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)

2014 INTERIM RESULTS ANNOUNCEMENT

CHAIRMAN'S STATEMENT

I am very grateful for your long-term care and support to the Company. I hereby present the Company's 2014 Interim Report to all shareholders on behalf of the board of directors of the Company.

In the first half of 2014, confronted with the complex economic conditions at home and abroad and continuous adverse situation in the iron and steel industry, we adhered to laying and enhancing our solid foundation with MCC spirit of "without wasting one day, without being lazy for one day" (一天也不耽誤、一天也不懈怠), emphasizing the development of "big environment, big platform, large market, large projects, major clients", integrating the advantages of leading core technologies, continuous innovation ability and irreplaceable whole metallurgical industry chain to continue to lead metallurgical development up to a higher level in China. The enterprise maintained strong growth momentum. During the Reporting Period, the value of newly-signed contracts was RMB178,280 million, representing a year-on-year increase of 62.1%; while the operating revenue amounted to RMB96,170 million, representing a year-on-year increase of 5.5%; Net profit attributable to shareholders of the Company amounted to RMB1,810 million, representing a year-on-year increase of 22.2%.

Looking forward to the second half of the year, the situation of the domestic economic development is still complex, but it also sees stable and positive development fundamentally. With the deepening of technical reform and upgrading as well as energy saving and consumption reduction in the iron and steel industry, we have new urgent needs for energy saving, environmental protection, overhaul and upgrading and technological innovation; Shanty towns transformation, real estate providing for the aged, "Silk Road economic belt region", "Silk Road on the Sea", "Jing-Jin-Ji Integration Region" and "Yangtze River economic belt region" and the country is vigorously implementing the new urbanization of "Integration, Intelligence, Green and Low Carbon", which effectively promotes the development in construction, environmental protection, real estate, transportation and other areas. Facing new opportunities, the Company will be in line with the high standard both globally and in the development of the metallurgical industry as a whole, upgrading and transformation in terms of environmental protection and energy saving, maintaining existing advantages, and strengthening its position as the world's largest contractor of metallurgical construction and service provider for the operation of metallurgical enterprises; Meanwhile, the Company will take the comparative advantages in the traditional metallurgical industry, focus on its development in strategically emerging industries such as energy saving, environmental protection and waste water treatment, etc, and create new competitive advantages in emerging sectors; It will utilise its special advantages and extensive experience in railway transportation and infrastructure to transform the way of operation through technology breakthroughs and management innovation, strongly elevate the core competitiveness and market shares of the non-steel business of the Company.

Dear valued Shareholders, the Company has been back on track for healthy development, and is now pushing forward to the ambitious goal of "building a better MCC". We are fully confident in our future, and hope our Shareholders can continue to support and understand MCC. The board of directors and the management of the Company will strive to devote themselves to the development, focus on the principal business in a conscientious and pragmatic manner and better reward the Shareholders and the society with brilliant performance.

Guo Wenqing
Chairman

HIGHLIGHTS

The Board of Metallurgical Corporation of China Ltd.* ("**our Company**", or "**Company**") is pleased to announce the unaudited operating results of the Company and its subsidiaries for the six months ended 30 June 2014, which are mainly set out as follows:

The Company's financial position as at 30 June 2014 and the operating results for the six months ended 30 June 2014 are highlighted as follows:

- Operating revenue amounted to RMB96,167 million, representing a year-on-year increase of RMB5,013 million or 5.50% from RMB91,153 million for the same period of 2013.

- Operating profit amounted to RMB2,721 million, representing a year-on-year increase of RMB722 million or 36.13% from RMB1,999 million for the same period of 2013.

- Net profit amounted to RMB1,962 million, representing a year-on-year increase of RMB605 million or 44.51% from RMB1,357 million for the same period of 2013.

- Net profit attributable to shareholders of the Company amounted to RMB1,809 million, representing a year-on-year increase of RMB329 million or 22.22% from RMB1,480 million for the same period of 2013.

- Basic earnings per share amounted to RMB0.09, while basic earning per share amounted to RMB0.08 for the same period of 2013.

- As at 30 June 2014, the total assets amounted to RMB334,345 million, representing an increase of RMB11,461 million or 3.55% from RMB322,884 million as at 31 December 2013.

- As at 30 June 2014, the total equity attributable to shareholders amounted to RMB55,683 million, representing an increase of RMB618 million or 1.12% from RMB55,065 million as at 31 December 2013.

- Value of newly-signed contracts amounted to RMB178,280 million, representing an increase of RMB68,280 million or 62.1% from RMB110,000 million for the same period of 2013.

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	Guo Wenqing
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
Company secretary	Kang Chengye
Contact address	MCC Tower 28 Shuguang Xili, Chaoyang District Beijing, PRC

Tel	86-10-59868666
Fax	86-10-59868999
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
Auditor	Deloitte Touche Tohmatsu CPA LLP
Office address of the auditor	8th Floor, Tower W2, The Towers, Oriental Plaza 1 East Chang An Avenue Beijing, PRC
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 Company's financial position as at 30 June 2014 and the operating results for the six months ended 30 June 2014 are highlighted as follows:

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(II) REVENUE FROM PRINCIPAL BUSINESS SEGMENTS

During the Reporting Period, the Company:

- Engineering and construction business

  Operating revenue amounted to RMB80,747 million, representing an increase of RMB5,127 million or 6.78% from RMB75,620million for the same period of 2013.

- Equipment manufacturing business

  Operating revenue amounted to RMB4,216 million, representing a decrease of RMB347 million or -7.61% from RMB4,563 million for the same period of 2013.

- Resources development business

  Operating revenue amounted to RMB1,941 million, representing an increase of RMB577 million or 42.24% from RMB1,364 million for the same period of 2013.

- Property development business

  Operating revenue amounted to RMB9,284 million, representing a decrease of RMB127 million or -1.36% from RMB9,411 million for the same period of 2013.

- Other businesses

  Operating revenue amounted to RMB1,470 million, representing an increase of RMB122 million or 8.99% from RMB1,348 million for the same period of 2013.

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

III. MANAGEMENT DISCUSSION AND ANALYSIS

Based on the audited financial report for the first half of 2014, the management conducted discussion and analysis in relation to the financial position, profitability, cash flow of the Company during the Reporting Period. Unless otherwise indicated, all the financial information in the discussion and analysis set out in this chapter refers to the financial data and information in the consolidated report in the Reporting Period.

Some contents in this chapter may contain certain prospective description. Such prospective description contains some uncertainties, which may be different from the ultimate operating results of the Company. Investors are advised to refer to the information in the relevant financial statements and its notes set out in the interim report when reading this chapter.

(I) RISK FACTORS

The financial position and operating results of the Company are affected comprehensively by global and national macro-economies, the development and relative adjustment and control measures of the industries we are in, as well as the implementation of fiscal and monetary policies of the State:

1. Trends of Global and National Macro-economies

Operations of each business of the Company are influenced by global and national macroeconomic environment. Global and national macroeconomic trends may affect various business processes including purchasing, production and sales, and hence lead to fluctuation of the Company's operating results. Business revenue of the Company is mainly generated at home and the performance of the Company's business operations may vary in different economic cycles of the country.

2. Industry Policies and Changes in both Domestic and Overseas Market Demands

Different businesses of the Company including engineering and construction, equipment manufacturing, resources development and property development are all under the influence of relevant industry policies. The State's recent implementation of industrial control on the steel industry, adjustment and reform plan on the steel industry and the equipment manufacturing industry, and industry policies on resources development and property development, as well as industrial cyclical fluctuations and changes in states of operation of upstream and downstream companies will all considerably influence and guide the future business focus and strategic planning of the Company, hence also affecting the financial position and operating results of the Company. Engineering and construction services provided by the Company may be affected by changes in industry policies which influence the overall demand. Metallurgical equipment, products of resources development and residential properties might also be affected by changes in demand in related markets and hence influencing the financial position of the Company.

Points 1 and 2 mentioned above are the major risk factors that influence the results of the Company in the first half of 2014.

3. Changes in State Policy on Taxation and Exchange Rate

The changes in policy on taxation and exchange rate will affect the operating results of the Company:

(1) The Influence of Changes in Policy on Taxation

The changes in State policy on taxation will affect the financial position of the Company by affecting the tax burdens of the Company and its subsidiaries.

Some of the subsidiaries of the Company are benefiting from the tax incentive policy for the development of China's west, the tax incentive policy for coastal development zones, special economic zones and new and high technology companies, as well as resource tax, property development tax and the "operation-to-value-added tax programme (營改增)" of the construction industry, which all can be affected by changes in State policy on taxation. Changes in relevant tax incentive policies may affect the financial performance of the Company.

(2) The Influence of Monetary Policy

Part of the business revenue of the Company is from overseas markets. Changes in exchange rates may expose the Company's overseas business revenue to exchange rate risk.

Meanwhile, any adjustment on bank reserve requirement ratio or changes in deposit and loan rates will affect the financing cost as well as interest income of the Company.

4. Overseas Tax Policies and Changes

The Company operates in many countries and regions overseas and is subject to various taxes. Due to the facts that the tax environment is different in different regions and that the regulations are complex concerning various tax items including corporate income tax, foreign contractor tax, personal income tax and poll tax, etc., the overseas operation of the Company may pose the Company under the risks incurred by the overseas tax policies and changes. In the meantime, the Company may need to make corresponding judgment for the uncertainties brought by tax treatment such as the transactions and other matters of certain operating activities.

5. Changes in Major Raw Material Prices

The Company's business in engineering and construction, resources development and property development, all involve using raw materials including steel, wood, cement, explosive initiator, waterproof material, geomaterial and addition agent. The Company's business in equipment manufacturing also involves the using of steel and electronic parts. Affected by output quantity, market situation and material cost, prices change of the above stated raw materials may affect the costs of specific raw materials and consumables of the Company.

6. Construction Subcontracting Expense

For engineering and construction projects, the Company may, according to different situations, subcontract non-crucial construction parts to subcontractors. On one hand, subcontracting can boost the capacity of the Company to undertake large-scale projects and to fulfill contracts with flexibility. On the other hand, management of subcontractors and control on subcontracting costs may also affect the profit on projects.

7. State of Operation of Subsidiaries and Key Projects

Although there was relatively large increase in the prices of metal nickel in the first half of 2014, since the Company's Ramu Nico Laterite Mine Project in Papua New Guinea was at the commissioning stage, its actual output was below the designed capacity and substantial loss was made. Although the price of polysilicon rebounded during the Reporting Period, the polysilicon business of the Company still generated loss. The above issues posed great impact on the operating performance of the Company in the first half of 2014.

The final audit result of the project independent third party on the Western Australia SINO Iron Ore EPC General Contract Project, the Project of MCC Real Estate in Xiaguan District of Nanjing, the recovery of payment for contract work from the government and its financing vehicles and the recovery of payment for the contract work from certain private iron and steel enterprises will significantly affect the future financial performance of the Company.

8. Enhancement in Operation Management Quality

The quality of operation management can significantly influence the result of the Company. The Company will "focus on MCC's principal business", strive further to perfect the corporate governance, strengthen the implementation of operation management and internal control, improve management quality and effectiveness, and perfect assessment and incentive system of the Company. Through the operation of "large environment, large platform, large market, large project and large clients", reform and innovation, as well as scientific decision-making, energy and creativity will be stimulated throughout the Company. Whether these management goals could be effectively implemented will also considerably influence the improvement in operating results of the Company.

9. Non-even Distribution of Revenue

Operating revenue of the Company mainly comes from engineering and construction business. Since income of the business is affected by factors including government's project approval, public holidays and "freeze period" in the north, business revenue of the Company in the second half of the year is usually higher than the first half, leading to an uneven distribution of income.

(II) ANALYSIS ON FINANCIAL POSITION

1. Analysis on asset-liability structure

(1) Analysis on asset structure

As of 30 June 2014 and 31 December 2013, the total assets of the Company were RMB334,344,903,000 and RMB322,884,439,000 respectively, which mainly included cash and balances, accounts receivable, prepayments, other receivables, inventories, long-term receivables, long-term equity investment, fixed assets and intangible assets. The constitutes thereof are set out in the following table:

Unit: RMB'000

Item	**30 June 2014** Amount	**30 June 2014** Percentage in the total assets	31 December 2013 Amount	31 December 2013 Percentage in the total assets
Current assets:	**246,413,531**	**73.70%**	239,954,194	74.32%
Cash and balances	**28,038,785**	**8.39%**	33,585,579	10.40%
Accounts receivable	**56,060,666**	**16.77%**	52,597,630	16.29%
Prepayment	**15,879,290**	**4.75%**	15,037,010	4.66%
Other receivables	**20,465,554**	**6.12%**	13,844,812	4.29%
Inventories	**110,285,725**	**32.99%**	107,930,551	33.43%
Non-current assets:	**87,931,372**	**26.30%**	82,930,245	25.68%
Long-term receivables	**25,235,272**	**7.55%**	20,342,364	6.30%
Long-term equity investment	**5,155,469**	**1.54%**	4,133,422	1.28%
Fixed assets	**32,658,605**	**9.77%**	33,382,887	10.34%
Intangible assets	**15,099,196**	**4.52%**	15,278,732	4.73%
Total assets	**334,344,903**	**100.00%**	322,884,439	100.00%

As a conglomerate operating major businesses of engineering and construction and property development, the Company's current assets are its major part of assets. As of 30 June 2014 and 31 December 2013, the current assets of the Company accounted for 73.70% and 74.32% of the total assets respectively. The current assets mainly comprised cash and balances, accounts receivable, prepayments, other receivables, inventories, etc.; non-current assets mainly comprised long-term receivables, long-term equity investment, fixed assets, intangible assets, etc.

① Cash and balances

The cash and balances of the Company mainly comprised cash on hand, bank deposit and other cash and balances. In accordance with the characteristics of the business which the company operates, the Company usually keeps proper cash and balances to meet the production and operation needs.

As at 30 June 2014 and 31 December 2013, the balances of cash and balances of the Company were RMB28,038,785,000 and RMB33,585,579,000 respectively, which accounted for 11.38% and 14.00% of the current assets, respectively.

As at 30 June 2014 and 31 December 2013, the restricted cash and balances of the Company were RMB4,529,805,000 and RMB2,343,025,000 respectively, which accounted for 16.16% and 6.98% of the cash and balances, respectively. The use of restricted cash and balances mainly included the cash deposits of acceptance bill and frozen deposits, etc.

② Accounts receivable

The accounts receivable of the Company mainly included engineering settlement receivables, provisions for quality, products sales receivables as well as designing, consultancy and technical services receivables, etc.

As at 30 June 2014 and 31 December 2013, the net accounts receivable of the Company were RMB56,060,666,000 and RMB52,597,630,000, which accounted for 22.75% and 21.92% of the current assets, respectively, representing an increase of 6.58% in the net accounts receivable. The increase in accounts receivable was mainly attributable to the influence of changes in the settlement cycle and business mode of the engineering and construction business. The Company will gradually decrease the accounts receivables through selection of quality clients, adjustment of business mode as well as further reinforcement and implementation of the recovery responsibility of accounts receivable.

As of 30 June 2014, calculated based on the original carrying amount, the ageing of 82.88% of the Company's accounts receivables were within two years (inclusive), the ageing of 63.43% of the accounts receivable were within one year (inclusive). The aged structure of the accounts receivable was related to the business characteristics, operation mode and settlement cycle of the Company, etc.

In order to avoid the possible risks of bad debts, the Company enhanced the overall management of accounts receivable, took into full accounts of the nature and recoverability of accounts receivable as well as made relevant bad debt provisions to ensure the quality of the Company's assets. As of 30 June 2014 and 31 December 2013, the balances of the bad debt provisions of the Company were RMB6,552,159,000 and RMB6,101,857,000 respectively, which accounted for 10.46% and 10.40% of the original amount of the accounts receivable, respectively.

③ Prepayments

The prepayments of the Company mainly included the amounts prepaid to raw material suppliers, the project and equipment funds prepaid to the sub-contractors as well as the prepaid land transfer funds and safety project funds for the property development business, etc.

As at 30 June 2014 and 31 December 2013, the balances of the prepayments of the Company were RMB15,879,290,000 and RMB15,037,010,000, which accounted for 6.44% and 6.27% of the current assets, respectively, representing an increase of 5.6% in the balances of the prepayments. The increase was mainly attributable to the increases in the raw material procurement funds and project funds prepaid by the Company.

As of 30 June 2014, calculated based on the original carrying amount, the ageing of approximately 85.50% of the Company's prepayments were within two years (inclusive), the ageing of 66.18% of the prepayments were within one year (inclusive).

④ *Other receivables*

The other receivables of the Company mainly included the performance deposit, bidding deposit, project cooperation deposit and petty cash, etc.

As at 30 June 2014 and 31 December 2013, the other net receivables of the Company were RMB20,465,554,000 and RMB13,844,812,000, which accounted for 8.31% and 5.77% of the current assets, respectively, representing an increase of approximately 47.82% in the other net receivables. The increase was mainly attributable to the increases in transfer fee of the equity to be retrieved, cash deposits and other funds.

As of 30 June 2014, calculated based on the original carrying amount, the ageing of approximately 82.27% of the Company's other receivables were within two years (inclusive), the ageing of 69.80% of the other receivables were within one year (inclusive). The Company also made relevant bad debt provisions for the other receivables with bad debt risks. As of 30 June 2014 and 31 December 2013, the balances of bad debt provisions of other receivables were RMB1,675,743,000 and RMB1,551,724,000 respectively, which accounted for 7.57% and 10.08% respectively of the original amount of the other receivables.

⑤ Inventories

The inventories of the Company mainly comprised the outstanding funds of completed engineering construction, the costs of property development, raw materials, goods in process and merchandise inventory. The inventory structure of the Company presented the characteristics of project contracting, property development and equipment manufacturing and other business, which the Company operates.

As of 30 June 2014, the outstanding funds of completed engineering construction of the Company accounted for 37.56% of the total original amount of the inventories and the costs and products of property development accounted for 53.52% of the total original amount of the inventories. The Company also withdrew relevant falling price provisions for the inventories. As of 30 June 2014 and 31 December 2013, the falling price provisions for the inventories of the Company amounted to RMB1,010,322,000 and RMB822,863,000 respectively, which accounted for 0.91% and 0.76% respectively of the original amount of the inventories at the end of the period.

⑥ Long-term receivables

The long-term receivables of the Company mainly included receivables and retentions with a collection period of more than one year subject by contract.

On 30 June 2014 and 31 December 2013, the net long-term receivables of the Company were RMB25,235,272,000 and RMB20,342,364,000 respectively, which accounted for 28.69% and 24.52% of non-current assets respectively. The net long-term receivables increased by 24.05%, mainly due to the increase in the receivables with a collection period more than one year by contract from BT businesses including welfare housing and construction of urban infrastructure facilities.

⑦ Long-term equity investment

The external long-term equity investments of the Company included equity investment of associates and equity investment of joint ventures. On 30 June 2014 and 31 December 2013, the net long-term equity investments of the Company were RMB5,155,469,000 and RMB4,133,422,000 respectively, which accounted for 5.86% and 4.98% of non-current assets respectively. The balance of long-term equity investment increased by 24.73%, mainly because that the Company newly increased the investments in certain associates.

By using the provision of the impairment of long-term equity investment, the Company can respond to the investment losses that may occur. On 30 June 2014 and 31 December 2013, the balances of provisions of impairment of long-term equity investment were RMB42,145,000 and RMB3,408,000, which accounted for 0.81% and 0.08% of the original book value of long-term equity investment.

⑧ Fixed assets

On 30 June 2014 and 31 December 2013, the net values of the fixed assets of the Company were RMB32,658,605,000 and RMB33,382,887,000, which accounted for 37.14% and 40.25% of non-current assets. The fixed assets of the Company mainly included the house construction, machinery and equipment and transport equipment, etc.

⑨ Intangible assets

On 30 June 2014 and 31 December 2013, the aggregated book value of the intangible assets of the Company were RMB15,099,196,000 and RMB15,278,732,000 respectively, which accounted for 17.17% and 18.42% of the non-current assets. The intangible assets of the Company were mainly land use rights, concession user's rights, patent and proprietary technologies, and mining rights. The main reason for the decrease in the book value of intangible assets was that the changes of exchange rates caused the decrease in the book value of intangible assets of overseas subsidiaries.

(2) The analysis of the liability structure

As of 30 June 2014 and 31 December 2013, the total liabilities of the Company were RMB278,661,647,000 and RMB267,819,220,000, the detailed liability structure was as follows:

Unit: RMB'000

	30 June 2014		31 December 2013	
Item	**Amount**	**Percentage in total liabilities**	Amount	Percentage in total liabilities
Total current liabilities:	**224,850,645**	**80.69%**	219,044,859	81.79%
Short-term borrowings	**50,674,542**	**18.18%**	45,080,598	16.83%
Bills payable	**12,163,055**	**4.36%**	7,610,246	2.84%
Accounts payable	**73,646,921**	**26.43%**	70,186,463	26.21%
Payment received in advance	**34,350,121**	**12.33%**	35,311,169	13.18%
Other payables	**19,829,495**	**7.12%**	19,793,109	7.39%
Non-current liabilities due within one year	**11,361,162**	**4.08%**	11,096,007	4.14%
Total non-current liabilities:	**53,811,002**	**19.31%**	48,774,361	18.21%
Long-term borrowings	**23,612,364**	**8.47%**	21,618,045	8.07%
Debentures payable	**23,640,175**	**8.48%**	20,606,063	7.69%
Estimated liabilities	**4,090,209**	**1.47%**	4,049,770	1.51%
Total liabilities	**278,661,647**	**100.00%**	267,819,220	100.00%

On 30 June 2014 and 31 December 2013, the assets-liabilities ratios in the Consolidated Statement of the Company were 83.35% and 82.95%. On 30 June 2014 and 31 December 2013, the current liabilities accounted for 80.69% and 81.79% in total liabilities, non-current assets accounted for 19.31% and 18.21% in total liabilities.

① Short-term borrowings

The short-term borrowings of the Company mainly consisted of credit borrowings, guaranteed loans from financial institutes such as commercial banks. On 30 June 2014 and 31 December 2013, the balances of the short-term borrowings of the Company were RMB50,674,542,000 and RMB45,080,598,000 respectively, with a year-on-year increase of 12.41%. The increase in short-term borrowings was mainly due to the newly added bank loans for the needs of operation.

② Accounts payable and other payables

The accounts payable were mainly the payables to suppliers and distributors, settlement amount of project processes, other payables mainly included deposits and leasing fees, etc.

On 30 June 2014 and 31 December 2013, the balance of accounts payable and other payables of the Company were RMB73,646,921,000, RMB19,829,495,000 and RMB 70,186,463,000 and RMB19,793,109,000 respectively, which accounted for 26.43%, 7.12% and 26.21%, 7.39% respectively of the total liabilities.

The increase of accounts payables was mainly due to the increase in construction payables, and the increase of other payables was mainly due to the increase in deposits.

③ Payments received in advance

Payments received in advance were mainly prepaid amounts from project contractors, preparation amount for projects, billed work in process and income from properties for sales received in advance, etc.

On 30 June 2014 and 31 December 2013, the balance of payments received in advance of the Company were RMB34,350,121,000 and RMB35,311,169,000 respectively, which accounted for 12.33% and 13.18% of the total liabilities respectively as a major component of the liabilities of the Company. The payments received in advance on 30 June 2014 decreased by 2.72% compared with that of 31 December 2013, which was mainly due to the decrease in payments received in advance of real estate projects of the Company.

④ Long-term borrowings and debentures payable

The Long-term borrowings of the Company mainly consisted of credit borrowings, secured borrowings, pledged borrowings and guaranteed borrowings. On 30 June 2014 and 31 December 2013, the balances of long-term borrowings of the Company were RMB23,612,364,000 and RMB21,618,045,000 respectively, which accounted for 8.47% and 8.07% of total liabilities.

On 30 June 2014 and 31 December 2013, the balance of debentures payables of the Company were RMB23,640,175,000 and RMB20,606,063,000 respectively, which accounted for 8.48% and 7.69% of the total liabilities as one of major components of the liabilities of the Company.

⑤ Contingent liabilities

The contingent liabilities of the Company mainly consisted of retirement benefits and early retirement benefits, etc. Subject to the "Accounting Standards for Business Enterprises No. 9 Employee Benefits" and the Reply and Approval on the Questions Related to Relevant Expenses of Retired, Early Retired and Laid-off Employees — "Three Types of Employees" in the Working Process of Restructuring and Reorganization of Metallurgical Corporation of China Ltd. of State-owned Assets Supervision and Administration Commission of the State Council (《關於中國冶金科工集團公司重組改制上市工作中離退休等「三類人員」相關費用有關問題的批覆》) (Guo Zi Fen Pei[2008]No. 581, the Company appointed independent valuer to actuarially valuate the three types of employees, namely the retired, the early retired and laid-off employees and beneficiaries. During the restructuring process, the MCC Group established the auditing valuation time spot (31 December 2007), and counted the above payables into the contingent liabilities of the Company, and deducted from the net assets in the restructuring valuation time spot.

"IAS 19 Employee Benefits" and "Accounting Standards for Business Enterprises No. 9 Employee Benefits" were amended. The changes in accounting policies were mainly: value exceeding 10% of the value of benefit obligations of actuarial gains and losses used to be counted as losses and gains, but now it was changed to the situation that all the actuarial gains and losses were recognized and counted into other consolidated income. Previous services costs were not deferred and were counted into current profit and loss. Pursuant to the amendments of "IAS 19 Employee Benefits" and related regulations in "Accounting Standards for Business Enterprises No. 9 Employee Benefits", the Company comprehensively retrospectively adjusted and changed the benefits actuarial accounting policy in 2013.

On 30 June 2014 and 31 December 2013, the balances of estimated benefits of actuarial liabilities were RMB4,006,654,000 and RMB3,952,311,000 respectively.

On 30 June 2014 and 31 December 2013, the estimated liabilities structure was as follows:

Unit: RMB'000

Item	**30 June 2014** Amount	Percentage	31 December 2013 Amount	Percentage
Benefits actuarial liabilities	**4,006,654**	**86.91%**	3,952,311	84.62%
Pending litigations	**13,304**	**0.29%**	18,840	0.40%
Quality Assurance Fee of Products	**6,472**	**0.14%**	5,483	0.12%
Control of Environmental	**24,372**	**0.53%**	38,438	0.82%
Others	**39,407**	**0.85%**	34,698	0.74%
Reclassification: Non-current liabilities due within one year	**520,094**	**11.28%**	621,133	13.30%
Total	**4,610,303**	**100.00%**	4,670,903	100.00%

2. Analysis on the solvency

The index of major short-term solvency and capital structure of the Company are as follows:

Unit: RMB'000

Item	**30 June 2014 Amount**	31 December 2013 Amount
Current ratio *(time)*	**1.10**	1.10
Quick ratio *(time)*	**0.61**	0.60
Assets-liabilities ratio *(Parent Company)*	**56.05%**	54.78%
Assets-liabilities ratio *(consolidated)*	**83.35%**	82.95%

Item	**For the first half of the 2014 Amount**	For the first half of 2013 Amount
Profit before taxation	**5,283,368**	4,747,254
Interest coverage	**2.51**	2.02

As at 30 June 2014, the assets-liabilities ratio of the statements of the Company (Parent Company) was 56.05%, while the assets-liabilities ratio of the consolidated statements was 83.35%.

(1) Index of assets liquidity is basically flat with last year

As at 30 June 2014 and 31 December 2013, the current ratios of the Company were 1.10 and 1.10 respectively, which were basically flat with last year. The quick ratios were 0.61 and 0.60 respectively, representing a slight increase as compared with last year.

(2) Interest coverage increased year on year

In the first half of 2014 and the first half of 2013, the interest coverage of the Company were 2.51 and 2.02, representing a year-on-year increase of 0.49 time, which means the solvency of the Company improved to some extents.

(3) Current liabilities structure with a high proportion of purchase deposits from customers

As at 30 June 2014 and 31 December 2013, the Company's balance of purchase deposits from customers were RMB34,350,121,000 and RMB35,311,169,000, accounting for 12.33% and 13.18% of the total liabilities. The purchase deposits from customers were mainly composed of advance payments from owners of engineering and construction projects, advances on raw materials purchases, settled outstanding payment and advanced housing sales receipt. Compared with other liability items, such purchase deposits from customers will not generate cash outflow in the future and will not incur liquidity risk to the Company.

(4) Smooth financing channels

The Company has long-term business relationships with several financial institutions including the large-scale commercial banks and policy banks at home and abroad. The Company has good credit records and high credit facility lines, indicating that the financing channels of the Company are smooth.

The Company will also adopt the following measures to improve the short-term solvency and safety of financial structure: arrange the use of fund reasonably to improve the management and efficiency of fund operation; accelerate the fund recovery, so as to continuously improve the cash flows of operating activities; unceasingly enhance the standards of operation and management, and thoroughly implement the measures on cost reduction and efficiency improvement, with an aim to improving the capacity of accumulation in operation; further expand the external financing channels, covering the equity financing and long-term and short-term debt financing, in order to further optimize the capital structure and debt structure, and reduce the financing costs.

3. Analysis on the assets turnover

During the Reporting Period, the major index of assets turnover are set out in the table below:

Unit: time/year

Item	**For the first half of 2014**	For the first half of 2013
Total assets turnover	**0.29**	0.28
Accounts receivable turnover	**1.58**	1.70
Inventory turnover	**0.76**	0.70

(1) Total assets turnover

In the first half of 2014 and first half of 2013, the Company's total assets turnover were 0.29 time and 0.28 time respectively, representing a slight increase during the Reporting Period, which was mainly attributable to a higher growth of operating revenue as compared with the growth of total assets during the Reporting Period.

(2) Accounts receivable turnover

In the first half of 2014 and first half of 2013, the accounts receivable turnover of the Company were 1.58 times and 1.70 times respectively, representing a decrease of 0.12 time during the Reporting Period, mainly attributable to the settlement cycle of engineering and construction business and the changes in business mode.

(3) Inventory turnover

In the first half of 2014 and first half of 2013, the inventory turnover of the Company were 0.76 time and 0.70 time respectively, representing an increase of 0.06 time during the Reporting Period, which was mainly due to the fact that the year-on-year increase in the cost of main business of the Company improved the inventory turnover.

(III) ANALYSIS ON THE PROFITABILITY

1. Summary

In the first half of 2014, amid the ever-changing and complex economic environment, most design, R&D and construction enterprises under the Company's construction segment took proactive measures. Notwithstanding the excess capacity in the iron and steel industry and withering metallurgical engineering business, the Company still achieved stable development and good operation results.

In the first half of 2014, the total operating revenue of the Company was RMB96,166,552,000, representing a year-on-year increase of 5.50%. Among which, the growth rate of revenue from main business was 5.52%. The Company recorded a total profit of RMB3,177,613,000, representing a year-on-year increase of 32.54%. The net profit attributable to shareholders of the parent company was RMB1,809,335,000, representing a year-on-year increase of 22.22%. In the first half of 2014 and first half of 2013, the gross profit margin of the Company were 12.34% and 13.13%, respectively, representing a year-on-year decrease of 0.79 percentage point.

The major operation index of the Company for the first half of 2014 are as follows:

Unit: RMB'000

Item	**For the first half of 2014**	For the first half of 2013
Total operating revenue	**96,166,552**	91,153,210
Gross profit	**11,869,683**	11,967,354
Gross profit margin	**12.34%**	13.13%
Operating profit	**2,721,127**	1,998,936
Operating profit margin	**2.83%**	2.19%
Total profit	**3,177,613**	2,397,409
Net profit	**1,961,506**	1,357,305
Net profit margin	**2.04%**	1.49%
Net profit attributable to owners of the Parent Company	**1,809,335**	1,480,411

2. Analysis on the operating revenue

(1) Composition of the operating revenue

The Company is mainly engaged in engineering and construction, equipment manufacturing, resources development, property development and other businesses. Details of the operation revenue and the composition are set out as follows:

Unit: RMB'000

Item		For the first half of 2014	For the first half of 2013
Engineering and construction	Revenue	**80,747,409**	75,619,715
	Proportion	**82.68%**	81.92%
Equipment manufacturing	Revenue	**4,215,599**	4,562,878
	Proportion	**4.32%**	4.94%
Resources development	Revenue	**1,940,565**	1,364,295
	Proportion	**1.99%**	1.48%
Property development	Revenue	**9,283,858**	9,411,465
	Proportion	**9.51%**	10.20%
Other businesses	Revenue	**1,469,568**	1,348,385
	Proportion	**1.50%**	1.46%
Elimination of inter-segment transactions	Revenue	**–1,490,447**	–1,153,528
Total	Revenue	**96,166,552**	91,153,210

Note: The revenue of each segment is before elimination of inter-segment transactions. The proportion of revenue of each segment is based on the total revenue before elimination of inter-segment transactions.

From the perspective of revenue composition of each segment, engineering and construction accounted for 82.68% of the total revenue, representing an increase of 0.76 percentage point as compared with the same period last year; Equipment manufacturing accounted for 4.32% of the total revenue, representing a decrease of 0.62 percentage point as compared with the same period last year; Resources development accounted for 1.99% of the total revenue, representing an increase of 0.51 percentage point as compared with the same period last year; Property development accounted for 9.51% of the total revenue, representing a decrease of 0.69 percentage point as compared with the same period last year.

(2) *Increase or decrease in operating revenue*

Unit: RMB'000

	For the first half of 2014		For the first half of 2013	
Item	**Amount**	**Increase**	Amount	Increase
Engineering and construction	**80,747,409**	**6.78%**	75,619,715	–14.76%
Equipment manufacturing	**4,215,599**	**–7.61%**	4,562,878	–25.21%
Resources development	**1,940,565**	**42.24%**	1,364,295	–63.77%
Property development	**9,283,858**	**–1.36%**	9,411,465	29.92%
Other businesses	**1,469,568**	**8.99%**	1,348,385	–51.43%
Less: Elimination of inter-segment transactions	**–1,490,447**		–1,153,528	
Sub-total	**96,166,552**	**5.50%**	91,153,210	–14.82%

In recent years, in order to maintain a sound and sustainable financial structure, the Company not only balanced scale and quality, but also valued the transformation of development mode and improvement in development quality. The operating revenue from engineering and construction increased by 6.78% year-on-year. The operating revenue from equipment manufacturing decreased by 7.61% year on year, mainly due to the fact that CERI (Yingkou) Equipment Development and Manufacturing Co., Ltd. (中冶京誠(營口)裝備技術有限公司), the former subsidiary, was no longer within the consolidation scope following the restructuring. The operating revenue from resources development increased by 42.24% year on year, mainly attributable to the improvement in both the sales volume and prices of polysilicon, as well as the stable production of Ramu Nico Project and the prices rise in nickel. The property development decreased by 1.36% year on year, mainly due to the fact that the Company controlled the investment in real estate under the impact of macro economy and that the development cycle of projects are different.

The Company believes that besides consolidating the leading position in metallurgical engineering and construction field, and leveraging the strength in metallurgical technology, the long-term development strategy of the Company lies in adjustment and improvement in business structure. As for the main business of engineering and construction and property development, the Company will further refine the structure of the main business, adjust the operation mode, and enhance the risk prevention as well as the comprehensive competitiveness.

3. Revenue classified according to regions

Unit: RMB'000

Operating revenue		**For the first half of 2014**	For the first half of 2013
China	Revenue	**88,189,598**	86,137,492
	Proportion	**91.71%**	94.50%
Outside China	Revenue	**7,976,954**	5,015,718
	Proportion	**8.29%**	5.50%
Total	Revenue	**96,166,552**	91,153,210
	Proportion	**100.00%**	100.00%

In the first half of 2014 and first half of 2013, the Company's revenue from outside China were RMB7,976,954,000 and RMB5,015,718,000 respectively, mainly from the engineering and construction business such as the university town project in Kuwait, the property development business in Singapore and the resources development business including Ramu Nico Project in Papua New Guinea and Saindak Copper-Gold Mine in Pakistan.

4. Analysis on profitability of main business segment

(1) Engineering and Construction Business

Engineering and construction business is the traditional core business of the Company, and serves as the main source of revenue and profit of the Company, the revenue, cost and gross profit of such business are as follows:

Unit: RMB'000

Item	For the first half of 2014	For the first half of 2013
Operating revenue	**80,747,409**	75,619,715
Operating cost	**71,236,504**	66,066,318
Gross profit	**9,510,905**	9,553,397
Gross profit margin	**11.78%**	12.63%

Note: The figures of operating revenue and cost are presented before elimination of inter-segment transactions.

In respect of the profitability, the engineering and construction business recorded a gross profit of RMB9,510,905,000, representing a year-on-year decrease of 0.44%. For the first half of 2014 and first half of 2013, the gross profit margin of engineering and construction business were 11.78% and 12.63% respectively, representing a year-on-year decrease of 0.85 percentage point.

In respect of operating structure, under the impact of adjustment in the domestic iron and steel industry, the revenue from metallurgical engineering and construction business accounted for a less proportion in the engineering segment, decreased from 41.78% in the first half of 2013 to 41.64% in the first half of 2014.

(2) Equipment manufacturing business

The equipment manufacturing business of the Company mainly includes the manufacturing and sales of metallurgical equipment, steel structures and other metal products. The revenue, costs and gross profit of equipment manufacturing business are as follows:

Unit: RMB'000

Item	**For the first half of 2014**	For the first half of 2013
Operating revenue	**4,215,599**	4,562,878
Operating cost	**3,764,508**	4,097,568
Gross profit	**451,091**	465,310
Gross profit margin	**10.70%**	10.20%

Note: The figures of operating revenue and cost are presented before elimination of inter-segment transactions.

In the first half of 2014, the equipment manufacturing business of the Company recorded a gross profit of RMB451,091,000, representing a year-on-year decrease of 3.06%. For the first half of 2014 and first half of 2013, the gross profit margin of the equipment manufacturing business were 10.70% and 10.20% respectively.

(3) Resources Development Business

The resources development business of the Company includes the mining and smelting of copper, zinc and nickel and other metals as well as the production and processing of polysilicon. The subsidiaries engaged in mining include MCC Tongsin Resources Ltd. and MCC-JJJ Mining Development Company Limited, while the subsidiary engaged in processing of polysilicon is Luoyang China Silicon Hi-tech Corporation. During the Reporting Period, the revenue from mining business was mainly from resources development projects such as Saindak Copper-Gold Mine in Pakistan, Ramu Nico Project and Iron Ore Project in Argentina.

During the Reporting Period, the revenue, cost and gross profit of resources development business of the Company are as follows:

Unit: RMB'000

Item	**For the first half of 2014**	For the first half of 2013
Operating revenue	**1,940,565**	1,364,295
Operating cost	**1,657,874**	1,137,634
Gross profit	**282,691**	226,661
Gross profit margin	**14.57%**	16.61%

Note: The figures of operating revenue and cost are presented before elimination of inter-segment transactions.

The Company's resources development business recorded a gross profit of RMB282,691,000, representing a year-on-year increase of 24.72%. For the first half of 2014 and first half of 2013, the gross profit margin of the resources development business were 14.57% and 16.61% respectively.

(4) Property Development Business

The property development business of the Company mainly includes the commercial property, commercial residential building, welfare housing, primary land development and relevant property management.

The revenue, cost and gross profit of property development business are as follows:

Unit: RMB'000

Item	For the first half of 2014	For the first half of 2013
Operating revenue	**9,283,858**	9,411,465
Operating cost	**7,765,225**	7,698,176
Gross profit	**1,518,633**	1,713,289
Gross profit margin	**16.36%**	18.20%

Note: The figures of operating revenue and cost are presented before elimination of inter-segment transactions.

In the first half of 2014, the property development business of the Company recorded a gross profit of RMB1,518,633,000, representing a year-on-year decrease of 11.36%. For the first half of 2014 and first half of 2013, the gross profit margin of the property development business were 16.36% and 18.20%, respectively.

5. Major suppliers and clients

During the Reporting Period, purchase amounts of goods from the top five suppliers of the Company accounted for no more than 10% of operating costs. During the same period, operating revenue from the top five suppliers of the Company accounted for no more than 10% of total operating revenue of the Company.

6. Operation condition and results analysis of major wholly-owned and non-wholly owned subsidiaries of the Company

The net profits of certain subsidiaries of the Company had significant impact on the net profit of consolidated statements; primary information of which is as follows:

Unit: RMB'000

Name of subsidiary	Total assets	Ownership interest	Gross revenue	Net profit
MCC Real Estate Group Co., Ltd.	40,607,027	5,222,467	1,189,527	592,987
China MCC 5 Group Co., Ltd.	13,441,288	2,837,790	7,053,878	339,111
MCC TianGong Group Corporation Limited	14,961,323	3,033,839	8,157,647	325,079
China MCC 20 Group Co., Ltd	28,143,194	4,017,283	9,910,022	293,845
China Metallurgical Construction Engineering Group Co., Ltd.	10,449,483	1,897,394	5,470,046	214,043
Shanghai Baoye Group Corp., Ltd.	16,455,325	4,073,234	8,901,403	213,625
Central Research Institute of Building and Construction Co., Ltd., MCC Group	11,142,454	2,855,983	3,835,850	187,091
MCC-JJJ Mining Development Company Limited	12,387,665	1,092,564	757,995	–349,381

In addition, information of the aforementioned subsidiaries in respect of nature and scope of business and registered capital please refer to the relevant financial statements and its notes of the Company.

7. Major Items of Costs and Expenses

During the Reporting Period, the major components of costs and expenses of the Company and their changes are set out as below:

Unit: RMB'000

Item	**For the first half of 2014**	For the first half of 2013
Operating costs	**84,296,869**	79,185,856
Business tax and surcharges	**2,397,811**	2,571,614
Sales expenses	**689,284**	711,061
Administrative expenses	**3,871,026**	4,108,741
Financial costs	**1,632,237**	2,507,110
Assets impairment loss	**1,094,026**	596,588

(1) Operating costs

The operating costs of the Company primarily comprises material cost, subcontracting charges, labour cost, machinery and equipment fee and other indirect expenditures, among which material cost, subcontracting charges and labour cost constitute the major part of our operating costs.

In the first half of 2014 and the first half of 2013, the operating costs of the Company were RMB84,296,869,000 and RMB79,185,856,000 respectively, representing an increase of 6.45%. The growth in operating revenue was 5.50% during the period, which is slightly lower than that of operating costs.

(2) Business tax and surcharges

In the first half of 2014 and the first half of 2013, the business tax and surcharges of the Company were RMB2,397,811,000 and RMB2,571,614,000 respectively, representing a year-on-year decrease of 6.76%, which was mainly due to the significant decrease in land appreciation tax as compared to the same period of last year.

(3) Sales expenses

The sales expenses of the Company mainly consist of employee remuneration, transportation fee and advertising expense, etc. In the first half of 2014 and the first half of 2013, the sales expenses of the Company amounted to RMB689,284,000 and RMB711,061,000, respectively. In the first half of 2014 and the first half of 2013, the proportion taken by sales expenses in the operating revenue of the same period were 0.72% and 0.78%, respectively.

(4) Administrative expenses

The administrative expenses of the Company primarily comprise employee remuneration, research and development expenditure and office expense, etc. In the first half of 2014 and the first half of 2013, the administrative expenses of the Company amounted to RMB3,871,026,000 and RMB4,108,741,000 respectively, declining by 5.79% year on year. The proportion taken by administrative expenses in the operating revenue of the same period were 4.03% and 4.51%, respectively.

(5) Financial costs

The financial costs of the Company mainly comprise borrowing cost, exchange gain or loss, bank charges and other costs incurred in the normal course of business. In the first half of 2014 and the first half of 2013, the financial costs of the Company were RMB1,632,237,000 and RMB2,507,110,000 respectively, representing a year-on-year decrease of 34.90% while the proportion made up by them in the operating revenue were 1.70% and 2.75% respectively.

(6) Assets impairment loss

In the first half of 2014 and the first half of 2013, the provision made by the Company for assets impairment loss were RMB1,094,026,000 and RMB596,588,000 respectively, increasing by 83.38% year on year, which was mainly attributable to the provisions for inventory impairment made by subsidiaries in the period and the increase in bad debt provision for account receivable of the Company.

8. Analysis on other items in the income statement

(1) Income tax expense

The income tax of the Company is provided based on the taxable income generated in the PRC at the applicable rate. Taxations incurred in other regions are calculated at applicable rates in accordance with the existing laws, interpretations and practices promulgated in the countries/jurisdictions where the Company operates its business.

During the Reporting Period, the income tax expenses of the Company are as follows:

Unit: RMB'000

	In the first half of 2014		In the first half of 2013	
Item	**Amount**	**Increase**	Amount	Increase
Income tax expense	**1,216,107**	**16.92%**	1,040,104	–0.74%
Income tax expense/ gross profit	**38.27%**	**—**	43.38%	—

(2) Net profit attributable to the parent and minority interests

In the first half of 2014, the Company recorded net profit attributable to the parent of RMB1,809,335,000 (as shown in the table below), the significant increase over the same period of last year was primarily due to the year-on-year increase in total profit.

Unit: RMB'000

Item	**In the first half of 2014**	In the first half of 2013
Net profit	**1,961,506**	1,357,305
Including: Attributable to shareholders of the parent	**1,809,335**	1,480,411
Attributable to minority interests	**152,171**	–123,106
Profit/net profit attributable to shareholders of the parent	**92.24%**	109.07%

9. Analysis on extraordinary item

In the first half of 2014 and the first half of 2013, the amount of extraordinary items of the Company were RMB380,921,000 and RMB641,144,000 respectively, representing a decrease of 40.59% as compared to the same period of last year. The decrease was primarily due to the significant amount of gains from disposal of long-term equity investment recorded in the same period of last year.

10. Analysis on profit distribution

Pursuant to the Reply on the Queries of Profit Distribution for Preparation of Consolidated Accounting Report (Cai Kuai Han [2007]No.7) (《關於編製合併會計報告中利潤分配問題的請示的覆函》(財會函[2000]7號)) issued by the Ministry of Finance, when preparing the consolidated accounting statement of a company , the profit distribution shall be based on the distributable profit of the parent whereas the distributable profit in the consolidated accounting statement shall not the basis of the effective distributed profit. Pursuant to Accounting Standards for Business Enterprises No. 2 - Long-term Investment, the long-term investment in subsidiaries of the Company shall be measured at cost method in the preparation of the statement of the parent. Where the parent is a holding company, the investment income is recognised in the net profit of the parent when there are any dividends declared by subsidiaries.

The Company had undistributed profit of RMB6,585,181,000 at the beginning of 2014. The net profit attributable to the parent amounted to RMB1,809,335,000 in the first half of 2014 while the undistributed profit was RMB7,288,806,000 at the end of June 2014. The parent had undistributed profit of RMB1,181,626,000 at the beginning of 2014. In the first half of 2014, its net profit and distributed cash dividends were RMB-704,726,000 and RMB1,165,710,000 respectively while the distributable profit was RMB-688,810,000 at the end of June 2014.

(IV) CASH FLOW ANALYSIS

The cash flow of the Company is as follows:

Unit: RMB'000

Item	**In the first half of 2014**	In the first half of 2013
Net cash flows from operating activities	**–5,732,536**	–4,107,785
Net cash flows from investing activities	**–940,699**	1,552,080
Net cash flows from financing activities	**–1,113,595**	–6,947,466
Impact of changes in exchange rate on cash and cash equivalents	**53,256**	–77,716
Increase in cash and cash equivalents, net	**–7,733,574**	–9,580,887

1. Operating activities

In the first half of 2014 and the first half of 2013, the net cash flows from operating activities of the Company were RMB-5,732,536,000 and RMB-4,107,785,000, respectively. During the period and the corresponding period of last year, the cash inflow from operating activities of the Company mainly comprised cash received from sales of products and provision of services, which represented 96.57% and 98.20% of cash inflow from operating activities respectively.

The cash outflow from operating activities of the Company primarily comprised cash paid for procurement of goods and receipt of service, cash paid to and on behalf of employees as well as tax payments, which represented 78.19%, 7.33% and 5.65% of cash outflow from operating activities in the first half of 2014 respectively and represented 81.40%, 7.51% and 6.43% of cash outflow from operating activities in the first half of 2013 respectively.

2. Investing activities

The cash inflow from investing activities of the Company primarily consisted of recovered investment, income from investment and cash gained from disposal of assets which represented 4.49%, 2.71% and 65.49% of cash inflow from investing activities in the first half of 2014 respectively and represented 46.85%, 2.12% and 9.60% of cash inflow from investing activities in the first half of 2013 respectively. The cash outflow mainly comprised cash payments for acquisition of fixed assets, intangible assets and other long-term assets, which represented 82.62% and 96.37% of cash outflow from investing activities in the first half of 2014 and the first half of 2013, respectively.

In the first half of 2014 and the first half of 2013, the net cash flows from investing activities of the Company were RMB-940,699,000 and RMB1,552,080,000 respectively. The investing activities of the Company mainly comprised project contracting and real estate businesses.

3. Financing activities

The cash inflow from financing activities of the Company primarily consisted of cash received from borrowings, which represented 99.74% and 99.60% of cash inflow from financing activities in the first half of 2014 and the first half of 2013 respectively. The cash outflow from financing activities of the Company primarily comprised cash repayments for liabilities, distribution of dividends and profit, or cash payment for interest, which represented 91.71% and 6.27% of cash outflow from financing activities in the first half of 2014 and represented 92.93% and 6.85% of cash outflow from financing activities in the first half of 2013.

In the first half of 2014 and the first half of 2013, the net cash flows from financing activities of the Company were RMB-1,113,595,000 and RMB-6,947,466,000 respectively. The net cash outflow recorded in financing activities mainly due to the distribution of dividends and profit as well as cash payment for interest for the period.

IV. CONSOLIDATED AND COMPANY BALANCE SHEET

AT 30 JUNE 2014

(All amounts in RMB '000 unless otherwise stated)

Assets	**2014.06.30 Consolidated (Unaudited)**	2013.12.31 Consolidated (Audited)	**2014.06.30 Company (Unaudited)**	2013.12.31 Company (Audited)
Current Assets:				
Cash and bank balances	**28,038,785**	33,585,579	**4,693,790**	6,931,616
Held-for-trading financial assets	**36,317**	41,560	**—**	—
Notes receivable	**9,897,657**	11,141,096	**—**	19,700
Accounts receivable	**56,060,666**	52,597,630	**295,347**	702,073
Prepayments	**15,879,290**	15,037,010	**356,367**	338,273
Interest receivable	**26,401**	11,679	**5,020,630**	4,647,420
Dividends receivable	**101,778**	642	**1,770,084**	2,001,841
Other receivables	**20,465,554**	13,844,812	**26,036,862**	25,655,321
Inventories	**110,285,725**	107,930,551	**411,581**	309,860
Non-current assets due within one year	**3,901,326**	4,369,433	**2,089,950**	2,163,317
Other current assets	**1,720,032**	1,394,202	**688**	2,517
Total Current Assets	**246,413,531**	239,954,194	**40,675,299**	42,771,938

Assets	2014.06.30 Consolidated (Unaudited)	2013.12.31 Consolidated (Audited) (Restated)	2014.06.30 Company (Unaudited)	2013.12.31 Company (Audited) (Restated)
Non-current Assets:				
Available-for-sale financial assets	**1,437,619**	1,400,704	**231**	231
Held-to-maturity investments	**20**	20	**—**	—
Long-term receivables	**25,235,272**	20,342,364	**8,914,509**	8,865,711
Long-term equity investments	**5,155,469**	4,133,422	**69,307,452**	68,042,986
Investment properties	**2,068,977**	1,817,637	**109,728**	110,669
Fixed assets	**32,658,605**	33,382,887	**71,183**	71,534
Construction in progress	**2,605,053**	2,855,270	**—**	—
Materials for construction of fixed assets	**48,734**	48,386	**—**	—
Intangible assets	**15,099,196**	15,278,732	**14,923**	16,110
Goodwill	**258,209**	278,451	**—**	—
Long-term prepayments	**170,746**	176,881	**—**	—
Deferred tax assets	**2,974,706**	2,987,346	**—**	—
Other non-current assets	**218,766**	228,145	**—**	—
Total Non-current Assets	**87,931,372**	82,930,245	**78,418,026**	77,107,241
TOTAL ASSETS	**334,344,903**	322,884,439	**119,093,325**	119,879,179

Liabilities and shareholders' equity	**2014.06.30 Consolidated (Unaudited)**	2013.12.31 Consolidated (Audited)	**2014.06.30 Company (Unaudited)**	2013.12.31 Company (Audited)
Current Liabilities:				
Short-term borrowings	**50,674,542**	45,080,598	**18,737,926**	15,995,038
Notes payable	**12,163,055**	7,610,246	**—**	—
Accounts payable	**73,646,921**	70,186,463	**972,942**	942,816
Advances from customers	**34,350,121**	35,311,169	**270,270**	407,671
Employee benefits payable	**2,104,985**	1,960,291	**9,067**	9,458
Taxes payable	**6,653,913**	7,304,737	**46,227**	55,017
Interest payable	**1,238,822**	976,378	**1,124,203**	770,894
Dividends payable	**1,870,554**	798,649	**1,165,710**	—
Other payables	**19,829,495**	19,793,109	**8,080,348**	6,755,783
Non-current liabilities due within one year	**11,361,162**	11,096,007	**739,154**	564,154
Other current liabilities	**10,957,075**	18,927,212	**10,900,000**	18,900,000
Total Current Liabilities	**224,850,645**	219,044,859	**42,045,847**	44,400,831
Non-current Liabilities:				
Long-term borrowings	**23,612,364**	21,618,045	**6,985,999**	3,595,956
Bonds payable	**23,640,175**	20,606,063	**17,622,643**	17,574,737
Long-term payables	**372,844**	266,293	**78,980**	78,980
Special payables	**74,341**	42,720	**—**	—
Provisions	**4,090,209**	4,049,770	**22,810**	21,641
Deferred tax liabilities	**483,415**	562,091	**—**	—
Other non-current liabilities	**1,537,654**	1,629,379	**977**	1,138
Total Non-current Liabilities	**53,811,002**	48,774,361	**24,711,409**	21,272,452
TOTAL LIABILITIES	**278,661,647**	267,819,220	**66,757,256**	65,673,283

Liabilities and shareholders' equity	2014.06.30 Consolidated (Unaudited)	2013.12.31 Consolidated (Audited)	2014.06.30 Company (Unaudited)	2013.12.31 Company (Audited)
SHAREHOLDERS' EQUITY:				
Share capital	**19,110,000**	19,110,000	**19,110,000**	19,110,000
Capital reserve	**18,400,121**	18,613,482	**33,479,490**	33,478,864
Less: Treasury shares	**—**	—	**—**	—
Special reserve	**12,550**	12,550	**12,550**	12,550
Surplus reserve	**420,659**	420,659	**420,659**	420,659
Retained profits	**7,228,806**	6,585,181	**(688,810)**	1,181,626
Exchange fluctuation reserve	**(353,633)**	(200,572)	**2,180**	2,197
Total shareholders' equity attributable to equity holders of the Company	**44,818,503**	44,541,300	**52,336,069**	54,205,896
Non-controlling interests	**10,864,753**	10,523,919	**—**	—
TOTAL SHAREHOLDERS' EQUITY	**55,683,256**	55,065,219	**52,336,069**	54,205,896
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**334,344,903**	322,884,439	**119,093,325**	119,879,179

V. CONSOLIDATED AND COMPANY INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2014

(All amounts in RMB '000 unless otherwise stated)

Items	Six months ended 2014.06.30 Consolidated (Unaudited)	Six months ended 2013.06.30 Consolidated (Unaudited)	Six months ended 2014.06.30 Company (Unaudited)	Six months ended 2013.06.30 Company (Unaudited)
I. Total operating income	**96,166,552**	91,153,210	**707,956**	393,163
Including: Operating income	**96,166,552**	91,153,210	**707,956**	393,163
II. Total operating costs	**93,981,253**	89,680,970	**1,421,522**	1,244,058
Including: Operating costs	**84,296,869**	79,185,856	**706,465**	386,925
Business taxes and levies	**2,397,811**	2,571,614	**5,650**	—
Selling expenses	**689,284**	711,061	**—**	3,700
Administrative expenses	**3,871,026**	4,108,741	**74,672**	56,588
Finance costs	**1,632,237**	2,507,110	**605,834**	548,243
Impairment losses of assets	**1,094,026**	596,588	**28,901**	248,602
Add: Gains from changes in fair values	**(5,244)**	(1,838)	**—**	—
Investment income	**541,072**	528,534	**(40)**	—
Including: Income from investments in associates and joint ventures	**(124,242)**	(860)	**(40)**	—
III. Operating profit	**2,721,127**	1,998,936	**(713,606)**	(850,895)
Add: Non-operating income	**561,177**	469,461	**3**	222
Less: Non-operating expenses	**104,691**	70,988	**24**	226
Including: Losses from disposal of non-current assets	**20,513**	12,446	**24**	226
IV. Total profit	**3,177,613**	2,397,409	**(713,627)**	(850,899)
Less: Income tax expenses	**1,216,107**	1,040,104	**(8,901)**	25,870

Items		Six months ended 2014.06.30 Consolidated (Unaudited)	Six months ended 2013.06.30 Consolidated (Unaudited)	Six months ended 2014.06.30 Company (Unaudited)	Six months ended 2013.06.30 Company (Unaudited)
V.	**Net profit**	**1,961,506**	1,357,305	**(704,726)**	(876,769)
	Net profit attributable to equity holders of the Company	**1,809,335**	1,480,411	**—**	—
	Profit or loss attributable to non-controlling interests	**152,171**	(123,106)	**—**	—
VI.	**Earnings per share:**				
	Basic earnings per share *(RMB per share)*	**0.09**		**0.08**	—
	Diluted earnings per share *(RMB per share)*	**—**	—	**—**	
VII.	**Other comprehensive income**	**(257,367)**	194,786	**609**	(49)
	(I) Items that will not be reclassified to profit or loss:				
	Remeasurement of defined benefit obligations	**(110,081)**	(1,123)	**626**	(29)
	(II) Items that may be reclassified subsequently to profit or loss:				
	Fair value gain (loss) on available-for-sale financial assets	**4,759**	(51,059)	**—**	—
	Exchange differences arising on translation of foreign operations	**(152,045)**	246,869	**(17)**	(20)
	Share of other comprehensive (expense) income of joint ventures and associates	**—**	99	**—**	—
VIII.	**Total comprehensive income:**	**1,704,139**	1,552,091	**(704,117)**	(876,818)
	Total comprehensive income attributable to equity holders of the Company	**1,555,099**	1,685,402	**—**	—
	Total comprehensive income attributable to non-controlling interests	**149,040**	(133,311)	**—**	—

VI. CONSOLIDATED AND COMPANY STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2014

(All amounts in RMB '000 unless otherwise stated)

Items	**Six months ended 2014.06.30 Consolidated (Unaudited)**	Six months ended 2013.06.30 **Consolidated** (Unaudited)	**Six months ended 2014.06.30 Company (Unaudited)**	Six months ended 2013.06.30 **Company** (Unaudited)
I. Cash Flows from Operating Activities:				
Cash receipts from the sale of goods and the rendering of services	**91,970,346**	88,015,228	**846,707**	871,177
Receipts of tax refunds	**36,849**	181,291	**—**	27,504
Other cash receipts relating to operating activities	**3,230,164**	1,428,545	**83,500**	19,118
Sub-total of cash inflows from operating activities	**95,237,359**	89,625,064	**930,207**	917,799
Cash payments for goods purchased and services received	**78,949,874**	76,300,053	**588,443**	889,271
Cash payments to and on behalf of employees	**7,401,188**	7,037,355	**26,663**	26,380
Payments of various types of taxes	**5,707,070**	6,025,241	**23,188**	42,244
Other cash payments relating to operating activities	**8,911,763**	4,370,200	**79,243**	88,205
Sub-total of cash outflows from operating activities	**100,969,895**	93,732,849	**717,537**	1,046,100
Net Cash Flows from Operating Activities	**(5,732,536)**	(4,107,785)	**212,670**	(128,301)
II. Cash Flows from Investing Activities:				
Cash receipts from disposals and recovery of investments	**10,134**	1,363,581	**—**	—
Cash receipts from investment income	**6,117**	61,664	**469,025**	428,301
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets	**147,658**	279,463	**8**	64
Sub-total of cash inflows from investing activities and other business units	**—**	414,627	**—**	—
Other cash receipts relating to investing activities	**61,568**	790,906	**—**	—
Sub-total of cash inflows from investing activities	**225,477**	2,910,241	**469,033**	428,365
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	**963,515**	1,308,897	**4,132**	1,527
Cash payments to acquire investments	**40,621**	49,264	**1,032,748**	—
Other cash payments relating to investing activities	**162,040**	—	**393,569**	1,549,440
Sub-total of cash outflows from investing activities	**1,166,176**	1,358,161	**1,430,449**	1,550,967
Net Cash Flows from Investing Activities	**(940,699)**	1,552,080	**(961,416)**	(1,122,602)

Items	**Six months ended 2014.06.30 Consolidated (Unaudited)**	Six months ended 2013.06.30 **Consolidated** (Unaudited)	**Six months ended 2014.06.30 Company (Unaudited)**	Six months ended 2013.06.30 **Company** (Unaudited)
III. Cash Flows from Financing Activities:				
Cash receipts from capital contributions	**129,249**	3,167	**—**	—
Including: cash receipts from capital contributions from non-controlling interests of subsidiaries	**129,249**	3,167	**—**	—
Cash receipts from borrowings	**50,311,043**	49,400,417	**23,895,864**	24,198,980
Other cash receipts relating to financing activities	**—**	196,872	**19,700**	—
Sub-total of cash inflows from financing activities	**50,440,292**	49,600,456	**23,915,564**	24,198,980
Cash repayments of borrowings	**47,280,594**	52,547,462	**24,377,620**	26,355,365
Cash payments for distribution of dividends or profits or settlement of interest expenses	**3,232,584**	3,871,534	**1,052,719**	912,569
Including: payments for distribution of dividends or profits to non-controlling interests of subsidiaries	**141,753**	292,766	**—**	—
Other cash payments relating to financing activities	**1,040,709**	128,926	**31,873**	449,055
Sub-total of cash outflows from financing activities	**51,553,887**	56,547,922	**25,462,212**	27,716,989
Net Cash Flows from Financing Activities	**(1,113,595)**	(6,947,466)	**(1,546,648)**	(3,518,009)
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents	**53,256**	(77,716)	**30,068**	(34)
V. Net Decrease in Cash and Cash Equivalents	**(7,733,574)**	(9,580,887)	**(2,265,326)**	(4,768,946)
Add: Opening balance of Cash and Cash equivalents	**31,242,554**	32,084,175	**6,494,604**	9,211,104
VI. Closing Balance of Cash and Cash Equivalents	**23,508,980**	22,503,288	**4,229,278**	4,442,158

VII. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2014

(All amounts in RMB '000 unless otherwise stated)

	Six months ended 30 June 2014								
	Attributable to equity holders of the Group (Unaudited)								
Items	**Share capital**	**Capital reserve**	**Less: Treasury shares**	**Special reserve**	**Surplus reserve**	**Retained profits**	**Exchange fluctuation reserve**	**Non-controlling interests**	**Total shareholders' equity**
I. Closing balance of the preceding year	19,110,000	18,613,482	—	12,550	420,659	6,585,181	(200,572)	10,523,919	55,065,219
Changes in accounting policies	—	—	—	—	—	—	—	—	—
Corrections of prior period errors	—	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—	—
II. Opening balance of the period	19,110,000	18,613,482	—	12,550	420,659	6,585,181	(200,572)	10,523,919	55,065,219
III. Changes for the six months	—	(213,361)	—	—	—	643,625	(153,061)	340,834	618,037
(I) Net profit	—	—	—	—	—	1,809,335	—	152,171	1,961,506
(II) Other comprehensive income	—	(101,175)	—	—	—	—	(153,061)	(3,131)	(257,367)
Subtotal of (I) and (II)	—	(101,175)	—	—	—	1,809,335	(153,061)	149,040	1,704,139
(III) Shareholders' contributions and reduction in capital	—	(112,186)	—	—	—	—	—	263,301	151,115
1. Capital contribution from owners	—	—	—	—	—	—	—	159,487	159,487
2. Others	—	(112,186)	—	—	—	—	—	103,814	(8,372)
(IV) Profit distribution	—	—	—	—	—	(1,165,710)	—	(71,507)	(1,237,217)
1. Transfer to surplus reserve	—	—	—	—	—	—	—	—	—
2. Distributions to shareholders	—	—	—	—	—	(1,165,710)	—	(71,507)	(1,237,217)
3. Others	—	—	—	—	—	—	—	—	—
(V) Transfers within shareholders' equity	—	—	—	—	—	—	—	—	—
1. Capitalisation of capital reserve	—	—	—	—	—	—	—	—	—
2. Capitalisation of surplus reserve	—	—	—	—	—	—	—	—	—
3. Loss offset by surplus reserve	—	—	—	—	—	—	—	—	—
4. Others	—	—	—	—	—	—	—	—	—
(VI) Special reserve	—	—	—	—	—	—	—	—	—
1. Transfer to special reserve in the period	—	—	—	908,822	—	—	—	93,400	1,002,222
2. Amount utilised in the period	—	—	—	(908,822)	—	—	—	(93,400)	(1,002,222)
2. Amount utilised in the period	—	—	—	—	—	—	—	—	—
IV. Closing balance of the period	19,110,000	18,400,121	—	12,550	420,659	7,228,806	(353,633)	10,864,753	55,683,256

Items	Six months ended 30 June 2013 — Attributable to equity holders of the Group (Unaudited) Share capital	Capital reserve	Less: Treasury shares	Special reserve	Surplus reserve	Retained profits	Exchange fluctuation reserve	Non-controlling interests	Total shareholders' equity
I. Closing balance of the preceding year	19,110,000	18,384,045	—	12,550	289,366	3,735,610	(347,463)	11,650,479	52,834,587
Changes in accounting policies	—	—	—	—	—	—	—	—	—
Corrections of prior period errors	—	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—	—
II. Opening balance of the period	19,110,000	18,384,045	—	12,550	289,366	3,735,610	(347,463)	11,650,479	52,834,587
III. Changes for the six months	—	(51,015)	—	—	—	1,480,411	255,224	(532,847)	1,151,773
(I) Net profit	—	—	—	—	—	1,480,411	—	(123,106)	1,357,305
(II) Other comprehensive income	—	(50,233)	—	—	—	—	255,224	(10,205)	194,786
Subtotal of (I) and (II)	—	(50,233)	—	—	—	1,480,411	255,224	(133,311)	1,552,091
(III) Shareholders' contributions and reduction in capital	—	(782)	—	—	—	—	—	(301,756)	(302,538)
1. Capital contribution from owners	—	229	—	—	—	—	—	16,271	16,500
2. Others	—	(1,011)	—	—	—	—	—	(318,027)	(319,038)
(IV) Profit distribution	—	—	—	—	—	—	—	(97,780)	(97,780)
1. Transfer to surplus reserve	—	—	—	—	—	—	—	—	—
2. Distributions to shareholders	—	—	—	—	—	—	—	(97,780)	(97,780)
3. Others	—	—	—	—	—	—	—	—	—
(V) Transfers within shareholders' equity	—	—	—	—	—	—	—	—	—
1. Capitalisation of capital reserve	—	—	—	—	—	—	—	—	—
2. Capitalisation of surplus reserve	—	—	—	—	—	—	—	—	—
3. Loss offset by surplus reserve	—	—	—	—	—	—	—	—	—
4. Others	—	—	—	—	—	—	—	—	—
(VI) Special reserve	—	—	—	—	—	—	—	—	—
1. Transfer to special reserve in the period	—	—	—	841,744	—	—	—	83,651	925,395
2. Amount utilised in the period	—	—	—	(841,744)	—	—	—	(83,651)	(925,395)
IV. Closing balance of the period	19,110,000	18,333,030	—	12,550	289,366	5,216,021	(92,239)	11,117,632	53,986,360

VIII COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2014

(All amounts in RMB '000 unless otherwise stated)

	Six months ended 30 June 2014							
	Attributable to equity holders of the Company (Unaudited)							
Items	Share capital	Capital reserve	Less: Treasury shares	Special reserve	Surplus reserve	Retained profits	Exchange fluctuation reserve	Total shareholders' equity
I. Closing balance of the preceding year	19,110,000	33,478,864	—	12,550	420,659	1,181,626	2,197	54,205,896
Changes in accounting policies	—	—	—	—	—	—	—	—
Corrections of prior period errors	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—
II. Opening balance of the period	19,110,000	33,478,864	—	12,550	420,659	1,181,626	2,197	54,205,896
III. Changes for the six months	—	626	—	—	—	(1,870,436)	(17)	(1,870,453)
(I) Net profit	—	—	—	—	—	(704,726)	—	(704,726)
(II) Other comprehensive income	—	626	—	—	—	—	(17)	609
Subtotal of (I) and (II)	—	626	—	—	—	(704,726)	(17)	(704,117)
(III) Shareholders' contributions and reduction in capital	—	—	—	—	—	—	—	—
1. Capital contribution from owners	—	—	—	—	—	—	—	—
2. Others	—	—	—	—	—	—	—	—
(IV) Profit distribution	—	—	—	—	—	(1,165,710)	—	(1,165,710)
1. Transfer to surplus reserve	—	—	—	—	—	—	—	—
2. Distributions to shareholders	—	—	—	—	—	(1,165,710)	—	(1,165,710)
3. Others	—	—	—	—	—	—	—	—
(V) Transfers within shareholders' equity	—	—	—	—	—	—	—	—
1. Capitalisation of capital reserve	—	—	—	—	—	—	—	—
2. Capitalisation of surplus reserve	—	—	—	—	—	—	—	—
3. Loss offset by surplus reserve	—	—	—	—	—	—	—	—
4. Others	—	—	—	—	—	—	—	—
(VI) Special reserve	—	—	—	—	—	—	—	—
1. Transfer to special reserve in the period	—	—	—	—	—	—	—	—
2. Amount utilised in the period	—	—	—	—	—	—	—	—
IV. Closing balance of the period	19,110,000	33,479,490	—	12,550	420,659	(688,810)	2,180	52,336,069

Items	Share capital	Capital reserve	Less: Treasury shares	Special reserve	Surplus reserve	Retained profits	Exchange fluctuation reserve	Total shareholders' equity
	Six months ended 30 June 2013							
	Attributable to equity holders of the Group (Unaudited)							
I. Closing balance of the preceding year	19,110,000	33,478,893	—	12,550	289,366	(13,473,670)	2,159	39,419,298
Changes in accounting policies	—	—	—	—	—	—	—	—
Corrections of prior period errors	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—
II. Opening balance of the period	19,110,000	33,478,893	—	12,550	289,366	(13,473,670)	2,159	39,419,298
III. Changes for the six months	—	(29)	—	—	—	(876,769)	(20)	(876,818)
(I) Net profit	—	—	—	—	—	(876,769)	—	(876,769)
(II) Other comprehensive income	—	(29)	—	—	—	—	(20)	(49)
Subtotal of (I) and (II)	—	(29)	—	—	—	(876,769)	(20)	(876,818)
(III) Shareholders' contributions and reduction in capital	—	—	—	—	—	—	—	—
1. Capital contribution from owners	—	—	—	—	—	—	—	—
2. Others	—	—	—	—	—	—	—	—
(IV) Profit distribution	—	—	—	—	—	—	—	—
1. Transfer to surplus reserve	—	—	—	—	—	—	—	—
2. Distributions to shareholders	—	—	—	—	—	—	—	—
3. Others	—	—	—	—	—	—	—	—
(V) Transfers within shareholders' equity	—	—	—	—	—	—	—	—
1. Capitalisation of capital reserve	—	—	—	—	—	—	—	—
2. Capitalisation of surplus reserve	—	—	—	—	—	—	—	—
3. Loss offset by surplus reserve	—	—	—	—	—	—	—	—
4. Others	—	—	—	—	—	—	—	—
(VI) Special reserve	—	—	—	—	—	—	—	—
1. Transfer to special reserve in the period	—	—	—	—	—	—	—	—
2. Amount utilised in the period	—	—	—	—	—	—	—	—
IV. Closing balance of the period	19,110,000	33,478,864	—	12,550	289,366	(14,350,439)	2,139	38,542,480

IX. NOTES TO THE FINANCIAL STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2014

(All amounts in RMB '000 unless otherwise stated)

(I) BASIC CORPORATE INFORMATION

Metallurgical Corporation of China Ltd. (the "Company") was established as a joint stock limited liability company by China Metallurgical Group Corporation ("CMGC") and Baosteel Group Corporation ("BGC") as promoters on 1 December 2008 and was registered in Beijing in the People's Republic of China (the "PRC"). Upon the approval by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC (the "SASAC") of Guozi Reform [2008] 528 Approval for CMGC's Group Restructuring and Dual Listing in Domestic and Overseas Markets, issued on 10 August 2008. CMGC is the parent company of the Company and the SASAC is the ultimate controlling party of the Company. Upon establishment of the Company, the registered capital of the Company was RMB13 billion, representing 13 billion ordinary shares of RMB1.0 each. On 16 September 2009, the Company issued 3,500 million A shares of the Company to domestic investors and these A shares of the Company were listed on the Shanghai Stock Exchange on 21 September 2009, and 2,610 million H shares of the Company were issued and listed on the Main Board of The Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange") on 24 September 2009. During the course of the issue of A shares and H shares of the Company, CMGC and BGC have transferred 350 million domestic shares of the Company to National Council for State Security Fund ("NSSF") of the PRC and converted 261 million domestic shares into H shares and transferred to NSSF, among which 261 million H shares were offered for sale upon issuance of H shares of the Company. Upon completion of the public offering of A shares and H shares above, the total registered capital of the Company increased to RMB19,11 billion.

The Company and its subsidiaries (the "Group") are principally engaged in the following activities (Core Operations): engineering and construction, equipment manufacturing, resources development, and property development.

The Group provide services and products as follows: provision of engineering, construction and other related contracting services for metallurgical and non-metallurgical projects ("engineering and construction"); 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").

Duiring the reporting period, the Company did not have material changes on its shareholder structure and principal business activities.

(II) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Basis of preparation

The Group has adopted the Accounting Standards for Business Enterprises (the "CASBE") issued by the Ministry of Finance (the "MoF") and the implementation guidance, interpretations and other relevant provisions issued or revised subsequently by the MoF (collectively referred to as "ASBE"), including CAS 2 (revised), CAS 9 (revised), CAS 30 (revised), CAS 33 (revised), CAS 37 (revised), CAS 39, CAS 40 and CAS 41 issued or revised by MoF in 2014. Among them, CAS 9(revised) has been early adopted from 1 January 2013, and the other provisions issued or revised in 2014 have been early adopted from 1 January 2014 in these financial statements.

These financial statements have been prepared on a going concern basis.

According to Acceptance of Mainland Accounting and Auditing Standards and Mainland Audit Firms for Mainland Incorporated Companies Listed in Hong Kong and other Hong Kong Listing Rules Amendments issued by Hong Kong Stock Exchange in December 2010, also referring to the relevant provisions issued by the MoF and the China Securities Regulatory Commission (the "CSRC"), and approved by the general meeting of stockholders of the Company, from this fiscal year, the Company no longer provides the financial statements based on the CASBE and the International

Financial Reporting Standards (the "IFRS") separately to stockholders of A shares and H shares. Instead, the Company provides the financial statements based on the CASBE to all stockholders, taking the relevant disclosure standards of Hong Kong Companies Ordinance and Hong Kong Listing Rules into consideration.

The comparative financial data in these financial statements of the period from 1 January to 30 June 2013 and the year ended 31 December 2013 was prepared based on CASBE.

In addition, the Group has disclosed relevant financial information in accordance with Information Disclosure and Presentation Rules for Companies Offering Securities to the Public No. 15 - General Provisions on Financial Reporting (revised by CSRC in 2010).

2. Statement of compliance

These financial statements have been prepared in compliance with the CASBE to truly and completely reflect the consolidated and the Company's financial position as at 30 June 2014 and the consolidated and the Company's operating results and cash flows for the six months then ended.

3. Financial year

The Company has adopted the calendar year as its accounting year, i.e. from 1 January to 31 December.

4. Reporting currency

Renminbi ("RMB") is the currency of the primary economic environment in which the Company and its domestic subsidiaries operate. Therefore, the Company and its domestic subsidiaries choose RMB as their functional currency. The functional currency of the overseas subsidiaries of the Company is selected based on the primary economic environment where they operate. The Company adopts RMB to present its financial statements.

(III) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

	2014.06.30			2013.12.31		
	Foreign currency	**Exchange rate**	**RMB**	Foreign currency	Exchange rate	RMB
Cash						
RMB	**—**	**—**	**21,987**	—	—	20,101
USD	**588**	**6.1528**	**3,620**	622	6.0969	3,794
EUR	**52**	**8.3946**	**434**	72	8.4189	604
AUD	**7**	**5.8064**	**42**	11	5.4301	57
Others	**—**	**—**	**4,418**	—	—	6,997
			30,501			31,553
Bank deposits						
RMB	**—**	**—**	**15,324,430**	—	—	27,654,011
USD	**906,412**	**6.1528**	**5,576,969**	271,586	6.0969	1,655,834
EUR	**1,172**	**8.3946**	**9,838**	1,993	8.4189	16,781
AUD	**30,039**	**5.8064**	**174,420**	19,094	5.4301	103,683
Others	**—**	**—**	**869,869**	—	—	668,938
			21,955,526			30,099,247
Other cash and bank balances						
RMB	**—**	**—**	**5,483,610**	—	—	2,866,700
USD	**1,953**	**6.1528**	**12,016**	8,656	6.0969	52,778
EUR	**410**	**8.3946**	**3,445**	6,107	8.4189	51,418
AUD	**80,000**	**5.8064**	**464,512**	80,803	5.4301	438,769
Others	**—**	**—**	**89,175**	—	—	45,114
			6,052,758			3,454,779
			28,038,785			33,585,579

(III) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

2. Bills receivable

	2014.06.30	2013.12.31
Commercial acceptance bills	**1,192,311**	1,525,209
Bank acceptance bills	**8,705,346**	9,615,887
	9,897,657	11,141,096

3. Accounts receivable

	2014.6.30	2013.12.31
Accounts receivable	**62,612,825**	58,699,487
Less: Provision for bad debts	**6,552,159**	6,101,857
	56,060,666	52,597,630

(1) Aging analysis of accounts receivable were as follows:

	2014.06.30	2013.12.31
Within 1 year	**39,712,568**	37,182,310
1 to 2 years	**12,178,438**	12,658,595
2 to 3 years	**5,445,709**	4,768,738
3 to 4 years	**2,492,271**	1,862,701
4 to 5 years	**1,379,375**	973,040
Over 5 years	**1,404,464**	1,254,103
	62,612,825	58,699,487

3. Accounts receivable *(Continued)*

(2) Accounts receivable analysed by category were as follows:

Category	2014.06.30				201312.31			
	Book value		Provision for bad debts		Book value		Provision for bad debts	
	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)
Individually significant and subject to provision individually	**1,364,304**	**2.18**	**422,948**	**31.00**	402,174	0.68	147,944	36.79
Subject to provision by groups								
Group 1	**42,725,624**	**68.24**	**5,726,736**	**13.40**	40,520,065	69.03	5,539,270	13.67
Group 2	**17,962,261**	**28.68**	**–**	**–**	17,233,875	29.36	–	–
Accounts receivable which are individually insignificant but subject to provision individually	**560,636**	**0.90**	**402,475**	**71.79**	543,373	0.93	414,643	76.31
Total	**62,612,825**	**100.00**	**6,552,159**		58,699,487	100.00	6,101,857	

4. Other receivables

	2014.06.30	2013.12.31
Guarantee deposits	**14,694,246**	10,092,902
Loan receivables from related parties and third parties	**2,044,896**	1,882,856
Advance to employees	**773,074**	493,778
Receivables on disposal of investments	**2,538,900**	427,390
Others	**2,090,181**	2,499,610
	22,141,297	15,396,536
Less: Impairment loss	**1,675,743**	1,551,724
	20,465,554	13,844,812

4. Other receivables *(Continued)*

(1) Aging analysis of other receivables were as follows:

	2014.06.30	2013.12.31
Within 1 year	**15,422,156**	8,740,050
1 to 2 years	**2,773,806**	2,531,078
2 to 3 years	**1,399,381**	1,402,163
3 to 4 years	**892,350**	768,820
4 to 5 years	**534,542**	932,379
Over 5 years	**1,099,062**	1,022,046
	22,141,297	15,396,536

(2) Other receivables analysed by category were as follows

	2014.06.30				201312.31			
	Book value		**Provision for bad debts**		Book value		Provision for bad debts	
	Amount	**Ratio (%)**	**Amount**	**Impairment ratio (%)**	Amount	Ratio (%)	Amount	Impairment ratio (%)
Individually significant and subject to provision individually	**229,332**	**1.04**	**114,666**	**50.00**	170,297	1.11	30,577	17.96
Subject to provision by groups								
Group 1	**4,941,445**	**22.32**	**1,341,507**	**27.15**	4,850,454	31.50	1,312,056	27.05
Group 2	**16,724,659**	**75.54**	**–**	**–**	10,141,725	65.87	–	–
Other receivables which are individually insignificant but subject to provision individually	**245,861**	**1.10**	**219,570**	**89.31**	234,060	1.52	209,091	89.33
	22,141,297	**100.00**	**1,675,743**		15,396,536	100.00	1,551,724	

5. Prepayments

(1) Aging analysis of prepayments was as follows:

	2014.06.30		2013.12.31	
	Amount	**As a percentage of total prepayments** *(%)*	Amount	As a percentage of total prepayments *(%)*
Within 1 year	**10,508,701**	**66.18**	10,336,383	68.74
1 to 2 years	**3,067,790**	**19.32**	2,398,220	15.95
2 to 3 years	**1,150,848**	**7.25**	1,248,618	8.30
Over 3 years	**1,151,951**	**7.25**	1,053,789	7.01
	15,879,290	**100.00**	15,037,010	100.00

6. Inventories

(1) Categories

	2014.06.30			2013.12.31		
	Book value	**Provision for impairment**	**Carrying amount**	Book value	Provision for impairment	Carrying amount
Raw materials	**3,438,155**	**98,075**	**3,340,080**	2,858,300	94,421	2,763,879
Materials procurement	**324,779**	**–**	**324,779**	398,345	–	398,345
Outsourced processing materials	**185,795**	**–**	**185,795**	162,877	–	162,877
Work in progress	**2,617,586**	**12,046**	**2,605,540**	2,210,096	20,691	2,189,405
Finished goods	**2,782,981**	**194,852**	**2,588,129**	2,635,911	197,024	2,438,887
Other materials	**580,371**	**2,097**	**578,274**	578,706	2,097	576,609
Amounts due from customers for contract work	**41,798,896**	**691,989**	**41,106,907**	34,492,686	497,368	33,995,318
Properties under development *(i)*	**51,141,463**	**–**	**51,141,463**	55,963,099	–	55,963,099
Completed properties held for sale *(ii)*	**8,426,020**	**11,262**	**8,414,758**	9,453,394	11,262	9,442,132
	111,296,046	**1,010,321**	**110,285,725**	108,753,414	822,863	107,930,551

6. Inventories *(Continued)*

(2) Provision for impairment

			Decrease		
	2014.01.01	**Increase**	**Reversals**	**Write-offs**	**2014.06.30**
Raw materials	94,421	5,189	—	1,535	98,075
Work in progress	20,691	3,484	—	12,129	12,046
Finished goods	197,024	71,830	—	74,002	194,852
Other materials	2,097	—	—	—	2,097
Amount due from contract customers	497,368	210,430	—	15,809	691,989
Properties under development	—	4,900	—	4,900	—
Completed properties held for sale	11,262	—	—	—	11,262
	822,863	295,833	—	108,375	1,010,321

6. Inventories *(Continued)*

(3) Construction contracts

	2014.06.30	2013.12.31
Contract costs incurred to date and recognized profits less recognized losses	**765,830,121**	723,733,880
Less: progress billings	**736,395,042**	701,326,509
	29,435,079	22,407,371
At end of the period:		
Gross amount due from contract customers	**41,106,907**	33,995,318
Gross amount due to contract customers *(note V(30))*	**(11,671,828)**	(11,587,947)
	29,435,079	22,407,371

In 2012, MCC Mining (Western Australia) Pty Ltd ("Western Australia"), a wholly owned subsidiary of the Group, postponed the SINO Iron Project, due to the reason like extreme weather condition in Australia and other unpredictable reasons. The Group negotiated with China CITIC Group Limited ("CITIC Group", the parent company of CITIC Pacific Group) for the project delay and the contract price after cost overruns. CITIC Group signed the Third Supplementary EPC Agreement of SINO Iron Project in Western Australia on 30 December 2011 agreeing that the construction costs to complete the second main process line including trial run should be controlled to US$4.357 billion. The ultimate construction costs for the aforesaid project should be determined by an audit performed by an independent third party. Based on the consensus with CITIC Group above and the estimated total construction costs of the project, the Group had recognized contract loss of US$481 million (equivalent to approximately RMB3.035 billion) for the year ended 31 December 2012.

6. Inventories *(Continued)*

(3) Construction contracts *(Continued)*

Up to 31 December 2013, the first and the second production lines of the project were completed and put into operation. Western Australia, MCC and Sino Iron Pty Ltd. (a wholly owned subsidiary of CITIC Pacific Group) signed the Fourth Supplementary Agreement of SINO Iron Project in Western Australia dated 24 December 2013 for the hand over of the first and the second production lines of the project to CITIC Group at the end of 2013. As such, the construction, installation and trial running work set out in the EPC contract for the project entered into by Western Australia was completed. For the third to sixth production lines of the project, Western Australia, MCC and Northern Engineering & Technology Corporation, have entered into Project Management Service Agreement and Engineering Design and Equipment Procurement Management Technology Service Agreement, respectively, with CITIC Group for the provision of follow-up technology management services to CITIC Group. In addition, both MCC and CITIC Group have agreed to engage an independent third party to perform an audit of the total construction costs incurred for the project, the reasonableness of the construction costs incurred, the reasons of the project delay and the responsibility for the delay. Based on the final result of the audit, MCC and CITIC Group will make final settlement of the project.

Up to 30 June 2014, the consensus between MCC and CITIC Group for the construction costs previously agreed of US$4.357 billion remained unchanged. Based on the re-assessment of the project costs, the Group is of the view that the previous estimation of project construction costs made at the end of 2012 should not have any significant change. Hence, as at 30 June 2014, the Group did not make any adjustment on the provision for loss of the project recognized previously.

6. Inventories *(Continued)*

(3) Construction contracts *(Continued)*

Since the final project construction costs should be determined by the audit to be completed by an independent third party, the outcome of the audit is uncertain. After the completion of the audit mentioned above, the Group will actively follow up with CITIC Group for negotiation and discussion in reaching the final project construction costs and make appropriate accounting treatments accordingly.

7. Long-term receivables

	2014.06.30		2013.12.31	
	Amount	**Provision for bad debts**	Amount	Provision for bad debts
"Build-Transfer"project receivables	**26,633,787**	**51,260**	23,279,788	51,276
Retention money receivables	**231,701**	**20**	244,266	—
Receivables on disposal of equity investments	**251,427**	**—**	243,576	—
Others	**2,070,963**	**—**	995,443	—
	29,187,878	**51,280**	24,763,073	51,276
Less: Long term receivables due within one year	**3,901,326**	**—**	4,369,433	—
	25,286,552	**51,280**	20,393,640	51,276

8. Bills payable

	2014.06.30	2013.12.31
Commercial acceptance bills	**1,017,169**	955,917
Bank acceptance bills	**11,145,886**	6,654,329
	12,163,055	7,610,246

9. Accounts payable

	2014.06.30	2013.12.31
Project fees	**43,654,311**	40,566,634
Purchases	**16,586,863**	16,739,165
Design fees	**135,781**	157,515
Labour fees	**3,698,500**	3,842,863
Accrued accounts payable	**8,626,419**	7,991,941
Retention money	**357,454**	403,679
Others	**587,593**	484,666
	73,646,921	70,186,463

Aging analysis of accounts payable is set out below:

	2014.06.30	2013.12.31
Within 1 year	**53,607,782**	51,280,401
1 to 2 years	**11,261,155**	10,613,663
2 to 3 years	**4,613,811**	4,470,369
Over 3 years	**4,164,173**	3,822,030
	73,646,921	70,186,463

10. Receipts in advance

	2014.06.30	2013.12.31
Project fees	**11,271,325**	11,158,647
Sale proceeds	**10,068,432**	11,172,759
Design fees	**929,243**	989,321
Labour fees	**48,720**	47,571
Gross amount due to contract customers	**11,671,828**	11,587,947
Others	**360,573**	354,924
	34,350,121	35,311,169

11. Dividends payable

	2014.06.30	2013.12.31
The Company - 2013 dividends payable	**1,165,710**	—
including: payable to China Metallurgical Group Corporation *(b)*	**748,172**	—
other shareholders of the Company	**417,538**	—
Nanjing Hexi New City State-owned Asset Management Holdings (Group) Co., Ltd.	**174,300**	174,300
Panzhihua New Steel and Vanadium Ltd.	**129,385**	129,385
Luoyang Silicon Industry Group Co., Ltd.*(a)*	**105,364**	105,364
Others	**295,795**	389,600
	1,870,554	798,649

(a) In accordance with the resolution at the 2013 annual general meeting of shareholders on 27 June 2014, a final cash dividend of RMB0.61 (inclusive of tax) for every ten shares was approved after the appropriation to statutory surplus reserve, which amounted to RMB1,165,710,000. These dividends were paid in July 2014.

(b) The Company did not announce any dividends for the six months ended 30 June 2014. (Six months ended 30 June 2013: nil.)

(III) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

12. Operating income and operating costs

	2014.1.1-2014.06.30	2013.1.1-2013.06.30
Principal operating income	**95,733,176**	90,727,311
Other operating income	**433,376**	425,899
	96,166,552	91,153,210
Principal operating costs	**83,994,696**	78,872,517
Other operating costs	**302,173**	313,339
	84,296,869	79,185,856

(1) Principal operating income and principal operating costs

Classified by industries:

	2014.1.1-2014.06.30		2013.1.1-2013.06.30	
	Principal operating income	**Principal operating costs**	Principal operating income	Principal operating costs
Engineering and construction	**79,638,300**	**70,160,599**	74,636,819	65,227,054
Equipment manufacturing	**3,733,520**	**3,358,041**	4,161,652	3,739,058
Resources development	**1,842,730**	**1,580,091**	1,192,833	972,222
Property development	**9,188,698**	**7,677,214**	9,394,677	7,684,173
Others	**1,329,928**	**1,218,571**	1,341,330	1,250,010
	95,733,176	**83,994,696**	90,727,311	78,872,517

12. Operating income and operating costs *(Continued)*

(1) Principal operating income and principal operating costs *(Continued)*

Classified by geographic locations:

	2014.01.01-2014.06.30		2013.01.01-2013.06.30	
	Principal operating income	**Principal operating costs**	Principal operating income	Principal operating costs
China	**87,833,199**	**76,936,527**	85,740,694	74,272,564
Other countries/regions	**7,899,977**	**7,058,169**	4,986,617	4,599,953
	95,733,176	**83,994,696**	90,727,311	78,872,517

13. Business taxes and levies

	2014.01.01-2014.06.30	2013.01.01-2013.06.30	Basis of calculation
Business tax	**1,952,799**	1,966,222	3% and 5%
City construction and maintenance tax	**165,513**	167,299	1%, 5% and 7%
Education surcharges	**118,962**	108,919	3%
Land appreciation tax	**85,242**	231,278	30%~60%
Others	**75,295**	97,896	—
	2,397,811	2,571,614	

14. Selling expenses

	2014.01.01-2014.06.30	2013.01.01-2013.06.30
Packing charges	**1,400**	2,430
Employee compensation costs	**210,277**	191,591
Depreciation expenses	**5,476**	5,602
Travelling expenses	**57,249**	54,638
Office expenses	**96,995**	100,252
Transportation expenses	**133,188**	151,253
Advertising expenses	**110,174**	125,497
Others	**74,525**	79,798
	689,284	711,061

15. Administrative expenses

	2014.01.01-2014.06.30	2013.01.01-2013.06.30
Employee compensation costs	**1,740,401**	1,784,994
Depreciation expenses	**311,101**	499,500
Fuel and heating expenditures	**9,161**	10,520
Travelling expenses	**127,229**	133,857
Office expenses	**268,878**	337,492
Lease rentals	**50,842**	40,782
Research and development expenses	**663,664**	541,229
Repairs and maintenance expenses	**36,818**	45,226
Amortisation of intangible assets	**82,757**	84,762
Consulting expenses	**102,419**	84,718
Tax charges	**170,305**	177,502
Others	**307,451**	368,159
	3,871,026	4,108,741

16. Financial expenses

	2014.01.01-2014.06.30	2013.01.01-2013.06.30
Interest expenses	**3,368,235**	4,099,266
Less: Capitalized interests	**1,262,480**	1,749,421
Less: Interest income	**576,349**	756,394
Exchange (gains) losses	**(199,415)**	695,290
Bank charges	**201,271**	99,785
Others	**100,975**	118,584
	1,632,237	2,507,110

17. Investment income

	2014.01.01-2014.06.30	2013.01.01-2013.06.30
Investment income from holding available-for-sale financial assets*(a)*	**104,296**	32,529
Investment income on disposal of available-for-sale financial assets	**3,032**	—
Income from long-term equity investments under equity method *(b)*	**(124,242)**	(7,246)
Investment income on disposal of long-term equity investments	**552,132**	484,269
Investment income on disposal of held-for-trading financial assets	**16,615**	10,871
Others	**(10,761)**	8,111
	541,072	528,534

18. Impairment losses on assets

	2014.01.01-2014.06.30	2013.01.01-2013.06.30 (Restated)
Bad debt provision	**579,538**	362,813
Written-down of inventories *(note V(9)(b))*	**295,659**	195,566
Impairment on available-for-sale financial assets *(note V(11))*	**1,109**	346
Impairment on long-term equity investments *(note V(14)(c))*	**38,737**	100
Impairment on fixed assets *(note V(17)(a))*	**140,052**	13,524
Impairment on goodwill *(note V(21))*	**—**	143
Impairment on construction in progress *(note V(18)(b))*	**42,211**	—
Others	**(3,280)**	24,096
	1,094,026	596,588

19. Non-operating income

	2014.01.01-2014.06.30	2013.01.01-2013.06.30	Amount included in non-recurring profit or loss for the current period
Total gains on disposal of non-current assets	**26,459**	171,139	26,459
Including: Gains on disposal of fixed assets	**19,687**	156,839	19,687
Gains on disposal of intangible assets	**6,359**	13,960	6,359
Government grants *(a)*	**502,502**	247,350	502,502
Gains on debt restructuring	**2,023**	1,376	2,023
Approved unpayable balances	**7,340**	6,523	7,340
Income from penalty	**2,730**	24,660	2,730
Gains on inventory taking	**—**	90	—
Others	**20,123**	18,323	20,123
	561,177	469,461	561,177

(a) Details of government grants

	2014.01.01-2014.06.30	2013.01.01-2013.06.30
Refund of land use right fees	**2,426**	8,466
Tax refunds	**36,849**	60,788
Interest subsidies from local finance	**1,315**	5,371
Research subsidies	**35,936**	33,922
Support funds from local finance	**79,142**	78,482
Others	**346,834**	60,321
	502,502	247,350

20. Non-operating expenses

	2014.01.01-2014.06.30	2013.01.01-2013.06.30	Amount included in non-recurring profit or loss for the current period
Losses on disposal of non-current assets	**20,513**	12,446	20,513
Including: Losses on disposal of fixed assets	**16,529**	10,327	16,529
Losses on disposal of intangible assets	**3,982**	2,119	3,982
Losses on debt restructuring	**10,120**	3,691	10,120
Non-recurring losses	**54,560**	17,002	54,560
Fines and surcharges for overdue payments	**14,626**	8,732	14,626
Compensation and default payments	**2,419**	7,970	2,419
Losses on written-off of fixed assets	**1**	189	1
Others	**2,452**	20,958	2,452
	104,691	70,988	104,691

21. Income tax expense

	2014.01.01-2014.06.30	2013.01.01-2013.06.30
Current tax expense	**1,262,587**	1,111,559
Deferred tax	**(46,480)**	(71,455)
	1,216,107	1,040,104

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

21. Income tax expense *(Continued)*

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

Taxation of overseas companies within the Group has been calculated on the estimated assessable profit of these subsidiaries for the current period at the rates of taxation prevailing in the countries or jurisdictions in which these companies operate.

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

	2014.01.01-2014.06.30	2013.01.01-2013.06.30
Total profit/loss	**3,177,613**	2,397,409
Income tax expenses calculated at the statutory tax rate (25%)	**794,403**	599,352
Effect of difference between applicable tax rate and statutory tax rate	**(234,240)**	(132,613)
Tax losses and other temporary differences for which no deferred income tax assets were recognized and utilisation of previously unrecognized tax losses and other temporary differences	**540,196**	648,133
Income not subject to taxation	**(60,715)**	(57,119)
Expenses not deductible for tax purposes	**143,641**	93,750
Additional tax relief	**(29,717)**	(25,344)
Others	**62,539**	(86,055)
Income tax expense	**1,216,107**	1,040,104

22. Earnings per share

(1) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the current period.

	2014.01.01-2014.06.30	2013.01.01-2013.06.30
Profit attributable to owners of the Company	**1,809,335**	1,480,411
Weighted average number of ordinary shares in issue *(thousand)*	**19,110,000**	19,110,000
Basic earnings per share *(RMB)*	**0.09**	0.08
Including:		
Basic earnings per share calculated based on profit from continuing operations	**0.09**	0.08
Basic earnings per share calculated based on profit from discontinued operations	**—**	—

(2) Diluted earnings per share

The Company did not have any dilutive ordinary shares for the current period (Jan-Jun 2013: nil).

23. Other comprehensive income

	2014.01.01-2014.06.30	2013.01.01-2013.06.30
(1) Other comprehensive income not to be reclassified to profit or loss in subsequent periods	**—**	—
Remeasurement of defined benefit obligations	**(120,452)**	249
Less: Income tax effects on remeasurement of defined benefit obligations	**(10,371)**	1,372
Subtotal	**(110,081)**	(1,123)
(2) Other comprehensive income to be reclassified to profit or loss in subsequent periods		
Gains (losses) arising from available-for-sale financial assets	**9,156**	(68,079)
Amount included in other comprehensive income in the prior periods that is transferred to profit or loss for the period	**(2,810)**	—
Less: Income tax effects on available-for-sale financial assets	**1,587**	(17,020)
Subtotal	**4,759**	(51,059)

23. Other comprehensive income *(Continued)*

	2014.01.01-2014.06.30	2013.01.01-2013.06.30
Share of other comprehensive income of the investee accounted for using the equity method	**—**	99
Less: Income tax effects on the share of other comprehensive income of the investee accounted for using the equity method	**—**	—
Amount included in other comprehensive income in the prior periods that is transferred to profit or loss for the period	**—**	—
Subtotal	**—**	99
Exchange differences of financial statements, of which the function currencies are in foreign currencies	**(152,045)**	246,869
Less: Net amount transferred to profit or loss for the period on disposal of foreign operations	**—**	—
Subtotal	**(152,045)**	246,869
	(257,367)	194,786

(IV) SEGMENT INFORMATION

The management of the Group respectively took the performance evaluation of engineering and construction, equipment manufacturing, resources development and property development. Further evaluation of business performance of the sectors above in different geographical locations has also been made.

Transaction price amongst operating segments is set by reference to the price that would be charged by an unrelated third party in a comparable transaction. Indirect expenses are allocated among segments according to their sales proportion.

(IV) SEGMENT INFORMATION *(CONTINUED)*

(1) As at 30 June 2014 and for period then ended:

	Engineering and construction	Equipment manufacturing	Resources development	Property development	Others	Unallocated amounts	Elimination between segments	Total
Operating income	80,747,409	4,215,599	1,940,565	9,283,858	1,469,568	—	(1,490,447)	96,166,552
Including: Revenue from external customers	79,908,341	3,844,317	1,848,007	9,230,985	1,334,902	—	—	96,166,552
Revenue from inter-segments	839,068	371,282	92,558	52,873	134,666	—	(1,490,447)	—
Operating profit/(loss)	2,244,439	(191,988)	(577,824)	1,210,385	117,265	(74,672)	(6,478)	2,721,127
Including: Interest income	549,794	44,285	(155,685)	70,932	317,624	—	(250,601)	576,349
Interest expense	1,753,321	104,790	126,562	98,516	273,167	—	(250,601)	2,105,755
Investment income/(loss) from associates and joint ventures	(21,592)	(97,136)	—	(5,895)	381	—	—	(124,242)
Non-operating income	231,480	55,375	22,754	247,942	3,626	—	—	561,177
Non-operating expenses	91,930	3,687	6,812	1,957	305	—	—	104,691
Total profit/(loss)	2,383,989	(140,300)	(561,882)	1,456,370	120,586	(74,672)	(6,478)	3,177,613
Income tax expense	754,753	35,868	(9,841)	402,827	32,500	—	—	1,216,107
Net profit/(loss)	1,629,236	(176,168)	(552,041)	1,053,543	88,086	(74,672)	(6,478)	1,961,506
Segment assets	205,512,422	19,033,055	21,904,316	103,968,366	31,199,743	2,974,706	(50,247,705)	334,344,903
Including: Long-term equity investments in associates and joint ventures	3,457,020	—	—	1,694,635	3,814	—	—	5,155,469
Non-current assets	24,395,684	6,308,190	18,290,692	4,076,908	12,997,678	—	(7,785,397)	58,283,755
Segment liabilities	194,353,788	12,211,781	20,037,141	83,301,271	24,324,840	483,415	(56,050,589)	278,661,647
Assets impairment losses	897,154	25,784	233,074	(3,664)	(58,322)	—	—	1,094,026
Depreciation and amortization expenses	761,943	185,227	489,620	32,734	38,522	—	—	1,508,046
Non-cash expenses other than depreciation and amortization	873,291	10,569	190,863	(4,772)	(54,702)	—	—	1,015,249
Increase in other non-current assets other than long-term equity investments	752,653	39,630	355,521	122,475	38,470	—	—	1,308,749

(IV) SEGMENT INFORMATION *(CONTINUED)*

(2) As at 30 June 2013 and for the period then ended:

	Engineering and construction	Equipment manufacturing	Resources development	Property development	Others	Unallocated amounts	Elimination between segments	Total
Operating income	75,619,715	4,562,878	1,364,295	9,411,465	1,348,385	—	(1,153,528)	91,153,210
Including: Revenue from external customers	74,821,093	4,353,717	1,224,318	9,411,465	1,342,617	—	—	91,153,210
Revenue from inter-segments	798,622	209,161	139,977	—	5,768	—	(1,153,528)	—
Operating profit/(loss)	2,888,340	(350,509)	(1,454,602)	942,634	107,462	(50,637)	(83,752)	1,998,936
Including: Interest income	483,250	21,616	6,864	178,179	323,530	—	(257,045)	756,394
Interest expense	1,740,619	140,132	339,981	126,668	259,490	—	(257,045)	2,349,845
Investment income/(loss) from associates and joint ventures	3,476	—	—	(4,336)	—	—	—	(860)
Non-operating income	331,051	83,727	44,419	4,816	5,448	—	—	469,461
Non-operating expenses	60,189	3,755	293	6,627	124	—	—	70,988
Total profit/(loss)	3,159,202	(270,537)	(1,410,476)	940,823	112,786	(50,637)	(83,752)	2,397,409
Income tax expense	723,379	19,372	1,158	256,873	39,322	—	—	1,040,104
Net profit/(loss)	2,435,823	(289,909)	(1,411,634)	683,950	73,464	(50,637)	(83,752)	1,357,305
Segment assets	214,730,992	17,676,890	22,572,370	103,759,707	21,043,452	2,987,346	(59,886,318)	322,884,439
Including: Long-term equity investment in associates and joint ventures	3,459,577	—	—	673,845	—	—	—	4,133,422
Non-current assets	26,346,803	6,749,335	18,971,826	2,399,096	10,137,957	—	(6,405,206)	58,199,811
Segment liabilities	190,910,548	10,965,104	19,924,157	86,376,357	17,843,577	562,091	(58,762,614)	267,819,220
Assets impairment losses	411,665	49,883	207,593	(42,897)	(29,656)	—	—	596,588
Depreciation and amortization expenses	750,177	287,008	359,073	27,457	23,287	—	—	1,447,002
Non-cash expenses other than depreciation and amortization	392,265	49,883	207,593	(42,897)	(34,941)	—	—	571,903
Increase in other non-current assets other than long-term equity investments	786,976	319,642	293,886	28,249	37,099	—	—	1,465,852

(IV) SEGMENT INFORMATION *(CONTINUED)*

An analysis of revenue from external customers and non-current assets, other than financial assets and deferred tax assets, in the PRC and other countries/regions is analysed as follows:

Revenue from external customers	**2014.01.01-2014.06.30**	2013.01.01-2013.06.30
China	**88,189,598**	86,137,492
Other countries / regions	**7,976,954**	5,015,718
	96,166,552	91,153,210

Non-current assets	**2014.06.30**	2013.12.31
China	**43,472,937**	43,319,174
Other countries / regions	**14,810,818**	14,880,637
	58,283,755	58,199,811

X. SHARE CAPITAL

(I) CHANGES IN SHARE CAPITAL

1. Changes in Shares

As of 30 June 2014, 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	16,239,000,000
Total number of shares	19,110,000,000

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 316,730 Shareholders. Among which, 308,639 were holders of A Shares and 8,091 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 (Note 2)	–675,000	2,838,054,000	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)	–447,294	25,763,309	0.13%	0	0	Other
Minsheng Life Insurance Company Limited — Traditional Insurance Product (民生人壽保險股份有限公司 –傳統保險產品)	–2,000,000	24,480,155	0.13%	0	0	Other

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)	1,357,300	18,788,200	0.10%	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)	4,040,596	17,549,603	0.09%	0	0	Other
Li Gelan (李格蘭)	2,589,200	17,264,502	0.09%	0	0	Other
China Construction Bank Corporation — Bosera Yufu CSI 300 Index Fund (中國建設銀行股份有限公司 — 博時裕富滬深300指數證券投資基金)	16,599,644	16,599,644	0.09%	0	0	Other
China Petroleum Finance Co., Ltd. (中油財務有限責任公司)	0	16,537,948	0.09%	0	0	Other

Note 1: Figures in the table were extracted from the Company's register of Shareholders as at 30 June 2014.

Note 2: The H Shares held by HKSCC Nominees Limited are those held on behalf of its 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 (Note 2)	2,838,054,000	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)	25,763,309	A Shares
Minsheng Life Insurance Company Limited — Traditional insurance product (民生人壽保險股份有限公司 — 傳統保險產品)	24,480,155	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)	18,788,200	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)	17,549,603	A Shares
Li Gelan (李格蘭)	17,264,502	A Share
China Construction Bank Corporation — Bosera Yufu CSI 300 Index Fund (中國建設銀行股份有限公司 — 博時裕富滬深300指數證券投資基金)	16,599,644	A Share
China Petroleum Finance Co., Limited (中油財務有限責任公司)	16,537,948	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 2014.

Note 2: The H Shares held by HKSCC Nominees Limited are those held on behalf of its 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 2014, 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

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

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 2014, 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 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 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 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, 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 fully complied with the requirements set out in the Model Code during the Reporting Period.

XIV. SUBSEQUENT EVENTS

As at the date of the announcement, there was 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 has reviewed the unaudited interim financial results of the Group for the six months ended 30 June 2014. The Committee was of the opinion that the unaudited interim results for the six months ended 30 June 2014 were in compliance with the applicable accounting principles as well as laws and regulations and has been properly disclosed.

The consolidated and company balance sheet, consolidated and company income statement, consolidated and company statement of cash flows, consolidated statement of changes in equity, company statement of changes in equity and notes to the financial statements as presented in this announcement were extracted from the consolidated and company interim financial information of the Company for the six months ended 30 June 2014 which have been reviewed by the international auditor of the Company, Deloitte Touche Tohmatsu CPA LLP, 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 Company for the six months ended 30 June 2014 is expected to be available on the website of the Stock Exchange (http://www.hkex.com.hk) and the Company's website (http://www.mccchina.com) on or before 5 September 2014 for inspection by the Company's Shareholders.

XVII. DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

2013 AGM	the 2013 annual general meeting of the Company held on 27 June 2014
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 revised Corporate Governance Code as set out in Appendix 14 to the Hong Kong Listing Rules with effect from 1 April 2012
CSRC	the China Securities Regulatory Commission
Director(s)	the director(s) of the Company, including all executive, non-executive and independent non-executive Directors
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
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
independent Director or independent non-executive Director	a director who is independent of the Shareholders of the Company and is not an employee of the Company, has no material business connections or professional connections with the Company or its management and is responsible for exercising independent judgment over the Company's affairs
MCC, our Company, the Company	means Metallurgical Corporation of China Ltd.*, or Metallurgical Corporation of China Ltd.* and its subsidiaries. Metallurgical Corporation of China Ltd.* is 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 reorganisation
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Hong Kong Listing Rules
MCC Group, Parent	China Metallurgical Group Corporation
Parent Group	China Metallurgical Group Corporation and its subsidiaries (except MCC)
Renminbi or RMB	Renminbi, the lawful currency of the PRC
Reporting Period	from 1 January 2014 to 30 June 2014
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.*

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
dry metric ton	the mineral weight excluding moisture
EPC	commissioned by the owner to contract such project work as design, procurement, construction and trial operations pursuant to the contract and be responsible for the quality, safety, timely delivery and cost of the project
exploration	activity to prove the location, volume and quality of a mineral occurrence

design	application of engineering theories and techno-economic approaches, based on the prevailing technical standards, for conducting all-round design (including requisite non-standardised equipment design) and techno-economic analysis on newly constructed, expansion and reconstruction projects in respect of their technical process, land construction, civil works and environmental works; provision of design papers and blueprints as the basis for construction work
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
smelting	a pyro-metallurgical process of separating metal by fusion from those impurities with which it is chemically combined or physically mixed in ores

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

Beijing, the PRC
29 August 2014

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

* *For identification purpose only*