activities amounted to RMB4,108 million compared to net cash used in operating activities of RMB9,171 million for the six months ended 30 June 2012. The decrease of RMB5,063 million in net cash used in operating activities was mainly due to the fact that the decrease in cash from sales of commodities and provision of labour is lower than the decrease in cash paid for procurement of commodities and acceptance of services. However, as the BT projects like welfare housing and roads and bridges construction required the Group to make advances in the process of the project implementation, the net cash flow from operating activities remained negative, even though the Group further strengthened its management over funding.

3. *Cash flows from investing activities*

For the six months ended 30 June 2013, the Group's net cash generated from investing activities amounted to RMB1,552 million compared to net cash used in investing activities amounted to RMB2,440 million for the six months ended 30 June 2012, mainly due to the decrease in cash used in purchasing of property, plant and equipment and the increase in cash received from recovery of investments, disposal of subsidiaries, etc.

4. *Cash flows from financing activities*

For the six months ended 30 June 2013, the Group's net cash used in financing activities amounted to RMB6,947 million, while net cash generated from financing activities was RMB2,505 million for the six months ended 30 June 2012, which was mainly attributable to the increase in the cash outflow due to the payment of debts.

5. *Capital expenditures*

The Group incurred capital expenditures mainly for resources development and advanced processing, construction of production facilities and the purchase of various equipment.

The following table sets forth the capital expenditures of the Group by business for the six months ended 30 June 2013 and the six months ended 30 June 2012.

	For the six months ended 30 June	
	2013	2012
Unaudited	(RMB ‘million)	(RMB ‘million)
Engineering and construction business	831	1,290
Equipment manufacturing business	320	517
Resources development business	294	1,358
Property development business	38	12
Other businesses	37	10
Total	<u>1,520</u>	<u>3,187</u>

The Group’s capital expenditures for the six months ended 30 June 2013 amounted to RMB1,520 million, representing a decrease of RMB1,667 million or 52.30% from RMB3,187 million for the six months ended 30 June 2012.

6. *Working capital*

Trade receivables and trade payables

The following table sets forth the turnover days of the average trade receivables and the turnover days of the average trade payables of the Group for the six months ended 30 June 2013 and for the twelve months ended 31 December 2012.

	For the six months ended 30 June 2013 days	For the twelve months ended 31 December 2012 days
The turnover days of the average trade receivables ⁽¹⁾	187	144
The turnover days of the average trade payables ⁽²⁾	<u>155</u>	<u>119</u>

⁽¹⁾ The average trade receivables are the sum of the opening balance and the closing balance of trade receivables divided by 2. The turnover days of the average trade receivables are the average trade receivables divided by revenue and multiplied by 365 (for half year, multiplied by 180).

⁽²⁾ The average trade payables are the sum of the opening balance and the closing balance of trade payables divided by 2. The turnover days of the average trade payables are the average trade payables divided by cost of sales and multiplied by 365 (for half year, multiplied by 180).

The following table sets forth the aging analysis of trade receivables as at 30 June 2013 and 31 December 2012.

	As at 30 June 2013 <i>(RMB ‘million)</i> Unaudited	As at 31 December 2012 <i>(RMB ‘million)</i> Audited
Less than one year	62,763	63,032
One to two years	23,729	18,142
Two to three years	7,846	5,386
Three to four years	1,954	1,706
Four to five years	1,185	807
Over five years	1,026	1,005
Total	98,503	90,078

As at 30 June 2013, all ranges of ages were basically stable, with increases of trade receivables of all ages except for the range of less than one year, compared to those as at 31 December 2012, mainly due to projects such as roads and bridges, public facilities and welfare housing carried out with great endeavors by the Company’s subsidiaries in the past two years through cooperation with governments, which usually required the Group to make advances, thus leading to an increase in trade receivables compared to the previous year.

The following table sets forth the aging analysis of trade payables as at 30 June 2013 and 31 December 2012.

	As at 30 June 2013 (RMB ‘million) Unaudited	As at 31 December 2012 (RMB ‘million) Audited
Less than one year	53,768	51,966
One to two years	10,918	9,692
Two to three years	3,590	4,146
Over three years	3,568	2,923
Total	71,844	68,727

7. *Retentions*

The following table sets forth the aging analysis of retentions as at 30 June 2013 and 31 December 2012.

	As at 30 June 2013 (RMB ‘million) Unaudited	As at 31 December 2012 (RMB ‘million) Audited
Current portion	3,342	2,941
Non-current portion	29	78
Total	3,371	3,019

8. *Assets-liabilities ratio*

The following table sets forth the assets-liabilities ratio of the Group as at 30 June 2013 and 31 December 2012.

	As at 30 June 2013 (RMB 'million) Unaudited	As at 31 December 2012 (RMB 'million) Restated
Total liabilities	276,833	273,392
Total assets	330,819	326,227
Assets-liabilities ratio	83.68%	83.80%

9. *Gearing ratio*

The following table sets forth the gearing ratio of the Group as at 30 June 2013 and 31 December 2012.

	As at 30 June 2013 (RMB 'million) Unaudited	As at 31 December 2012 (RMB 'million) Restated
Total borrowings	128,601	131,502
Less: Cash and cash equivalents	(22,503)	(32,084)
Net debt	106,098	99,418
Total equity	53,986	52,835
Total capital	160,084	152,253
Gearing ratio	66%	65%

This ratio is calculated as net debt divided by total capital. Net debt is calculated as the total borrowings less cash and cash equivalents. Total capital is calculated as total equity plus net debt.

(V) INDEBTEDNESS

1. Borrowings

The following table sets forth the Group's total borrowings as at 30 June 2013 and 31 December 2012.

	As at 30 June 2013 <i>RMB 'million</i> Unaudited	As at 31 December 2012 <i>RMB 'million</i> Audited
Non-current		
Long-term bank borrowings		
Secured(<i>a</i>)	12,529	10,543
Unsecured	16,512	18,988
	<u>29,041</u>	<u>29,531</u>
Other long-term borrowings		
Secured(<i>a</i>)	—	75
Unsecured	6,008	6,011
Debentures(<i>b</i>)	21,435	21,448
	<u>27,443</u>	<u>27,534</u>
Total non-current borrowings	<u>56,484</u>	<u>57,065</u>

	As at 30 June 2013 <i>RMB ‘million</i> Unaudited	As at 31 December 2012 <i>RMB ‘million</i> Audited
Current		
Short-term bank borrowings		
Secured(a)	1,160	1,615
Unsecured	38,327	37,433
	<u>39,487</u>	<u>39,048</u>
Other short-term borrowings		
Secured(a)	160	160
Unsecured	5,202	3,305
Debentures(c)	19,000	21,400
	<u>24,362</u>	<u>24,865</u>
Current portion of long-term bank borrowings		
Secured(a)	846	1,508
Unsecured	7,422	9,016
	<u>8,268</u>	<u>10,524</u>
Total current borrowings	<u>72,117</u>	<u>74,437</u>
Total borrowings	<u>128,601</u>	<u>131,502</u>

- (a) Secured borrowings were secured by the Group’s properties, plants and equipment, land use rights, properties under development and trade receivables.

(b) Non-current portion of debentures

Debentures	Par value RMB 'million	Issue date	Maturity	Issue price RMB 'million	As at 30 June 2013
					RMB 'million
2008 MCC Debentures(i)	3,500	23/07/2008	10 years	3,500	3,500
Tranche I MTN Debentures(ii)	10,000	19/09/2010	10 years	9,971	10,156
Tranche II MTN Debentures(iii)	4,700	15/11/2010	5 years	4,686	4,710
United States Dollar ("USD") Debentures(iv)	3,322	29/07/2011	5 years	3,188	3,069
	<u>21,522</u>			<u>21,345</u>	<u>21,435</u>

- (i) As approved by the National Development and Reform Commission, the Company issued debentures in July 2008 at par value of RMB3,500 million, with a maturity of ten years from issuance and interest rate of 6.10% per annum.
- (ii) As approved by the acceptance notice for registration (中市協注[2010]MTN90號) from the National Association of Financial Market Institutional Investors, the Company issued its Tranche I Medium-Term Notes ("MTN") on 19 September 2010 at a discounted price of RMB9,971 million with a par value of RMB10,000 million, a maturity of ten years from issuance and interest rate of 3.95% per annum and with the issuer's redemption rights in the fifth year. If the Company does not exercise its redemption rights in the fifth year, the coupon rate of the MTN for the 6th year to the 10th year will increase to 5.09%.
- (iii) As approved by the acceptance notice for registration (中市協注[2010]MTN90號) from the National Association of Financial Market Institutional Investors, the Company issued its Tranche II MTN on 15 November 2010 at a discounted price of RMB4,686 million with a par value of RMB4,700 million, a maturity of five years from issuance and interest rate of 4.72% per annum.
- (iv) MCC Holding (Hong Kong) Co., Ltd., a subsidiary of the Company, issued USD debentures on 29 July 2011 at a discount to par value of USD497 million, the aggregate principal amount is USD500 million, with a maturity of five years from issuance. The debentures bear interests at a fixed rate of 4.875% per annum. Interest will be paid every half year and principal will be paid upon maturity date. The debentures are guaranteed by the Parent.

(c) Current portion of debentures

Debentures	Par value RMB 'million	Issue date	Maturity	Issue price RMB 'million	As at 30 June 2013 RMB 'million
Tranche II Short-Term					
Debentures(i)	3,000	27/09/2012	1 year	3,000	3,000
Tranche III Short-Term					
Debentures(ii)	4,000	22/11/2012	1 year	4,000	4,000
Tranche I Short-Term					
Debentures(iii)	2,000	12/03/2013	1 year	2,000	2,000
Tranche II Short-Term					
Debentures(iv)	3,000	25/04/2013	1 year	3,000	3,000
Tranche I Extra Short-Term					
Debentures(v)	4,000	07/05/2013	270 days	4,000	4,000
Tranche II Extra Short-Term					
Debentures(vi)	<u>3,000</u>	22/05/2013	270 days	<u>3,000</u>	<u>3,000</u>
	<u>19,000</u>			<u>19,000</u>	<u>19,000</u>

- (i) As approved by the acceptance notice for registration (中市協注[2011]CP157號) from the National Association of Financial Market Institutional Investors, the Company issued its Tranche II Short-Term Debentures on 27 September 2012 at par value of RMB3,000 million, with a maturity of one year from issuance. The debentures are unsecured and bear interests at a fixed rate of 4.48% per annum. Principal and interests are paid upon maturity date.
- (ii) As approved by the acceptance notice for registration (中市協注[2012]CP340號) from the National Association of Financial Market Institutional Investors, the Company issued its Tranche III Short-Term Debentures on 22 November 2012 at par value of RMB4,000 million, with a maturity of one year from issuance. The debentures were unsecured and bear interests at a fixed rate of 4.46% per annum. Principal and interests are paid upon maturity date.
- (iii) As approved by the acceptance notice for registration (中市協注[2013]CP28號) from the National Association of Financial Market Institutional Investors, the Company issued its Tranche I Short-Term Debentures on 12 March 2013 at par value of RMB2,000 million, with a maturity of one year from issuance. The debentures were unsecured and bear interests at a fixed rate of 4.03% per annum. Principal and interests are paid upon maturity date.

- (iv) As approved by the acceptance notice for registration (中市協注[2013]CP28 號) from the National Association of Financial Market Institutional Investors, the Company issued its Tranche II Short-Term Debentures on 25 April 2013 at par value of RMB3,000 million, with a maturity of one year from issuance. The debentures were unsecured and bear interests at a fixed rate of 4.10% per annum. Principal and interests are paid upon maturity date.
- (v) As approved by the acceptance notice for registration (中市協注[2012]SCP17 號) from the National Association of Financial Market Institutional Investors, the Company issued its Tranche I Extra Short-Term Debentures on 7 May 2013 at par value of RMB4,000 million, with a maturity of 270 days from issuance. The debentures are unsecured, and bear interests at a fixed rate of 3.90% per annum. Principal and interests are paid upon maturity date.
- (vi) As approved by the acceptance notice for registration (中市協注[2012]SCP17 號) from the National Association of Financial Market Institutional Investors, the Company issued its Tranche II Extra Short-Term Debentures on 22 May 2013 at par value of RMB3,000 million, with a maturity of 270 days from issuance. The debentures are unsecured, and bear interests at a fixed rate of 3.85% per annum. Principal and interests are paid upon maturity date.
- (d) For the six months ended 30 June 2013, the Group repaid debentures amounted to RMB14,400 million.

2. *Financial guarantee*

The nominal values of the financial guarantees issued by the Group as at 30 June 2013 are analysed as below:

	As at 30 June 2013 <i>RMB 'million</i> Unaudited	As at 31 December 2012 <i>RMB 'million</i> Audited
Outstanding guarantees(<i>i</i>)		
Third parties	174	174
Related parties	20	130
	194	304

- (i) The Group has acted as the guarantor mainly for various external borrowings made by certain associates and certain third parties. The third parties are mainly companies in which the Group holds a small portion of equity interest or they are the Group's long-term suppliers.

The Group considers that the repayment of secured loans is on schedule and risk of default in payment is remote. Therefore no provision has been made in the interim financial information for the guarantees.

3. *Contingencies*

	As at 30 June 2013 <i>RMB 'million</i> Unaudited	As at 31 December 2012 <i>RMB 'million</i> Audited
Pending lawsuits/arbitrations	<u>1,213</u>	<u>951</u>

- (i) The Group has been named in a number of lawsuits and other legal proceedings arising in the ordinary course of business. The balance is the maximum exposure of such lawsuits that the Group is named as defendants. Provision will be made for the probable losses to the Group on those claims when management can reasonably estimate the outcome of the lawsuits based on management's judgments and legal advice. No provision has been made for the above pending lawsuits since management believes the outflow of resources is not probable.

- (ii) As explained in Note 17 to the unaudited condensed consolidated interim financial information, during the year ended 31 December 2012, due to unexpected events including the severe weather, such as hurricane, the schedule of Western Australia Sino Iron Ore project has been delayed, which led to substantial increase in project costs and exceeded the Group's expectations. Management believes the Group has taken various measures to accelerate the construction progress and control the project costs, and thus mitigated the delays it may have caused and decreased the related losses. On the clauses in the contract that the Group signed with the owner in relation to the claim for the losses arising from the schedule delays caused by the contractor, the Group has negotiated with CITIC Group and reached an agreement that the project delays were caused by various reasons and both parties agreed to consider from each other's perspectives to resolve the problems properly, and complete the loaded linkage commissioning of the second main process production line by 15 April 2013. During the six months ended 30 June 2013, there was a further delay in commissioning of the second production line due to the technical issues of the cyclo electric motors. For details, refer to Note 17 to the unaudited condensed consolidated interim financial information.

As at the date of approval of condensed consolidated interim financial information, the owner has not claimed any losses in relation to the project delays. The Group has made an effort to shorten the delay of the project schedule. Based on such understanding, the Group estimated that the possibility of being claimed by the owner is remote and thus no contingent liabilities were accrued.

(VI) MARKET RISKS

The Group's activities expose to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. Management monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

There have been no changes in the risk management policies since the end of 2012.

(a) Liquidity risks

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Group aims to maintain flexibility in funding by keeping committed credit lines available. The Group finances its working capital requirements through a combination of funds generated from operations and bank and other borrowings.

Generally, there is no specific credit period granted by the suppliers but the related trade payables are normally expected to be settled within one year after receipt of goods or services.

The table below analyses the Group's financial liabilities that will be settled into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal to their carrying balances, as the impact of discounting is not significant.

	Less than 1 year (RMB 'million)	Between 1 and 2 years (RMB 'million)	Between 2 and 5 years (RMB 'million)	Over 5 years (RMB 'million)	Total (RMB 'million)
As at 30 June 2013					
Borrowings	81,748	19,378	17,597	28,766	147,489
Trade and other payables	87,574	299	—	—	87,873
	<u>169,322</u>	<u>19,677</u>	<u>17,597</u>	<u>28,766</u>	<u>235,362</u>
As at 31 December 2012					
Borrowings	81,885	19,421	20,597	27,633	149,536
Trade and other payables	84,417	222	—	—	84,639
	<u>166,302</u>	<u>19,643</u>	<u>20,597</u>	<u>27,633</u>	<u>234,175</u>

(b) *Foreign exchange risks*

The functional currency of a majority of the entities within the Group is RMB and most of the transactions are settled in RMB. However, there are also foreign currency denominated transactions arising from the Group's foreign operations, sales and purchases of machinery and equipment to and from overseas suppliers.

The Group's exposure to foreign exchange risks relates principally to its trade and other receivables, cash and cash equivalents, trade and other payables and borrowings that were denominated mainly in USD, Australian Dollar ("AUD") and European Dollar ("EUR").

To monitor the impact of exchange rate fluctuations, the Group continually assesses and monitors its exposure to foreign exchange risks. The Group currently does not have a foreign exchange hedging policy. However, management continuously monitors foreign exchange exposure and will prudently consider hedging significant foreign exchange exposure should the need arise.

(c) *Interest rate risks*

The Group's exposure to interest rate risks relates principally to its restricted cash, cash and cash equivalents, trade and other receivables, trade and other payables and borrowings. Restricted cash, cash and cash equivalents, and borrowings at variable rates expose the Group to cash flow interest-rate risks, and those restricted cash, cash and cash equivalents and borrowings at fixed rates expose the Group to fair value interest-rate risks. To monitor the impact of interest rate fluctuations, the Group continually assesses and monitors its exposure to interest rate risks and enters into fixed rate borrowing arrangements.

(d) *Price risks*

The Group is exposed to equity securities price risks because the Group's equity securities investments are classified as available-for-sale financial assets or financial assets at fair value through profit or loss which are required to be stated at their fair values.

(e) Credit risks

The carrying amounts of cash and cash equivalents, restricted cash, trade and other receivables (except for prepayment and staff advances), and the nominal value of the guarantees provided on liabilities represent the Group's main exposure to credit risks in relation to financial assets.

Substantially all of the Group's cash and cash equivalents are held in major financial institutions located in the PRC, which management believes are of high credit quality. Most of cash at bank, bank deposits and restricted cash of the Group that were fully performing had not been renegotiated.

The Group has policies in place to ensure that services are rendered and products are sold to customers with appropriate credit history and the Group performs periodic credit evaluations of its customers. Normally the Group does not require collaterals from trade debtors.

IV. UNAUDITED CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

		30 June 2013	31 December 2012
	<i>Note</i>	<i>RMB 'million</i> Unaudited	<i>RMB 'million</i> Restated
ASSETS			
Non-current assets			
Property, plant and equipment	11	38,611	39,333
Land use rights		6,104	6,323
Mining rights	16	2,294	2,457
Investment properties		1,749	1,574
Intangible assets		7,060	7,041
Investments in associates		2,805	2,504
Available-for-sale financial assets	15	1,322	1,348
Deferred income tax assets		2,761	2,670
Trade and other receivables	12	31,016	23,492
Other non-current assets		516	222
Total non-current assets		94,238	86,964
Current assets			
Inventories		10,972	9,467
Properties under development		55,892	56,677
Completed properties held for sale		6,561	7,694
Trade and other receivables	12	98,294	93,713
Amounts due from customers			
for contract work	17	40,460	36,502
Available-for-sale financial assets	15	—	700
Financial assets at fair value			
through profit or loss		—	302
Restricted cash		1,899	2,124
Cash and cash equivalents		22,503	32,084
Total current assets		236,581	239,263
Total assets		330,819	326,227

IV. UNAUDITED CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (CONTINUED)

		30 June 2013	31 December 2012
	<i>Note</i>	RMB ‘million Unaudited	RMB ‘million Restated
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		19,110	19,110
Reserves		23,759	22,075
— Proposed dividend		—	—
— Other reserves		23,759	22,075
		42,869	41,185
Non-controlling interests		11,117	11,650
Total equity		53,986	52,835
LIABILITIES			
Non-current liabilities			
Borrowings	14	56,484	57,065
Deferred income		1,477	1,477
Retirement and other supplemental benefit obligations		4,708	4,674
Provisions for other liabilities and charges		65	66
Trade and other payables	13	299	222
Deferred income tax liabilities		498	536
Total non-current liabilities		63,531	64,040

IV. UNAUDITED CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (CONTINUED)

		30 June 2013	31 December 2012
	<i>Note</i>	RMB ‘million Unaudited	RMB ‘million Restated
Current liabilities			
Trade and other payables	13	127,847	121,867
Amounts due to customers for contract work	17	11,863	11,029
Current income tax liabilities		1,105	1,414
Borrowings	14	72,117	74,437
Retirement and other supplemental benefit obligations		370	605
Total current liabilities		213,302	209,352
Total liabilities		276,833	273,392
Total equity and liabilities		330,819	326,227
Net current assets		23,279	29,911
Total assets less current liabilities		117,517	116,875

V. UNAUDITED CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

		Six months ended 30 June	
		2013	2012
	<i>Note</i>	<i>RMB 'million</i>	<i>RMB 'million</i>
		Unaudited	Restated
Continuing operations			
Revenue	4	90,953	104,434
Cost of sales	6	<u>(81,700)</u>	<u>(94,728)</u>
Gross profit		9,253	9,706
Selling and marketing expenses	6	(711)	(692)
Administrative expenses	6	(4,695)	(6,595)
Other income		523	425
Other gains - net	7	553	232
Other expenses		<u>(72)</u>	<u>(61)</u>
Operating profit		<u>4,851</u>	<u>3,015</u>
Finance income	5	754	855
Finance costs	5	(2,970)	(2,329)
Share of (loss)/profit of associates		<u>(7)</u>	<u>5</u>
Profit before income tax		2,628	1,546
Income tax expense	8	<u>(1,271)</u>	<u>(1,179)</u>
Profit for the period from continuing operations		<u>1,357</u>	<u>367</u>
Discontinued operations			
Loss for the period from discontinued operations	18	<u>—</u>	<u>(824)</u>
Profit/(loss) for the period		<u>1,357</u>	<u>(457)</u>

**V. UNAUDITED CONDENSED CONSOLIDATED INTERIM INCOME
STATEMENT (*CONTINUED*)**

	Six months ended 30 June	
	2013	2012
	<i>RMB ‘million</i>	<i>RMB ‘million</i>
	Unaudited	Restated
Profit/(loss) attributable to:		
Equity holders of the Company	1,481	(182)
Non-controlling interests	(124)	(275)
	<u>1,357</u>	<u>(457)</u>
Profit/(loss) attributable to equity holders of the Company arising from:		
Continuing operations	1,481	43
Discontinued operations	—	(225)
	<u>1,481</u>	<u>(182)</u>

V. UNAUDITED CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT (*CONTINUED*)

		Six months ended 30 June	
		2013	2012
		<i>RMB</i>	<i>RMB</i>
		Unaudited	Restated
		Note	
Earnings/(loss) per share from continuing and discontinued operations attributable to equity holders of the Company during the period			
Basic earnings/(loss) per share			
From continuing operations		0.08	—*
From discontinued operations		<u>—</u>	<u>(0.01)</u>
Profit/(loss) for the period	10	<u>0.08</u>	<u>(0.01)</u>
Diluted earnings/(loss) per share			
From continuing operations		0.08	—*
From discontinued operations		<u>—</u>	<u>(0.01)</u>
Profit/(loss) for the period	10	<u>0.08</u>	<u>(0.01)</u>

* The basic earnings per share and diluted earnings per share from continuing operations are RMB0.002.

Details of dividends attributable to equity holders of the Company for the six months ended 30 June 2013 and 2012 are set out in Note 9.

VI. UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2013	2012
	RMB 'million	RMB 'million
	Unaudited	Restated
Profit/(loss) for the period	1,357	(457)
Other comprehensive income/(loss):		
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Remeasurements of retirement and other supplemental benefit obligations	(1)	(63)
Total items that will not be reclassified subsequently to profit or loss	(1)	(63)
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Fair value losses on available-for-sale financial assets, net of tax	(51)	(15)
Currency translation differences	247	(45)
Total items that may be reclassified subsequently to profit or loss	196	(60)
Other comprehensive income/(loss) for the period, net of tax	195	(123)
Total comprehensive income/(loss) for the period	1,552	(580)

VI. UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME (*CONTINUED*)

	Six months ended 30 June	
	2013	2012
	<i>RMB 'million</i>	<i>RMB 'million</i>
	Unaudited	Restated
Total comprehensive income/ (loss) attributable to:		
Equity holders of the Company	1,685	(305)
Non-controlling interests	<u>(133)</u>	<u>(275)</u>
	<u>1,552</u>	<u>(580)</u>
Total comprehensive income/(loss) attributable to equity holders of the Company arising from:		
Continuing operations	1,685	(79)
Discontinued operations	<u>—</u>	<u>(226)</u>
	<u>1,685</u>	<u>(305)</u>

VII.UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

Unaudited	Note	Attributable to equity holders of the Company					Non-	Total equity RMB 'million
		Share capital RMB 'million	Capital premium RMB 'million	Other reserves RMB 'million	Retained earnings RMB 'million	Total RMB 'million	controlling interests RMB 'million	
As at 1 January 2013								
(As previously reported)		19,110	17,948	93	3,998	41,149	11,653	52,802
Adjustment for adoption of IAS 19 (revised)	3	—	—	298	(262)	36	(3)	33
As at 1 January 2013								
(As restated)		19,110	17,948	391	3,736	41,185	11,650	52,835
Profit/(loss) for the period		—	—	—	1,481	1,481	(124)	1,357
Other comprehensive (loss)/income:								
Fair value losses on available- for-sale financial assets, net of tax		—	—	(50)	—	(50)	(1)	(51)
Currency translation differences		—	—	255	—	255	(8)	247
Remeasurements of retirement and other supplemental benefit obligations		—	—	(1)	—	(1)	—	(1)
Total comprehensive income/(loss) for the period		—	—	204	1,481	1,685	(133)	1,552
Transactions with owners:								
Dividends	9	—	—	—	—	—	(98)	(98)
Transaction with non-controlling interests		—	—	(1)	—	(1)	(11)	(12)
Attributable to set-up of subsidiaries		—	—	—	—	—	2	2
Additional capital injection from owners and non- controlling interest proportionally		—	—	—	—	—	13	13
Liquidation/disposal of subsidiaries		—	—	—	—	—	(128)	(128)
Investments in subsidiaries transferred to investments in associates		—	—	—	—	—	(178)	(178)
Total transactions with owners		—	—	(1)	—	(1)	(400)	(401)
As at 30 June 2013		<u>19,110</u>	<u>17,948</u>	<u>594</u>	<u>5,217</u>	<u>42,869</u>	<u>11,117</u>	<u>53,986</u>

VII. UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Note	Attributable to equity holders of the Company					Non- controlling interests	Total equity
		Share capital	Capital premium	Other reserves	Retained earnings	Total		
		RMB 'million	RMB 'million	RMB 'million	RMB 'million	RMB 'million	RMB 'million	RMB 'million
Restated								
As at 1 January 2012								
(As previously reported)		19,110	17,948	195	10,950	48,203	9,972	58,175
Adjustment for adoption of IAS 19 (revised)	3	—	—	304	(271)	33	9	42
As at 1 January 2012								
(As restated)		19,110	17,948	499	10,679	48,236	9,981	58,217
Loss for the period		—	—	—	(182)	(182)	(275)	(457)
Other comprehensive (loss)/income:								
Fair value (losses)/gains on available-for-sale financial assets, net of tax		—	—	(18)	—	(18)	3	(15)
Currency translation differences		—	—	(44)	—	(44)	(1)	(45)
Remeasurements of retirement and other supplemental benefit obligations		—	—	(61)	—	(61)	(2)	(63)
Total comprehensive loss for the period		—	—	(123)	(182)	(305)	(275)	(580)
Transactions with owners:								
Dividends	9	—	—	—	—	—	(51)	(51)
Transaction with non-controlling interests		—	—	7	—	7	(37)	(30)
Attributable to set-up of subsidiaries		—	—	—	—	—	18	18
Additional capital injection from owners and non-controlling interests proportionally		—	—	—	—	—	370	370
Liquidation/disposal of subsidiaries		—	—	—	—	—	(183)	(183)
Total transactions with owners		—	—	7	—	7	117	124
As at 30 June 2012		<u>19,110</u>	<u>17,948</u>	<u>383</u>	<u>10,497</u>	<u>47,938</u>	<u>9,823</u>	<u>57,761</u>

VIII. UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2013	2012
	<i>RMB 'million</i>	<i>RMB 'million</i>
	Unaudited	Unaudited
Cash flows from operating activities		
Cash used in operations	(2,221)	(7,460)
Income tax paid	(1,887)	(1,711)
Net cash used in operating activities	(4,108)	(9,171)
Cash flows from investing activities		
Purchases of property, plant and equipment	(1,040)	(2,048)
Purchases of land use rights	(141)	(23)
Purchases of mining rights	–	(331)
Purchases of investment properties	–	(5)
Purchases of intangible assets	(128)	(176)
Purchases of available-for-sale financial assets	(39)	–
Increase in investments in associates	(10)	(1)
Entrusted loans and other amount received from/(paid to) related parties and third parties	733	(169)
Proceeds on disposal of property, plant and equipment	261	142
Proceeds on disposal of land use rights	19	3
Proceeds on disposal of investment properties	–	1
Proceeds on disposal of intangible assets	–	13
Proceeds on disposal of available-for-sale financial assets	705	55
Proceeds from disposal of investments in associates	54	30
Net cash inflow/(outflow) from disposal of subsidiaries	415	(26)
Withdrawal of the prepayment for investments	604	–
Dividends received	44	20
Cash inflow from government grants related to assets	75	75
Net cash generated from/ (used in) investing activities	1,552	(2,440)

VIII. UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (CONTINUED)

	Six months ended 30 June	
	2013	2012
	<i>RMB 'million</i>	<i>RMB 'million</i>
	Unaudited	Unaudited
Cash flows from financing activities		
Proceeds from borrowings	49,400	46,378
Repayments of borrowings	(52,547)	(39,863)
Contribution received from non-controlling interests	3	336
Dividends paid	(293)	(103)
Interest paid	(3,579)	(3,878)
Changes in restricted cash	197	(352)
Cash outflow from lease payments under finance leases	(5)	(13)
Cash paid to non-controlling interests	(123)	—
Net cash (used in)/generated from financing activities	(6,947)	2,505
Net decrease in cash and cash equivalents	(9,503)	(9,106)
Cash and cash equivalents at beginning of the period	32,084	42,721
Exchange losses on cash and cash equivalents	(78)	(9)
Cash and cash equivalents at end of the period	22,503	33,606

IX. NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. GENERAL INFORMATION

- (a) Metallurgical Corporation of China Ltd. (the “Company”) was established in the People’s Republic of China (the “PRC” or “China”) on 1 December 2008. The A shares of the Company were listed on the Shanghai Stock Exchange on 21 September 2009, and the H shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (“Hong Kong Stock Exchange”) on 24 September 2009. The address of the Company’s registered office is No.28 Shuguang Xili, Chaoyang District, Beijing.

The Company’s parent company and ultimate holding company is China Metallurgical Group Corporation (the “Parent”, a wholly state-owned company established in the PRC).

- (b) The Company and its subsidiaries (the “Group”) are principally engaged in following activities (Core operations):
- Provision of engineering, construction and other related contracting services for metallurgical and non-metallurgical projects (“engineering and construction activities”);
 - Development and production of metallurgical equipment, steel structures and other metal products (“equipment manufacturing”);
 - Development, mining and processing of mineral resources and the production of nonferrous metal and polysilicon (“resources development”); and
 - Development and sale of residential and commercial properties, affordable housing and primary land development (“property development”).

IX. NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (*CONTINUED*)

1. GENERAL INFORMATION (*CONTINUED*)

- (c) This condensed consolidated interim financial information is presented in Renminbi (“RMB”), unless otherwise stated.

This condensed consolidated interim financial information has been reviewed, not audited.

2. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2013 has been prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting”. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2012, which have been prepared in accordance with International Financial Reporting Standards (“IFRSs”).

Discontinued operations

On 31 December 2012, the Company disposed all of its 51.06% equity interests in its subsidiary, MCC Huludao Nonferrous Metals Group Co., Ltd. (“Huludao Nonferrous”) to the Parent. In accordance with IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations” issued by the International Accounting Standards Board (“IFRS 5”), the operating results of Huludao Nonferrous and its subsidiaries (“Huludao Nonferrous Group”) were presented as discontinued operations in the consolidated income statement for the year ended 31 December 2012. The operating results of Huludao Nonferrous Group for the six months ended 30 June 2012 are also presented as discontinued operations in this condensed consolidated interim financial information.

Details are disclosed in Note 18.

IX. NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (*CONTINUED*)

3. ACCOUNTING POLICIES

Except as described below, the accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2012, as described in those annual financial statements.

3.1 Amended standards or interpretations that are effective for the first time for the six months ended 30 June 2013

The Group's assessment of the impact of these amended standards and interpretations is set out below:

Amendment to IAS 1 "Financial statement presentation" regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in "other comprehensive income" (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI. Amendment to IAS 1 is effective for annual periods beginning on or after 1 July 2012, the Group has applied this amendment retrospectively.

IFRS 10 "Consolidated financial statements". Under IFRS 10, subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group has power over an entity, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. The Group has applied IFRS 10 retrospectively in accordance with the transition provisions of IFRS 10, which has no material impact on the Group's interim financial information.

IX. NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (*CONTINUED*)

3. ACCOUNTING POLICIES (*CONTINUED*)

3.1 Amended standards or interpretations that are effective for the first time for the six months ended 30 June 2013 (Continued)

IFRS 13 “Fair value measurement”. IFRS 13 measurement and disclosure requirements are applicable for the December 2013 year end. The Group has included the disclosures required by IAS 34 paragraph 16A (j).

IAS 19 (revised) “Employee benefits”, was amended in June 2011. IAS 19 (revised) amends the accounting for employment benefits. “Actuarial gains and losses” are renamed “remeasurements” and will be recognised immediately in “other comprehensive income” (OCI). Actuarial gains and losses will no longer be deferred using the corridor approach or recognised in profit or loss; this is likely to increase balance sheet and OCI volatility. Remeasurements recognised in OCI will not be recycled through profit or loss in subsequent periods.

IX. NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

3. ACCOUNTING POLICIES (CONTINUED)

3.1 Amended standards or interpretations that are effective for the first time for the six months ended 30 June 2013 (Continued)

The Group has applied the standard retrospectively in accordance with the transition provisions of the standard. The impact on the Group has been in the following areas:

	As at 1 January 2012	As at 30 June 2012	As at 31 December 2012	Six months ended 30 June 2012
	RMB 'million	RMB 'million	RMB 'million	RMB 'million
Decrease in				
administrative expenses	—	—	—	7
Increase in income tax expense	—	—	—	3
Decrease in deferred				
income tax assets	18	26	8	—
Decrease in retirement and				
other supplemental				
benefit obligations	60	9	41	—
Increase in other capital reserve	304	243	298	—
Decrease in retained earnings	271	267	262	—
Increase/(decrease) in				
non-controlling interests	9	7	(3)	—

The effect of the change in accounting policy on earnings per share was immaterial.

IX. NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (*CONTINUED*)

3. ACCOUNTING POLICIES (*CONTINUED*)

3.1 Amended standards or interpretations that are effective for the first time for the six months ended 30 June 2013 (Continued)

Amendment to IFRS 7 “Financial instruments: Disclosures - Offsetting financial assets and financial liabilities”, the amendments require new disclosure requirements which focus on quantitative information about recognised financial instruments that are offset in the statement of financial position, as well as those recognised financial instruments that are subject to master netting or similar arrangements irrespective of whether they are offset. The Group has assessed IFRS 7’s impact. It does not have a material impact on the Group’s interim financial information.

IFRIC 20 “Stripping costs in the production phase of a surface mine”, the interpretation sets out the accounting for overburden waste removal (stripping) costs that are incurred in surface mining activity during the production phase of a mine. It may require mining entities reporting under IFRS to write off existing stripping assets to opening retained earnings if the assets cannot be attributed to an identifiable component of an ore body. The Group has assessed IFRIC 20’s impact. It does not have a material impact on the Group’s interim financial information.

Amendment to IAS 16, “Property, plant and equipment”, the amendment clarifies that spare parts and servicing equipment are classified as property, plant and equipment rather than inventory when they meet the definition of property, plant and equipment. The Group has assessed the impact of this amendment. It does not have a material impact on the Group’s interim financial information.

IX. NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

3. ACCOUNTING POLICIES (CONTINUED)

3.1 Amended standards or interpretations that are effective for the first time for the six months ended 30 June 2013 (Continued)

Amendment to IAS 34, “Interim financial reporting”, the amendment clarifies the disclosure requirements for segment assets and liabilities in interim financial statements. The Group has applied the disclosure requirements in accordance with the amendment in Note 4.

There are no other amended standards or interpretations that are effective for the first time for this interim period that could be expected to have a material impact on the Group.

3.2 The following new standards and amendments to standards have been issued but are not effective for the financial year beginning 1 January 2013 and have not been early adopted:

IFRS 9 “Financial instruments” addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2011. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity’s business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity’s own credit risk is recorded in other comprehensive income rather than the consolidated income statement, unless this creates an accounting mismatch. The Group is yet to assess IFRS 9’s full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after 1 January 2015. The Group will also consider the impact of the remaining phases of IFRS 9 when completed by the Board.

IX. NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (*CONTINUED*)

3. ACCOUNTING POLICIES (*CONTINUED*)

3.2 The following new standards and amendments to standards have been issued but are not effective for the financial year beginning 1 January 2013 and have not been early adopted (Continued):

Amendment to IAS 32 “Financial instruments: Presentation - Offsetting financial assets and financial liabilities”, the amendment clarifies the requirements for offsetting financial instruments on the statement of financial position: (i) the meaning of currently has a legally enforceable right of set-off; and (ii) that some gross settlement systems may be considered equivalents to net settlement. The Group is yet to assess IAS 32’s full impact and intends to adopt IAS 32 no later than the accounting period beginning on or after 1 January 2014.

Amendment to IAS 36 “Recoverable amount disclosures for non-financial assets”, the amendment requires to disclose the recoverable amount for each CGU with significant amount of goodwill or intangible assets with indefinite useful lives no matter whether there has been impairment. IASB has published limited amendments to remove such requirement for CGU without impairment and introduces additional disclosures about fair value measurements when there has been impairment or a reversal of impairment. The amendments are effective from annual periods beginning on or after 1 January 2014. The Group is yet to assess IAS 36’s full impact and intends to adopt IAS 36 no later than the accounting period beginning on or after 1 January 2014.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

IX. NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (*CONTINUED*)

4. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the President's office that are used to make strategic decisions.

The President's office considers the business from a products and services perspective, which mainly includes four reportable operating segments: (i) engineering and construction; (ii) equipment manufacturing; (iii) resources development; and (iv) property development.

The "others" segment mainly comprises other businesses including the trading for import and export. Neither of these constitutes a separately reportable segment.

Unallocated costs consist of corporate expenses. Inter-segment transactions were conducted at terms mutually agreed amongst those operating segments.

Segment results are operating profits without unallocated costs deducted.

Segment assets consist primarily of property, plant and equipment, land use rights, mining rights, investment properties, intangible assets, inventories, properties under development, completed properties held for sale, amounts due from customers for contract work, trade and other receivables, restricted cash and cash and cash equivalents. Unallocated assets comprise deferred income tax assets, available-for-sale financial assets and financial assets at fair value through profit or loss.

Segment liabilities comprise operating liabilities and borrowings. Unallocated liabilities are deferred income tax liabilities.

Additions to non-current assets comprise additions to property, plant and equipment (Note 11), land use rights, mining rights (Note 16), investment properties, intangible assets, investments in associates and other non-current assets.

IX. NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

4. SEGMENT INFORMATION (CONTINUED)

(a) For the six months ended 30 June 2013:

The segment results for the six months ended 30 June 2013 are as follows:

	Engineering and construction						Total continuing operations		Discontinued operations	Total
	Equipment manufacturing	Resources development	Property development	Others	Elimination					
Unaudited	RMB 'million	RMB 'million	RMB 'million	RMB 'million	RMB 'million	RMB 'million	RMB 'million	RMB 'million	RMB 'million	RMB 'million
Total segment revenue	75,499	4,506	1,360	9,395	1,347	(1,154)	90,953	—	—	90,953
Inter-segment revenue	(799)	(209)	(140)	—	(6)	1,154	—	—	—	—
Revenue from										
external customers	74,700	4,297	1,220	9,395	1,341	—	90,953	—	—	90,953
Segment result	4,528	(152)	(562)	1,122	50	(84)	4,902	—	—	4,902
Unallocated costs							(51)	—	—	(51)
Operating profit							4,851	—	—	4,851
Finance income	480	22	7	178	324	(257)	754	—	—	754
Interest income	471	21	7	177	324	(257)	743	—	—	743
Other finance income	9	1	—	1	—	—	11	—	—	11
Finance costs	(1,845)	(140)	(856)	(127)	(259)	257	(2,970)	—	—	(2,970)
Interest expense	(1,644)	(134)	(337)	(127)	(259)	257	(2,244)	—	—	(2,244)
Other finance costs	(201)	(6)	(519)	—	—	—	(726)	—	—	(726)
Share of loss										
of associates	(3)	—	—	(4)	—	—	(7)	—	—	(7)
Profit before income tax							2,628	—	—	2,628
Income tax expense	(726)	(19)	(1)	(486)	(39)	—	(1,271)	—	—	(1,271)
Profit for the period							1,357	—	—	1,357

IX. NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

4. SEGMENT INFORMATION (CONTINUED)

(a) For the six months ended 30 June 2013 (Continued):

Other segment items included in the condensed consolidated interim income statement are as follows:

Unaudited	Engineering and construction RMB 'million	Equipment manufacturing RMB 'million	Resources development RMB 'million	Property development RMB 'million	Others RMB 'million	Total RMB 'million
Depreciation (Note 6)	615	267	348	23	8	1,261
Amortisation	134	20	11	4	15	184
Provision for impairment of property, plant and equipment (Note 6,11)	12	1	—	—	—	13
(Reversal of)/provision for impairment of inventories (Note 6)	(9)	10	206	(32)	5	180
Foreseeable losses on construction contracts (Note 6)	34	—	—	—	—	34
Provision for/(reversal of) impairment of trade and other receivables (Note 6)	<u>373</u>	<u>39</u>	<u>1</u>	<u>(10)</u>	<u>(40)</u>	<u>363</u>

IX. NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (*CONTINUED*)

4. SEGMENT INFORMATION (*CONTINUED*)

(b) *As at 30 June 2013:*

The segment assets and liabilities as at 30 June 2013 are as follows:

	Engineering and construction	Equipment manufacturing	Resources development	Property development	Others	Elimination	Total continuing operations	Discontinued operations	Total
Unaudited	RMB 'million	RMB 'million	RMB 'million	RMB 'million	RMB 'million	RMB 'million	RMB 'million	RMB 'million	RMB 'million
Assets									
Segment assets	204,645	22,620	21,982	107,968	18,595	(51,879)	323,931	—	323,931
Investments in associates	2,135	—	—	670	—	—	2,805	—	2,805
Unallocated assets							4,083	—	4,083
Total assets							330,819	—	330,819
Liabilities									
Segment liabilities	191,663	15,939	18,057	88,626	15,181	(53,131)	276,335	—	276,335
Unallocated liabilities							498	—	498
Total liabilities							276,833	—	276,833
Additions to									
non-current assets	1,164	320	294	38	37	—	1,853	—	1,853

IX. NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (*CONTINUED*)

4. SEGMENT INFORMATION (*CONTINUED*)

(c) *For the six months ended 30 June 2012:*

The segment results for the six months ended 30 June 2012 are as follows:

	Engineering and construction	Equipment manufacturing	Resources development	Property development	Others	Elimination	Total continuing operations	Discontinued operations	Total
Restated	RMB 'million	RMB 'million	RMB 'million	RMB 'million	RMB 'million	RMB 'million	RMB 'million	RMB 'million	RMB 'million
Total segment revenue	88,620	6,053	1,353	7,223	2,776	(1,591)	104,434	2,411	106,845
Inter-segment revenue	(1,223)	(255)	(94)	—	(19)	1,591	—	—	—
Revenue from external customers	87,397	5,798	1,259	7,223	2,757	—	104,434	2,411	106,845
Segment result	4,461	(229)	(1,932)	721	109	(48)	3,082	(421)	2,661
Unallocated costs							(67)	—	(67)
Operating profit							3,015	(421)	2,594
Finance income	677	19	10	169	275	(295)	855	10	865
Interest income	643	18	10	165	275	(295)	816	10	826
Other finance income	34	1	—	4	—	—	39	—	39
Finance costs	(2,062)	(164)	(119)	(78)	(201)	295	(2,329)	(411)	(2,740)
Interest expense	(2,049)	(161)	(112)	(78)	(200)	295	(2,305)	(333)	(2,638)
Other finance costs	(13)	(3)	(7)	—	(1)	—	(24)	(78)	(102)
Share of (loss)/profit of associates	(4)	10	—	(1)	—	—	5	—	5
Profit/(loss) before income tax							1,546	(822)	724
Income tax expense	(757)	(20)	59	(407)	(54)	—	(1,179)	(2)	(1,181)
Profit/(loss) for the period							367	(824)	(457)

IX. NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (*CONTINUED*)

4. SEGMENT INFORMATION (*CONTINUED*)

(c) *For the six months ended 30 June 2012 (Continued):*

Other segment items included in the condensed consolidated interim income statement are as follows:

Restated	Engineering and construction RMB 'million	Equipment manufacturing RMB 'million	Resources development RMB 'million	Property development RMB 'million	Others RMB 'million	Total RMB 'million
Depreciation (<i>Note 6</i>)	613	261	199	19	12	1,104
Amortisation	107	19	10	1	13	150
Provision for impairment of property, plant and equipment (<i>Note 6</i>)	—	23	—	—	—	23
Provision for impairment of mining rights (<i>Note 6, 16</i>)	—	—	1,809	—	—	1,809
Provision for impairment of inventories (<i>Note 6</i>)	1	80	63	—	—	144
Foreseeable losses on construction contracts (<i>Note 6</i>)	31	—	—	—	—	31
Provision for impairment on trade and other receivables (<i>Note 6</i>)	<u>520</u>	<u>32</u>	<u>—</u>	<u>4</u>	<u>1</u>	<u>557</u>

IX. NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (*CONTINUED*)

4. SEGMENT INFORMATION (*CONTINUED*)

(d) *As at 31 December 2012:*

The segment assets and liabilities as at 31 December 2012 are as follows:

	Engineering and construction	Equipment manufacturing	Resources development	Property development	Others	Elimination	Total continuing operations	Discontinued operations	Total
Restated	RMB 'million	RMB 'million	RMB 'million	RMB 'million	RMB 'million	RMB 'million	RMB 'million	RMB 'million	RMB 'million
Assets									
Segment assets	193,726	21,955	22,991	110,693	16,062	(46,724)	318,703	—	318,703
Investments in associates	1,839	—	—	665	—	—	2,504	—	2,504
Unallocated assets							5,020	—	5,020
Total assets							326,227	—	326,227
Liabilities									
Segment liabilities	188,015	14,928	17,888	90,669	13,644	(52,288)	272,856	—	272,856
Unallocated liabilities							536	—	536
Total liabilities							273,392	—	273,392
Additions to									
non-current assets	3,815	1,298	2,182	485	36	—	7,816	422	8,238

IX. NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (*CONTINUED*)

4. SEGMENT INFORMATION (*CONTINUED*)

(e) *Reportable segments' assets and liabilities are reconciled to total assets and liabilities as follows:*

	As at 30 June 2013		As at 31 December 2012	
	Assets	Liabilities	Assets	Liabilities
	RMB 'million	RMB 'million	RMB 'million	RMB 'million
	Unaudited	Unaudited	Restated	Restated
Segment assets/liabilities	323,931	276,335	318,703	272,856
Investments in associates	2,805	—	2,504	—
Unallocated:				
Deferred income tax	2,761	498	2,670	536
Available-for-sale financial assets	1,322	—	2,048	—
Financial assets at fair value through profit or loss	—	—	302	—
Total	330,819	276,833	326,227	273,392

IX. NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

5. FINANCE COSTS

	Six months ended 30 June	
	2013	2012
	<i>RMB 'million</i>	<i>RMB 'million</i>
	Unaudited	Restated
Interest expense		
— Bank borrowings wholly repayable within 5 years	3,291	3,336
— Bank borrowings wholly repayable over 5 years	325	294
— Other borrowings	377	747
	<u>3,993</u>	<u>4,377</u>
Less: Amounts capitalised in construction-in-progress (a)	(25)	(223)
Less: Amounts capitalised in properties under development (b)	(1,724)	(1,849)
	<u>2,244</u>	<u>2,305</u>
Net foreign exchange losses on borrowings	620	—
Discount charges on bank acceptance notes	106	24
	<u>2,970</u>	<u>2,329</u>
Finance costs		
Interest income on bank deposits	(173)	(216)
Unwinding of discount of long-term receivables	(570)	(600)
Others	(11)	(39)
	<u>(754)</u>	<u>(855)</u>
Finance income		
Finance costs, net	<u><u>2,216</u></u>	<u><u>1,474</u></u>

(a) Interest expense was capitalised as construction-in-progress at the average effective rate of 7.03% (six months ended 30 June 2012: 2.47%) per annum for the six months ended 30 June 2013.

(b) Interest expense was capitalised as properties under development at the average effective rate of 7.12% (six months ended 30 June 2012: 7.83%) per annum for the six months ended 30 June 2013.

IX. NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

6. EXPENSES BY NATURE

	Six months ended 30 June	
	2013	2012
	RMB 'million	RMB 'million
	Unaudited	Restated
Raw materials, purchased equipment and consumables used	25,012	34,590
Changes in inventories of finished goods and work-in-progress	1,469	(5,435)
Subcontracting charges	42,989	51,667
Employee benefits	6,533	6,904
Fuel and heating expenditure	430	351
Business tax and other transaction taxes	2,562	2,983
Travelling expenses	587	635
Office expenses	914	930
Transportation costs	332	293
Operating lease rentals	1,623	2,329
Research and development costs	597	716
Repairs and maintenance	463	502
Depreciation of property, plant and equipment	1,238	1,086
Depreciation of investment properties	23	18
Amortisation of land use rights	71	73
Amortisation of mining rights (<i>Note 16</i>)	6	7
Amortisation of intangible assets	83	70
Foreseeable losses on construction contracts	34	31
Provision for impairment of property, plant and equipment	13	23
Provision for impairment of mining rights (<i>Note 16</i>)	—	1,809
Provision for impairment of trade and other receivables	363	557
Provision for impairment of inventories	180	144
Advertising expenses	125	109
Insurance expenses	54	58
Professional and technical consulting fees	294	314
Bank charges relating to operating activities	100	109
Others	1,011	1,142
Total cost of sales, selling and marketing expenses and administrative expenses	87,106	102,015

IX. NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (*CONTINUED*)

7. OTHER GAINS - NET

	Six months ended 30 June	
	2013	2012
	<i>RMB 'million</i>	<i>RMB 'million</i>
	Unaudited	Restated
Financial assets at fair value through profit or loss		
fair value losses	(2)	(1)
Net foreign exchange (losses)/gains	(75)	2
Gain on disposal of associates	6	10
Gain on disposal of subsidiaries	478	26
Gain on disposal of property, plant and equipment	147	122
Gain on disposal of financial assets	11	36
Others	(12)	37
	553	232

IX. NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (*CONTINUED*)

8. TAXATION

Income tax expense

No provision for Hong Kong profits tax has been made as the Group does not have any assessable profit in Hong Kong for the period.

Most of the Group companies are subject to PRC enterprise income tax, which has been provided for based on the statutory income tax rate of 25% on the assessable income of each of these companies during the period as determined in accordance with the relevant PRC income tax rules and regulations, except for certain subsidiaries that were exempted or subject to a preferential tax rate ranging from 7.5% to 15%.

Taxation of the Group's companies that are incorporated and operating in foreign countries are calculated on the estimated assessable profit for the period at the tax rates prevailing in those countries or jurisdictions.

Certain PRC subsidiaries are also subject to the PRC land appreciation tax which is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the revenue generated from sales of properties less deductible expenditures including the costs of land use rights and development and construction expenditure.

IX. NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (*CONTINUED*)

8. TAXATION (*CONTINUED*)

Income tax expense (*Continued*)

The amount of income tax expense charged to the condensed consolidated interim income statement represents:

	Six months ended 30 June	
	2013	2012
	<i>RMB ‘million</i>	<i>RMB ‘million</i>
	Unaudited	Restated
Current income tax:		
PRC enterprise income tax	1,108	1,067
Overseas taxation	4	3
	1,112	1,070
Deferred income tax	(72)	(24)
PRC land appreciation tax	231	133
	1,271	1,179

IX. NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (*CONTINUED*)

8. TAXATION (*CONTINUED*)

Income tax expense (*Continued*)

The difference between the actual income tax charged to the condensed consolidated interim income statement and the amount which would result from applying the enacted tax rate to profit before income tax can be reconciled as follows:

	Six months ended 30 June	
	2013	2012
	<i>RMB 'million</i>	<i>RMB 'million</i>
	Unaudited	Restated
Profit before income tax	<u>2,628</u>	<u>1,546</u>
Tax calculated at the statutory tax rate of 25%	657	387
Effect of difference between applicable tax rate and statutory tax rate to Group companies	(133)	(83)
Tax losses and other temporary differences for which no deferred income tax assets were recognised and utilisation of previously unrecognised tax losses and other temporary differences	648	740
Income not subject to taxation	(57)	(57)
Expense not deductible for tax purpose	94	95
Additional tax relief	(25)	(25)
Effect of higher tax rate for the appreciation of land in the PRC	173	100
Others	<u>(86)</u>	<u>22</u>
Income tax expense	<u><u>1,271</u></u>	<u><u>1,179</u></u>

IX. NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (*CONTINUED*)

9. DIVIDENDS

No interim dividend for the six months ended 30 June 2013 was declared by the Board of Directors (six months ended 30 June 2012: Nil).

10. EARNINGS/(LOSS) PER SHARE

(a) *Basic*

Basic earnings/(loss) per share for the six months ended 30 June 2013 and 2012 is calculated by dividing the profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2013	2012
	Unaudited	Restated
Profit from continuing operations attributable to equity holders of the Company (<i>RMB 'million</i>)	1,481	43
Loss from discontinued operations attributable to equity holders of the Company (<i>RMB 'million</i>)	—	(225)
	<u>1,481</u>	<u>(182)</u>
Weighted average number of ordinary shares in issue (<i>million</i>)	<u>19,110</u>	<u>19,110</u>
Basic earnings/(loss) per share (<i>RMB</i>)	<u>0.08</u>	<u>(0.01)</u>

(b) *Diluted*

As the Company had no dilutive ordinary shares for the period, diluted earnings/(loss) per share for the period is the same as basic earnings/(loss) per share.

IX. NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

11. PROPERTY, PLANT AND EQUIPMENT

Unaudited	Mining structure RMB 'million	Buildings RMB 'million	Plant and machinery RMB 'million	Trans- portation equipment RMB 'million	Furniture, office and other equipment RMB 'million	Construction -in-progress RMB 'million	Total RMB 'million
Cost							
As at 1 January 2013	117	18,215	21,632	2,457	3,369	5,046	50,836
Additions	—	86	116	137	112	835	1,286
Transfer upon completion	4	839	56	—	2	(901)	—
Disposals/write-off	—	(86)	(129)	(60)	(15)	—	(290)
Disposal of subsidiaries	—	(9)	(1)	(3)	(1)	—	(14)
Exchange differences	—	(52)	(210)	(31)	(36)	(26)	(355)
Transfer to investment properties	—	(68)	—	—	—	—	(68)
As at 30 June 2013	121	18,925	21,464	2,500	3,431	4,954	51,395
Accumulated depreciation							
As at 1 January 2013	19	2,912	5,782	1,179	549	—	10,441
Depreciation	6	352	853	136	154	—	1,501
Disposals/write-off	—	(30)	(72)	(44)	(13)	—	(159)
Disposal of subsidiaries	—	(7)	—	(1)	—	—	(8)
Exchange differences	—	(4)	(14)	(6)	(3)	—	(27)
Transfer to investment properties	—	(31)	—	—	—	—	(31)
As at 30 June 2013	25	3,192	6,549	1,264	687	—	11,717
Impairment provision							
As at 1 January 2013	—	235	452	8	10	357	1,062
Additions (a)	—	—	12	1	—	—	13
Exchange differences	—	(1)	(1)	—	—	(6)	(8)
As at 30 June 2013	—	234	463	9	10	351	1,067
Net book value							
As at 30 June 2013	96	15,499	14,452	1,227	2,734	4,603	38,611

IX. NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Unaudited	Mining structure RMB 'million	Buildings RMB 'million	Plant and machinery RMB 'million	Trans- portation equipment RMB 'million	Furniture, office and other equipment RMB 'million	Construction -in-progress RMB 'million	Total RMB 'million
Cost							
As at 1 January 2012	74	16,345	17,969	2,332	975	16,311	54,006
Additions	44	186	204	122	61	2,032	2,649
Transfer from investment properties	—	3	—	—	—	—	3
Transfer upon completion	1	167	236	2	6	(412)	—
Disposals/write-off	(3)	(36)	(171)	(72)	(11)	—	(293)
Disposal of subsidiaries	—	(383)	(488)	(3)	(7)	—	(881)
Exchange differences	—	(15)	(3)	(2)	—	2	(18)
Transfer to investment properties	—	(132)	—	—	—	—	(132)
As at 30 June 2012	116	16,135	17,747	2,379	1,024	17,933	55,334
Accumulated depreciation							
As at 1 January 2012	9	3,222	6,585	1,113	464	—	11,393
Depreciation	4	371	752	140	70	—	1,337
Transfer from investment properties	—	2	—	—	—	—	2
Disposals/write-off	—	(23)	(65)	(46)	(11)	—	(145)
Disposal of subsidiaries	—	(18)	(83)	(1)	(2)	—	(104)
Exchange differences	—	1	(3)	(1)	—	—	(3)
Transfer to investment properties	—	(10)	—	—	—	—	(10)
As at 30 June 2012	13	3,545	7,186	1,205	521	—	12,470
Impairment provision							
As at 1 January 2012	—	1	70	2	1	6	80
Additions (a)	—	—	97	—	—	—	97
As at 30 June 2012	—	1	167	2	1	6	177
Net book value							
As at 30 June 2012	103	12,589	10,394	1,172	502	17,927	42,687

IX. NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (*CONTINUED*)

11. PROPERTY, PLANT AND EQUIPMENT (*CONTINUED*)

- (a) For the six months ended 30 June 2013, the Group made an impairment provision on property, plant and equipment amounting to RMB13 million (six months ended 30 June 2012: RMB97 million).
- (b) As the market price of poly-silicon remained low and gross profit margin was negative, there was an impairment indicator for certain property, plant and equipment owned by China Silicon Corporation Ltd. (“China Silicon”), a subsidiary of the Company. During the year ended 31 December 2012, one of the production lines of China Silicon ceased its operations. The Group engaged Luoyang Mingjian Assets Appraisal Co., Ltd., an independent valuer, to appraise the fair value of these assets, taking into consideration the market price and value of recyclable metals upon termination of business. The recoverable amount is estimated using fair value less costs to sell. Based on this impairment assessment, the Group concluded that the fair value of these assets was lower than their carrying amounts, and made an impairment provision on property, plant and equipment amounting to RMB436 million for the year ended 31 December 2012. For other production lines, the Group performed an impairment assessment on the related assets based on their estimated recoverable amount. The recoverable amount is estimated using the present value of future cash flows. The future cash flows are forecasted with reference to the expected revenue growth, gross margin, estimated years of production and a pre-tax discount rate of 15%. The forecasted revenue and gross margin are determined by past business performance and management’s expectation for market development. Based on the result of this impairment assessment, no impairment provision was made on the other production lines.

As at 30 June 2013, based on the impairment assessment performed in 2012, the Group reassessed the major factors which may affect the impairment assessment. Based on the result of this impairment assessment, no additional impairment provision was considered necessary.

IX. NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (*CONTINUED*)

11. PROPERTY, PLANT AND EQUIPMENT (*CONTINUED*)

- (c) As at 31 December 2012, the Group has updated the operation plans of Duddar Lead-Zinc Project and identified an impairment indicator of the related construction-in-progress based on the revised financial forecast. Accordingly, the Group performed an impairment assessment on the related assets based on their estimated recoverable amount. The recoverable amount is estimated using the present value of future cash flows based on the financial forecast approved by management and a pre-tax discount rate of 12.55%. The future cash flows are forecasted with reference to the estimated production capacity, annual planned production volume, expected revenue growth and gross margin and estimated years of operation. The forecasted revenue and gross margin are determined by past business performance and management's expectation for market development. Based on the result of this impairment assessment, the Group made an impairment provision on construction-in-progress of Duddar Lead-Zinc Project amounting to RMB352 million for the year ended 31 December 2012.

As at 30 June 2013, based on the impairment assessment performed in 2012, the Group reassessed the major factors which may affect the impairment assessment. Based on the result of this impairment assessment, no additional impairment provision was considered necessary.

- (d) As at 30 June 2013, bank borrowings were secured by certain property, plant and equipment of the Group with an aggregate carrying amount of approximately RMB1,096 million (31 December 2012: RMB784 million) (Note 14).

IX. NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

12. TRADE AND OTHER RECEIVABLES

	As at 30 June 2013 RMB 'million Unaudited	As at 31 December 2012 RMB 'million Audited
Trade receivables		
Trade receivables	84,906	75,747
Retentions	3,371	3,019
Notes receivables	10,226	11,312
	<u>98,503</u>	<u>90,078</u>
Less: Provision for impairment	<u>(5,352)</u>	<u>(5,164)</u>
Trade receivables - net	<u>93,151</u>	<u>84,914</u>
Other receivables		
Prepayments to suppliers	19,508	16,690
Deposits	10,244	9,769
Amounts due from related parties and third parties	3,262	9,664
Staff advances	816	519
Investments to be refunded	433	1,037
Others	3,347	2,778
	<u>37,610</u>	<u>40,457</u>
Less: Provision for impairment	<u>(1,451)</u>	<u>(8,166)</u>
Other receivables - net	<u>36,159</u>	<u>32,291</u>
Total trade and other receivables	<u>129,310</u>	<u>117,205</u>
Less: Non-current portion		
— Trade receivables, retentions and other receivables	<u>(31,016)</u>	<u>(23,492)</u>
Current portion	<u>98,294</u>	<u>93,713</u>

IX. NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (*CONTINUED*)

12. TRADE AND OTHER RECEIVABLES (*CONTINUED*)

Ageing analysis of the trade receivables (including amounts due from related parties of trading in nature) is as follows:

	As at 30 June 2013 <i>RMB 'million</i> Unaudited	As at 31 December 2012 <i>RMB 'million</i> Audited
Less than 1 year	62,763	63,032
1 year to 2 years	23,729	18,142
2 years to 3 years	7,846	5,386
3 years to 4 years	1,954	1,706
4 years to 5 years	1,185	807
Over 5 years	1,026	1,005
Trade receivables - gross	98,503	90,078
Less: Provision for impairment	(5,352)	(5,164)
Trade receivables - net	93,151	84,914

**IX. NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED
INTERIM FINANCIAL INFORMATION (CONTINUED)**

13. TRADE AND OTHER PAYABLES

	As at 30 June 2013 <i>RMB 'million</i> Unaudited	As at 31 December 2012 <i>RMB 'million</i> Audited
Trade payables	<u>71,844</u>	<u>68,727</u>
Other payables		
Accrued payroll and related expenses	2,229	2,342
Accrued expenses	703	669
Purchase deposits from customers	32,777	29,164
Deposits payable	6,967	6,549
Rental payable	256	286
Utilities payable	237	254
Repair and maintenance payable	310	289
Other taxes payable	5,267	5,944
Others	<u>7,556</u>	<u>7,865</u>
	<u>56,302</u>	<u>53,362</u>
Total trade and other payables	<u>128,146</u>	<u>122,089</u>
Less: Non-current portion		
— Other payables	<u>(299)</u>	<u>(222)</u>
Current portion	<u><u>127,847</u></u>	<u><u>121,867</u></u>

IX. NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (*CONTINUED*)

13. TRADE AND OTHER PAYABLES (*CONTINUED*)

As at 30 June 2013, the ageing analysis of the trade payables (including amounts due to related parties of trading in nature) is as follows:

	As at 30 June 2013 <i>RMB 'million</i> Unaudited	As at 31 December 2012 <i>RMB 'million</i> Audited
Less than 1 year	53,768	51,966
1 year to 2 years	10,918	9,692
2 years to 3 years	3,590	4,146
Over 3 years	3,568	2,923
	<u>71,844</u>	<u>68,727</u>

**IX. NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED
INTERIM FINANCIAL INFORMATION (*CONTINUED*)**

14. BORROWINGS

	As at 30 June 2013 <i>RMB 'million</i> Unaudited	As at 31 December 2012 <i>RMB 'million</i> Audited
Non-current		
Long-term bank borrowings		
Secured	12,529	10,543
Unsecured	16,512	18,988
	<u>29,041</u>	<u>29,531</u>
Other long-term borrowings		
Secured	—	75
Unsecured	6,008	6,011
Debentures	21,435	21,448
	<u>27,443</u>	<u>27,534</u>
Total non-current borrowings	<u>56,484</u>	<u>57,065</u>

IX. NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (*CONTINUED*)

14. BORROWINGS (*CONTINUED*)

	As at 30 June 2013 <i>RMB 'million</i> Unaudited	As at 31 December 2012 <i>RMB 'million</i> Audited
Current		
Short-term bank borrowings		
Secured	1,160	1,615
Unsecured	38,327	37,433
	<u>39,487</u>	<u>39,048</u>
Other short-term borrowings		
Secured	160	160
Unsecured	5,202	3,305
Debentures	19,000	21,400
	<u>24,362</u>	<u>24,865</u>
Current portion of long-term bank borrowings		
Secured	846	1,508
Unsecured	7,422	9,016
	<u>8,268</u>	<u>10,524</u>
Total current borrowings	<u>72,117</u>	<u>74,437</u>
Total borrowings	<u><u>128,601</u></u>	<u><u>131,502</u></u>

IX. NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (*CONTINUED*)

15. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets include the following:

	As at 30 June 2013 <i>RMB 'million</i> Unaudited	As at 31 December 2012 <i>RMB 'million</i> Audited
Listed securities		
— Equity securities - China	<u>269</u>	<u>338</u>
Unlisted securities		
— Equity securities - China	<u>1,053</u>	<u>1,710</u>
At end of the period	1,322	2,048
Less: non-current portion	<u>(1,322)</u>	<u>(1,348)</u>
Current portion	<u><u>—</u></u>	<u><u>700</u></u>

**IX. NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED
INTERIM FINANCIAL INFORMATION (*CONTINUED*)**

16. MINING RIGHTS

	Six months ended 30 June	
	2013	2012
	<i>RMB ‘million</i>	<i>RMB ‘million</i>
	Unaudited	Unaudited
Cost		
At beginning of the period	4,840	5,155
Additions	2	331
Exchange differences	(459)	(32)
At end of the period	4,383	5,454
Accumulated amortisation		
At beginning of the period	33	130
Amortisation (<i>Note 6</i>)	6	7
Exchange differences	(1)	—
At end of the period	38	137
Provision for impairment		
At beginning of the period	2,350	—
Additions (<i>Note 6</i>)	—	1,809
Exchange differences	(299)	—
At end of the period	2,051	1,809
Net book value	2,294	3,508

IX. NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (*CONTINUED*)

16. MINING RIGHTS (*CONTINUED*)

As at 31 December 2012, the Group has completed its feasibility study on the development of the Cape Lambert Iron Project owned by MCC Australia Holding Pty Ltd. (“MCCAHA”, a wholly-owned subsidiary of the Company). Based on the feasibility study, the Group concluded that the Cape Lambert Iron Project assets (“Cape Lambert Assets”) may have been impaired. Accordingly, the Group performed an impairment assessment based on its estimated recoverable amount. The estimated recoverable amount is determined based on fair value less costs to sell. The fair value of the Cape Lambert Assets is determined by a valuation performed by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer. The valuation is based on the Adjusted Prior Sales Multiples Method, a market approach technique. Based on the impairment assessment, the Group has made an impairment provision on the mining rights amounting to RMB1,809 million for the six months ended 30 June 2012 and RMB2,296 million for the year ended 31 December 2012.

As at 30 June 2013, based on the impairment assessment performed in 2012, the Group reassessed the major factors which may affect the impairment assessment. Based on the result of this impairment assessment, no additional impairment provision was considered necessary.

IX. NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (*CONTINUED*)

17. CONTRACT WORK-IN-PROGRESS

	As at 30 June 2013 <i>RMB 'million</i> Unaudited	As at 31 December 2012 <i>RMB 'million</i> Audited
Contract cost incurred plus recognised profit less recognised losses	668,729	647,579
Less: Progress billings	(640,132)	(622,106)
	<u>28,597</u>	<u>25,473</u>
Contract work-in-progress	<u>28,597</u>	<u>25,473</u>
Representing:		
Amounts due from customers for contract work	40,460	36,502
Amounts due to customers for contract work	(11,863)	(11,029)
	<u>28,597</u>	<u>25,473</u>
	<u>28,597</u>	<u>25,473</u>
	Six months ended 30 June	
	2013	2012
	<i>RMB 'million</i>	<i>RMB 'million</i>
	Unaudited	Unaudited
Contract revenue recognised as revenue	<u>74,700</u>	<u>87,397</u>

IX. NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (*CONTINUED*)

17. CONTRACT WORK-IN-PROGRESS (*CONTINUED*)

During the year ended 31 December 2012, due to certain unexpected events including the severe weather conditions in Australia, there were further delays in the progress of the Western Australia Sino Iron Project undertaken by MCC Mining (Western Australia) Pty Ltd. (“MCC WA”, a wholly-owned subsidiary of the Company). The Group updated its total cost estimate of the project by due consideration of the increase in project costs associated with these delays. In addition, the Company had negotiated with the CITIC Group Corporation (“CITIC Group”), the parent company of the owner CITIC Pacific Limited, on the arrangement to settle the contract value in light of the delays and overruns of project costs, as well as the related funding arrangements. Based on the latest negotiation, CITIC Group has agreed that the total construction costs up to completion of the loaded linkage commissioning (帶負荷聯動試車) of the second main process production line (estimated to be completed by 15 April 2013) to be controlled at USD4,357 million, and that the total costs incurred for the project will be confirmed as the final contract value after being verified by a construction audit done by a third party, and then the final contract value will be settled lawfully in a way to be further agreed by both parties in the future.

During the year ended 31 December 2012, based on the above contract value of USD4,357 million as consented with the CITIC Group and the total cost estimate, the Group recognised negative gross margin of RMB2,748 million and a provision for unforeseeable contract loss of RMB287 million under this project. Total contract loss of RMB3,035 million was recognised as at and for the year ended 31 December 2012.

IX. NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (*CONTINUED*)

17. CONTRACT WORK-IN-PROGRESS (*CONTINUED*)

The loaded linkage commissioning of the second main process production line has not been completed as at 15 April 2013, which was mainly due to certain technical issues of the cyclo electric motors of automatic grinding machines, one of the major equipment used in the loaded linkage commissioning of the second production line. These cyclo electric motors were purchased from an overseas equipment vendor by a subsidiary of CITIC Group. As of the date of approval of this unaudited condensed consolidated interim financial information, according to the commission contract entered between MCC WA, CITIC Pacific Limited and CITIC HIC Australia Pty Ltd., the aforementioned subsidiary of CITIC Group is still in the process of repairing the motors and will lead the completion of the commissioning of the second production line.

Based on the assessment performed by the Group, the Group considers that it has properly carried out the construction works for the second production line and fulfilled its obligations under the scope of work agreed by CITIC Group, and the delay of the commissioning of the second production line was mainly due to the failure of the cyclo electric motors not purchased by the Group. Accordingly, the Group considers that the delay of the commissioning of the second production line will not affect the latest contract value and key terms of understanding previously agreed by CITIC Group.

As at 30 June 2013, the total contract cost incurred for the project amounted to USD4,502 million. As of the date of approval of this unaudited condensed consolidated interim financial information, MCC WA is still supporting the subsidiary of the CITIC Group in the repair work for the completion of the commissioning of the second production line. Based on the current project progress and estimation of future costs to be incurred, the Group has updated the project cost budget. According to the updated cost budget, the Group estimated the total project costs up to completion of the repair and commissioning of the second main process production line will not significantly exceed the total contract cost estimate made by the Group during the preparation of the consolidated financial statements for the year ended 31 December 2012, thus the Group concluded that no additional provision for contract loss was necessary.

IX. NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (*CONTINUED*)

17. CONTRACT WORK-IN-PROGRESS (*CONTINUED*)

Since the project has not been completed and the final contract value shall be confirmed after being audited by a third party, the result of the project is still uncertain. The Company will continue to closely monitor the project construction progress and any changes in estimated total contract costs. In addition, the Company will proactively communicate and negotiate with the CITIC Group on the final audit results by the third party as the basis for agreeing on the final contract value. In the event that there are further increases in final contract value upon the final negotiation with the CITIC Group or if there are any changes in estimated total contract costs, the Company will reassess the related accounting impact and adjust the amount of contract losses of project in a timely manner.

18. DISCONTINUED OPERATIONS

On 31 December 2012, the Company entered into an equity transfer agreement with the Parent, pursuant to which the Company transferred its 51.06% equity interests in Huludao Nonferrous to the Parent at a consideration of RMB1, the effective date of the equity transfer is 31 December 2012.

Since Huludao Nonferrous Group was a component of the Group's business, representing a separate major line of business with separately identifiable operations and cash flows, it is classified as discontinued operations. Accordingly, the results of Huludao Nonferrous Group are separately reported as "discontinued operations" in the condensed consolidated interim income statement for the six months ended 30 June 2012.

IX. NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (*CONTINUED*)

18. DISCONTINUED OPERATIONS (*CONTINUED*)

The results and cash flows of discontinued operations are as follows:

	Six months ended 30 June	
	2013	2012
	<i>RMB ‘million</i>	<i>RMB ‘million</i>
	Unaudited	Unaudited
Revenue	—	2,411
Expenses	—	(3,233)
Loss before tax of discontinued operations	—	(822)
Income tax expense	—	(2)
Loss after tax of discontinued operations	—	(824)
Loss for the period from discontinued operations	—	(824)
Attributable to:		
Equity holders of the Company	—	(225)
Non-controlling interests	—	(599)
Loss for the period from discontinued operations	—	(824)

IX. NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (*CONTINUED*)

18. DISCONTINUED OPERATIONS (*CONTINUED*)

The results and cash flows of discontinued operations are as follows (*Continued*):

	Six months ended 30 June	
	2013	2012
	<i>RMB 'million</i>	<i>RMB 'million</i>
	Unaudited	Unaudited
Net cash inflow from operating activities	—	190
Net cash outflow from investing activities	—	(15)
Net cash outflow from financing activities	—	(135)
Net increase in cash and cash equivalents	—	40
Cash and cash equivalents		
at beginning of the period	—	168
Exchange gains on cash and cash equivalents	—	—
Cash and cash equivalents at end of the period	—	208

X. SHARE CAPITAL

(I) CHANGES IN SHARE CAPITAL

1. *Changes in Shares*

As of 30 June 2013, the Company had a registered capital of RMB19,110,000,000, divided into 19,110,000,000 shares with a nominal value of RMB1.00 each. These shares include:

Class of shares	Number of shares
H Shares	2,871,000,000
A Shares	<u>16,239,000,000</u>
Total number of shares	<u><u>19,110,000,000</u></u>

There were no changes in the shares of the Company during the Reporting Period.

2. *Changes in Shares Subject to Selling Restrictions*

There were no share of the Company subject to selling restrictions during the Reporting Period.

3. *Changes in Total Number of Shares and Share Capital Structure of the Company*

There were no changes in the total number of shares, nor were there any changes in the share capital structure of the Company during the Reporting Period.

4. *Existing Internal Employee Shares*

The Company had no internal employee shares during the Reporting Period.

5. *Pre-Emptive Rights and Share Option Arrangements*

There are no mandatory provisions for pre-emptive rights under the Articles of Association of the Company. Subject to the Hong Kong Listing Rules and pursuant to the requirements under the Articles of Association, the Company may increase its registered capital by issuing shares through public or non-public offering, issuing new shares to existing Shareholders, converting capital reserve to share capital or by using other methods as permitted by laws and administrative regulations or approved by relevant authorities.

During the Reporting Period, the Company did not have any share option arrangements.

(II) PARTICULARS OF SHAREHOLDERS AND ULTIMATE CONTROLLING PERSON

1. Number of Shareholders and their shareholding

As at the end of the Reporting Period, the Company had a total of 334,485 Shareholders. Among which, 325,190 were holders of A Shares and 9,295 were registered holders of H Shares.

Particulars of the Top 10 Shareholders *(Note 1)*

Unit: Share

Name of Shareholder	Change during the Reporting Period	Total number of shares held at the end of the period	Percentage of shareholdings (%)	Number of shares held subject to selling restrictions	Status of shares pledged or frozen	Nature of Shareholder
China Metallurgical Group Corporation	0	12,265,108,500	64.18	0	0	State-owned legal person
HKSCC Nominees Limited <i>(Note 2)</i>	66,000	2,838,464,000	14.85	0	0	Other
Baosteel Group Corporation	0	121,891,500	0.64	0	0	State-owned legal person
Bank of China Limited — Harvest CSI 300 Trading Open-end Index Securities Investment Fund (中國銀行股份有限公司 — 嘉實滬深300交易型開放式指數證券投資基金)	-9,312,903	29,575,904	0.15	0	26,400 (Pledged)	Other
China Life Insurance Company Limited — Dividends — Individual dividends-005L-FH002 Shanghai (中國人壽保險股份有限公司 — 分紅 — 個人分紅 — 005L - FH002滬)	2,395,600	23,995,230	0.13	0	0	Other

Unit: Share

Name of Shareholder	Change during the Reporting Period	Total number of shares held at the end of the period	Percentage of shareholdings (%)	Number of shares held subject to selling restrictions	Status of shares pledged or frozen	Nature of Shareholder
Industrial and Commercial Bank of China Limited — Huaxia CSI 300 Trading Open-end Index Securities Investment Fund (中國工商銀行股份有限公司 — 華夏滬深300交易型開放式指數證券投資基金)	4,129,400	20,280,400	0.11	0	0	Other
Industrial and Commercial Bank of China Limited - Huatai Bairui CSI 300 Trading Open-end Index Securities Investment Fund (中國工商銀行股份有限公司 — 華泰柏瑞滬深300交易型開放式指數證券投資基金)	-4,726,842	17,183,221	0.09	0	0	Other
China Petroleum Finance Co., Limited (中油財務有限責任公司)	0	16,537,948	0.09	0	0	Other
China Heavy Shipping Finance Co., Limited (中船重工財務有限責任公司)	0	16,537,948	0.09	0	0	Other
Guosen Securities Co., Ltd. Detailed Account of Refinancing Warrant Securities (國信證券股份有限公司轉融通擔保證券明細帳戶)	15,350,000	15,350,000	0.08	0	0	Other

Note 1: Figures in the table were extracted from the Company's register of Shareholders as at 30 June 2013.

Note 2: The H Shares held by HKSCC Nominees Limited are those held on behalf of their beneficial owners.

**Particulars of Top 10 Holders of Shares Not Subject to Selling
Restrictions** *(Note 1)*

Unit: Share

Name of Shareholder	Number of shares held not subject to selling restrictions	Type of shares
China Metallurgical Group Corporation	12,265,108,500	A Shares
HKSCC Nominees Limited <i>(Note 2)</i>	2,838,464,000	H Shares
Baosteel Group Corporation	121,891,500	A Shares
Bank of China Limited — Harvest CSI 300 Trading Open-end Index Securities Investment Fund (中國銀行股份有限公司 — 嘉實滬深300交易型開放式 指數證券投資基金)	29,575,904	A Shares
China Life Insurance Company Limited — Dividends — Individual dividends — 005L-FH002 Shanghai (中國人壽保險股份有限公司 — 分紅 — 個人分紅 — 005L - FH002滬)	23,995,230	A Shares
Industrial and Commercial Bank of China Limited — Huaxia CSI 300 Trading Open-end Index Securities Investment Fund (中國工商銀行股份有限公司 — 華夏滬深300交易型開放式 指數證券投資基金)	20,280,400	A Shares
Industrial and Commercial Bank of China Limited — Huatai Bairui CSI 300 Trading Open-end Index Securities Investment Fund (中國工商銀行股份有限公司 — 華泰柏瑞滬深300交易型開放式 指數證券投資基金)	17,183,221	A Shares

Name of Shareholder	Number of shares held not subject to selling restrictions	Type of shares
China Petroleum Finance Co., Limited (中油財務有限責任公司)	16,537,948	A Shares
China Heavy Shipping Finance Co., Limited (中船重工財務有限責任公司)	16,537,948	A Shares
Guosen Securities Co., Ltd Detailed Account of Refinancing Warrant Securities (國信證券股份有限公司轉融通 擔保證券明細帳戶)	15,350,000	A Shares

Explanations on the connections or parties acting in concert with the aforesaid Shareholders

The Company is not aware of the existence of any connections or parties acting in concert with the aforesaid Shareholders.

Note 1: Figures in the table were extracted from the Company's register of Shareholders as at 30 June 2013.

Note 2: The H Shares held by HKSCC Nominees Limited are those held on behalf of their beneficial owners.

2. *Specifications on Controlling Shareholder and Ultimate Controlling Person*

The controlling shareholder of the Company is China Metallurgical Group Corporation, holding 64.18% of the shares of the Company, whose registered office is MCC Tower, 28 Shuguang Xili, Chaoyang District, Beijing and the legal representative is Guo Wenqing. As at the date of the issue of this announcement, the registered capital is RMB8,538,555,870.73.

MCC Group, whose predecessor is China Metallurgical Construction Corporation (中國冶金建設公司), is a large state-owned enterprise under the supervision of the SASAC. In 1994, upon the approval of the former State Economic and Trade Commission, China Metallurgical Construction Corporation was renamed as China Metallurgical Construction Group Corporation (中國冶金建設集團公司), based on which MCC Group was set up. On 12 March 2006, the SASAC approved China Metallurgical Construction Group Corporation to be renamed as China Metallurgical Group Corporation. On 27 April 2009, upon the approval of the SASAC, MCC Group was transformed into a wholly state-owned company - China Metallurgical Group Corporation (中國冶金科工集團有限公司). Following the incorporation of the Company, MCC Group, as the controlling shareholder of the Company, mainly functions as a Shareholder of the Company, and disposes of and liquidates its retained assets.

The State-owned Assets Supervision and Administration Commission of the State Council is the ultimate controlling person of the Company, holding 100% of the shares of MCC Group, the controlling shareholder of the Company.

During the Reporting Period, the controlling shareholder and the ultimate controlling person of the Company remained unchanged.

3. Other Corporate Shareholders Holding More Than 10% of the Company's Shares

As at the end of the Reporting Period, except for HKSCC Nominees Limited, there were no other corporate Shareholders holding more than 10% of the Company's shares.

4. *Substantial Shareholders' and Other Persons' Interests and Short Positions of the Shareholdings in Shares and Underlying Shares*

As at 30 June 2013, the Company had been informed by the following persons that they had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Holders of A Shares

Unit: Share

Name of substantial Shareholder	Capacity	Number of A Shares	Nature of interest	Approximate percentage of total issued A Shares (%)	Approximate percentage of total issued shares (%)
China Metallurgical Group Corporation	Beneficial owner	12,265,108,500	Long position	75.53	64.18

Holders of H Shares

Unit: Share

Name of substantial Shareholder	Capacity	Number of H Shares	Nature of interest	Approximate percentage of total issued H Shares (%)	Approximate percentage of total issued shares (%)
China Life Insurance (Group) Company	Interest in a controlled corporation	172,800,000	Long position	6.02	0.9
China Life Insurance (Overseas) Company Limited ^(Note)	Beneficial owner	172,800,000	Long position	6.02	0.9

Note: China Life Insurance (Overseas) Company Limited is a wholly-owned subsidiary of China Life Insurance (Group) Company.

Save as disclosed above, to the knowledge of the Directors, Supervisors and chief executives of the Company, as at 30 June 2013, no other person or corporation was recorded in the register required to be kept under section 336 of the SFO as having an interest or short position in the Company's share capital that would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO.

XI. PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the Reporting Period.

XII. COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board had reviewed the corporate governance documents of the Company and was of the opinion that, during the Reporting Period, except for the provision that "every director should be subject to retirement by rotation at least once every three years" and that in relation to "the audit committee's terms of reference" as stipulated in code provisions A.4.2 and C.3.3 respectively of Corporate Governance Code, the Company had complied with the provisions of the Corporate Governance Code.

As at the end of the Reporting Period, the first session of the Board and the Supervisory Committee of the Company had been in office for more than 3 years. Pursuant to the relevant provisions of the Company Law and the Articles of Association, prior to the establishment of the second session of the Board and the Supervisory Committee as well as the election of Directors and Supervisors for the coming session, the members of the first session of the Board and the Supervisory Committee shall still continue to discharge their duties. The Company is currently considering the composition of the second session of the Board and the Supervisory Committee, which is subject to relevant regulatory approvals, and any proposed nomination or re-election of Directors and Supervisors will be submitted to a general meeting of the Company for consideration or approval once the Company is in a position to do so. Certain deviations have been found in aforementioned situation as the code provision A.4.2 of Corporate Governance Code requires that "every director should be subject to retirement by rotation at least once every three years".

In addition, as stipulated in paragraphs (f), (g) and (h) of the code provision C.3.3 of Corporate Governance Code, the terms of reference of the Finance and Audit Committee of the Board shall include reviewing financial control, internal control and risk management system of the Company; discussing the internal control system with management to ensure that the management have performed their duties in establishing an effective internal control system; and considering major investigation findings on internal control matters and management's response to these findings on the Committee's own initiative or as delegated by the Board. Since the Company attaches great importance to the work related to risk management, it established the Risk Management Committee in 2010 which would be responsible for internal control and risk management, and therefore leading to a technical deviation from the requirements of paragraphs (f), (g) and (h) of the code provision C.3.3.

XIII.COMPLIANCE WITH THE MODEL CODE FOR SECURITIES DEALINGS BY DIRECTORS

The Company has adopted the Model Code as the code governing the dealings in the Company's securities by Directors and Supervisors. Having made specific enquiries with all the Directors and Supervisors, the Company confirmed that all Directors and Supervisors had fully complied with the requirements set out in the Model Code for the six months ended 30 June 2013.

XIV. SUBSEQUENT EVENTS

As at the date of the announcement, there is no occurrence of events that had a significant impact on the Group's operation, financial or trading prospects.

XV. REVIEW WORK OF INTERIM RESULTS AND INTERIM FINANCIAL INFORMATION

The Finance and Audit Committee had reviewed the unaudited interim financial results of the Group for the six months ended 30 June 2013. The Committee was of the opinion that the unaudited interim results for the six months ended 30 June 2013 had been in compliance with the applicable accounting principles as well as laws and regulations and has been properly disclosed.

The unaudited condensed consolidated interim balance sheet, unaudited condensed consolidated interim income statement, unaudited condensed consolidated interim statement of comprehensive income, unaudited condensed consolidated interim statement of changes in equity, unaudited condensed consolidated interim statement of cash flows and notes to the unaudited condensed consolidated interim financial information of the Group as presented in this announcement were extracted from the unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2013 which have been reviewed by the international auditor of the Company, PricewaterhouseCoopers, in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”, issued by the International Auditing and Assurance Standards Board.

XVI. PUBLICATION OF THE INTERIM REPORT

The interim report of the Group for the six months ended 30 June 2013 is expected to be available on the website of the Hong Kong Stock Exchange (<http://www.hkex.com.hk>) and the Company’s website (<http://www.mccchina.com>) on or before 6 September 2013 for inspection by the Company’s Shareholders.

XVII. DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

DEFINITIONS

Articles of Association	Articles of Association of Metallurgical Corporation of China Ltd.*
A Share(s)	the domestic shares, with a nominal value of RMB1.00 each in the ordinary share capital of the Company, which are listed on the Shanghai Stock Exchange and traded in RMB
Board	the board of Directors of the Company
China or PRC	the People’s Republic of China, excluding, for purposes of this document only, Hong Kong, Macao and Taiwan

controlling shareholder	has the meaning ascribed thereto under the Hong Kong Listing Rules
Corporate Governance Code	the Corporate Governance Code as set out in Appendix 14 to the Hong Kong Listing Rules
Director(s)	the director(s) of the Company, including all executive, non-executive and independent non-executive Directors
Group, our Group	Metallurgical Corporation of China Ltd.*, and, except where the context otherwise requires, its subsidiaries
HK\$ or Hong Kong dollars	Hong Kong dollars, the lawful currency of Hong Kong
Hong Kong	the Hong Kong Special Administrative Region of the People's Republic of China
Hong Kong Listing Rules	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
H Share(s)	the overseas listed foreign invested shares, with a nominal value of RMB1.00 each in the ordinary share capital of the Company, which are listed on the Hong Kong Stock Exchange and subscribed and traded in Hong Kong dollars
MCC Group, Parent	China Metallurgical Group Corporation
MCC, our Company, the Company	means Metallurgical Corporation of China Ltd.*, a joint stock limited company with limited liability incorporated under the laws of the PRC on 1 December 2008 or, where the context refers to any time prior to its incorporation, the businesses which its predecessors were engaged in and which were subsequently assumed by it pursuant to the Parent reorganization

Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Hong Kong Listing Rules
Renminbi or RMB	Renminbi, the lawful currency of the PRC
Reporting Period	from 1 January 2013 to 30 June 2013
SASAC	the State-owned Assets Supervision and Administration Commission of the State Council
SFO or Securities and Futures Ordinance	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
Shareholder(s)	holder(s) of share(s) of the Company
State Council	the State Council of the People's Republic of China
Stock Exchange, Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
Supervisor(s)	the supervisor(s) of the Company
Supervisory Committee	the supervisory committee of Metallurgical Corporation of China Ltd.*
Ramu Project	Ramu Nico Project, Papua New Guinea

TECHNICAL TERMS

BT	Build-Transfer, a business model in which the contractor undertakes the financing of construction expenditures and transfers the project back to the proprietor upon completion and inspection for acceptance and the proprietor will pay the contractor for such construction expenditures, financing costs and return on project in instalments pursuant to relevant agreements
exploration	activity to prove the location, volume and quality of a mineral occurrence
steel structure	a structure composed of various steel materials connected with each other through welding or bolted joints, which is widely used in industry, civil construction, railways, highways, bridges, power station structural frames, power transmission tower structures, television broadcasting towers, offshore oil platforms, gas pipes, urban infrastructure, national defense construction, and other areas

By order of the Board
Metallurgical Corporation of China Ltd.*
Kang Chengye
Joint Company Secretary

Beijing, the PRC
30 August 2013

As at the date of this announcement, the Board comprises two executive Directors, Mr. Shen Heting and Mr. Guo Wenqing; two non-executive Directors, Mr. Jing Tianliang and Mr. Lin Jinzhen; and five independent non-executive Directors, Mr. Jiang Longsheng, Mr. Wen Kegin, Mr. Liu Li, Mr. Chen Yongkuan and Mr. Cheung Yukming.

* *For identification purpose only*