



中國冶金科工股份有限公司
METALLURGICAL CORPORATION OF CHINA LTD.*

(A joint stock limited company incorporated in the People's Republic of China with limited liability)
Stock Code: 1618

INTERIM REPORT
2011

* For identification purpose only

Contents



MCC is to develop itself into the world's top class enterprise with international competitiveness and become a large conglomerate primarily engaged in engineering and construction, equipment manufacturing, resources development and property development with diversified business across a number of industries and countries. In the next five years, MCC is sturdily determined to develop its principal business and targets to become an international predominant EPC corporation, a metallurgical engineering and construction contractor with the largest domestic market share, the largest overseas metallurgical engineering and construction contractor in the PRC, a metallurgical equipment manufacturer with intellectual property rights, a metal and mineral resources developer and a property and construction developer to step towards the target of strengthening and maximising its business.

President's Statement	2
Corporate Information	4
Company Profile	7
Financial Highlights	10
Changes in Share Capital and Particulars of Shareholders	14
Management Discussion and Analysis	22
Directors, Supervisors and Senior Management	43
Corporate Governance	54
Significant Events	57
Report on Review of Interim Financial Information	81
Unaudited Condensed Consolidated Balance Sheet	82
Unaudited Condensed Consolidated Income Statement	84
Unaudited Condensed Consolidated Statement of Comprehensive Income	85
Unaudited Condensed Consolidated Statement of Changes in Equity	86
Unaudited Condensed Consolidated Cash Flow Statement	88
Notes to the Unaudited Condensed Consolidated Interim Financial Information	90
Definitions and Glossary of Technical Terms	124

President's Statement



Shen Heting

President and
Executive Director

President's Statement

Dear Shareholders and Friends,

A nice greeting to you all!

First of all, I would like to express my most cordial regard and deepest gratitude to all investors and friends from all circles on behalf of all our staff, for their constant care and support of MCC.

In the first half of 2011, both China and the world witnessed an extraordinarily tumultuous and dynamic economic and social development. To address such scenario, MCC adhered to the scientific concept of development and embraced the goal of developing itself into the world's top class enterprise with international competitiveness. To this end, it abided by the business concept of "building a society of creditworthiness first and foremost and taking pride in achieving customer satisfaction" ("誠信社會為本、客戶滿意為榮"). What's more, it insisted in strengthening and perfecting its core businesses through restructuring, whilst unleashing its business potential by exploring the traditional markets and opening up emerging and overseas markets. It fostered technical innovation for stronger competitiveness, quality services and close collaboration for a more harmonious customer relationship, and optimization of its corporate management for a sustainable development, thereby maintaining stability in both production and operation.

The value of newly signed contracts of MCC totaled RMB165,713 million for the first half of 2011, representing a year-on-year increase of 6.2%. Its operating revenue amounted to RMB105,838 million, representing a year-on-year increase of 19.12% while its profit before income tax amounted to RMB3,567 million, representing a year-on-year increase of 0.82%. MCC Group, which holds MCC as its core asset, moved up 18 places from 315th last year to 297th among the Fortune Global 500 companies most recently published.

MCC was conscientious in fulfilling its social responsibilities. It undertook to contribute to scientific development, aspiring to boost its capability in creating value on all fronts. It also undertook the obligation of environmental protection, sparing no efforts to facilitate a harmonious development between the society and the environment. In addition, it undertook staff development for joint development with its staff and performed its obligation as a global citizen by contributing to the development of a harmonious world.

2011 heralds the start of China's "Twelfth Five-Year Plan". It is also the first year for MCC to achieve development targets under its "Third Five-Year" Plan (「三五」規劃). Given the critical international political landscape and the policy of financial austerity in China, the completion of our tasks for the second half of the year will be integral to the sustainable, stable and sound development of MCC. MCC will stick to the concept of scientific development, with an emphasis on improving asset operation, lean management and market exploration whilst accelerating the shift of its development mode, deepening efforts in industry restructuring, risk control and technical innovation to further put MCC's scientific development on a solid footing.

Under the strong leadership of the Board, and with the continuous care and support of our investors and friends from all walks of life, MCC will prevail against all odds in the course of development and fulfill its targets set for the year in a confident, united and driven manner. Our goal is to provide Shareholders and the society with more attractive and comprehensive value so as to further contribute to a sustainable and synergistic development of the economy, the society and the environment.



Corporate Information

Corporate Information

Registered company name (in Chinese)	中國冶金科工股份有限公司
Abbreviation in Chinese	中國中冶
Company name (in English)	Metallurgical Corporation of China Ltd.*
Abbreviation in English	MCC
Legal representative of the Company	Shen Heting
Registered address	28 Shuguang Xili Chaoyang District Beijing
First registration date of the Company	1 December 2008
Business address in the PRC	MCC Tower 28 Shuguang Xili, Chaoyang District Beijing, PRC
Principal place of business in Hong Kong	Room 3205, 32/F Office Tower Convention Plaza 1 Harbour Road, Wanchai, Hong Kong
Website address of the Company	http://www.mccchina.com
E-mail	ir@mccchina.com
Joint company secretaries	Kang Chengye, Ma Sau Kuen Gloria
Contact address	MCC Tower 28 Shuguang Xili, Chaoyang District Beijing, PRC
Tel	86-10-59868666
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)

Corporate Information

H Share registrar and transfer office	Computershare Hong Kong Investor Services Limited
PRC auditor	PricewaterhouseCoopers Zhong Tian CPAs Limited Company
Office address of the PRC auditor	26/F, Office Tower A, Beijing Fortune Plaza 7 Dongsanhuan Zhonglu Chaoyang District, Beijing, PRC
International auditor	PricewaterhouseCoopers Certified Public Accountants
Office address of the international auditor	22/F, Prince's Building Central Hong Kong
PRC legal advisor	Beijing Jiayuan Law Firm
Office address of the PRC legal advisor	F407, Ocean Plaza 158 Fuxingmennei Avenue Beijing, PRC
Hong Kong legal advisor	Slaughter and May
Office address of the Hong Kong legal advisor	47/F, Jardine House One Connaught Place Central Hong Kong

* For identification purpose only

Company Profile

Company Profile

The Company was established by China Metallurgical Group Corporation and Baosteel Group Corporation as promoters on 1 December 2008 and was listed on the main boards of the Shanghai Stock Exchange and the Hong Kong Stock Exchange on 21 September and 24 September 2009 respectively.

The Company is a large conglomerate operating in various specialized fields, across different industries and in many countries, with engineering and construction, equipment manufacturing, resources development, and property development as our principal businesses. The Company has core competency in innovation and industrialization of technology and strong construction capabilities in metallurgical engineering. The Company is one of the largest engineering and construction companies in the PRC and even in the world. The Parent Group, which holds the Company as its core asset, ranked 297th among the 2011 Fortune Global 500 companies.

At present, the A Shares of the Company had been selected to be a constituent stock of, among others, the CSI 100 Index, SSE 180 Index, CSI 300 Index, SSE Corporate Governance Index and SSE 180 Corporate Governance Index, while the H Shares of the Company had been selected to be a constituent stock of, among others, the Hang Seng Conglomerate Index, Hang Seng China A Industry Top Index and Hang Seng China 50 Index.

As of 30 June 2011, the Company has 59 principal wholly-owned or non-wholly owned subsidiaries (二級全資及控股子公司) both in the PRC and abroad, which are detailed as follows:

Central Research Institute of Building and Construction Co., Ltd., MCC Group	MCC Minera Sierra Grande S.A
Beijing MCC Equipment Research & Design Corporation Ltd.	MCC-JJJ Mining Development Company Limited
Wuhan Research Institute of Metallurgical Construction, Co., Ltd.	Ramu NiCo Management (MCC) Limited
China Enfi Engineering Co., Ltd.	MCC Huludao Nonferrous Metals Group Co., Ltd.
MCC Capital Engineering & Research Incorporation Limited	MCC Xiangxi Mining Co., Ltd.
CISDI Engineering Co., Ltd.	MCC Real Estate Group Co., Ltd.
WISDRI Engineering & Research Incorporation Limited	MCC Finance Corporation Ltd.
Huatian Engineering & Technology Corporation, MCC	MCC Great Land United Consulting and Engineering Co., Ltd.
ACRE Coking & Refractory Engineering Consulting Corporation, MCC	MCC International Engineering Technology Co., Ltd.
Zhong Ye Chang Tian International Engineering Co., Ltd.	MCC Overseas Ltd.
Beris Group Corporation	China MCC International Economic and Trade Co., Ltd.

Company Profile

Northern Engineering & Technology Corporation, MCC	MCC (Guangxi) Mawu Expressway Construction & Development Co., Ltd.
CCTEC Engineering Co., Ltd.	MCC Tongsin Resources Ltd.
Shen Kan Engineering & Technology Corporation, MCC	MCC Australia Holding Pty Ltd.
Wuhan Surveying Geotechnical Research Institute Co., Ltd. of MCC	MCC Seawater Desalination Investment Co., Ltd. (中冶海水淡化投資有限公司)
Cheng Du Surveying Geotechnical Research Institute Co., Ltd. of MCC	MCC Holding (Hong Kong) Corporation Limited
China First Metallurgical Group Co., Ltd.	MCC-SFRE Heavy Industry Equipment Co., Ltd. (中冶陝壓重工設備有限公司)
China Second Metallurgical Group Corporation Limited	MCC Shaanxi Roll Co., Ltd. (中冶陝西軋輥有限公司)
China MCC 3 Group Co., Ltd.	Beijing Central Engineering and Research Incorporation of Iron & Steel Industry Ltd.
China MCC 5 Group Co., Ltd.	CISDI Group Corp. Ltd.* (中冶賽迪集團有限公司)
MCC TianGong Group Corporation Limited	Wuhan Iron and Steel Design & Research Incorporation Limited
China MCC 17 Group Co., Ltd.	MCC Maanshan I&S Design and Research Institute Co., Ltd.
China Metallurgical Construction Engineering Group Co., Ltd.*	Anshan Engineering & Research Incorporation of Metallurgical Industry
China MCC 19 Group Co., Ltd.	Anshan Coking and Refractory Engineering Consulting Corporation
China MCC 20 Group Co., Ltd.	Changsha Metallurgical Design & Research Institute Co., Ltd.
China 22 MCC Group Co., Ltd.	Shenyang Institute of Geotechnical Investigation Corporation MCC
Shanghai Baoye Group Corp., Ltd.	China 13th Metallurgical Construction Corporation
China Huaye Group Co., Ltd.*	
MCC Baosteel Technology Services Co., Ltd.	
MCC Hi-Tech Engineering Co., Ltd.	
MCC Communication Engineering Technology Co., Ltd.	
MCC Mining (Western Australia) Pty Ltd.	

* During the Reporting Period, the former China Metallurgical Construction Co., Ltd. acquired and merged with former China No. 18 Metallurgical Construction Co., Ltd. and changed its name to China Metallurgical Construction Engineering Group Co., Ltd.; China Huaye Group Co., Ltd. acquired and merged with former MCC Huaye Resources Development Co., Ltd.; the former Chongqing Iron and Steel Designing Institute Co., Ltd. changed its name to CISDI Group Corp. Ltd. (中冶賽迪集團有限公司).

Financial Highlights

Financial Highlights

1. OVERVIEW

The Company's financial position as at 30 June 2011 and the operating results for the six months ended 30 June 2011 are highlighted as follows:

- Revenue amounted to RMB105,838 million, representing a year-on-year increase of RMB16,988 million or 19.12% from RMB88,850 million for the same period of 2010.
- Profit amounted to RMB2,285 million, representing a year-on-year decrease of RMB238 million or 9.43% from RMB2,523 million for the same period 2010.
- Profit attributable to equity holders of the Company amounted to RMB1,969 million, representing a year-on-year decrease of RMB255 million or 11.47% from RMB2,224 million for the same period of 2010.
- Basic earnings per share amounted to RMB0.10, representing a decrease of RMB0.02 or 16.67% from RMB0.12 for the same period of 2010.
- As at 30 June 2011, the total assets amounted to RMB319,206 million, representing an increase of RMB30,985 million or 10.75% from RMB288,221 million as at 31 December 2010.
- As at 30 June 2011, the total equity amounted to RMB55,495 million, representing an increase of RMB1,983 million or 3.71% from RMB53,512 million as at 31 December 2010.
- Newly-signed contract value amounted to RMB165,713 million, representing an increase of 6.2% over the same period of 2010, including USD1,389 million of newly-signed overseas contracts.

Financial Highlights

2. REVENUE FROM PRINCIPAL BUSINESS SEGMENTS

During the Reporting Period, revenue from the principal business segments of the Company is as follows:

- **Engineering and construction business**
Segment revenue amounted to RMB82,458 million, representing an increase of RMB11,599 million or 16.37% from RMB70,859 million for the six months ended 30 June 2010.
- **Equipment manufacturing business**
Segment revenue amounted to RMB6,783 million, representing an increase of RMB2,165 million or 46.88% from RMB4,618 million for the six months ended 30 June 2010.
- **Resources development business**
Segment revenue amounted to RMB6,616 million, representing an increase of RMB2,289 million or 52.90% from RMB4,327 million for the six months ended 30 June 2010.
- **Property development business**
Segment revenue amounted to RMB8,642 million, representing an increase of RMB917 million or 11.87% from RMB7,725 million for the six months ended 30 June 2010.
- **Other businesses**
Segment revenue amounted to RMB3,130 million, representing a decrease of RMB106 million or 3.28% from RMB3,236 million for the six months ended 30 June 2010.

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

Financial Highlights

3. SUMMARY OF FINANCIAL STATEMENTS

Summary of financial statements prepared in accordance with IFRS

Unaudited Condensed Consolidated Income Statement

	For the six months ended 30 June	
	2011 RMB million	2010 (As restated) RMB million
Revenue	105,838	88,850
Cost of sales	(95,960)	(80,010)
Gross profit	9,878	8,840
Selling and marketing expenses	(844)	(594)
Administrative expenses	(4,855)	(3,790)
Other income	538	445
Other gains/(losses)-net	142	(153)
Other expenses	(121)	(110)
Operating profit	4,738	4,638
Finance income	585	282
Finance costs	(1,778)	(1,421)
Share of profits of associates	22	39
Profit before income tax	3,567	3,538
Income tax expense	(1,282)	(1,015)
Profit for the period	2,285	2,523
Attributable to:		
Equity holders of the Company	1,969	2,224
Non-controlling interests	316	299
	2,285	2,523
Earnings per share for profit attributable to equity holders of the Company		
— Basic earnings per share (RMB)	0.10	0.12
— Diluted earnings per share (RMB)	0.10	0.12
Dividends	—	—

Summary of Unaudited Condensed Consolidated Total Assets and Total Liabilities

	As at 30 June 2011 RMB million	As at 31 December 2010 RMB million
Total assets	319,206	288,221
Total liabilities	263,711	234,709
Net assets	55,495	53,512

Changes in Share Capital and Particulars Of Shareholders

Changes in Share Capital and Particulars Of Shareholders

1. CHANGES IN SHARE CAPITAL

(1) Changes in share

As of 30 June 2011, 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 total number of shares of the Company during the Reporting Period.

(2) Changes in shares subject to selling restrictions

There were no changes in the total number of shares of the Company subject to selling restrictions during the Reporting Period.

(3) Changes in total number of shares and share capital structure

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) Purchase, sale or redemption of the Company's listed securities

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

(6) Pre-emptive rights and share option arrangements

There are no mandatory provisions for pre-emptive rights under the Articles of Association. Subject to the Hong Kong Listing Rules and pursuant to the Articles of Association, the Company may increase its registered capital by issuing shares through public or non-public offering, issuing bonus 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 does not have any share option arrangements.

Changes in Share Capital and Particulars Of Shareholders

2. 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 359,744 Shareholders. Among which, 351,023 were A Share Shareholders and 8,721 were H Share Shareholders.

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 (%)	Number of shares subject to selling restrictions held	Status of shares pledged or frozen	Nature of Shareholder
China Metallurgical Group Corporation	0	12,265,108,500	64.18	12,265,108,500	Nil	State-owned legal person
HKSCC Nominees Limited ^(Note 2)	-14,574,000	2,840,107,000	14.86	0	Unknown	Others
Account no. 3 of the National Council for Social Security Fund of the PRC (全國社會保障基金理事會轉持三戶)	-3,500,000	346,500,000	1.81	346,500,000	Unknown	State
Baosteel Group Corporation	0	123,891,500	0.65	0	Unknown	State-owned legal person
PICC Property and Casualty Company Limited – traditional – general insurance products – 008C – CT001 Shanghai (中國人民財產保險股份有限公司 – 傳統 – 普通保險 產品 – 008C – CT001滬)	25,500,270	48,238,218	0.25	0	Unknown	Others
China Construction Bank Co., Ltd. – Changsheng Tongqing Separately Traded Equity Securities Investment Fund (中國建設銀行股份有限公司 – 長盛同慶可分離交易股票型證券投資基金)	42,362,111	42,362,111	0.22	0	Unknown	Others
ICBC – Guang Fa Large-cap Growth Mixed Securities Investment Fund (中國工商銀行 – 廣發大盤成長混合型證券投資基金)	33,000,000	33,000,000	0.17	0	Unknown	Others

Changes in Share Capital and Particulars Of Shareholders

Name of Shareholder	Change during the Reporting Period	Total number of shares held at the end of the period	Percentage (%)	Number of shares subject to selling restrictions held	Status of shares pledged or frozen	Nature of Shareholder
ICBC – China Universal Balanced Growth Securities Investment Fund (中國工商銀行 – 匯添富均衡增長股票型證券投資基金)	27,123,879	27,123,879	0.14	0	Unknown	Others
Bank of China – Harvest CSI 300 Index Securities Investment Fund (中國銀行 – 嘉實滬深300指數證券投資基金)	-2,261,900	25,664,416	0.13	0	Unknown	Others
China Life Insurance Company Limited – Traditional – Ordinary Insurance Product – 005L – CT001 Shanghai (中國人壽保險股份有限公司 – 傳統 – 普通保險產品 – 005L – CT001滬)	7,999,913	24,538,027	0.13	0	Unknown	Others

Note 1: Figures as shown in the table were extracted from the register of members of the Company as at 30 June 2011.

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

Changes in Share Capital and Particulars Of Shareholders

Particulars of top 10 holders of shares not subject to selling restrictions ^(Note 1)

Unit: Share

Name of Shareholder	Number of shares not subject to selling restrictions held	Type of shares
HKSCC Nominees Limited ^(Note 2)	2,840,107,000	H Shares
Baosteel Group Corporation	123,891,500	A Shares
PICC Property and Casualty Company Limited – traditional – general insurance products – 008C – CT001 Shanghai(中國人民財產保險股份有限公司 – 傳統 – 普通保險產品 – 008C – CT001滬)	48,238,218	A Shares
China Construction Bank Co., Ltd. – Changsheng Tongqing Separately Traded Equity Securities Investment Fund (中國建設銀行股份有限公司 – 長盛同慶可分離交易股票型證券投資基金)	42,362,111	A Shares
ICBC – Guang Fa Large-cap Growth Mixed Securities Investment Fund (中國工商銀行 – 廣發大盤成長混合型證券投資基金)	33,000,000	A Shares
ICBC – China Universal Balanced Growth Securities Investment Fund (中國工商銀行 – 匯添富均衡增長股票型證券投資基金)	27,123,879	A Shares
Bank of China – Harvest CSI 300 Index Securities Investment Fund (中國銀行 – 嘉實滬深300指數證券投資基金)	25,664,416	A Shares
China Life Insurance Company Limited – Traditional – Ordinary Insurance Product – 005L – CT001 Shanghai (中國人壽保險股份有限公司 – 傳統 – 普通保險產品 – 005L – CT001滬)	24,538,027	A Shares
China Construction Bank – China AMC Dividend Mixed Open-end Securities Fund (中國建設銀行 – 華夏紅利混合型開放式證券投資基金)	22,147,062	A Shares
Huaxia Growing Securities Investment Funds (華夏成長證券投資基金)	19,999,965	A Shares

Changes in Share Capital and Particulars Of Shareholders

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

Among the above Shareholders, save that China Construction Bank - China AMC Dividend Mixed Open-end Securities Fund and Huaxia Growing Securities Investment Funds are under the common management of China Asset Management Co., Ltd. (華夏基金管理有限公司), the Company is not aware of the existence of any connections or parties acting in concert with the aforesaid Shareholders.

Note 1: Figures as shown in the table were extracted from the register of members of the Company as at 30 June 2011.

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

Number of shares held by top 10 holders of shares subject to selling restrictions and information on the selling restrictions *(Note)*

Unit: Share

No.	Name of holder of shares subject to selling restrictions	Trading of shares subject to selling restrictions			Selling restrictions
		Number of shares subject to selling restrictions held	Date for trading	Number of new shares for trading	
1	China Metallurgical Group Corporation	12,265,108,500	21 September 2012	Nil	Subject to selling restrictions for a period of 36 months commencing from the A Share listing date
2	Account no. 3 of the National Council for Social Security Fund of the PRC (全國社會保障基金理事會轉持三戶)	346,500,000	21 September 2012	Nil	Subject to selling restrictions for a period of 36 months commencing from the A Share listing date

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: Figures as shown in the table were extracted from the register of members of the Company as at 30 June 2011.

Changes in Share Capital and Particulars Of Shareholders

(2) Controlling Shareholder and Ultimate Controlling Person

1. Controlling shareholder

The controlling shareholder of the Company is China Metallurgical Group Corporation, whose registered office is 28 Shuguang Xili, Chaoyang District, Beijing and its legal representative is Wang Weimin and its registered capital is RMB7,492,861,000.

The Parent 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 the Parent 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, the Parent 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, the Parent, as the controlling shareholder of the Company, mainly functions as a Shareholder of the Company, operates paper business and disposes of and liquidates its retained assets.

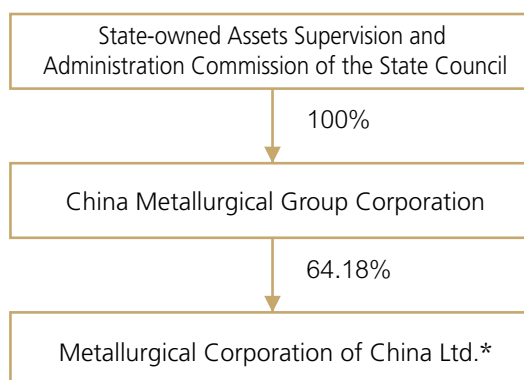
2. Ultimate controlling person

State-owned Assets Supervision and Administration Commission of the State Council is the ultimate controlling person of the Company.

3. Changes of controlling shareholder and ultimate controlling person

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

(3) The equity and controlling relationship between the Company and the ultimate controlling person



* For identification purpose only

Changes in Share Capital and Particulars Of Shareholders

(4) 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.

(5) Substantial Shareholders' and other persons' interests and short positions in shares and underlying shares

As at 30 June 2011, 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:

Holder of A Shares

Unit: Share

Name of substantial Shareholder	Capacity	Number of A Shares held	Nature of interest	Approximate percentage of total issued A Shares (%)	Approximate percentage of total issued shares (%)
China Metallurgical Group Corporation (中國冶金科工集團有限公司)	Beneficial owner	12,265,108,500	Long position	75.53	64.18

Save as disclosed above, to the best knowledge of the Directors, Supervisors and chief executive of the Company, as at 30 June 2011, 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 that would fall to be disclosed to the Company under Part XV of the SFO.

Management Discussion and Analysis

Management Discussion and Analysis

I. OVERVIEW

For the six months ended 30 June 2011, the Company's revenue amounted to RMB105,838 million, representing an increase of 19.12% from the same period last year. Profit attributable to equity holders of the Company amounted to RMB1,969 million, representing a decrease of 11.47% as compared with the same period last year. Basic earnings per share for the six months ended 30 June 2011 was RMB0.10.

The following are the financial results of the Company for the six months ended 30 June 2011 compared to the same period of 2010.

II. CONDENSED CONSOLIDATED OPERATING RESULTS

1. Revenue

The Company is mainly engaged in engineering and construction, equipment manufacturing, resources development, property development and other businesses. For the six months ended 30 June 2011, the revenue of the Company amounted to RMB105,838 million, representing an increase of RMB16,988 million or 19.12% as compared with RMB88,850 million for the six months ended 30 June 2010. The increase was mainly attributable to the increase in segment revenue of all business segments of the Company, except for other business segment, as compared with the six months ended 30 June 2010. Segment revenues of engineering and construction, equipment manufacturing, resources development and property development increased by RMB11,599 million or 16.37%, RMB2,165 million or 46.88%, RMB2,289 million or 52.90% and RMB917 million or 11.87%, respectively (all before elimination of inter-segment transaction). Segment revenue of other business segment decreased by RMB106 million or 3.28% (all before elimination of inter-segment transaction).

2. Cost of sales and gross profit

The Company's cost of sales primarily includes material cost (raw materials, products and work-in-progress consumed, equipment purchased and consumables used), subcontracting charges, employee benefits and other costs. For the six months ended 30 June 2011, cost of sales of the Company amounted to RMB95,960 million, representing an increase of RMB15,950 million or 19.94% as compared with RMB80,010 million for the six months ended 30 June 2010. The increase was mainly attributable to the growth of the Company's business volume.

For the six months ended 30 June 2011, the gross profit of the Company amounted to RMB9,878 million, representing an increase of RMB1,038 million or 11.74% as compared with RMB8,840 million for the six months ended 30 June 2010. Gross profit margin of the Company was 9.33% for the six months ended 30 June 2011, representing a decrease of 0.62% as compared with 9.95% for the six months ended 30 June 2010.

For the six months ended 30 June 2011, all business segments of the Company, namely engineering and construction, equipment manufacturing, resources development, property development and other businesses, recorded a gross profit of RMB6,883 million, RMB500 million, RMB1,400 million, RMB982 million and RMB122 million, respectively, and the gross profit margins were 8.35%, 7.37%, 21.16%, 11.36% and 3.90% respectively (all before elimination of inter-segment transaction).

Management

Discussion and Analysis

3. Operating profit

For the six months ended 30 June 2011, the operating profit of the Company amounted to RMB4,738 million, representing an increase of RMB100 million or 2.16% as compared with RMB4,638 million for the six months ended 30 June 2010. The increase was mainly attributable to the growth of RMB673 million in the segment results of the resource development segment of the Company for the six months ended 30 June 2011 as compared with the six months ended 30 June 2010 (all before elimination of inter-segment transaction). The loss in segment results of the equipment manufacturing segment decreased by RMB40 million as compared with the six months ended 30 June 2010 (all before elimination of inter-segment transaction). Segment results of engineering and construction, property development and other business segments decreased by RMB92 million, RMB492 million and RMB137 million (all before elimination of inter-segment transaction), 2.72%, 44.69% and 62.27%, respectively as compared with the six months ended 30 June 2010.

4. Finance income

The Company's finance income mainly consisted of interest income on bank deposits, interest income on held-to-maturity financial assets, interest income on loans to related parties, income on advances for third parties and gain on debt restructuring. Finance income of the Company for the six months ended 30 June 2011 amounted to RMB585 million, representing an increase of RMB303 million or 107.45% as compared with RMB282 million for the six months ended 30 June 2010, mainly attributable to the increase in interest income from disbursed capital for large BT projects newly undertaken by the Company.

5. Finance costs

The Company's finance costs mainly consisted of interest expenses on bank borrowings and borrowings from other financial institutions, net foreign exchange gains on borrowings, and discount charges on bank acceptance notes, less amounts capitalized in construction in progress and amounts capitalized in properties under development. Finance costs of the Company increased by RMB357 million or 25.12% from RMB1,421 million for the six months ended 30 June 2010 to RMB1,778 million for the six months ended 30 June 2011, mainly attributable to the increase in interest expense on borrowings.

6. Share of profits of associates

The Company's share of profits of associates is the profits attributable to the Company from its associates, net of the losses attributable to the Company from its associates, pursuant to its equity interests in such associates. For the six months ended 30 June 2011, the Company's share of profits of associates was RMB22 million, representing a decrease of RMB17 million or 43.59% as compared with RMB39 million for the six months ended 30 June 2010.

7. Profit before income tax

As a result of the foregoing, the Company's profit before income tax increased by RMB29 million or 0.82% from RMB3,538 million for the six months ended 30 June 2010 to RMB3,567 million for the six months ended 30 June 2011.

Management Discussion and Analysis

8. Income tax expense

For the six months ended 30 June 2011, the Company's income tax expense increased by RMB267 million or 26.31% from RMB1,015 million for the six months ended 30 June 2010 to RMB1,282 million. For the six months ended 30 June 2011, the Company's effective tax rate was 35.94%, a significant fluctuation as compared with 28.69% for the six months ended 30 June 2010. The main reason for such change was mainly attributable to the increase of the loss, which had not been recognised as deferred tax assets due to estimated loss, from the Company's subsidiaries for the six months ended 30 June 2011.

9. Profit/(loss) attributable to non-controlling interests

Profit/(loss) attributable to non-controlling interests represent the interests of outside shareholders in the results of operations of non-wholly owned subsidiaries of the Company. The profit attributable to non-controlling interests for the six months ended 30 June 2011 amounted to RMB316 million, while the profit attributable to non-controlling interest for the six months ended 30 June 2010 amounted to RMB299 million.

10. Profit attributable to equity holders of the Company

Based on the above, the profit attributable to equity holders of the Company decreased by RMB255 million or 11.47% from RMB2,224 million for the six months ended 30 June 2010 to RMB1,969 million for the six months ended 30 June 2011.

Margin of profit attributable to equity holders of the Company decreased from 2.50% for the six months ended 30 June 2010 to 1.86% for the six months ended 30 June 2011.

III. DISCUSSION OF RESULTS BY SEGMENT

The following table sets forth the Company's segment revenue, gross profit and segment results for the six months ended 30 June 2011 and the six months ended 30 June 2010.

	Segment revenue		Gross profit		Gross profit margin		Segment result		Segment result margin ^(note 1)	
	For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	(As restated)	(As restated)	(As restated)	(As restated)	(As restated)	(As restated)	(As restated)	(As restated)	(As restated)	(As restated)
	RMB million	RMB million	RMB million	RMB million	%	%	RMB million	RMB million	%	%
Engineering and construction	82,458	70,859	6,883	6,367	8.35%	8.99%	3,287	3,379	3.99%	4.77%
% of the total	76.61%	78.06%	69.62%	70.90%			68.11%	69.90%		
Equipment manufacturing	6,783	4,618	500	316	7.37%	6.84%	(7)	(47)	-0.10%	-1.02%
% of the total	6.30%	5.09%	5.06%	3.52%			-0.15%	-0.97%		
Resources development	6,616	4,327	1,400	559	21.16%	12.92%	854	181	12.91%	4.18%
% of the total	6.15%	4.77%	14.16%	6.23%			17.70%	3.74%		
Property development	8,642	7,725	982	1,442	11.36%	18.67%	609	1,101	7.05%	14.25%
% of the total	8.03%	8.51%	9.93%	16.06%			12.62%	22.78%		
Other business	3,130	3,236	122	295	3.90%	9.12%	83	220	2.65%	6.80%
% of the total	2.91%	3.57%	1.23%	3.29%			1.72%	4.55%		
Subtotal	107,629	90,765	9,887	8,979	9.19%	9.89%	4,826	4,834	4.48%	5.33%
Inter-segment elimination	(1,791)	(1,915)	(9)	(139)			(9)	(139)		
Total	105,838	88,850	9,878	8,840	9.33%	9.95%	4,817	4,695	4.55%	5.28%
Unallocated administrative expenses							(79)	(57)		
Total operating profit							4,738	4,638		

Note 1: Segment result margin represents segment result as a percentage of segment revenue.

Management

Discussion and Analysis

1. Engineering and construction

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

The following table sets forth the principal result information for engineering and construction business for the six months ended 30 June 2011 and the six months ended 30 June 2010.

	For the six months ended 30 June	
	2011 (RMB million)	2010 (As restated) (RMB million)
Segment revenue	82,458	70,859
Cost of sales	(75,575)	(64,492)
Gross profit	6,883	6,367
Selling and marketing expenses	(356)	(323)
Administrative expenses	(3,616)	(2,725)
Other income and gains/(expenses)	376	60
Segment result	3,287	3,379
Depreciation and amortisation	593	554

Segment revenue. Segment revenue from engineering and construction business increased by RMB11,599 million or 16.37% from RMB70,859 million for the six months ended 30 June 2010 to RMB82,458 million for the six months ended 30 June 2011. The increase was mainly attributable to the implementation of unfinished projects of the previous period and acceptances and implementation of newly signed projects for the period.

Cost of sales and gross profit. Cost of sales incurred from engineering and construction business increased by RMB11,083 million or 17.19% from RMB64,492 million for the six months ended 30 June 2010 to RMB75,575 million for the six months ended 30 June 2011. Percentage of cost of sales against segment revenue increased to 91.65% for the six months ended 30 June 2011 from 91.01% for the six months ended 30 June 2010. The increase was mainly attributable to the rise in labour cost, procurement cost and subcontracting charges.

Gross profit of the engineering and construction business increased by RMB516 million or 8.10% from RMB6,367 million for the six months ended 30 June 2010 to RMB6,883 million for the six months ended 30 June 2011. Gross profit margin of engineering and construction business decreased from 8.99% for the six months ended 30 June 2010 to 8.35% for the six months ended 30 June 2011. The decrease was mainly attributable to the fiercer competition in industries such as property construction, municipal construction and urban infrastructure, the gross profit margin of non-metallurgical engineering was generally lower than that of traditional metallurgical engineering. Metallurgical engineering and construction, which had a relatively higher gross profit margin, however, saw a decrease in the proportion of income while municipal construction, which had a relatively lower gross profit margin, witnessed an increase in the proportion of income, leading to a decline in the overall gross profit margin of the engineering and construction business. Meanwhile, the increase in labour cost, subcontracting charges and procurement cost of raw materials also contributed to the fall of the gross profit margin.

Management Discussion and Analysis

Selling and marketing expenses. Selling and marketing expenses incurred for the engineering and construction business increased by RMB33 million or 10.22% from RMB323 million for the six months ended 30 June 2010 to RMB356 million for the six months ended 30 June 2011. The increase in selling and marketing expenses was mainly attributable to the growth in income.

Administrative expenses. Administrative expenses incurred for the engineering and construction business increased by RMB891 million or 32.70% from RMB2,725 million for the six months ended 30 June 2010 to RMB3,616 million for the six months ended 30 June 2011. The increase in administrative expenses was mainly attributable to the rise of labour cost.

Other income and gains/ (expenses). Other income and gains from the engineering and construction business increased by RMB316 million or 526.67% from RMB60 million for the six months ended 30 June 2010 to RMB376 million for the six months ended 30 June 2011. This was mainly attributable to the gain from the disposal of shares held by subsidiaries of the Company.

Segment result. Segment result of the engineering and construction business decreased by RMB92 million or 2.72% from RMB3,379 million for the six months ended 30 June 2010 to RMB3,287 million for the six months ended 30 June 2011.

2. Equipment manufacturing

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

The following table sets forth the principal result information for equipment manufacturing business for the six months end 30 June 2011 and the six months ended 30 June 2010.

	For the six months ended 30 June	
	2011 (RMB million)	2010 (As restated) (RMB million)
Segment revenue	6,783	4,618
Cost of sale	(6,283)	(4,302)
Gross profit	500	316
Selling and marketing expenses	(128)	(86)
Administrative expenses	(444)	(341)
Other income and gains/(expenses)	65	64
Segment result	(7)	(47)
Depreciation and amortisation	256	223

Management

Discussion and Analysis

Segment revenue. Segment revenue from the equipment manufacturing business increased by RMB2,165 million or 46.88% from RMB4,618 million for the six months ended 30 June 2010 to RMB6,783 million for the six months ended 30 June 2011. The increase was mainly attributable to the Company's acceptance of large steel structure projects in line with the development of the steel structure market. Meanwhile, upon commencement of production in 2010, the new production lines in CERI Yingkou Equipment Development and Manufacturing Co., Ltd. (中冶京誠(營口)裝備製造技術有限公司), a subsidiary of the Company, ramped up to full production capacities in 2011. This was another contributor to the increase in revenue.

Cost of sales and gross profit. Cost of sales incurred from the equipment manufacturing business increased by RMB1,981 million or 46.05% from RMB4,302 million for the six months ended 30 June 2010 to RMB6,283 million for the six months ended 30 June 2011. Percentage of cost of sales against segment revenue decreased from 93.16% for the six months ended 30 June 2010 to 92.63% for the six months ended 30 June 2011. The decrease was mainly attributable to the increase in gross profit margin as a result of the decrease in unit production cost of CERI Yingkou Equipment Development and Manufacturing Co., Ltd. (中冶京誠(營口)裝備製造技術有限公司) resulting from its expansion of production capacity.

Gross profit of the equipment manufacturing business increased by RMB184 million or 58.23% from RMB316 million for the six months ended 30 June 2010 to RMB500 million for the six months ended 30 June 2011. Gross profit margin of the equipment manufacturing business increased from 6.84% for the six months ended 30 June 2010 to 7.37% for the six months ended 30 June 2011. The increase was mainly attributable to the fact that as CERI Yingkou Equipment Development and Manufacturing Co., Ltd. (中冶京誠(營口)裝備製造技術有限公司) ramped up full capacities of production in 2011, which led to the decrease in unit production cost, the negative gross profit of CERI Yingkou Equipment Development and Manufacturing Co., Ltd. (中冶京誠(營口)裝備製造技術有限公司) was also driven downwards, thereby mitigating the negative impact on the overall gross profit of the equipment manufacturing business. Meanwhile, the gradual recovery of the steel product market in the first half of 2011 led to a higher gross profit margin of steel structure projects, which also contributed to the increase in gross profit margin.

Selling and marketing expenses. Selling and marketing expenses incurred for the equipment manufacturing business increased by RMB42 million or 48.84% from RMB86 million for the six months ended 30 June 2010 to RMB128 million for the six months ended 30 June 2011. The increase was mainly attributable to the increase in income.

Administrative expenses. Administrative expenses incurred for the equipment manufacturing business increased by RMB103 million or 30.21% from RMB341 million for the six months ended 30 June 2010 to RMB444 million for the six months ended 30 June 2011. The increase was mainly attributable to the increase in labour cost.

Other income and gains/(expenses). Other income and gains from the equipment manufacturing business increased by RMB1 million or 1.56% from RMB64 million for the six months ended 30 June 2010 to RMB65 million for the six months ended 30 June 2011.

Segment result. Segment result of the equipment manufacturing business recorded a loss of RMB7 million for the six months ended 30 June 2011 as compared with the loss of RMB47 million for the six months ended 30 June 2010, representing a decrease in losses of RMB40 million or 85.11%.

Management Discussion and Analysis

3. Resources development

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

The following table sets forth the principal result information for resources development business for the six months ended 30 June 2011 and the six months ended 30 June 2010.

	For the six months ended 30 June	
	2011 (RMB million)	2010 (As restated) (RMB million)
Segment revenue	6,616	4,327
Cost of sales	(5,216)	(3,768)
Gross profit	1,400	559
Sales and marketing expenses	(123)	(61)
Administrative expenses	(449)	(313)
Other income and gains/(expenses)	26	(4)
Segment result	854	181
Depreciation and amortisation	305	282

Segment revenue. Segment revenue from resources development business increased by RMB2,289 million or 52.90% from RMB4,327 million for the six months ended 30 June 2010 to RMB6,616 million for the six months ended 30 June 2011. The increase was mainly attributable to the increase in sales volume and average sales price of polysilicon of Luoyang China Silicon Hi-tech Corporation (洛陽中硅高科技有限公司), a subsidiary of the Company. Meanwhile, there was an increase in sales volume of other products of the Company, such as hot dipped galvanized steel, zinc ingots and copper-gold, etc.

Cost of sales and gross profit. Cost of sales incurred from resources development business increased by RMB1,448 million or 38.43% from RMB3,768 million for the six months ended 30 June 2010 to RMB5,216 million for the six months ended 30 June 2011. Percentage of the cost of sales against segment revenue decreased from 87.08% for the six months ended 30 June 2010 to 78.84% for the six months ended 30 June 2011, mainly due to the decrease in unit production cost of polysilicon.

Gross profit of the resources development business increased by RMB841 million or 150.45% from RMB559 million for the six months ended 30 June 2010 to RMB1,400 million for the six months ended 30 June 2011. Gross profit margin of the resources development business increased from 12.92% for the six months ended 30 June 2010 to 21.16% for the six months ended 30 June 2011. The increase was mainly attributable to the increase in average sales prices of polysilicon and certain non-ferrous metals and the decrease in unit production cost of polysilicon.

Management Discussion and Analysis

Selling and marketing expenses. Selling and marketing expenses incurred for the resources development business increased by RMB62 million or 101.64% from RMB61 million for the six months ended 30 June 2010 to RMB123 million for the six months ended 30 June 2011. The increase was mainly attributable to the increase in income.

Administrative expenses. Administrative expenses incurred for the resources development business increased by RMB136 million or 43.45% from RMB313 million for the six months ended 30 June 2010 to RMB449 million for the six months ended 30 June 2011. The increase in administrative expenses was mainly attributable to the increase in labour costs.

Other income and gains/(expenses). Other income from the resources development business for the six months ended 30 June 2011 reached RMB26 million and other expenses for the six months ended 30 June 2011 recorded RMB4 million.

Segment result. Segment result of the resources development business increased by RMB673 million or 371.82% from RMB181 million for the six months ended 30 June 2010 to RMB854 million for the six months ended 30 June 2011.

4. Property development business

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

The following table sets forth the principal result information for the property development business for the six months ended 30 June 2011 and the six months ended 30 June 2010.

	For the six months ended 30 June	
	2011	2010
		(As restated)
	<i>RMB million</i>	<i>RMB million</i>
Segment revenue	8,642	7,725
Cost of sales	(7,660)	(6,283)
Gross profit	982	1,442
Selling and marketing expenses	(204)	(89)
Administrative expenses	(240)	(294)
Other income and gains/(expenses)	71	42
Segment result	609	1,101
Depreciation and amortisation	24	16

Management Discussion and Analysis

Segment revenue. Segment revenue from the property development business increased by RMB917 million or 11.87% from RMB7,725 million for the six months ended 30 June 2010 to RMB8,642 million for the six months ended 30 June 2011. The increase was mainly attributable to recognition of revenue of various projects from property companies, which are subsidiaries of the Company.

Cost of sales and gross profit. Cost of sales incurred from the property development business increased by RMB1,377 million or 21.92% from RMB6,283 million for the six months ended 30 June 2010 to RMB7,660 million for the six months ended 30 June 2011. Percentage of the cost of sales against segment revenue increased from 81.33% for the six months ended 30 June 2010 to 88.64% for the six months ended 30 June 2011, mainly due to the increase in labour costs and subcontracting costs.

Gross profit of the property development business decreased by RMB460 million or 31.90% from RMB1,442 million for the six months ended 30 June 2010 to RMB982 million for the six months ended 30 June 2011. Gross profit margin of the property development business decreased from 18.67% for the six months ended 30 June 2010 to 11.36% for the six months ended 30 June 2011, mainly attributable to the material change in the structure of revenue from the property development segment for the period from January to June 2011 as compared with that for the period from January to June 2010, as evidenced by the decrease in the contribution to revenue from commodity properties with higher gross profit margin and the increase in the contribution to revenue from municipal projects with lower gross profit margin such as primary land development and social welfare housing.

Selling and marketing expenses. Selling and marketing expenses incurred for the property development business increased by RMB115 million or 129.21% from RMB89 million for the six months ended 30 June 2010 to RMB204 million for the six months ended 30 June 2011. The increase was mainly attributable to the increase in sales-related publication fees and accrued sales incentives in line with the sales of various property projects.

Administrative expenses. Administrative expenses incurred for the property development business decreased by RMB54 million or 18.37% from RMB294 million for the six months ended 30 June 2010 to RMB240 million for the six months ended 30 June 2011. The decrease was primarily due to the substantial decrease in provisions for impairment loss of goodwill of MCC Real Estate Group Co., Ltd., a subsidiary of the Company, for the period as compared with the same period last year.

Other income and gains/(expenses). Other income and gains from the property development business for the six months ended 30 June 2011 amounted to RMB71 million, representing an increase of RMB29 million or 69.05% from RMB42 million for the six months ended 30 June 2010.

Segment result. Segment result of property development business decreased by RMB492 million or 44.69% from RMB1,101 million for the six months ended 30 June 2010 to RMB609 million for the six months ended 30 June 2011.

Management Discussion and Analysis

5. Other businesses

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

The following table sets forth the principal result information for other businesses for the six months ended 30 June 2011 and the six months ended 30 June 2010.

	For the six months ended 30 June	
	2011 (RMB million)	2010 (As restated) (RMB million)
Segment revenue	3,130	3,236
Cost of sales	(3,008)	(2,941)
Gross profit	122	295
Selling and marketing expenses	(33)	(35)
Administrative expenses	(27)	(60)
Other income and gains/(expenses)	21	20
Segment result	83	220
Depreciation and amortisation	22	23

Segment revenue. Segment revenue from the other businesses decreased by RMB106 million or 3.28% from RMB3,236 million for the six months ended 30 June 2010 to RMB3,130 million for the six months ended 30 June 2011. Segment revenue of the other businesses was mainly generated from the import and export and consultancy services.

Cost of sales and gross profit. Cost of sales incurred from the other businesses increased by RMB67 million or 2.28% from RMB2,941 million for the six months ended 30 June 2010 to RMB3,008 million for the six months ended 30 June 2011. Percentage of the cost of sales against segment revenue increased from 90.88% for the six months ended 30 June 2010 to 96.10% for the six months ended 30 June 2011.

Gross profit of the other businesses decreased by RMB173 million or 58.64% from RMB295 million for the six months ended 30 June 2010 to RMB122 million for the six months ended 30 June 2011. Gross profit margin of the other businesses decreased from 9.12% for the six months ended 30 June 2010 to 3.90% for the six months ended 30 June 2011, mainly attributable to the decrease in the trading prices and the increase in procurement costs.

Selling and marketing expenses. Selling and marketing expenses incurred for the other businesses decreased by RMB2 million or 5.71% from RMB35 million for the six months ended 30 June 2010 to RMB33 million for the six months ended 30 June 2011.

Management Discussion and Analysis

Administrative expenses. Administrative expenses incurred for the other businesses decreased by RMB33 million or 55.00% from RMB60 million for the six months ended 30 June 2010 to RMB27 million for the six months ended 30 June 2011.

Other income and gains/(expenses). Other income and gains of the other businesses increased by RMB1 million or 5.00% from RMB20 million for the six months ended 30 June 2010 to RMB21 million for the six months ended 30 June 2011.

Segment result. Segment result of the other businesses decreased by RMB137 million or 62.27% from RMB220 million for the six months ended 30 June 2010 to RMB83 million for the six months ended 30 June 2011.

IV. LIQUIDITY AND CAPITAL RESOURCES

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

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

1. Information on cash flow

The following cash flows information is extracted from the unaudited condensed consolidated cash flow statement of the Company for the six months ended 30 June 2011 and the six months ended 30 June 2010.

	For the six months ended 30 June	
	2011 RMB million	2010 RMB million
Net cash used in operating activities	(13,500)	(10,713)
Net cash used in investing activities	(4,173)	(4,940)
Net cash generated from financing activities	15,267	17,508
Net (decrease)/increase in cash and cash equivalents	(2,406)	1,855
Cash and cash equivalents at the beginning of the period	39,302	44,740
Exchange gains/(losses) on cash and cash equivalents	8	(124)
Cash and cash equivalents at the end of the period	36,904	46,471

Management Discussion and Analysis

2. Cash flows from operating activities

For the six months ended 30 June 2011, the Company's net cash used in operating activities amounted to RMB13,500 million as compared with net cash used in operating activities of RMB10,713 million for the six months ended 30 June 2010. The increase of RMB2,787 million in net cash used in operating activities was mainly attributable to a more frequent adoption of BT business modes for non-metallurgical engineering businesses such as urban infrastructure, social welfare housing and environment protection construction as well as an increase in the payment of performance bonds, bidding bonds, bonds for project cooperation and deposits, given the Company's attempt to expand into these businesses so as to address the downsizing of metallurgical engineering business in the iron and steel industry. At present, the Company has adopted corresponding measures to rein in new BT projects.

3. Cash flows from investing activities

For the six months ended 30 June 2011, the Company's net cash used in investing activities amounted to RMB4,173 million as compared to RMB4,940 million for the six months ended 30 June 2010. The net cash flow used in investing activities decreased by RMB767 million, which was mainly due to the slow down in the purchase and construction of fixed assets and the purchase of intangible assets in 2011.

4. Cash flows from financing activities

For the six months ended 30 June 2011, the Company's net cash generated from financing activities amounted to RMB15,267 million, representing a decrease of RMB2,241 million from RMB17,508 million for the six months ended 30 June 2010.

5. Capital expenditures

The Company incurred capital expenditures for resources development and advanced processing, construction of production facilities and the purchase of various equipments.

The following table sets forth the capital expenditures of the Company by business for the six months ended 30 June 2011 and the six months ended 30 June 2010.

	For the six months ended 30 June	
	2011	2010
	<i>RMB million</i>	<i>RMB million</i> (As restated)
Engineering and construction business	1,585	1,821
Equipment manufacturing business	1,046	713
Resources development business	1,714	2,651
Property development business	31	56
Other businesses	6	648
Total	4,382	5,889

Management Discussion and Analysis

The Company's capital expenditures for the six months ended 30 June 2011 amounted to RMB4,382 million, representing a decrease of RMB1,507 million or 25.59% from RMB5,889 million for the six months ended 30 June 2010.

In particular, the capital expenditure of the engineering and construction business and that of the resources development business for the six months ended 30 June 2011 amounted to RMB1,585 million and RMB1,714 million, representing a decrease of RMB236 million and RMB937 million as compared with the capital expenditure of the engineering and construction business and that of the resources development business for the six months ended 30 June 2010, respectively. The capital expenditure of the equipment manufacturing business for the six months ended 30 June 2011 and for the six months ended 30 June 2010 amounted to RMB1,046 million and RMB713 million, respectively, representing an increase of RMB333 million.

6. Working capital

Trade receivables and trade payables.

The following table sets forth the turnover days of the average trade receivables and the turnover days of the average trade payables of the Company for the six months ended 30 June 2011 and for the twelve months ended 31 December 2010.

	For the six months ended 30 June 2011 days	For the twelve months ended 31 December 2010 days
The turnover days of the average trade receivables <i>(Note 1)</i>	118	91
The turnover days of the average trade payables <i>(Note 2)</i>	118	107

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

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

Management Discussion and Analysis

The following table sets forth the aging analysis of trade receivables as at 30 June 2011 and 31 December 2010.

	As at 30 June 2011 (RMB million)	As at 31 December 2010 (RMB million)
Less than one year	57,805	47,738
One to two years	11,532	9,281
Two to three years	4,750	2,691
Three to four years	1,212	1,133
Four to five years	428	257
Over five years	709	674
Total	76,436	61,774

As at 30 June 2011, there was a significant change in the trade receivables of one to two years and of two to three years as compared with those as at 31 December 2010, mainly due to the BT or BOT projects for roads and bridges, public facilities and social welfare housing projects vigorously carried out by the Company's subsidiaries through cooperation with governments, which resulted in a significant increase in trade receivables of the Company as compared with last year.

The following table sets forth the aging analysis of trade payables as at 30 June 2011 and 31 December 2010.

	As at 30 June 2011 (RMB million)	As at 31 December 2010 (RMB million)
Less than one year	51,044	47,145
One to two years	8,791	7,895
Two to three years	3,241	3,030
Over three years	2,511	1,666
Total	65,587	59,736

7. Retentions

The following table sets forth the book value of retentions as at 30 June 2011 and 31 December 2010.

	As at 30 June 2011 (RMB million)	As at 31 December 2010 (RMB million)
Current portion	1,014	1,284
Non-current portion	233	695
Total	1,247	1,979

Management Discussion and Analysis

8. Assets-liabilities ratio

The following table sets forth the assets-liabilities ratio of the Company as at 30 June 2011 and 31 December 2010.

	As at 30 June 2011 (RMB million)	As at 31 December 2010 (RMB million)
Total liabilities	263,711	234,709
Total assets	319,206	288,221
Assets-liabilities ratio	82.61%	81.43%

V. INDEBTEDNESS

1. Borrowings

The following table sets forth the Company's total borrowings as at 30 June 2011 and 31 December 2010.

	As at 30 June 2011 (RMB million)	As at 31 December 2010 (RMB million)
Non-current		
Long-term bank borrowings		
— Secured ^(Note 1)	5,796	4,379
— Unsecured	26,084	23,552
	31,880	27,931
Other long-term borrowings		
— Unsecured	6,512	6,562
— Debentures ^{(Note 2(i))}	18,230	18,182
	24,742	24,744
Total non-current borrowings	56,622	52,675

Management Discussion and Analysis

	As at 30 June 2011 (RMB million)	As at 31 December 2010 (RMB million)
Current		
Short-term bank borrowings		
— Secured ^(Note 1)	3,159	3,323
— Unsecured	38,287	18,995
	41,446	22,318
Other short-term borrowings		
— Unsecured	3,402	4,952
— Debentures ^{(Note 2 (ii))}	14,400	18,350
	17,802	23,302
Current portion of long-term bank borrowings		
— Secured ^(Note 1)	801	717
— Unsecured	7,323	6,380
	8,124	7,097
Current portion of other long-term borrowings		
— Unsecured	600	532
	600	532
Total current borrowings	67,972	53,249
Total borrowings	124,594	105,924

Note 1: Secured borrowings of the Company were secured by the Company's property, plant and equipment, land use rights and properties under development and guarantees provided by certain related parties.

Note 2: (i) As approved by the National Development and Reform Commission, the Company had issued corporate debentures in July 2008 at par value of RMB3,500 million, with a maturity of ten years from issuance.

Management Discussion and Analysis

As approved by the National Association of Financial Market Institutional Investors, the Company issued its Tranche I Medium-Term Notes ("MTN") on 19 September 2010 with a total value of RMB10,000 million, with a maturity of ten years from issuance and interest rate of 3.95% per annum with the issuer's redemption rights at the end of the fifth year. If the Company does not exercise its redemption rights in the end of the fifth year, the coupon rate of the MTN for the 6th year to the 10th year will increase to 5.09%.

The Company issued its Tranche II MTN on 15 November 2010 of RMB4,700 million, with a maturity of five years from issuance and interest rate of 4.72% per annum.

- (ii) As approved by the National Association of Financial Market Institutional Investors, the Company issued its Tranche I short-term debentures on 27 May 2010 at par value of RMB4,000 million, with a maturity of one year from issuance. The debentures are unsecured, and bear interests at a fixed rate of 2.73% per annum, out of which RMB50 million was issued to a subsidiary of the Company. The short-term debentures have reached their maturity dates in May 2011.

The Company issued Tranche II short-term debentures on 17 September 2010 at par value of RMB10,000 million, with a maturity of one year from issuance. The debentures are unsecured and bear interests at a rate of 2.97% per annum. Principal and interests are paid upon maturity date.

The Company issued Tranche III short-term debentures on 11 November 2010 at par value of RMB4,400 million, with a maturity of one year from issuance. The debentures are unsecured and bear interests at a rate of 3.35% per annum. Principal and interests are paid upon maturity date.

2. Financial Guarantee

The nominal values of the financial guarantees issued by the Company as at 30 June 2011 and 31 December 2010 are set out as below:

	As at 30 June 2011 (RMB million)	As at 31 December 2010 (RMB million)
Outstanding guarantees ^(Note 1)		
— Third parties	264	288
— Related parties	100	100
Total	364	388

Note 1: The Company has acted as the guarantor mainly for various external borrowings made by certain associates and third parties. The third parties are mainly the companies in which we hold small portion of equity interest or our long-term suppliers.

The Company considers that the fair value of these guarantee contracts at the date of inception was not material, the repayment is expected to be on schedule and risk of default in payment was remote. Therefore no provision has been made in the financial statements for the guarantees.

Management Discussion and Analysis

3. Contingencies

(a) Pending lawsuits/arbitration

	As at 30 June 2011 (RMB million)	As at 31 December 2010 (RMB million)
Pending lawsuits/arbitration	977	318

The Company has been named in a number of lawsuits and other legal proceedings arising in the ordinary course of business. Pending lawsuits and arbitrations include a lawsuit with a claim of payment of AUD80 million (equivalent to RMB553 million). Such amount has been recognised as trade payables of the Company. The Company believes that no additional provision should be provided. Such lawsuit is only related to the payment of the money owed by the Company.

Provision has been made for the probable losses to the Company on those claims when management can reasonably estimate the outcome of the lawsuits based on management's judgments and legal advice. No provision has been made for the above disclosed amount as the outcome of the pending lawsuits cannot be reasonably estimated or management believes the outflow of resources is not probable.

(b) Onerous contract

For certain engineering and construction contracts, the Company is negotiating with the proprietor on the amendment of contracts. As of 30 June 2011, the accumulated project costs incurred and the total value of signed subcontracts are not more than the total contract value agreed with the proprietor. Therefore, the Company concluded that the costs incurred as of 30 June 2011 could be recoverable and no contract loss existed. However, since the outcome of the amendments of the scope of contract, the change of design or the complexity of project execution etc., the related additional cost of the contracts and additional contract billings that may be agreed upon between the Company and the proprietor in the future cannot be reliably estimated. Therefore, the Company adopts the cost recovery method to recognize contractual revenue based on recoverable costs in the 2011 interim financial report.

The Company will continuously assess the profitability of the project based on the negotiation with the proprietor and the progress of the project. In the future, should the Company incurred additional costs that cannot be recovered by additional billings, a contract loss will be recognized.

Management Discussion and Analysis

VI. RISK FACTORS

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

1. Interest Rate Risk

The Company's exposure to interest rate risk relates principally to our restricted cash, cash and cash equivalents, trade and other receivables and borrowings. Restricted cash, cash and cash equivalents, trade and other receivables and borrowings at variable rates expose the Company to cash flow interest rate risk, and those at fixed rates expose the Company to fair value interest-rate risk.

To monitor the impact of interest rate fluctuations, the Company continually assesses and monitors the exposure to interest rate risk and has entered into fixed rate borrowings arrangements.

2. Foreign Exchange Risk

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

The Company's exposure to foreign exchange risk relates principally to its trade and other receivables, cash and cash equivalents, trade and other payables and borrowings that were denominated mainly in U.S. dollars and Hong Kong dollars.

To monitor the impact of exchange rate fluctuations, the Company continually assesses and monitors the exposure to foreign exchange risk. The Company currently has no foreign exchange hedging policy. However, the management will continuously monitor the exposure to foreign exchange exposure and will prudently consider hedging significant foreign exchange exposure should the need arise.

3. Price Risk

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

Management

Discussion and Analysis

4. Credit Risk

The nominal value of cash and cash equivalents, restricted cash, held-to-maturity financial assets, trade and other receivables (except for the carrying amounts of prepayment and staff advances) and the guarantees provided on liabilities represent the Company's greatest exposure to credit risk in relation to those financial assets.

Substantially all of the Company's cash and cash equivalents are held in major financial institutions located in the PRC, which management believes are of high credit quality. None of the cash at bank, bank deposits, restricted cash and held-to-maturity financial assets of the Company that were fully performed has been renegotiated.

The Company has policies in place to ensure that services are rendered and products are sold to customers with appropriate credit history and the Company performs periodic credit evaluations of its customers. Normally the Company does not require collateral from trade debtors. No single customer accounted for more than 5% of the Company's turnover in the first half of 2011.

5. Liquidity Risk

Prudent liquidity risk management by the management implies the Company's sufficient cash reserve and the availability of funding through abundant committed credit lines. The Company aims to maintain flexibility in funding by keeping credit lines available. The Company finances its working capital demand through a combination of funds generated from operations and bank and other borrowings.

6. Operational Risks of Subsidiaries and Key Projects

Huludao Nonferrous Group Co., Ltd. (葫蘆島有色集團有限公司), a subsidiary of the Company, has been loss-making for a long period of time. The Company is actively seeking solutions through various measures. Meanwhile, projects financed by A Share proceeds such as the Ramu nickel laterite mine project, the new project on the manufacturing of forged steel rolling mill and the expansion of the hot processing production capacity in Fuping County, Shaanxi Province as well as the EPC contract of the SINO ore mine construction project in Western Australia are all in progress or undergoing equipment testing. The solutions to the aforementioned projects and their operating results will significantly affect the financial performance of the Company.

Directors, Supervisors and Senior Management

Directors, Supervisors and Senior Management

1. CHANGE OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

As Mr. Shao Jinhui, a former employee representative Supervisor of the Company, had reached his statutory retirement age, the Company held the Assembly of Employee Representatives of the Company on 18 January 2011, at which it was approved that Mr. Shao Jinhui would cease to be an employee representative Supervisor of the first session of the Supervisory Committee of the Company and Mr. Shao Bo was elected as the new employee representative Supervisor of the first session of the Supervisory Committee of the Company.

The term of office of Mr. Shao Bo commenced since 18 January 2011. His emolument as the employee representative Supervisor will be determined in accordance with internal regulations and procedures of the Company.

Except for disclosed above, there was no new appointment or dismissal of Directors, Supervisors or members of senior management during the six months ended 30 June 2011.

2. BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

(1) DIRECTORS

Mr. Jing Tianliang (經天亮)

aged 66, is the Chairman of the Company. Mr. Jing is a professor-level senior engineer and is entitled to special subsidy granted by the State Council. He graduated from Xi'an Mining Institute with an associate degree in electrical and mechanical engineering in 1967. Mr. Jing joined China Metallurgical Group Corporation in March 2010. He has served as the deputy director general of the Ministry of Coal Industry, the Ministry of Energy Resources and China National Coal Corporation*(中國統配煤礦總公司), the chairman and general manager of China Coal Industrial Import and Export Corporation*(中國煤炭工業進出口集團公司), the director general of the General Office of the Administration of Coal Industry, the director general of the General Office and the Department of Foreign Affairs of the State Administration of Coal Industry, the general manager of China National Coal Group Corporation*(中國中煤能源集團有限公司) and the chairman of China Coal Energy Company Limited (中國中煤能源股份有限公司). Mr. Jing has served as the external director of Baosteel Group Corporation (寶鋼集團有限公司) since January 2009, while with effect from March 2010, Mr. Jing was appointed as the chairman of China Metallurgical Group Corporation and has served as the external director of State Development & Investment Corporation since May 2011. Mr. Jing was appointed as the Chairman of the Company with effect from 29 June 2010.

Directors, Supervisors and Senior Management

Mr. Wang Weimin(王為民)

aged 49, is the vice chairman and executive Director of the Company. Mr. Wang is a senior engineer who graduated from Academy of Armored Force Technology (裝甲兵技術學院) in 1984 with a Bachelor's degree in mechanical engineering. Mr. Wang joined China Metallurgical Group Corporation in July 2007. He was a cadre of the Training Department of Academy of Armored Force Engineering (裝甲兵工程學院) and a cadre of the Armored Force Political Section of the General Staff Department of the People's Liberation Army (總參裝甲兵政治部). Mr. Wang was a cadre of the Economic and Trade Office of the State Council from July 1992 to July 1993 and a cadre of the Personnel Department of the State Economic and Trade Commission from July 1993 to February 1995, and had served as deputy director, director and deputy director-general of the Technical Progress and the Arms & Equipment Department (技術進步與裝備司) of the State Economic and Trade Commission during the period from February 1995 to May 2003. He served as deputy director-general of the High-tech Industry Department of the NDRC from May 2003 to July 2003 and secretary of the General Office of the SASAC from July 2003 to September 2006. He was secretary for the Office of the Communist Party Committee of the SASAC from September 2006 to July 2007. Mr. Wang served as secretary of the Communist Party Committee and vice chairman of China Metallurgical Group Corporation from July 2007 to September 2008, and has been vice chairman and general manager (legal representative) and vice secretary of the Communist Party Committee of China Metallurgical Group Corporation since September 2008. Mr. Wang was the chairman of MCC Paper Industry Co., Ltd. (中冶紙業集團有限公司) from August 2009 to January 2011. He was appointed as the vice chairman and executive Director of the Company with effect from 28 November 2008.

Mr. Shen Heting (沈鶴庭)

aged 57, is the president and executive Director of the Company. Mr. Shen is a professor-level senior engineer who graduated from Tianjin Commercial College in 1987, majoring in business enterprise management, and completed a postgraduate course at the Central Communist Party School in 2004 majoring in world economics. Mr. Shen joined the Company in 1991. He had served as manager assistant, vice manager and manager in the Furnace Construction Company under the 22nd China Metallurgical Construction Corporation (中國第二十二冶金建設公司築爐公司), and general manager of the 22nd China Metallurgical Construction Corporation. Mr. Shen served as a director and general manager of China Metallurgical Construction (Group) Corporation (which changed its name to China Metallurgical Group Corporation in May 2006) from October 2004 to July 2007 and a director, general manager (legal representative) and vice secretary of the Communist Party Committee of China Metallurgical Group Corporation from July 2007 to September 2008, and has been serving as chairman of MCC Xinao Real Estate Development Co., Ltd. (中冶新奧房地產開發有限公司) (which changed its name to MCC Real Estate Co., Ltd. in February 2006) from March 2005 to October 2010 and vice chairman and secretary of the Communist Party Committee of China Metallurgical Group Corporation since September 2008. Mr. Shen was awarded as the "National May 1 Labour Medalist" (全國五一勞動獎章) in 2004. Mr. Shen was appointed as the president and executive Director of the Company with effect from 28 November 2008.

Directors, Supervisors and Senior Management

Mr. Guo Wenqing (國文清)

aged 46, is the Employee Representative Director (non-executive Director) of the Company. Mr. Guo is a senior engineer who graduated from Hebei University of Science and Technology in 2001 with a Bachelor's degree in business administration, and obtained an Executive MBA degree from Tsinghua University in 2008. Prior to joining our Company in December 2008, Mr. Guo had served as deputy director, and director and secretary of the Communist Party Committee of the Hebei Province Highways Authority (河北省高速公路管理局), chairman of the board of directors and general manager of Hebei Province Highways Development Company Limited (河北省高速公路開發有限公司) and director of the Hebei Province Ports Authority (河北省港航管理局) since 1994. From 2002 to 2008, he was a secretary of the Communist Party Committee, executive director and vice general manager of CRBC International Co., Ltd. He has served as the deputy secretary of the Communist Party Committee of our Company since December 2008, and a director and the deputy secretary of the Communist Party Committee of the Company since April 2009. Mr. Guo was appointed as the Employee Representative Director (non-executive Director) of the Company with effect from 19 June 2009.

Mr. Jiang Longsheng (蔣龍生)

aged 66, is an independent non-executive Director of the Company. Mr. Jiang is a senior engineer who graduated from Beijing Petroleum Institute (北京石油學院) in 1970, majoring in oil and gas well engineering. Mr. Jiang joined China Metallurgical Group Corporation in December 2006. Previously he had served as vice chief engineer and chief engineer (drilling) of China National Offshore Oil Corporation Nanhai West Corporation and general manager of China Offshore Oil Southern Drilling Company. Mr. Jiang served as vice general manager and a member of the Party Group of China National Offshore Oil Corporation from March 1998 to May 2005. He has been serving as an external director of China National Pharmaceutical Group Corporation since December 2005 and was an external director of China Metallurgical Group Corporation from December 2006 to September 2008. Mr. Jiang was appointed as an independent non-executive Director of the Company with effect from 28 November 2008.

Mr. Wen Keqin (文克勤)

aged 67, is an independent non-executive Director of the Company. Mr. Wen graduated in 1968 from the Department of Engineering of Railway Guard Engineering Institute (鐵道兵學院), majoring in linear tunnel (線隧). Mr. Wen joined China Metallurgical Group Corporation in December 2006. Previously he had served as director of the Local Cadres Administration of the Organisation Department of the Central Committee of the Communist Party of China (中央組織部地方幹部局), vice director-general of the Senior Civil Servants Administration Department (高級公務員管理司), vice director-general and director-general of the Personnel Administration Department (國管人事司), member of the Party Group (部黨組成員), director of the Enterprise Leaders Administrative Bureau (企業領導人員管理局) and director-general of the Policy and Regulation Administration Department (政策法規司) of the Ministry of Personnel. Mr. Wen had served as vice general manager, vice secretary of the Party Group and a member of the Party Group of China Grain Reserves Corporation from 2000 to 2005. He has been an external director of China National Pharmaceutical Group Corporation since September 2006, and was an external director of China Metallurgical Group Corporation from December 2006 to September 2008. Mr. Wen currently serves as consultant of Chinese Grain Economics Association and consultant to the Reserves Branch of China Grain Industry Association (中國糧食行業協會儲備分會). Mr. Wen was appointed as an independent non-executive Director of the Company with effect from 28 November 2008.

Directors, Supervisors and Senior Management

Mr. Liu Li (劉力)

aged 55, is an independent non-executive Director of the Company. Mr. Liu is a professor who graduated from Peking University in 1982 and 1984 with a Bachelor's and a Master's degree in physics, respectively, and obtained an MBA degree from Catholic University of Louvain, Belgium in 1989, majoring in applied economics. Mr. Liu joined the Company in December 2006. Previously he had served as lecturer, associate professor, professor and tutor to doctorate candidates in the Department of Economic Management of the School of Economics of Peking University (which became Guanghua School of Management of Peking University in 1993) and MBA course director and dean of the Finance and Banking Department of the Guanghua School of Management of Peking University. He has been vice director of the Research Center for Finance & Securities of Peking University since August 2002 and dean of the Department of Finance of Guanghua School of Management of Peking University since September 2007 and executive director of the Center of Financial Engineering and Financial Mathematics of Peking University since September 2008. Mr. Liu served as an external director of China Metallurgical Group Corporation from December 2006 to September 2008. Since September 2007, Mr. Liu has served as an independent director of Zhongyuan Special Steel Co Ltd. He has served as an independent director of China Oil HBP Science & Technology Co., Ltd. since December 2009. Mr. Liu has had over 20 years of experience in teaching, research and corporate training in relation to corporate finance and the securities market, and has advised on numerous corporate management projects and served as independent directors of listed companies. He was appointed as an independent non-executive Director of the Company with effect from 28 November 2008.

Mr. Chen Yongkuan (陳永寬)

aged 65, is an independent non-executive Director of the Company. Mr. Chen is a professor who graduated from Wuhan Institute of Hydraulic and Electrical Engineering (武漢水利電力學院) in 1968, majoring in farm hydraulic engineering, and obtained a Master's degree in engineering from Wuhan Institute of Hydraulic and Electrical Engineering (武漢水利電力學院) in 1982. Before Mr. Chen joined the Company in November 2008, he had served as associate professor, deputy department head, assistant to the dean, deputy dean and dean of the Department of Civil Engineering of Changsha Communications University (長沙交通學院) and director-general of the Education Department of the Ministry of Communications. Mr. Chen had served as secretary of the Communist Party Committee, vice chairman and vice president of China Harbour Construction Company (Group) (中國港灣建設(集團)總公司) from October 1998 to August 2005 and secretary of the Communist Party Committee and vice chairman of China Communications Construction Group Ltd. from August 2005 to August 2007, during which he also served as vice chairman of China Communications Construction Company Limited. Mr. Chen has served as an independent director of CSR Corporation Limited since December 2007. Mr. Chen was appointed as an independent non-executive Director of the Company with effect from 28 November 2008.

Mr. Cheung Yukming (張鈺明)

aged 58, is an independent non-executive Director of the Company. Mr. Cheung is a member of the Hong Kong Institute of Bankers, a member of the Institute of Internal Auditors of the United States, a member of the Alliance of Acquisition and Merger Advisors (Chicago, the United States), an associate of The Institute of Chartered Accountants in England and Wales and a member of the Hong Kong Securities Institute (證券專業學會(香港)). Mr. Cheung studied "Industrial Engineering" in the Hong Kong Polytechnic University and "Economics of Mineral Resources and Policy Analysis"(礦產經濟學及決策分析) in China University of Geosciences. Mr. Cheung obtained a Master's degree in business administration from the University of East Asia, Macau in 1987. Mr. Cheung is currently undertaking a one-year course of "Advanced Research Class on the Development and Investment Strategies of the Mineral Industry in China"(中國礦業開發投資戰略高級研修班) in China University of Geosciences. Prior to joining our Company in June 2009, Mr. Cheung had served as assistant auditor and senior accountant at PricewaterhouseCoopers, and was a partner of Lau, Cheung, Fung & Chan. He has been an executive director of Lawrence CPA Limited since January 2005 and an independent non-executive director of TravelSky Technology Limited since March 2010. He has been an independent non-executive director of EPI (Holdings) Limited since June 2011. Mr. Cheung was appointed as an independent non-executive Director of the Company with effect from 19 June 2009.

Directors, Supervisors and Senior Management

(2) SUPERVISORS

Mr. Han Changlin (韓長林)

aged 59, is the chairman of the Supervisory Committee of the Company. Mr. Han is a senior accountant who graduated in 1986 from Shanghai School of Finance and Economics (上海財經學校), majoring in industrial accounting. Mr. Han joined the Company in 1998. Previously he had served as cost accountant, accountant and deputy director of the Finance Division, assistant to the manager and chief accountant of the 7th Company under the 13th China Metallurgical Construction Corporation (中國第十三冶金建設公司七公司) and deputy director of the Finance Office of the Construction Department of the Ministry of Metallurgical Industry. He served as director of the Corporate Finance Office and director of the Pricing Office of the Economic Regulation Department (經濟調節司) of the Ministry of Metallurgical Industry, and deputy director of the Audit Office of the Ministry of Metallurgical Industry (under the National Audit Office)(審計署駐冶金工業部審計局). He was a director, chief accountant and vice general manager of China Metallurgical Construction (Group) Corporation. Since November 2004, Mr. Han has been serving as a director of China Metallurgical Construction (Group) Corporation (which is now known as China Metallurgical Group Corporation). Mr. Han was appointed as the chairman of the Supervisory Committee of the Company with effect from 28 November 2008.

Mr. Peng Haiqing (彭海清)

aged 40, is a Supervisor of the Company. Mr. Peng is a senior accountant who graduated from the Department of Economic Management of the Qinhuangdao branch of Northeastern University in 1993 with a Bachelor's degree in industrial accounting. Mr. Peng joined the Company in July 1993. Previously he had served as assistant to the director of the Finance Division, deputy director of the Enterprise Management Office and deputy director and secretary to the manager of the Economic Office of the 3rd Company under Shanghai Baosteel Metallurgical Construction Corp. (上海寶鋼冶金建設公司). Mr. Peng was director of the Cost Management Division of the Finance Office of Shanghai Baosteel Metallurgical Construction Corp. from September 2000 to January 2003 and deputy director of the Planning and Finance Department and deputy director of the Audit Department of Shanghai Baoye Construction Corp., Ltd. from January 2003 to December 2005. He was director of the Property Office of the Planning and Finance Department of China Metallurgical Group Corporation from January 2006 to November 2008, and served as director of the Property Office of the Planning and Finance Department of the Company from December 2008 to June 2009. Mr. Peng was appointed as a Supervisor of the Company with effect from 28 November 2008.

Directors, Supervisors and Senior Management

Mr. Shao Bo (邵波)

aged 47, is the current employee representative Supervisor of the Company. Mr. Shao is a professor-level senior engineer who graduated in 1987 from East China Institute of Chemical Technology (華東化工學院), majoring in coal chemistry. Mr. Shao joined the Company in August 1987. He once served as assistant engineer, secretary of the Communist Youth League, engineer and deputy director of the business office at Beijing Central Engineering and Research Incorporation of Iron & Steel Industry (北京鋼鐵設計研究總院), section member of the general office and Vice Division Chief level investigator (副處級調研員) of the Ministry of Metallurgical Industry, secretary of the office of director general (vice division chief level) of the National Metallurgical Bureau and project manager of the No.6 project division of China Metallurgical Equipment Corporation (中國冶金設備總公司項目六部項目經理). He served as deputy general manager of Real Estate Company under China Metallurgical Mining Corporation (中國冶金礦業總公司房地產公司) from May 2001 to December 2002; assistant to the head of Beijing Central Engineering and Research Incorporation of Iron & Steel Industry (北京鋼鐵設計研究總院) from December 2002 to November 2003; deputy head of Beijing Central Engineering and Research Incorporation of Iron & Steel Industry from November 2003 to February 2007. He served as director of MCC Capital Engineering & Research Incorporation Limited (中冶京誠工程技術有限公司) since November 2003, and as secretary to the board of directors from November 2003 to January 2009. From February 2007 to September 2009, he served as standing deputy director of the listing office of China Metallurgical Group Corporation (中國冶金科工集團公司, whose Chinese name has been renamed 中國冶金科工集團有限公司 in April 2009 with English name unchanged) and head of the general affairs department of the company, general manager and legal representative of Beijing Dongxing Metallurgical New-Tech & Development Corp. since January 2009. He has been serving as part-time supervisor of China Metallurgical Group Corporation since March 2010. Mr. Shao was appointed as the employee representative Supervisor of the Company with effect from 18 January 2011.

(3) SENIOR MANAGEMENT

Mr. Shen Heting (沈鶴庭)

See "Directors" as stated above.

Ms. Huang Dan (黃丹)

aged 50, is the Vice President of the Company. Ms. Huang is a professor-level senior engineer who graduated from the Department of Mine of Central-South Institute of Mining and Metallurgy in 1982 with a Bachelor's degree in mineral separation. Ms. Huang joined the Company in January 1982. Previously she had served as associate engineer, engineer and senior engineer of the Mineral Separation Office, director of the Department of Science and Technology, director of the Department of Personnel and president of Changsha Metallurgical Design & Research Institute. Ms. Huang was the chairman and general manager of Zhong Ye ChangTian International Engineering Co., Ltd. and president of Changsha Metallurgical Design & Research Institute from March 2003 to October 2004. She served as vice general manager of China Metallurgical Construction (Group) Corporation (which changed its name to China Metallurgical Group Corporation in May 2006) from October 2004 to September 2008 and secretary to the board of directors of China Metallurgical Group Corporation from November 2006 to January 2009. She has been the secretary to the Board and the joint company secretary of the Company from November 2008 to November 2010 and her appointment as the Vice President of the Company took effect from 28 November 2008.

Directors, Supervisors and Senior Management

Mr. Wang Yongguang (王永光)

aged 53, is the Vice President of the Company. Mr. Wang is a professor-level senior engineer who graduated from Northeastern Institute of Technology in 1982 with a Bachelor's degree in mining, and obtained a Master's degree in mining engineering from Beijing General Research Institute of Mining & Metallurgy in 1986. Mr. Wang joined China Metallurgical Construction (Group) Corporation in November 2004. Previously he had served as an assistant engineer in Zhangjiakou Gold Mine (張家口金礦) in Hebei Province, engineer in the Mining Office of the Beijing General Research Institute of Mining & Metallurgy, deputy director of the Mine Department of the Copper and Nickel Office of China National Nonferrous Metals Industry Corporation (中國有色金屬工業總公司), deputy director of the Enterprise Management Department, manager of the Gansu Branch, director of the Information Center, director-level commissioner in the Copper Center of China National Nonferrous Metals Import and Export Corporation (中國有色金屬進出口總公司), and vice general manager of the Raw Materials Center of Non-Ferrous Metal Industrial and Trade Group Corporation of China (中國有色金屬工業貿易集團公司). Mr. Wang was deputy general manager of China Shougang International Trade & Engineering Corporation from February 1999 to December 2003, during which he served as general manager of Shougang Hierro Peru S.A.A and manager of the Ore Import Department of China Shougang International Trade & Engineering Corporation. He served as chief representative of HISMELT Project of Shougang Group in Australia from December 2003 to November 2004 and vice general manager of China Metallurgical Construction (Group) Corporation (which changed its name to China Metallurgical Group Corporation in May 2006) from November 2004 to September 2008. Mr. Wang was appointed as the Vice President of the Company with effect from 28 November 2008.

Mr. Li Shiyu (李世鈺)

aged 55, is the Vice President and chief accountant (chief financial controller) of the Company. Mr. Li is a senior accountant who graduated from Liaoning University in 1991, majoring in corporate management, and obtained a Master's degree in accounting from Northern Jiaotong University in 1999. Mr. Li joined China Metallurgical Group Corporation in August 2006. Previously he had served as deputy director and director of the Accounting Division of the Finance Department of the 19th Engineering Bureau of the Ministry of Railway (鐵道部第十九工程局) and accountant of the Finance Department of China Railway Construction Corporation. He served as deputy director of the Finance Department of China Railway Construction Corporation from March 1996 to November 1998 and director of the Finance Department of China Railway Construction Corporation from November 1998 to December 2005. Mr. Li was deputy chief accountant of China Railway Construction Corporation from December 2005 to August 2006 and the chief accountant of China Metallurgical Group Corporation from August 2006 to September 2008. Mr. Li was appointed as the Vice President and chief accountant (chief financial controller) of the Company with effect from 28 November 2008.

Mr. Zhang Zhaoxiang (張兆祥)

aged 48, is the Vice President of the Company. Mr. Zhang is a professor-level senior engineer who obtained a Bachelor's and a Master's degree in chemical machinery from Tianjin University in 1984 and 1987, respectively. Mr. Zhang joined the Company in 2005. Previously he had served as engineer, deputy director of the Jinchuan Branch, director of the General Office and vice president of Beijing Research Institute of Non-ferrous Metallurgical Equipment (北京有色冶金設計研究總院), and vice president, president and secretary of the Communist Party Committee of China Nonferrous Engineering and Research Institute. During the period from December 2005 to February 2008, he had served as chairman and general manager of China Enfi Engineering Corporation, and president and secretary of the Communist Party Committee of China Nonferrous Engineering and Research Institute. He was chairman of China Enfi Engineering Corporation and president and secretary of the Communist Party Committee of China Nonferrous Engineering and Research Institute from February 2008 to November 2008 (he was an executive director, general manager and secretary of the Communist Party Committee of China Enfi Engineering Co., Ltd. from August 2008 to November 2008 following the conversion of China Nonferrous Engineering and Research Institute into China Enfi Engineering Co., Ltd. in August 2008). Mr. Zhang was appointed as the Vice President of the Company with effect from 28 November 2008.

Directors, Supervisors and Senior Management

Mr. Wang Xiufeng (王秀峰)

aged 40, is the Vice President of the Company. Mr. Wang is a senior accountant who graduated from Northeastern University in 1993 with a Bachelor's degree in industrial accounting. He graduated from Tsinghua University and obtained an Executive MBA degree in 2010. Mr. Wang joined the Company in 1993. Previously he had served as deputy chief accountant and chief accountant of the Electromechanical Company of the 22nd China Metallurgical Construction Corporation (中國第二十二冶金建設公司機電公司) and director of the Planning and Finance Department, deputy chief accountant and vice general manager of the 22nd China Metallurgical Construction Corporation. Mr. Wang was the general manager and vice secretary of the Communist Party Committee of the 22nd China Metallurgical Construction Corporation from December 2004 to November 2006 and was chairman and secretary of the Communist Party Committee of MCC Jingtang Construction Corporation Limited and general manager of the 22nd China Metallurgical Construction Corporation from November 2006 to November 2008 (he was an executive director and general manager of China 22nd Metallurgical Construction Corporation Limited from August 2008 to November 2008 following the conversion of the 22nd China Metallurgical Construction Corporation into China 22nd Metallurgical Construction Corporation Limited in August 2008). Mr. Wang was appointed as the Vice President of the Company with effect from 28 November 2008.

Mr. Kang Chengye (康承業)

aged 54, is currently the secretary to the Board and joint company secretary of the Company. Mr. Kang is a professor-level senior engineer and is entitled to special subsidy granted by the State Council. He graduated in 1986 from the Xi'an Institute of Metallurgical Construction where he majored in industrial and civil construction. He obtained an MBA degree in 2004 from The Open University of Hong Kong and an EMBA degree in 2006 from Fudan University. Mr. Kang graduated in 2008 from Party School of the Central Committee of C.P.C. where he attended a graduate programme in law theory, and obtained a doctoral degree in management in 2010 from Tianjin University where he specialised in management science and engineering. Mr. Kang graduated in 2011 from Grenoble Ecole de Management, France, and obtained a DBA from Grenoble Ecole de Management, France. He is a PhD supervisor at Xi'an University of Architecture and Technology. Mr. Kang joined the Company in 1975. Mr. Kang was a member of China MCC 20th Machinery and Transportation Company, technician of the Electrical Installation Office of China MCC 20th Construction Corporation ("MCC 20th Construction"), member, Deputy Head and Head of the Planning Office and Economist, Deputy Head and Head of the Business Planning Office of MCC 20th Construction. He was Deputy Chief Economist and Head of the Business Planning Office of MCC 20th Construction from September 1996 to March 2001, Deputy General Manager and Chief Economist of MCC 20th Construction from March 2001 to October 2006, and Director, Deputy General Manager and Chief Economist of China MCC 20 Construction Co., Ltd. from October 2006 to June 2008. He was the Chairman of the Board of Directors and Secretary of the Party Committee of China MCC 17 Group Co., Ltd. (previously named "China MCC 17 Construction Co., Ltd.") from June 2008 to November 2010. He was appointed as the secretary to the Board and the joint company secretary of the Company with effect from 29 November 2010.

Directors, Supervisors and Senior Management

(4) JOINT COMPANY SECRETARIES

Mr. Kang Chengye (康承業)

See "Senior Management" as stated above.

Ms. Ma Sau Kuen Gloria (馬秀緝)

aged 52, is the joint company secretary of the Company. Ms. Ma is a director and the head of registration and compliance services of KCS Hong Kong Limited, a corporate secretarial and accounting services provider in Hong Kong. Ms. Ma is a fellow member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in the United Kingdom and holds a master degree in Business Administration from the University of Strathclyde. She was appointed as the joint company secretary of the Company with effect from 29 November 2010.

3. DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 30 June 2011, as far as the Company is aware, details of the interests or short positions of the Directors, Supervisors and the chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance) as recorded in the register required to be kept under Section 352 of the Securities and Futures Ordinance, or otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code set out in Appendix 10 to the Hong Kong Listing Rules are as follows:

Unit: Share

Name	Position	Class of shares	Long/ short position	Capacity	Number of shares	Percentage of the relevant class of shares in issue (%)	Percentage of the total shares in issue (%)
Shao Bo	Supervisor	A Shares	Long position	Interests of spouse	1,000	0%	0%

Save as disclosed above and as at 30 June 2011, as far as the Company is aware, none of the Directors, Supervisors or the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance) which are recorded in the register of the Company required to be kept pursuant to Section 352 of the Securities and Futures Ordinance, or otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code set out in Appendix 10 to the Hong Kong Listing Rules.

Directors, Supervisors and Senior Management

4. EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2011, the Company employed a total of 125,072 staff.

Structure of profession of current employees:

Profession	Number of current employees	Percentage
Engineering and construction	102,980	82.33%
Equipment manufacturing	11,006	8.80%
Resources development	10,388	8.31%
Property development and others	698	0.56%
Total	125,072	100%

The Company implements a remuneration system on the basis of market-orientation and performance appraisal. In accordance with applicable regulations, the Company established the pension contribution plan, employees' medical insurance, unemployment insurance, maternity insurance and workers' injury compensation insurance. In accordance with applicable PRC laws and regulations, the amount of contribution to the aforesaid social securities is strictly based on state, provincial and municipal requirements of the PRC. The Company also established an employee housing fund according to applicable PRC regulations. As resolved by the Board and approved by the SASAC and the Ministry of Human Resources and Social Security of the People's Republic of China, the Company also officially set up the enterprise annuity plan in the first half of 2011.

Corporate Governance

Corporate Governance

During the Reporting Period, the Company, being listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange, had improved the Company's governance and transparency of information disclosure in strict compliance with requirements of relevant laws and regulations such as the PRC Company Law, the PRC Securities Law and the Hong Kong Listing Rules. The Board had reviewed the corporate governance documents of the Company and was of the opinion that the Company was in compliance with the code provisions of the Code on Corporate Governance Practices during the six months ended 30 June 2011. None of the Directors is aware of any information that would reasonably indicate that the Company was not in compliance with code provisions of the Code on Corporate Governance Practices at any time during the Reporting Period.

During the Reporting Period, the Company had convened the 2010 AGM, the first 2011 class meeting of the holders of A Shares and the first 2011 class meeting of holders of H Shares, at which proposals in relation to the report of Directors, the report of Supervisory Committee, the financial statements for 2010, the profit distribution plan for 2010, the plan of guarantees for 2011, the appointment of auditors, remunerations for Directors and Supervisors, adjustments to projects funded by proceeds, the exemption amounts for continuing connected transactions, the general mandate for issue and repurchase of shares, the registration and issuance of short-term financing bills and medium-term notes as well as the amendments to the Articles of Association and the Terms of Reference for Board Meetings were considered (for details, please refer to the Company's announcement of voting results from resolutions of general meetings disclosed on 17 June 2011). During the Reporting Period, 7 Board meetings, 12 meetings of the special committees under the Board and 2 meetings of the Supervisory Committee were held, all of which were convened in compliance with the requirements of the Company Law and the Articles of Association.

During the Reporting Period, amendments to the Articles of Association and the Work Rules for the Board were considered and approved at the 2010 AGM of the Company. The Company further revised and specified the duties of the special committees under the Board in line with the requirements of the latest regulatory policies and the actual conditions of the Company; formulated the "Management Rules on the Shares of the Company Held by Directors, Supervisors and Senior Management and Changes in Such Shareholdings of MCC" (《中國中冶董事、監事、高級管理人員所持公司股份及其變動管理制度》) and the "Management Method on Regulation of the Fund Transfers with Connected Parties of MCC" (《中國中冶規範與關聯方資金往來的管理辦法》) to further regulate and enhance the management on the shareholdings of Directors, Supervisors and Senior Management of the Company and the fund transfers with connected parties. In accordance with the "Management Method on the Secretary to the Board of Listed Companies of the Shanghai Stock Exchange" (《上海證券交易所上市公司董事會秘書管理辦法》) newly promulgated by the Shanghai Stock Exchange, amending the "Working Rules for the Secretary to the Board of MCC" (《中國中冶董事會秘書工作制度》) which further specified the duties of the Secretary to the Board and provided institutional support and guarantee to the performance of duties by the Secretary to the Board. In addition, the Company amended the "Management Rules on the Remunerations of the Senior Management of MCC" (《中國冶金科工股份有限公司高級管理人員薪酬管理辦法》).

During the Reporting Period, since Mr. Shao Jinhui, the former employee representative Supervisor of the Company, reached the statutory retirement age, the Company held the employee representative congress on 18 January 2011, at which the resignation of Mr. Shao Jinhui as the employee representative Supervisor of the first session of the Supervisory Committee of the Company was approved and Mr. Shao Bo was elected as the new employee representative Supervisor of the first session of the Supervisory Committee of the Company (for details, please refer to the Company's provisional announcement issued on 20 January 2011 of the Company).

Corporate Governance

During the Reporting Period, the Company had stepped up efforts in information disclosure management and investor relations management and improved the reporting and internal circulation system of information. Besides, by organizing the first session of training class for secretaries of the board of directors of its subsidiaries, MCC had enhanced the awareness of standardized operation and compliance with laws and regulations of information disclosure at subsidiary level, improved the standards of professional and operation of the competent working teams and ensured efficient operation of the work as a whole.

During the Reporting Period, the Company was elected and listed on the SSE Corporate Governance Board and its shares were classified into the SSE Corporate Governance index and the SSE 180 Corporate Governance index, a testimony to the recognition of the Company's excellent governance from the capital market and investors.

Furthermore, the Company had adopted the Model Code as the codes governing the dealings in the Company's securities by Directors and Supervisors. Having made specific enquiries with all Directors and Supervisors, the Company confirmed that all Directors and Supervisors had complied with the Model Code and its requirements for the six months ended 30 June 2011.

Significant Events

Significant Events

I. INVESTMENTS OF THE COMPANY

(I) INVESTMENT OF THE PROCEEDS

1. Overall status of proceeds

The Company raised net proceeds of HK\$15,585 million in total through the H Share Offering on 24 September 2009. During the Reporting Period, the proceeds raised through the H Share Offering used by the Company amounted to HK\$2,101 million. As at the end of the Reporting Period, the used H Share proceeds amounted to HK\$9,316 million, while the unused H Share proceeds amounted to HK\$6,761 million (including unused listing fees, withholding taxes and interests, etc). H Share proceeds raised by the Company were used for purposes in line with those disclosed in the H Share Prospectus. The H Share proceeds which remain temporarily unused have been deposited in the account designated for raised proceeds.

The Company raised total net proceeds of RMB18,359 million through the A Share Offering in September 2009. During the Reporting Period, the proceeds raised through the A Share Offering used by the Company amounted to RMB2,624 million. As at the end of the Reporting Period, the A Share proceeds already used amounted to RMB12,738 million, while the unused portion amounted to RMB5,763 million (including interest accrued from proceeds deposited in the bank and unutilized proceeds for temporary replenishment of the Company's working capital). Except for provisionally replenishing the working capital, the A Share proceeds which remain temporarily unused have been deposited in the account designated for raised proceeds of the Company and will continue to be appropriated for relevant projects undertaken by the Company.

2. Use of proceeds for projects undertaken

(1) Use of proceeds raised through the H Share Offering for projects undertaken

Unit: HK\$0'000

Name of the project undertaken	Any changes to the project	Amount of proceeds to be invested	Actual amount of proceeds invested	Project progress	Revenue generated	Explanation of projects falling behind schedule or failing to achieve returns as expected
Overseas resources development projects	No	Approximately 33% of proceeds	154,572.03	In progress	Cannot be confirmed until completion of the project	Injection period
Overseas construction projects	No	Approximately 45% of proceeds	602,412.77	In progress	Cannot be confirmed until completion of the project	Injection period
Potential acquisitions of overseas resources	No	Approximately 11% of proceeds	1,062.62	In progress	Cannot be confirmed until completion of the project	Injection period
Repayment of bank loans and replenishment of working capital	No	Approximately 11% of proceeds	173,551.66	Completed	N/A	N/A
Sub-total			931,599.08			

Significant Events

(2) Use of proceeds raised through the A Share Offering of the Company for undertaken projects

Unit: RMB0'000

Name of the project undertaken	Any changes to the project	Amount of proceeds to be invested	Actual		Is it up to schedule	Actual		Revenue generated	Is it in line with estimated returns	Explanation of projects falling behind schedule or failing to achieve returns as expected
			amount of proceeds invested	proceeds used		Estimated returns				
Afghanistan Aynak copper mine project	No	85,000.00	0	No	0.00%	Internal rate of return of 11.01%	Cannot be confirmed until completion of the project	—	The infrastructure stripping and construction of the mining area was impeded due to the discovery of relics in the mining area, land acquisition and village relocation. As at the end of the Reporting Period, experts and relevant personnel were designated by the Afghanistan government to unearth the relics; the Mining Department, Agriculture Department and Logar Province had established an organization to specialize in land acquisition and village relocation in the Aynak Project. The trial relocation and investigation of most of the land property rights had been completed; the Company and other parties had proactively carried out measures to facilitate the progress of the project.	
Ramu nickel laterite mine project	No	250,000.00	250,000.04 (Note 1)	Yes	100.00%	Internal rate of return of 12.67%	Cannot be confirmed until completion of the project	—	Up to schedule.	
The innovation base project of the National Steel Structures Engineering Technology Research Center	Yes	150,000.00	30,981.51	Yes	20.65%	N/A	N/A	N/A	It was approved at 2010 AGM to change the use of RMB750 million of RMB1,500 million proceeds from A Share Offering, which was originally planned to be invested in the project, to the replenishment of the working capital of the Company.	

Significant Events

Name of the project undertaken	Any changes to the project	Amount of proceeds to be invested	Actual		Is it up to schedule	Actual proceeds used	Estimated returns	Revenue generated	Is it in line with estimated returns	Explanation of projects falling behind schedule or failing to achieve returns as expected
			amount of proceeds invested	amount of proceeds used						
Acquisition of equipment for engineering and construction and research and development	No	500,000.00	153,505.19	No	30.70%	Internal rate of return of 15.99%	Cannot be confirmed until completion of the project	—	Actual proceeds used were below the planned amount. As at the end of the Reporting Period, equipment purchase had commenced successively.	
The new project on the manufacturing of forged steel rolling mill and the expansion of the hot processing production capacity in Fuping County, Shaanxi Province	No	64,300.00	64,300.00	Yes	100.00%	Internal rate of return of 10.65%	As the equipment is undergoing debugging and the project has not been inspected and ramped up to its production capacity, the revenue to be generated from the project cannot be estimated, nor can it be confirmed until the project ramps up to targeted production capacity.	—	Up to schedule.	
The project in Caofeidian, Tangshan in relation to 500,000 tons of cold bend steel and steel structures project	No	44,000.00	44,038.08 (Note 1)	Yes	100.00%	Internal rate of return of 17.60%	Profit accumulated to RMB6.07 million	Yes	Up to schedule.	
The project in relation to an annual production of 400,000 tons of ERW welded pipes by MCC Liaoning Dragon Pipe Industries Co., Ltd. (中冶遼寧博龍鋼管有限公司)	No	34,500.00	10,797.31	No	31.30%	Internal rate of return of 20.90%	Cannot be confirmed until completion of the project	—	Actual proceeds used were below the planned amount. Such investment was delayed due to a delay in the construction progress following the relocation of municipal pipelines on site, with certain ancillary equipment still under delivery. Ancillary projects were under progress and payments of which are to be paid under the contract until inspection and acceptance of the equipment are completed with satisfaction and with reference to the project progress. The project had gathered pace and the trial operation of the main equipment was completed on 30 June 2011.	

Significant Events

Name of the project undertaken	Any changes to the project	Amount of proceeds to be invested	Actual		Is it up to schedule	Actual		Revenue generated	Is it in line with estimated returns	Explanation of projects falling behind schedule or failing to achieve returns as expected
			amount of proceeds invested	used		Estimated returns				
The project in relation to the production base for an annual production of 100,000 tons of quality steel structures (a production line for wind tower tube) in Anshan, Liaoning	Yes	48,200.00	0	—	0.00%	—	—	—	—	Upon approval at the 2010 AGM convened, such project had been entirely substituted for "large multi-ram die forgings and heavy equipment automation industrial base construction project".
Property development project in Gaohang Town, Pudong	No	58,800.00	58,800.00	Yes	100.00%	Internal rate of return of 16.35%	Profit accumulated to RMB456.63 million	Yes	Up to schedule.	
The property development project of old town area renovation work (Phase II) in Yuan Yang Town, Jing Kai Yuan, North New District, Chongqing	No	50,000.00	35,298.28	No	70.60%	Internal rate of return of 29.07%	Cannot be confirmed until completion of the project	—		The project ran smoothly, mainly attributable to the strengthened project planning and management on the general contracting as well as reasonable use of proceeds. Therefore, the payment was delayed as scheduled provided that the progress and quality were guaranteed.
Replenishment of working capital and repayment of bank loans	No	400,000.00	475,000.00	N/A	N/A	N/A	N/A	N/A	N/A	Upon consideration and approval at the 2010 AGM, it was agreed that the use of RMB750 million out of RMB1,500 million - the total A Share proceeds intended to be invested in the innovation base project of the National Steel Structures Engineering Technology Research Centre, to be changed as replenishment of working capital of the Company.
Replenishment of working capital and repayment of bank loans by over-subscription proceeds	No	151,097.24	151,097.24	N/A	N/A	N/A	N/A	N/A	N/A	
Sub-Total		1,835,897.24	1,273,817.65							

Note 1: the actual amount of proceeds invested in the Ramu nickel laterite mine project and the project in Caofeidian, Tangshan in relation to 500,000 tons of cold bend steel and steel structures project, less the amount of proceeds to be invested, was the interest generated from the respective account designated for raised proceeds.

Significant Events

During the Reporting Period, adjustments to the two projects financed by A Share proceeds (for details, please refer to the Company's provisional announcement issued on 1 April 2011) were considered and approved at the 2010 AGM of the Company, details of which are set out as follows:

- ① The construction under the innovation base project of the "National Steel Structures Engineering Technology Research Centre" (the "Innovation Base Project") was mainly undertaken by Central Research Institute of Building and Construction Co., Ltd., MCC Group (hereafter as "Central Research Institute") as proposed. However, the existing properties of Central Research Institute were unable to satisfy the construction needs of the project. Therefore, the construction plan for the Innovation Base Project needed to be adjusted. The construction plan for certain large laboratories was cancelled. The construction relating to the "open service area" in the original plan for the Innovation Base Project was proposed to be cancelled and certain fundamental works were proposed to be outsourced. To address the problem of delay in the investment of proceeds and to improve capital efficiency, the Company proposed to adjust part of the investment plan for the project, and the use of RMB750 million of the proceeds from the A Share Offering was changed with such amount to be used to replenish the working capital of the Company.
- ② Unjustifiable expansion of capacities in the wind power equipment manufacturing industry was required to be strictly controlled due to the impact of adjustment to the national guideline for industrial development. Accordingly, the project in relation to the production base for an annual production of 100,000 tons of quality steel structures (a production line for wind tower tube) in Anshan, Liaoning (the "Wind Power Tower Project") would not pay off as the conditions for its implementation have undergone significant changes. Upon careful research and verification, the Company determined to substitute the Wind Power Tower Project for the "Large Multi-ram Die Forgings and Heavy Equipment Automation Industrial Base Construction Project".

Significant Events

Particulars about the aforesaid two projects after adjustments are set out as follows:

Unit: RMB0'000

The adjusted project name	The corresponding project originally undertaken	Amount of proceeds to be invested in the adjusted project	Amount of proceeds invested	Is it up to the schedule	Project Progress	Estimated returns of the adjusted project	Revenue generated	Is it in line with estimated returns
Replenishment of working capital of the Company	The innovation base project of the National Steel Structures Engineering Technology Research Centre	75,000.00	75,000.00	—	—	—	—	N/A
The large multi-ram die forgings and heavy equipment automation industrial base construction project	The project in relation to the production base for an annual production of 100,000 tons of quality steel structures (a production line for wind tower tube) in Anshan, Liaoning	48,200.00	0	Yes	The construction of such project commenced in September 2010. Currently, the basic construction of the plant and the manufacturing of 3000 tons of steel structures have been completed.	Internal rate of return of 17.1%	Construction period	N/A

Upon consideration and approval at the 15th meeting of the first session of the Board held by the Company in August 2010, the Company had utilized RMB1.8 billion of aggregate unused A Share proceeds to temporarily replenish its working capital for a term of no more than 6 months. The Company had fully returned the aforementioned proceeds to the Company's designated account for A Share proceeds on 17 February 2011.

Upon consideration and approval at the 21st meeting of the first session of the Board held by the Company in March 2011, the Company was approved to utilize the unused A Share proceeds of no more than RMB1.8 billion to temporarily replenish working capital of the members of the Company for a term of no more than 6 months. By replenishing working capital with unused proceeds, it will improve the utilization rate of A Share proceeds of the Company and reduce its financial costs. As at the end of the Reporting Period, the Company had utilized RMB1.775 billion of aggregate unused A Share proceeds to temporarily replenish working capital.

Significant Events

Upon consideration and approval at the 21st meeting of the first session of the Board held by the Company in March 2011, it was approved to replace previously invested internal funds used in projects financed by proceeds with RMB1.248 billion of A Share proceeds. As at 20 April 2011, the Company had completed the replacement of previously invested internal funds used in projects financed by proceeds with proceeds of RMB1.248 billion in total as mentioned above.

(II) Projects not invested by proceeds

Unit: RMB0'000

Name of project	Project amount	Progress of project	Revenue generated from the project
Jiujiang Steel Slag Zero Emission Project (九江鋼渣零排放項目)	53,558.17	Phase I commenced construction in November 2008 and has been put into operation since July 2009. Phase II commenced construction in early 2010 and was proceeding with the installation of machinery equipment by the end of the Reporting Period. It was expected to be officially put into operation following the trial production in September 2011.	The construction of phase I had secured its basic revenue since its commencement of production and operation for the year then and has currently achieved sound operation with attractive revenue. The construction of phase II is underway and can generate expected revenue according to the estimated market conditions.
Wuxi Xidong Waste Incineration Power Generation Project (無錫錫東垃圾焚燒發電項目)	98,000	The design of the construction planning drawing which included 17 sub-items had completed in full; 84 procurement contracts (including supplementary contracts) had been executed with all the contracted equipment (except for certain auxiliary equipment) delivered to the site; the construction of the structures of plants was completed, the construction of roof and walls of the comprehensive main plant was under progress and the installation of all the production and ancillary equipment was completed, with all the facilities and equipment undergoing frequent debugging exercises.	The project is under construction and has not generated any revenue.

Significant Events

Name of project	Project amount	Progress of project	Revenue generated from the project
The High-tech Industrialization Project of the Recycling Use of Polysilicon By-products by Luoyang China Silicon Hi-tech Corporation (洛陽中硅高科技有限公司)	170,616	The project of the recycling use of polysilicon by-products had commenced full operation through debugging. Most of the sub-items in the project had completed debugging exercises and commenced operation. The transformation of a number of sub-items in hydrogenation workshop (4) and the purification workshop was still undergoing debugging and commenced production in the end of June 2011. In addition, the silicon core workshop, the newly-added sub-item of this project, had completed the contracting of construction and is to commence installation in pace with the progress of civil engineering.	The project is undergoing debugging and has not generated any revenue.
Wuhan Electromechanical Industrial Park Project (武漢機電產業園項目)	55,357	The project progressed smoothly. Phase I has been put into full operation since December 2010 and phase II is under construction.	WISDRI (Wuhan) Heavy Machinery Co., Ltd and WISDRI Automation (中冶南方(武漢)自動化有限公司) of the Company had moved to the electromechanical industrial park in December 2010. WISDRI (Wuhan) WIS Industrial Furnace Co., Ltd. (中冶南方(武漢)威仕工業爐有限公司) had moved to the electromechanical industrial park in October 2010. From January to June 2011, the three subsidiaries aforementioned had attained RMB310 million of revenue from the equipment manufacturing.
Phase I of Xinyu Cold-rolled Silicon Steel Project (新餘冷軋矽鋼項目一期)	87,500	The project progressed smoothly. No. 1 and No. 2 production lines of phase I had been put into production and ramped up to their production targets.	An external contract with a value of RMB660 million for the project had been signed and 77,000 tons of products were sold from January to June 2011.
Tibet Mengya'a Lead-zinc Mine Project (西藏蒙亞啊鉛鋅礦項目)	36,485	The construction of the processing plant of the project had been fully completed. The project commenced trial production in July 2011.	Since the project was put into trial production in July, no revenue was generated in the first half of 2011.
Total	501,516.17	—	—

Significant Events

II. EXPLANATIONS ON IMPLEMENTATION OF THE PROFIT DISTRIBUTION PLAN AND SHARE INCENTIVE SCHEME DURING THE REPORTING PERIOD

According to the Articles of Association, the Company's policy on the distribution of profits holds that after the recovery of losses and withdrawal of the common reserve fund, cash dividends shall be considered when the Company distributes dividends to Shareholders out of the balance of the profit after tax. The specific proportion of the distribution of dividends shall be determined by the general meeting of shareholders.

Cash dividends and other monies paid by the Company to domestic Shareholders shall be paid in RMB. Cash dividends and other monies paid by the Company to holders of overseas listed foreign Shareholders shall be stated and announced in RMB and paid in foreign currency. Foreign currency required by the Company to pay cash dividends and other monies to holders of overseas listed foreign Shareholders and holders of other foreign Shareholders shall be obtained pursuant to relevant state regulations on foreign exchange.

Distribution of dividends in cash was adopted for the Company's profit distribution plan for the year ended 31 December 2010. Upon consideration and approval at the 2010 AGM, the Company's 2010 profit distribution plan was to pay a final dividend of RMB0.047 per share (before tax) for the year ended 31 December 2010 to all Shareholders, based on the total share capital of 19,110,000,000 shares of the Company as at 31 December 2010. The announcement on the distribution of 2010 A Share dividends was published on China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily and the website of the Shanghai Stock Exchange on 2 August 2011. The announcement on the distribution of 2010 final dividends for H shares was published on the website of the Hong Kong Stock Exchange on 14 July 2011. As at the disclosure date of this report, the Company had completed its distribution of profit for the year ended 31 December 2010.

During the Reporting Period, the Company had no proposal for profit distribution or transfer of capital reserve to share capital, nor had it implemented any equity incentive scheme for the six months ended 30 June 2011.

III. MATERIAL LITIGATION AND ARBITRATION

During the Reporting Period, the Company had no new material litigation or arbitration.

Significant Events

IV. EQUITIES IN OTHER LISTED COMPANIES AND FINANCIAL INSTITUTIONS HELD BY THE COMPANY

1. Equity interests in listed companies held by the Company

Name of investee	Initial investment cost <i>(RMB million)</i>	As at 30 June 2011	As at 31 December 2010
Chlor-alkali Chemical	0 <i>(Note 1)</i>	1	1
Bank of Communications	93	225	222
Nan Steel Corp	1	11	11
Chongqing Department Store	0 <i>(Note 1)</i>	20	20
Fountain	0 <i>(Note 1)</i>	1	1
Tande	1	1	1
AJ Corp	2	17	16
Tianjin Reality Development	2	5	5
Haima Investment	0 <i>(Note 1)</i>	0 <i>(Note 1)</i>	1
Ping An of China	0 <i>(Note 1)</i>	9	11
KaiDi Electric	3	135	106
Hebei Steel	6	13	11
China CAMC	0 <i>(Note 1)</i>	0 <i>(Note 1)</i>	0 <i>(Note 1)</i>
Xining Special Steel	1	15	13
Total	111 <i>(Note 2)</i>	453	419

Note 1: Less than RMB500,000.

Note 2: Any discrepancies between the amount of the sub-items of initial investment cost and the subtotal thereof are mainly due to rounding to integer number.

Significant Events

2. Equity interests in non-listed financial companies held by the Company

Name of investee	Initial investment cost <i>(RMB million)</i>	Shareholding percentage of the investee <i>(%)</i>	As at 30 June 2011 <i>(RMB million)</i>	As at 31 December 2010 <i>(RMB million)</i>
Huludao Bank Co., Ltd. (葫蘆島銀行股份有限公司)	44	11.40	44	44
Jinzhou Commercial Bank Co., Ltd. (錦州市商業銀行股份有限公司)	31	5.00	31	31
Changcheng Life Insurance Co., Ltd (長城人壽保險股份有限公司)	30	2.13	30	30
Wuhan Hankou Bank Company Limited (武漢市漢口銀行股份有限公司)	28	1.34	28	28
Baosteel Group Finance Co., Ltd. (寶鋼集團財務有限責任公司)	10	2.20	10	10
Pansteel Group Financial Company (攀鋼集團財務有限公司)	4	0.26	4	4
Shenyin & Wanguo Securities Co. Ltd.	2	0.02	2	2
Wusteel Group Financial Company (武鋼集團財務公司)	2	0.20	2	2
Nanjing Bank of Communications (南京交通銀行)	1	1.00	1	1
Total	152		152	152

Significant Events

V. TRANSACTION OF ASSETS

1. Acquisition of assets

Unit: RMB0'000

Counterparties or ultimate controlling party	Assets acquired	Date of acquisition	Price of assets acquired	Contribution to the net profit of the listed company from the date of acquisition to the end of the Reporting Period	Contribution to the net profit of the listed company from the beginning of the year to the end of the Reporting Period (applicable to the merger under common control)	Is it a connected transaction (if it is, please state the pricing principle)	The pricing principle of asset acquisition	Are all	Are all the
								the property rights of concerning assets transferred to the other party	claims and liabilities of concerning assets transferred to the related party
Beijing Xin'asaik Automation Technology Co., Ltd. (北京新阿塞克自动化 技术有限公司)	0.83% equity of ACRE	13 June 2011	1,005.34	—	—	No	Determined on the basis of evaluation	Yes	N/A

2. Disposal of assets

There was no significant disposal of assets of the Company during the Reporting Period.

Significant Events

VI. SIGNIFICANT CONNECTED TRANSACTIONS

According to the Proposal in Relation to the “Application for Waivers of Continuing Connected Transactions from 2012 to 2014” (《關於申請2012年至2014年持續性關聯/連交易豁免額度的議案》) considered and approved at the 21st meeting of the first session of the Board held by the Company on 31 March 2011, it was approved to determine the caps of continuing connected transactions entered into between the Company and the Parent Group within the two years from 2013 to 2014, as well as the caps of continuing connected transactions entered into between the Company and Pansteel and Ansteel within the three years from 2012 to 2014, details of which are set out in the following table:

Unit RMB0'000

Type of connected transaction	2012	2013	2014
Continuing connected transactions with the Parent Group			
Leasing of properties to the Company by the Parent Group	—	9,000	9,000
Provision of raw materials, products and services to the Company by the Parent Group	—	40,000	42,000
Provision of raw materials, products and services to the Parent Group by the Company	—	100,000	110,000
Continuing connected transactions with Ansteel			
Provision of integrated products to the Company by Ansteel	11,000	12,000	13,000
Provision of services to Ansteel by the Company	240,000	250,000	260,000
Continuing connected transactions with Pansteel			
Provision of integrated products to the Company by Pansteel	50,000	55,000	60,000
Provision of services to Pansteel by the Company	600,000	630,000	650,000

For details, please refer to the Company’s announcement of “New Annual Caps for Continuing Connected Transactions in Respect of 2012-2014” published on the website of the Hong Kong Stock Exchange on 31 March 2011.

Significant Events

VII. MATERIAL CONTRACTS AND THE PERFORMANCE THEREOF

1. Trusteeship, contracting and leasing arrangement which contributed over 10% (inclusive of 10%) to the total profit of the Company during the Reporting Period

(1) Trusteeship

The Company did not enter into any significant trusteeship during the Reporting Period.

(2) Contracting arrangement

The Company did not enter into any significant contracting arrangement during the Reporting Period.

(3) Leasing arrangement

The Company did not enter into any significant leasing arrangement during the Reporting Period.

2. Guarantee

Unit RMB'000

External guarantees provided by the Company (excluding guarantees to controlled subsidiaries)

Guarantor	Relationship between guarantor and the listed company		Guaranteed amount	Date of guarantee		Type of guarantee	Whether fully fulfilled			Whether any counter guarantee available		Whether guarantee for a related party	Related party relationship
	Guaranteed party			(agreement execution date)	Commencement date of guarantee		Expiry date of guarantee	Whether fully fulfilled	Whether overdue	Overdue amount	Whether available		
MCC Capital Engineering & Research Incorporation Limited	Controlled subsidiary	MCC (Xiangtan) Heavy Industrial Equipment Co., Ltd.	100,000	7 December 2010	14 December 2010	14 December 2011	Under joint and several liabilities	No	No	—	No	No	—
China Huaye Group Co., Ltd.	Wholly-owned Subsidiaries	Handan Iron and Steel Group Co., LTD	28,761	19 December 2003	19 December 2003	19 December 2015	Under joint and several liabilities	No	No	—	No	No	—
China 22 MCC Group Co., Ltd.	Wholly-owned Subsidiaries	Xi'an Sanjiao Aviation Technology Co., Ltd.	125,000	9 September 2008	9 September 2008	31 December 2014	Under joint and several liabilities	No	No	—	No	No	—
China 22 MCC Group Co., Ltd.	Wholly-owned Subsidiaries	Hebei Steel Luan County Sijaying Iron Ore Co., Ltd.	60,000	10 October 2007	10 October 2007	30 August 2014	Under joint and several liabilities	No	No	—	No	No	—
China 22 MCC Group Co., Ltd.	Wholly-owned Subsidiaries	Hebei Steel Luan County Sijaying Iron Ore Co., Ltd.	20,580	7 September 2007	7 September 2007	6 September 2012	Under joint and several liabilities	No	No	—	No	No	—
Huludao Zinc Industry Co., Ltd.	Controlled subsidiary	Jinzhou Jincheng Papermaking Co., Ltd.	30,000	19 November 2003	19 November 2003	17 August 2004	Under joint and several liabilities	No	Yes	30,000	No	No	—

Significant Events

Total amount of guarantee incurred during the Reporting Period (excluding guarantee to subsidiaries)	0
Total amount of outstanding guarantee as at the end of the Reporting Period (A) (excluding guarantee to controlled subsidiaries)	364,341
Guarantee provided by the Company to its controlled subsidiaries ^(Note 1)	
Total amount of guarantee incurred by the Company to its subsidiaries during the Reporting Period	2,354,410
Balance of guarantee provided by the Company to its subsidiaries at the end of the Reporting Period (B)	18,462,244
Total guarantee provided by the Company (including guarantee to controlled subsidiaries)	
Total amount of guarantee (A+B)	18,826,585
Total amount of guarantee as a percentage of the Company's net assets (%)	33.92
Including:	
Amount of guarantee provided to Shareholders, the de facto controller and its related parties (C)	0
Debt guarantee directly or indirectly provided to parties with gearing ratio over 70% (D)	14,607,363
The excess of total amount of guarantee over 50% of the net assets (E)	0
Total amount of above 3 guarantees (C+D+E)	14,607,363

Note 1:

- (1) It includes guarantees provided among subsidiaries and guarantees provided by subsidiaries in favor of the Parent Company.
- (2) The total amount of guarantees incurred by the Company is expected to be less than RMB24,981 million for the year 2011. The actual amount of guarantees incurred was RMB2,354 million in the first half of the year, accounting for 9.42% of the estimated amount incurred for the year.

Significant Events

3. Entrusted Asset Management and Entrusted Loans

(1) Entrusted Asset Management

During the Reporting Period, the Company did not have any assets under entrusted management.

(2) Entrusted Loans

Unit: RMB

No	Lender	Borrower	Relationship of borrower with the listed company	Amount	Term	Annual interest rate	Is it overdue	Is it a connected transaction	Note
1	Metallurgical Corporation of China Ltd.*	MCC Huludao Nonferrous Metals Group Co., Ltd.	Subsidiary	41,355,462.12	2009/3/25 to 2010/6/25	6.34%	Yes	No	The borrower
2	Metallurgical Corporation of China Ltd.*	MCC Huludao Nonferrous Metals Group Co., Ltd.	Subsidiary	200,000,000.00	2009/3/25 to 2010/7/25	6.34%	Yes	No	has applied
3	Metallurgical Corporation of China Ltd.*	MCC Huludao Nonferrous Metals Group Co., Ltd.	Subsidiary	200,000,000.00	2009/3/25 to 2010/8/25	6.34%	Yes	No	for payment
4	Metallurgical Corporation of China Ltd.*	MCC Huludao Nonferrous Metals Group Co., Ltd.	Subsidiary	143,140,000.00	2009/3/25 to 2010/9/25	6.34%	Yes	No	extension and
5	Metallurgical Corporation of China Ltd.*	MCC Huludao Nonferrous Metals Group Co., Ltd.	Subsidiary	75,510,000.00	2009/5/27 to 2010/5/26	5.31%	Yes	No	at present
6	Metallurgical Corporation of China Ltd.*	MCC Huludao Nonferrous Metals Group Co., Ltd.	Subsidiary	57,340,000.00	2009/5/27 to 2010/5/26	5.31%	Yes	No	the Company
7	Metallurgical Corporation of China Ltd.*	MCC Huludao Nonferrous Metals Group Co., Ltd.	Subsidiary	48,170,000.00	2009/6/19 to 2010/5/26	5.31%	Yes	No	is proceeding
8	Metallurgical Corporation of China Ltd.*	MCC Huludao Nonferrous Metals Group Co., Ltd.	Subsidiary	940,000,000.00	2009/6/30 to 2010/6/29	5.602%	Yes	No	with evaluation
9	Metallurgical Corporation of China Ltd.*	MCC Huludao Nonferrous Metals Group Co., Ltd.	Subsidiary	58,290,000.00	2009/7/3 to 2010/5/26	5.31%	Yes	No	on such
10	Metallurgical Corporation of China Ltd.*	MCC Huludao Nonferrous Metals Group Co., Ltd.	Subsidiary	58,030,000.00	2009/8/28 to 2010/5/26	5.602%	Yes	No	extension.
11	Metallurgical Corporation of China Ltd.*	MCC Huludao Nonferrous Metals Group Co., Ltd.	Subsidiary	200,000,000.00	2009/10/26 to 2010/10/25	5.31%	Yes	No	
12	Metallurgical Corporation of China Ltd.*	MCC Huludao Nonferrous Metals Group Co., Ltd.	Subsidiary	100,000,000.00	2009/11/20 to 2010/11/19	5.31%	Yes	No	
13	Metallurgical Corporation of China Ltd.*	MCC Huludao Nonferrous Metals Group Co., Ltd.	Subsidiary	630,000,000.00	2009/11/24 to 2010/11/23	5.31%	Yes	No	

Significant Events

No	Lender	Borrower	Relationship of borrower with the listed company	Amount	Term	Annual interest rate	Is it overdue	Is it a connected transaction	Note
14	Metallurgical Corporation of China Ltd.*	MCC-WJ Mining Development Company Limited	Subsidiary	1,625,000,000.00	2009/11/17 to 2017/11/16	5.94%	No	No	Proceeds raised in A share offering will be used in Ramu Nickel Laterite Project by means of entrusted loans as disclosed in A Share prospectus.
15	Shanghai Baoye Group Corp., Ltd.	Changshu Zhongye Baorun Real Estate Co., Ltd.	Subsidiary	50,000,000.00	2010/11/19 to 2011/11/19	6%	No	No	
16	Shanghai Baoye Group Corp., Ltd.	Changshu Zhongye Baorun Real Estate Co., Ltd.	Subsidiary	200,000,000.00	2010/11/3 to 2011/11/3	6%	No	No	
17	Shanghai Baoye Engineering Technology Co., Ltd. (上海寶冶工程技術有限公司)	Shanghai MCC Xinyuepu Real Estate Co., Ltd. (上海中冶新月灣置業有限公司)	Subsidiary	50,000,000.00	2011/1/24 to 2014/1/23	10% above the benchmark interest rate of the same period	No	No	
18	MCC Capital Engineering & Research Incorporation Limited	MCC (Xiangtan) Heavy Industrial Equipment Co., Ltd.	Associates	82,875,000.00	2011/06/28 to 2012/06/28	1-year term loan basis rate (6.31%)	No	No	
19	China MCC 20 Group Co., Ltd.	Shanghai Star Construction Co., Ltd. (上海星辰建設有限公司)	—	16,000,000.00	2011/3/16 to 2011/10/10	15%	No	No	
20	China MCC 20 Group Co., Ltd.	Shanghai Star Construction Co., Ltd. (上海星辰建設有限公司)	—	20,000,000.00	2011/3/16 to 2011/11/30	20%	No	No	
21	China MCC 20 Group Co., Ltd.	Shanghai Star Construction Co., Ltd. (上海星辰建設有限公司)	—	124,200,000.00	2011/3/16 to 2011/11/30	10%	No	No	

Significant Events

No	Lender	Borrower	Relationship of borrower with the listed company	Amount	Term	Annual interest rate	Is it overdue	Is it a connected transaction	Note
22	China MCC 20 Group Co., Ltd.	Dalian Haoyi Real Estate Development Co., Ltd. (大連豪德房地產開發有限公司)	—	20,000,000.00	2007/6/1 to 2007/10/15	Minimum interest rate of 5.4%	Yes	No	Pursuant to the 2010 Civil Mediation Letter of Shanghai No.2 Intermediate People's Court Hu Er Zhong Min Liu (Shang) Zhong Zi No.87 (上海第二中級人民法院民事調解書 (2010)滬二中民六(商)終字第87號), within the twelve months after the Court approved the case for enforcement application, in the event that China MCC 20 Group Co., Ltd. is unable to receive the principal and interest in full, the responsibility to settle the unpaid principal and interest amount shall be undertaken by Shenzhen Development Bank, Dalian Xi Gang Branch.
23	MCC Baosteel Technology Services Co., Ltd.	Shanghai Baoye Qicheng Gas Co., Ltd.	Subsidiary	2,000,000.00	2006/11/30 to 2009/11/27	7.33%	Yes	No	borrower under transfer
24	MCC Baosteel Technology Services Co., Ltd.	Shanghai Baoye Qicheng Gas Co., Ltd.	Subsidiary	3,000,000.00	2007/1/16 to 2010/01/13	6.93%	Yes	No	borrower under transfer
25	MCC Baosteel Technology Services Co., Ltd.	Shanghai Baoye Qicheng Gas Co., Ltd.	Subsidiary	3,000,000.00	2007/2/15 to 2010/2/14	6.93%	Yes	No	borrower under transfer
26	MCC Baosteel Technology Services Co., Ltd.	Shanghai Baoye Qicheng Gas Co., Ltd.	Subsidiary	3,000,000.00	2007/3/15 to 2010/3/14	6.93%	Yes	No	borrower under transfer
27	MCC Baosteel Technology Services Co., Ltd.	Shanghai Baoye Qicheng Gas Co., Ltd.	Subsidiary	2,500,000.00	2007/4/15 to 2010/4/14	6.93%	Yes	No	borrower under transfer
28	MCC Baosteel Technology Services Co., Ltd.	Shanghai Baoye Qicheng Gas Co., Ltd.	Subsidiary	2,000,000.00	2007/4/30 to 2010/04/28	6.93%	Yes	No	borrower under transfer
29	MCC Baosteel Technology Services Co., Ltd.	Weifang MCC Infrastructure Construction Investment Co., Ltd. (濰坊中冶基礎設施投資建設有限公司)	Subsidiary	15,000,000.00	2011/1/5 to 2014/1/31	6.22%	No	No	
30	MCC Baosteel Technology Services Co., Ltd.	Weifang MCC Infrastructure Construction Investment Co., Ltd. (濰坊中冶基礎設施投資建設有限公司)	Subsidiary	15,000,000.00	2011/5/10 to 2014/1/31	6.65%	No	No	

Significant Events

No	Lender	Borrower	Relationship of borrower with the listed company	Amount	Term	Annual interest rate	Is it overdue	Is it a connected transaction	Note
31	MCC Baosteel Technology Services Co., Ltd.	Weifang MCC Infrastructure Construction Investment Co., Ltd. (潍坊中冶基础设施投资有限公司)	Subsidiary	12,000,000.00	2011/6/15 to 2014/1/31	6.65%	No	No	
32	Shanghai Baorong International Container Co., Ltd. (上海寶榮國際集裝箱有限公司)	Shanghai Wu Gang Engineering and Management Co., Ltd.	Subsidiary	30,000,000.00	2011/7/13 to 2012/7/12	6.31%	No	No	
33	Shanghai Baorong International Container Co., Ltd. (上海寶榮國際集裝箱有限公司)	Shanghai Baoye Qicheng Gas Co., Ltd.	Subsidiary	2,500,000.00	2008/1/7 to 2010/01/06	8.22%	Yes	No	borrower under transfer
34	Shanghai Baorong International Container Co., Ltd. (上海寶榮國際集裝箱有限公司)	Shanghai Baoxuan Metallic Products Co., Ltd. (上海寶暄金屬製品有限公司)	Subsidiary	5,000,000.00	2011/5/6 to 2012/5/5	6.31%	No	No	
Total				5,034,910,462.12					

Significant Events

4. Other Material Contracts

Material contracts of domestic projects are set out in the following table:

Number	Date of contract	Name of project	Contractual amounts (RMB in million)	Parties	Term (Month)
1	2011/1/6	General contracting for steel making construction in Nanjiang base of Bagang (八鋼南疆基地煉鋼工程總承包合同)	1,028	CISDI Engineering Co., Ltd. (中冶賽迪工程技術股份有限公司)	19
2	2011/3/8	Iron and steel making construction of Langfangshi Guangyuan Metal Products (Shengbao) Co., Ltd. (廊坊市洮遠金屬製品有限公司(勝寶))	1,560	China MCC 20 Group Co., Ltd.	12
3	2011/3/15	Construction of ancillary services centre for iron and steel and power industry at industry zone of Caofeidian (曹妃甸工業區鋼鐵電力產業配套服務中心工程)	1,550	China 22 MCC Group Co., Ltd.	24
4	2011/3/15	Construction of prestigious international plaza in Xiqiao, Nanhai of Zhuhua Co., Ltd. (珠華有限公司南海西樵盛名國際廣場工程)	1,200	China 22 MCC Group Co., Ltd.	33
5	2011/3/29	Dongfang yongye city plaza of Songshan, Chifeng (赤峰松山東方永業城市廣場)	1,000	China Second Metallurgy Group Corporation Limited (中國二冶集團有限公司)	24
6	2011/4/16	Blast furnace project (2x2,300 m ³) of Rizhao Steel Holding Group Co., Ltd. (日照鋼鐵控股集團有限公司2x2,300m ³ 高爐項目)	1,800	MCC Capital Engineering & Research Incorporation Limited	11
7	2011/4/18	Integrated social welfare project Of Toutunhe Farm Regiment under Division 12 of Xinjiang Production and Construction Corps (新疆生產建設兵團十二師頭屯河農場連隊整合保障性住房建設項目)	1,500	China Second Metallurgy Group Corporation Limited (中國二冶集團有限公司)	18
8	2011/4/28	Convention, exhibition and business centre of Zhongshan City (中山市會展商務中心)	1,000	Shanghai Baoye Group Corp., Ltd.	36
9	2011/5/1	Settlement residence project in Huashan District (Phase II) of Ma'anshan (馬鞍山花山區安置房二期項目)	2,500	China MCC 17 Group Co., Ltd.	16
10	2011/5/25	Section III & IV of the relocation project of rehabilitation and economical housing of Zhanzhuangqi Village in Dongli District, Tianjin (天津東麗區詹莊七村遷徙安置經適房三、四標段)	1,090	China Metallurgical Construction (Group) Co., Ltd. (中冶建工集團有限公司)	15
11	2011/6/8	General contracting for copper mines mining operation of Bainaimiao, Inner Mongolia (內蒙古白乃廟銅礦采礦工程 總承包合同)	1,084	China Enfi Engineering Co., Ltd.	36
12	2011/6/15	General contracting for equipment upgrade and renovation of energy saving technology system in respect of special steel, steel making and steel rolling in Xining (西寧特鋼煉鋼軋鋼系統節能環保工藝裝備升級改造總包工程)	1,575	Beris Group Corporation	36

Significant Events

Material contracts of overseas projects are set out below:

Number	Date of	Name of project	Contractual	Parties	Term
	contract		amounts		
			(RMB in million)		
1	2011/2/1	Project for petroleum engineering institution of Kuwait University (科威特大學城石油工程學院項目)	3,350	China MCC 17 Group Co., Ltd.	36

VIII. PERFORMANCE STATUS OF THE UNDERTAKINGS

The undertakings made by MCC Group, the controlling shareholder in the A Share Prospectus were as follows:

1. Undertaking for share lock-up: within 36 months from the date of listing of the Company's A Shares, no shares issued before the initial public offering of the Company, whether directly and indirectly held by it, shall be transferred or entrusted to others for management or repurchased by the Company.

MCC Group had complied with the above undertakings during the Reporting Period.

2. Undertaking for disposal of MCC Hengtong Cold Rolling Technology Co., Ltd. ("MCC Hengtong"): within 24 months from the date of the initial public offering of the Company's domestic shares on the Shanghai Stock Exchange, respectively, MCC Hengtong shall be disposed, upon completion of initial public offering by way of, inter alia, transfer of equity in MCC Hengtong.

During the Reporting Period, MCC Hengtong had fully ceased production. At present, MCC Group continues to carry out the relevant tasks in respect of the disposal matters of MCC Hengtong.

3. Non-competition Undertaking

MCC Group has complied with the above undertakings during the Reporting Period.

IX. APPOINTMENT AND DISMISSAL OF ACCOUNTANTS

Upon approval at the 2010 AGM, PricewaterhouseCoopers Zhong Tian CPAs Limited Company and PricewaterhouseCoopers Certified Public Accounts were re-appointed as the domestic auditor and international auditor of the Company respectively for the year 2011 to carry out interim review and annual audit prepared under the China Accounting Standards (中國企業會計準則) and the IFRSs, respectively for a term ended on the conclusion of the 2011 annual general meeting. Their remunerations were determined by the Board.

Significant Events

X. THE PENALTIES AND RECTIFICATION OF THE LISTED COMPANY AND ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, SHAREHOLDERS AND ULTIMATE CONTROLLING PERSON

During the Reporting Period, none of the Company, its Directors, Supervisors, senior management, Shareholders and ultimate controlling person was subject to any investigations, administrative penalties and criticisms by notice by CSRC and any public censure of stock exchanges.

XI. THE FINANCE AND AUDIT COMMITTEE

The Finance and Audit Committee of the Company is comprised of five Directors, namely Mr. Liu Li, Mr. Jing Tianliang, Mr. Jiang Longsheng, Mr. Wen Keqin and Mr. Cheung Yukming. Mr. Liu Li served as the chairman.

The major functions of the Finance and Audit Committee are to consider major financial control targets, to supervise the implementation of financial regulations and rules, to consider the annual working plan for the Company's internal audit, to supervise the internal audit system of the Company and its implementation, to propose the appointment or change of external auditors, to take charge of coordination between internal audit and external audit, to review the Company's financial information and its disclosure, to independently review the financial statements and provide opinions, to confirm the name list of connected person(s) of the Company and report to the Board and the Supervisory Committee in a timely manner, to submit written opinions to the Board for consideration after reviewing the major connected transactions to be entered into between the Company and connected person(s) and report to the Supervisory Committee as well as to discharge other duties authorized by the Board.

According to the decision made by the Board, the Finance and Audit Committee is not responsible for the supervision of the risk management and internal control system of the Company, which is currently the duty of the Risk Management Committee. Thereby, such decision is a technical deviation from the Code Provision C3.3(f) of the "Code on Corporate Governance Practices" contained in Appendix 14 of the Hong Kong Listing Rules.

Other than the above, relevant duties and operation of the Finance and Audit Committee were in compliance with the requirements of the "Code on Corporate Governance Practices" during the Reporting Period.

The Finance and Audit Committee had reviewed the unaudited interim results of the Company for the six months ended 30 June 2011. The committee was of the opinion that the unaudited interim results for the six months ended 30 June 2011 had been in compliance with applicable accounting principles as well as laws and regulations and had been disclosed in a proper manner.

Significant Events

XII. OTHER SIGNIFICANT EVENTS

1. During the Reporting Period, there were substantial changes to the security situation in Libya. China First Metallurgical Group Co., Ltd (“First Metallurgical”), a subsidiary of the Company, undertakes two engineering and construction projects in Libya, namely the EPC project in respect of 5,000 units of residence and relevant auxiliary facilities (“5,000-Unit Residence Project”) in EAST MELITA, Libya and the civil engineering project for phase I of 4x3,000t/d cement factory production line (“Cement Factory Project”) in Misratah. The contract sum of such two projects shall be paid in accordance with construction progress. The total contract value amounted to RMB5.586 billion and the outstanding value of these two projects aggregated to approximately RMB5.131 billion, accounting for approximately 2% of the Company’s total outstanding contract value as at the end of 2010. As the situation in Libya remained in turmoil, all projects of First Metallurgical had been suspended in Libya. The Company had organized evacuation of the Company’s employees from Libya under the united arrangement of the PRC government (for details, please refer to the Company’s provisional announcement issued on 2 March 2011). The Company and First Metallurgical will actively press ahead with the preservation of relevant assets.
2. In the announcement released by the Company on 20 September 2010, it was announced that Nanjing Linjiang Old Town Renovation, Construction and Investment Co., Ltd. (南京臨江老城改造建設投資有限公司), of which 80% equity was held by MCC Real Estate Group Co., Ltd. (“MCC Real Estate”), a non-wholly owned subsidiary of the Company, won the bid of the land use rights of Land No. 1 and Land No. 3 at the west of Jiang Bian Road, Binjiang, Xiaguan District of Nanjing City at a consideration of RMB12,141 million and RMB7,893 million, respectively. As at the end of the Reporting Period, the demolition work of the project progressed smoothly. MCC Real Estate had obtained the approval for the project and the planning permit on land for construction use, completed the conceptual design and held seminars to listen to experts’ opinions. At present, the project design, industrial positioning and relevant planning are being carried out at a steady pace.

Report on Review of Interim Financial Information



羅兵咸永道

To the Board of Directors of Metallurgical Corporation of China Ltd.

(Incorporated in the People's Republic of China with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 82 to 123, which comprises the condensed consolidated balance sheet of Metallurgical Corporation of China Ltd. (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2011 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated cash flow statement for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes (the "Interim Financial Information"). The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of this Interim Financial Information in accordance with IAS 34. Our responsibility is to express a conclusion on this Interim Financial Information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Auditing and Assurance Standards Board. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the Interim Financial Information is not prepared, in all material respects, in accordance with IAS 34.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 30 August 2011

PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong

T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

Unaudited Condensed Consolidated Balance Sheet

	Note	30 June 2011 RMB'million Unaudited	31 December 2010 RMB'million Audited
ASSETS			
Non-current assets			
Property, plant and equipment	5	39,010	37,104
Land use rights		8,126	8,054
Mining rights	6	5,350	4,857
Investment properties		912	812
Intangible assets	7	6,764	6,473
Investments in associates		1,880	1,815
Available-for-sale financial assets	8	1,251	1,548
Deferred income tax assets		2,359	2,161
Trade and other receivables	9	18,216	10,272
Other non-current assets		144	131
Total non-current assets		84,012	73,227
Current assets			
Inventories		16,456	13,025
Properties under development		48,587	41,669
Completed properties held for sale		3,030	3,606
Trade and other receivables	9	91,783	84,390
Amounts due from customers for contract work	10	35,830	30,601
Available-for-sale financial assets	8	250	—
Held-to-maturity financial assets		250	250
Restricted cash		2,104	2,151
Cash and cash equivalents		36,904	39,302
Total current assets		235,194	214,994
Total assets		319,206	288,221
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	11	19,110	19,110
Reserves	12	26,903	25,861
— Proposed dividend		—	898
— Other reserves		26,903	24,963
Total equity		46,013	44,971
Non-controlling interests		9,482	8,541
Total equity		55,495	53,512

The notes on pages 90 to 123 form an integral part of this condensed consolidated interim financial information.

Unaudited Condensed Consolidated Balance Sheet

	Note	30 June 2011 RMB'million Unaudited	31 December 2010 RMB'million Audited
LIABILITIES			
Non-current liabilities			
Borrowings	14	56,622	52,675
Deferred income		890	801
Retirement and other supplemental benefit obligations		5,855	5,612
Provisions for other liabilities and charges		54	55
Trade and other payables	13	1,151	855
Deferred income tax liabilities		524	545
Total non-current liabilities		65,096	60,543
Current liabilities			
Trade and other payables	13	115,370	106,314
Amounts due to customers for contract work	10	14,064	12,722
Current income tax liabilities		780	1,278
Borrowings	14	67,972	53,249
Retirement and other supplemental benefit obligations		429	603
Total current liabilities		198,615	174,166
Total liabilities		263,711	234,709
Total equity and liabilities		319,206	288,221
Net current assets		36,579	40,828
Total assets less current liabilities		120,591	114,055

On behalf of the board

Jing Tianliang
Director

Shen Heting
Director

The notes on pages 90 to 123 form an integral part of this condensed consolidated interim financial information.

Unaudited Condensed Consolidated Income Statement

	Note	Six months ended 30 June	
		2011 RMB'million Unaudited	2010 RMB'million (See note 2(b))
Revenue	4	105,838	88,850
Cost of sales	17	(95,960)	(80,010)
Gross profit		9,878	8,840
Selling and marketing expenses	17	(844)	(594)
Administrative expenses	17	(4,855)	(3,790)
Other income	15	538	445
Other gains/(losses) — net	16	142	(153)
Other expenses		(121)	(110)
Operating profit		4,738	4,638
Finance income	18	585	282
Finance costs	18	(1,778)	(1,421)
Share of profits of associates		22	39
Profit before income tax		3,567	3,538
Income tax expense	19	(1,282)	(1,015)
Profit for the period		2,285	2,523
Attributable to:			
Equity holders of the Company		1,969	2,224
Non-controlling interests		316	299
		2,285	2,523
Earnings per share for profit attributable to the equity holders of the Company			
— Basic earnings per share (RMB)	20	0.10	0.12
— Diluted earnings per share (RMB)	20	0.10	0.12
Dividends	21	—	—

The notes on pages 90 to 123 form an integral part of this condensed consolidated interim financial information.

Unaudited Condensed Consolidated Statement of Comprehensive Income

	Six months ended 30 June	
	2011 <i>RMB'million</i> Unaudited	2010 <i>RMB'million</i> (See note 2(b))
Note		
Profit for the period	2,285	2,523
Other comprehensive expense:		
Fair value losses on available-for-sale financial assets, net of tax	(70)	(105)
Currency translation differences	(66)	(151)
Other comprehensive expense for the period, net of tax	(136)	(256)
Total comprehensive income for the period	2,149	2,267
Total comprehensive income attributable to:		
Equity holders of the Company	1,839	1,988
Non-controlling interests	310	279
	2,149	2,267

The notes on pages 90 to 123 form an integral part of this condensed consolidated interim financial information.

Unaudited Condensed Consolidated Statement of Changes in Equity

Unaudited	Note	Attributable to equity holders of the Company					Total RMB'million
		Share capital	Other reserves	Retained earnings	Sub total	Non-controlling interests	
		RMB'million	RMB'million	RMB'million	RMB'million	RMB'million	
As at 1 January 2011		19,110	18,256	7,605	44,971	8,541	53,512
Profit for the period		—	—	1,969	1,969	316	2,285
Other comprehensive income:							
Fair value losses on available-for-sale financial assets, net of tax		—	(70)	—	(70)	—	(70)
Currency translation differences		—	(60)	—	(60)	(6)	(66)
Total comprehensive (expenses)/income for the period		—	(130)	1,969	1,839	310	2,149
Transactions with owners							
Dividends	21	—	—	(898)	(898)	(79)	(977)
Transaction with non-controlling interests		—	(29)	—	(29)	143	114
Disposal of partial interests in a subsidiary without loss of control	23	—	130	—	130	154	284
Attributable to set-up/acquisition of subsidiaries		—	—	—	—	141	141
Additional capital injection from owners and non-controlling interest proportionally		—	—	—	—	272	272
Total transactions with owners		—	101	(898)	(797)	631	(166)
As at 30 June 2011		19,110	18,227	8,676	46,013	9,482	55,495

The notes on pages 90 to 123 form an integral part of this condensed consolidated interim financial information.

Unaudited Condensed Consolidated Statement of Changes in Equity

Unaudited (See note 2(b))	Note	Attributable to equity holders of the Company					Total RMB'million
		Share capital	Other reserves	Retained earnings	Sub total	Non-controlling interests	
		RMB'million	RMB'million	RMB'million	RMB'million	RMB'million	
As at 1 January 2010		19,110	17,272	2,386	38,768	7,308	46,076
Profit for the period		—	—	2,224	2,224	299	2,523
Other comprehensive income:							
Fair value losses on available-for-sale financial assets, net of tax		—	(93)	—	(93)	(12)	(105)
Currency translation differences		—	(143)	—	(143)	(8)	(151)
Total comprehensive (expenses)/ income for the period		—	(236)	2,224	1,988	279	2,267
Transactions with owners							
Dividends	21	—	—	—	—	(19)	(19)
Transaction with non-controlling interests attributable to set-up/acquisition of subsidiaries		—	(6)	—	(6)	(71)	(77)
Additional capital injection from owners and non-controlling interests proportionally		—	—	—	—	459	459
Capital contribution		—	380	—	380	—	380
Business combination under common control		—	(39)	—	(39)	(6)	(45)
Safety fund		—	6	—	6	4	10
Others		—	(21)	—	(21)	—	(21)
Total transactions with owners		—	320	—	320	1,049	1,369
As at 30 June 2010		19,110	17,356	4,610	41,076	8,636	49,712

The notes on pages 90 to 123 form an integral part of this condensed consolidated interim financial information.

Unaudited Condensed Consolidated Cash Flow Statement

	Six months ended 30 June	
	2011 <i>RMB'million</i> Unaudited	2010 <i>RMB'million</i> Unaudited
<i>Note</i>		
Cash flows from operating activities		
Cash used in operations	(11,279)	(9,278)
Income tax paid	(2,221)	(1,435)
Net cash used in operating activities	(13,500)	(10,713)
Cash flows from investing activities		
Purchases of property, plant and equipment	(3,208)	(3,594)
Purchases of land use rights	(169)	(207)
Purchases of mining rights	(424)	—
Purchases of investment properties	—	(2)
Purchases of intangible assets	(331)	(682)
Purchases of available-for-sale financial assets	(253)	(208)
Purchases of held-to-maturity financial assets	—	(529)
Increase in investment in associates	(166)	(3)
Net cash outflow for acquisition of subsidiaries	(26)	(25)
Net cash outflow for business combination under common control	—	(42)
Entrusted loans and other amount (paid to)/received from related parties and third parties	(481)	93
Proceeds from disposal of property, plant and equipment	118	75
Proceeds from disposal of land use rights	15	2
Proceeds from disposal of mining rights	8	—
Proceeds from disposal of investment properties	23	1
Proceeds from disposal of intangible assets	11	9
Proceeds from disposal of available-for-sale financial assets	527	42
Proceeds from held-to-maturity financial assets upon maturity date	—	213
Net cash inflow from disposal of investment in associates	—	5
Acquisition of non-controlling interests	(10)	(98)
Dividends received	28	10
Net cash inflow from government grants related to assets	165	—
Net cash used in investing activities	(4,173)	(4,940)

The notes on pages 90 to 123 form an integral part of this condensed consolidated interim financial information.

Unaudited Condensed Consolidated Cash Flow Statement

	Note	Six months ended 30 June	
		2011 RMB'million Unaudited	2010 RMB'million Unaudited
Cash flows from financing activities			
Proceeds from borrowings		42,003	46,458
Repayments of borrowings		(25,346)	(27,179)
Contribution received from non-controlling interests		819	808
Dividends paid		(89)	(77)
Interest paid		(2,166)	(2,190)
Capital contribution		—	380
Changes in restricted cash		47	(684)
Net cash outflow from finance leases		(1)	(8)
Net cash generated from financing activities		15,267	17,508
Net (decrease)/increase in cash and cash equivalents			
Cash and cash equivalents at beginning of the period		39,302	44,740
Exchange gains/(losses) on cash and cash equivalents		8	(124)
Cash and cash equivalents at end of the period		36,904	46,471

The notes on pages 90 to 123 form an integral part of this condensed consolidated interim financial information.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

1. GENERAL INFORMATION

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

The Company’s parent company is China Metallurgical Group Corporation (“the Parent”). The Company’s ultimate holding company is State-owned Assets Supervision and Administration Commission of the State Council (“SASAC”).

- (b) The Company and its subsidiaries (the “Group”) are principally engaged in following activities:
- Provision of engineering, construction and other related contracting services for metallurgical and non-metallurgical projects (“engineering and construction activities”);
 - Development and production of metallurgical equipment, steel structures and other metal products (“equipment manufacturing”);
 - Development, mining and processing of mineral resources and the production of polysilicon (“resources development”); and
 - Development and sale of residential and commercial properties, affordable housing construction and primary land development (“property development”).
- (c) This condensed consolidated interim financial information is presented in Renminbi (“RMB”), unless otherwise stated.

This condensed consolidated interim financial information for the six months ended 30 June 2011 was approved for issue by the Board of Directors of the Company on 30 August 2011.

This condensed consolidated interim financial information has not been audited.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

2. BASIS OF PREPARATION

- (a) This condensed consolidated interim financial information for the six months ended 30 June 2011 has been prepared in accordance with IAS 34, "Interim Financial Reporting". The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2010, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").
- (b) Adjustment for early adoption of amendment to IFRS 1 in 2010

The Group decided to early adopt the amendment to Appendix D of IFRS 1 "First-time Adoption of International Financial Reporting Standards" in the second half year of 2010. With this amendment, a first-time adopter ("FTA") may elect to use event-driven (such as privatisation or initial public offering) fair values under previous accounting standards as its deemed costs under International Financial Reporting Standards ("IFRS"), provided that the revaluation took place at periods before or during the FTA's first set of IFRS financial statements.

Details of the adjustments for early adoption of amendment to IFRS 1 on the Group's financial position as at 31 December 2010 are set out in Note 23(a) of the Group's annual financial statements for the year ended 31 December 2010, and the adjustments on the Group's results for the six months ended 30 June 2010 are set out in Note 12(a).

3. ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2010, as described in those annual financial statements.

- (a) Amendment to existing standards adopted by the Group

The following new standard and amendment to standard are mandatory for the first time for the financial year beginning 1 January 2011.

Amendment to IAS 34 'Interim financial reporting' is effective for annual periods beginning on or after 1 January 2011. It emphasises the existing disclosure principles in IAS 34 and adds further guidance to illustrate how to apply these principles. Greater emphasis has been placed on the disclosure principles for significant events and transactions. Additional requirements cover disclosure of changes to fair value measurement (if significant), and the need to update relevant information from the most recent annual report. The change in accounting policy only results in additional disclosures. The amendment has no material impact on interim financial statements of the Group. The Group has disclosed the significant events and transactions in interim financial statements.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

3. ACCOUNTING POLICIES *(Continued)*

- (b) Amendments and interpretations to existing standards effective in 2011 but not relevant to the Group
 - Amendment to IAS 32 'Classification of rights issues'
 - Amendment to IFRIC — Int-14 'Prepayments of a minimum funding requirement'
 - IFRIC — Int-19 'Extinguishing financial liabilities with equity instruments'

4. SEGMENT INFORMATION

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

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

The "others" segment mainly comprises trading activities, consulting and finance services. Neither of these constitutes a separately reportable segment.

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

Segment assets comprise operating assets. Unallocated assets comprise items such as deferred taxation, available-for-sale financial assets, and financial assets at fair value through profit or loss.

Segment liabilities comprise operating liabilities. Unallocated liabilities comprise items such as taxation and borrowings.

Capital expenditure comprises additions to property, plant and equipment (Note 5), land use rights, mining rights (Note 6), investment properties, and intangible assets (Note 7), including additions resulting from acquisitions through business combinations (Note 22).

Notes to the Unaudited Condensed Consolidated Interim Financial Information

4. SEGMENT INFORMATION (Continued)

(a) For the six months ended 30 June 2011:

The segment results for the six months ended 30 June 2011 are as follows:

Unaudited	Engineering and construction	Equipment manufacturing	Resources development	Property development	Others	Elimination	Total
	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million
Segment revenue	82,458	6,783	6,616	8,642	3,130	(1,791)	105,838
Inter-segment revenue	(1,228)	(28)	(22)	—	(513)	1,791	—
Revenue	81,230	6,755	6,594	8,642	2,617	—	105,838
Segment result	3,287	(7)	854	609	83	(9)	4,817
Unallocated costs							(79)
Operating profit							4,738
Finance income							585
Finance costs							(1,778)
Share of profit/(loss) of associates	26	(2)	—	(2)	—	—	22
Profit before income tax							3,567
Income tax expense							(1,282)
Profit for the period							2,285

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

Unaudited	Engineering and construction	Equipment manufacturing	Resources development	Property development	Others	Total
	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million
Capital expenditure	1,585	1,046	1,714	31	6	4,382
Depreciation (Note 17)	503	244	277	21	11	1,056
Amortisation (Note 17)	90	12	28	3	11	144
Provision for impairment of property, plant and equipment (Note 17)	1	—	—	—	—	1
Provision for impairment of land use rights (Note 17)	40	—	—	—	—	40
Provision for impairment of Inventories (Note 17)	—	10	—	—	—	10
Foreseeable losses on construction contracts (Note 17)	113	—	—	—	—	113
Provision for impairment on trade and other receivables (Note 17)	350	24	28	12	—	414

Notes to the Unaudited Condensed Consolidated Interim Financial Information

4. SEGMENT INFORMATION (Continued)

(b) As at 30 June 2011:

The segment assets and liabilities as at 30 June 2011 are as follows:

Unaudited	Engineering	Equipment	Resources	Property	Others	Elimination	Total
	and construction	manufacturing	development	development			
	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million
Assets							
Segment assets	194,204	22,503	36,257	86,669	19,683	(45,850)	313,466
Investments in associates	1,212	—	2	666	—	—	1,880
Unallocated assets							3,860
Total assets							319,206
Liabilities							
Segment liabilities	79,409	10,801	12,877	48,693	13,051	(27,018)	137,813
Unallocated liabilities							125,898
Total liabilities							263,711

Reportable segments' assets and liabilities are reconciled to total assets and liabilities as follows:

Unaudited	Assets	Liabilities
	RMB'million	RMB'million
Segment assets/liabilities	313,466	137,813
Investments in associates	1,880	—
Unallocated:		
Deferred income tax	2,359	524
Current income tax	—	780
Current borrowings	—	67,972
Non-current borrowings	—	56,622
Available-for-sale financial assets	1,501	—
Total	319,206	263,711

Notes to the Unaudited Condensed Consolidated Interim Financial Information

4. SEGMENT INFORMATION (Continued)

(c) For the six months ended 30 June 2010:

The segment results for the six months ended 30 June 2010 are as follows:

(See note 2(b))	Engineering and construction RMB'million	Equipment manufacturing RMB'million	Resources development RMB'million	Property development RMB'million	Others RMB'million	Elimination RMB'million	Total RMB'million
Segment revenue	70,859	4,618	4,327	7,725	3,236	(1,915)	88,850
Inter-segment revenue	(759)	(11)	(104)	—	(1,041)	1,915	—
Revenue	70,100	4,607	4,223	7,725	2,195	—	88,850
Segment result	3,379	(47)	181	1,101	220	(139)	4,695
Unallocated costs							(57)
Operating profit							4,638
Finance income							282
Finance costs							(1,421)
Share of profit/ (loss) of associates	47	(4)	—	(4)	—	—	39
Profit before income tax							3,538
Income tax expense							(1,015)
Profit for the period							2,523

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

(See note 2(b))	Engineering and construction RMB'million	Equipment manufacturing RMB'million	Resources development RMB'million	Property development RMB'million	Others RMB'million	Total RMB'million
Capital expenditure	1,821	713	2,651	56	648	5,889
Depreciation (Note 17)	500	215	260	15	8	998
Amortisation (Note 17)	54	8	22	1	15	100
Provision for impairment of inventories (Note 17)	2	18	—	—	—	20
Reversal of foreseeable losses on construction contracts (Note 17)	(1)	—	—	—	—	(1)
Provision for/(reversal of) impairment on trade and other receivables (Note 17)	375	12	(1)	7	3	396

Notes to the Unaudited Condensed Consolidated Interim Financial Information

4. SEGMENT INFORMATION (Continued)

(d) As at 31 December 2010:

The segment assets and liabilities as at 31 December 2010 are as follows:

Audited	Engineering	Equipment	Resources	Property	Others	Elimination	Total
	and construction	manufacturing	development	development			
	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million
Assets							
Segment assets	177,842	20,281	35,810	71,203	19,604	(42,043)	282,697
Investments in associates	1,202	8	2	603	—	—	1,815
Unallocated assets							3,709
Total assets							288,221
Liabilities							
Segment liabilities	81,383	9,710	12,270	38,199	13,101	(27,701)	126,962
Unallocated liabilities							107,747
Total liabilities							234,709

Reportable segments' assets and liabilities are reconciled to total assets and liabilities as follows:

Audited	Assets	Liabilities
	RMB'million	RMB'million
Segment assets/liabilities	282,697	126,962
Investments in associates	1,815	—
Unallocated:		
Deferred income tax	2,161	545
Current income tax	—	1,278
Current borrowings	—	53,249
Non-current borrowings	—	52,675
Available-for-sale financial assets	1,548	—
Total	288,221	234,709

Notes to the Unaudited Condensed Consolidated Interim Financial Information

5. PROPERTY, PLANT AND EQUIPMENT

Unaudited	Mining	Buildings	Plant and	Trans-	Furniture,	Construction-	Total
	structure		machinery	portation	office	in-progress	
	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million
Cost							
As at 1 January 2011	62	14,858	15,857	2,075	757	13,463	47,072
Additions	4	52	348	157	69	2,747	3,377
Transfer from investment properties	—	34	—	—	—	—	34
Transfer upon completion	—	464	440	17	21	(942)	—
Disposals/write-off	(30)	(101)	(102)	(42)	(4)	—	(279)
Exchange differences	—	(4)	(23)	(1)	(1)	(13)	(42)
Transfer to investment properties	—	(165)	—	—	—	(17)	(182)
As at 30 June 2011	36	15,138	16,520	2,206	842	15,238	49,980
Accumulated depreciation							
As at 1 January 2011	5	2,718	5,916	930	374	—	9,943
Depreciation	1	313	624	139	63	—	1,140
Transfer from investment properties	—	16	—	—	—	—	16
Disposals/write-off	(1)	(23)	(74)	(26)	(4)	—	(128)
Transfer to investment properties	—	(27)	—	—	—	—	(27)
As at 30 June 2011	5	2,997	6,466	1,043	433	—	10,944
Impairment provision							
As at 1 January 2011	—	1	18	—	—	6	25
Additions	—	—	1	—	—	—	1
As at 30 June 2011	—	1	19	—	—	6	26
Net book value							
As at 30 June 2011	31	12,140	10,035	1,163	409	15,232	39,010

Notes to the Unaudited Condensed Consolidated Interim Financial Information

5. PROPERTY, PLANT AND EQUIPMENT (Continued)

(See note 2(b))	Mining structure RMB'million	Buildings RMB'million	Plant and machinery RMB'million	Trans- portation equipment RMB'million	Furniture, office and other equipment RMB'million	Construction- in-progress RMB'million	Total RMB'million
Cost							
As at 1 January 2010	56	11,191	12,496	1,815	713	12,452	38,723
Additions	—	402	503	165	47	2,952	4,069
Attributable to acquisition of subsidiaries	—	15	—	2	—	145	162
Transfer upon completion	—	736	300	6	2	(1,044)	—
Disposals/write-off	—	(188)	(104)	(132)	(60)	—	(484)
Exchange differences	—	(11)	(23)	—	—	(1)	(35)
Transfer to investment properties	—	(70)	—	—	—	—	(70)
As at 30 June 2010	56	12,075	13,172	1,856	702	14,504	42,365
Accumulated depreciation							
As at 1 January 2010	4	2,272	5,032	829	319	—	8,456
Depreciation	1	275	542	115	54	—	987
Disposals/write-off	—	(36)	(54)	(49)	(24)	—	(163)
Transfer to investment properties	—	(20)	—	—	—	—	(20)
As at 30 June 2010	5	2,491	5,520	895	349	—	9,260
Impairment provision							
As at 1 January 2010	—	1	3	—	—	6	10
As at 30 June 2010	—	1	3	—	—	6	10
Net book value							
As at 30 June 2010	51	9,583	7,649	961	353	14,498	33,095

As at 30 June 2011, bank borrowings are secured by certain property, plant and equipment of the Group with an aggregate net book value of approximately RMB1,192 million (31 December 2010: RMB1,180 million)(Note 14).

Notes to the Unaudited Condensed Consolidated Interim Financial Information

6. MINING RIGHTS

	Six months ended 30 June	
	2011 <i>RMB'million</i> Unaudited	2010 <i>RMB'million</i> (See note 2(b))
Cost		
At beginning of the period	4,907	3,686
Additions	433	101
Attributable to acquisition of subsidiaries	—	686
Exchange differences	73	(174)
Disposals	(8)	—
At end of the period	5,405	4,299
Accumulated amortisation		
At beginning of the period	50	11
Amortisation	6	3
Disposals	(1)	—
At end of the period	55	14
Net book value	5,350	4,285

Notes to the Unaudited Condensed Consolidated Interim Financial Information

7. INTANGIBLE ASSETS

Unaudited	Goodwill <i>RMB'million</i>	Patent and proprietary technologies <i>RMB'million</i>	Purchased computer software <i>RMB'million</i>	Concession assets <i>RMB'million</i>	Total <i>RMB'million</i>
Cost					
As at 1 January 2011	789	44	204	5,893	6,930
Additions	33	—	29	305	367
Exchange differences	(10)	—	—	—	(10)
Disposal	—	—	—	(11)	(11)
As at 30 June 2011	812	44	233	6,187	7,276
Accumulated amortisation					
As at 1 January 2011	—	25	91	99	215
Amortisation	—	1	17	31	49
As at 30 June 2011	—	26	108	130	264
Impairment provision					
As at 1 January 2011	242	—	—	—	242
Additions	6	—	—	—	6
As at 30 June 2011	248	—	—	—	248
Net book value					
As at 30 June 2011	564	18	125	6,057	6,764

Notes to the Unaudited Condensed Consolidated Interim Financial Information

7. INTANGIBLE ASSETS (Continued)

(See note 2(b))	Goodwill <i>RMB'million</i>	Patent and proprietary technologies <i>RMB'million</i>	Purchased computer software <i>RMB'million</i>	Concession assets <i>RMB'million</i>	Total <i>RMB'million</i>
Cost					
As at 1 January 2010	1,018	44	157	4,178	5,397
Additions	96	5	18	729	848
Exchange differences	(9)	—	—	—	(9)
As at 30 June 2010	1,105	49	175	4,907	6,236
Accumulated amortisation					
As at 1 January 2010	—	19	59	19	97
Amortisation	—	3	15	15	33
As at 30 June 2010	—	22	74	34	130
Impairment provision					
As at 1 January 2010	15	—	—	—	15
Additions	171	—	—	—	171
As at 30 June 2010	186	—	—	—	186
Net book value					
As at 30 June 2010	919	27	101	4,873	5,920

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets include the following:

	As at 30 June 2011 <i>RMB'million</i> Unaudited	As at 31 December 2010 <i>RMB'million</i> Audited
Listed securities		
— Equity securities - China	453	867
Unlisted securities		
— Equity securities - China	1,048	681
At end of period	1,501	1,548
Less: non-current portion	(1,251)	(1,548)
Current portion	250	—

Notes to the Unaudited Condensed Consolidated Interim Financial Information

9. TRADE AND OTHER RECEIVABLES

	As at 30 June 2011 RMB'million Unaudited	As at 31 December 2010 RMB'million Audited
Trade receivables		
Trade receivables	64,365	49,521
Retentions	1,247	1,979
Notes receivables	10,824	10,274
	76,436	61,774
Less: Provision for impairment	(3,906)	(3,607)
Trade receivables - net	72,530	58,167
Other receivables		
Prepayments to suppliers	24,980	22,607
Deposits	8,957	8,649
Amounts due from related parties and third parties	2,414	1,848
Staff advances	1,036	702
Prepayment for investments	295	2,606
Others	776	970
	38,458	37,382
Less: Provision for impairment	(989)	(887)
Other receivables - net	37,469	36,495
Total trade and other receivables	109,999	94,662
Less: Non-current portion		
— Trade and other receivables	(17,983)	(9,577)
— Retentions	(233)	(695)
	(18,216)	(10,272)
Current portion	91,783	84,390

Please refer to Note 27 for the Group's trade and other receivables due from related parties.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

9. TRADE AND OTHER RECEIVABLES (Continued)

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

	As at 30 June 2011 RMB'million Unaudited	As at 31 December 2010 RMB'million Audited
Less than 1 year	57,805	47,738
1 year to 2 years	11,532	9,281
2 years to 3 years	4,750	2,691
3 years to 4 years	1,212	1,133
4 years to 5 years	428	257
Over 5 years	709	674
Trade receivables - gross	76,436	61,774
Less: Provision for impairment	(3,906)	(3,607)
Trade receivables - net	72,530	58,167

Majority of the Group's revenues is generated through engineering and construction services and settlement is made in accordance with terms specified in the contracts governing the relevant transactions. The Group does not hold any collateral as security.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

10. CONTRACT WORK-IN-PROGRESS

	As at 30 June 2011 RMB'million Unaudited	As at 31 December 2010 RMB'million Audited
Contract cost incurred plus recognised profit less recognised losses	466,839	428,590
Less: Progress billings	(445,073)	(410,711)
Contract work-in-progress	21,766	17,879
Representing:		
Amounts due from customers for contract work	35,830	30,601
Amounts due to customers for contract work	(14,064)	(12,722)
	21,766	17,879
	Six months ended 30 June	
	2011	2010
	RMB'million	RMB'million
	Unaudited	Audited
Contract revenue recognised as revenue	82,458	70,859

11. SHARE CAPITAL

	As at 30 June 2011		As at 31 December 2010	
	Number of shares million Unaudited	Nominal Value RMB' million Unaudited	Number of shares million Audited	Nominal Value RMB' million Audited
Registered, issued and fully paid				
— State-owned Shares of RMB1.00 each	12,739	12,739	12,739	12,739
— A Shares of RMB1.00 each	3,500	3,500	3,500	3,500
— H Shares of RMB1.00 each	2,871	2,871	2,871	2,871
	19,110	19,110	19,110	19,110

Notes to the Unaudited Condensed Consolidated Interim Financial Information

12. RESERVES

Unaudited	Note	Capital	Other	Available-	Translation	Other	Retained	Total
		premium	capital	for-sale	differences	reserves	earnings	
		RMB'million	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million
As at 1 January 2011		17,948	(83)	219	(117)	289	7,605	25,861
Profit for the period		—	—	—	—	—	1,969	1,969
Other comprehensive income:								
Fair value losses on available-for-sale financial assets, net of tax		—	—	(70)	—	—	—	(70)
Currency translation differences		—	—	—	(60)	—	—	(60)
Total comprehensive (expenses)/ income for the period		—	—	(70)	(60)	—	1,969	1,839
Transactions with owners								
Dividends		—	—	—	—	—	(898)	(898)
Transaction with non-controlling interests		—	(29)	—	—	—	—	(29)
Disposal of partial interests in a subsidiary without loss of control	23	—	130	—	—	—	—	130
Total transactions with owners		—	101	—	—	—	(898)	(797)
As at 30 June 2011		17,948	18	149	(177)	289	8,676	26,903

Notes to the Unaudited Condensed Consolidated Interim Financial Information

12. RESERVES (Continued)

(See note 2(b))	Note	Capital	Other	Available-	Translation	Other	Retained	Total
		premium	capital	for-sale	differences	reserves	earnings	
		RMB'million	RMB'million	investments	RMB'million	RMB'million	RMB'million	RMB'million
As at 1 January 2010		16,949	(21)	212	(61)	193	2,386	19,658
Profit for the period (a)		—	—	—	—	—	2,224	2,224
Other comprehensive income:								
Fair value losses on available-for-sale financial assets, net of tax		—	—	(93)	—	—	—	(93)
Currency translation differences		—	—	—	(143)	—	—	(143)
Total comprehensive (expenses)/ income for the period		—	—	(93)	(143)	—	2,224	1,988
Transactions with owners								
Transaction with non-controlling interests		—	(6)	—	—	—	—	(6)
Capital contribution		—	380	—	—	—	—	380
Business combination under common control		—	(39)	—	—	—	—	(39)
Safety fund		—	6	—	—	—	—	6
Others		—	(21)	—	—	—	—	(21)
Total transactions with owners		—	320	—	—	—	—	320
As at 30 June 2010		16,949	299	119	(204)	193	4,610	21,966

Notes to the Unaudited Condensed Consolidated Interim Financial Information

12. RESERVES (Continued)

(a) Adjustment for early adoption of amendment to IFRS 1 in 2010

The adjustments for early adoption of amendment to IFRS 1 (Note 2(b)) on the Group's results for the six month ended 30 June 2010 are summarised as follow:

	As previously reported <i>RMB'million</i>	Adjustment for early adoption of amendment to IFRS 1 <i>RMB'million</i>	As restated <i>RMB'million</i>
Six months ended 30 June 2010			
Revenue	88,850	—	88,850
Profit before income tax	3,616	(78)	3,538
Income tax expense	(1,020)	5	(1,015)
Profit for the period	2,596	(73)	2,523
Attributable to:			
Equity holders of the Company	2,275	(51)	2,224
Non-controlling interests	321	(22)	299
	2,596	(73)	2,523

Notes to the Unaudited Condensed Consolidated Interim Financial Information

13. TRADE AND OTHER PAYABLES

	As at 30 June 2011 RMB'million Unaudited	As at 31 December 2010 RMB'million Audited
Trade payables	65,587	59,736
Other payables		
Accrued payroll and related expenses	2,215	1,934
Accrued expenses	618	694
Purchase deposits from customers	31,455	29,004
Deposits payable	4,764	4,061
Payable for land use rights	840	132
Rental payable	366	297
Utilities payable	266	289
Repair and maintenance payable	346	393
Other taxes payable	2,195	3,395
Payables due to third parties	605	2,574
Others	7,264	4,660
	50,934	47,433
Total trade and other payables	116,521	107,169
Less: Non-current portion Other payables	(1,151)	(855)
Current portion	115,370	106,314

Please refer to Note 27 for the Group's trade and other payables to related parties.

As at 30 June 2011, payables due to third parties are mainly payables to a trust company Zhong Hai Trust Co., Ltd.. The payables due to third parties are secured, bear interests at rates ranging from 5.38% to 6.12% (31 December 2010: 4.80% to 4.97%) per annum and repayable between 1 to 2 (31 December 2010: 1 to 2) years.

As at 30 June 2011, the ageing analysis of the trade payables (including amounts due to related parties of trading in nature) are as follows:

	As at 30 June 2011 RMB'million Unaudited	As at 31 December 2010 RMB'million Audited
Less than 1 year	51,044	47,145
1 year to 2 years	8,791	7,895
2 years to 3 years	3,241	3,030
Over 3 years	2,511	1,666
	65,587	59,736

Notes to the Unaudited Condensed Consolidated Interim Financial Information

14. BORROWINGS

	As at 30 June 2011 RMB'million Unaudited	As at 31 December 2010 RMB'million Audited
Non-current		
Long-term bank borrowings		
— Secured (a)	5,796	4,379
— Unsecured	26,084	23,552
	31,880	27,931
Other long-term borrowings		
— Unsecured	6,512	6,562
— Debentures (b(i))	18,230	18,182
	24,742	24,744
Total non-current borrowings	56,622	52,675
Current		
Short-term bank borrowings		
— Secured (a)	3,159	3,323
— Unsecured	38,287	18,995
	41,446	22,318
Other short-term borrowings		
— Unsecured	3,402	4,952
— Debentures (b(ii))	14,400	18,350
	17,802	23,302
Current portion of long-term bank borrowings		
— Secured (a)	801	717
— Unsecured	7,323	6,380
	8,124	7,097
Current portion of other long-term borrowings		
— Unsecured	600	532
	600	532
Total current borrowings	67,972	53,249
Total borrowings	124,594	105,924

Notes to the Unaudited Condensed Consolidated Interim Financial Information

14. BORROWINGS (Continued)

(a) Secured borrowings were secured by the Group's property, plant and equipment (Note 5), land use rights, properties under development and guarantees provided by certain related parties (Note 27).

(b) (i) As approved by the National Development and Reform Commission, the Group has issued debentures in July 2008 at par value of RMB3,500 million, with a maturity of ten years from issuance.

As approved by the National Association of Financial Market Institutional Investors, the Group issued its Tranche I Medium-Term Notes ("MTN") on 19 September 2010 at a discounted price of RMB9,982 million with a par value of RMB10,000 million, with a maturity of ten years from issuance and interest rate of 3.95% per annum with the issuer's redemption rights at the end of fifth year. If the Group does not exercise its redemption rights in the fifth year, the coupon rate of the MTN for the 6th year to the 10th year will increase to 5.09%.

The Group issued its Tranche II MTN of RMB4,700 million on 15 November 2010, with a maturity of five years from issuance and interest rate of 4.72% per annum.

(ii) As approved by the National Association of Financial Market Institutional Investors, the Group issued its Tranche I short-term debentures on 27 May 2010 at par value of RMB4,000 million, with a maturity of one year from issuance. The debentures are unsecured, and bear interests at a fixed rate of 2.73% per annum, out of which RMB50 million was issued to a subsidiary of the Group. The debentures have reached their maturity dates in May 2011.

The Group issued Tranche II short-term debentures on 17 September 2010 at par value of RMB10,000 million, with a maturity of one year from issuance. The debentures are unsecured and bear interests at a rate of 2.97% per annum. Principal and interests are paid upon maturity date.

The Group issued Tranche III short-term debentures on 11 November 2010 at par value of RMB4,400 million, with a maturity of one year from issuance. The debentures were unsecured and bear interests at a rate of 3.35% per annum. Principal and interests are paid upon maturity date.

15. OTHER INCOME

	Six months ended 30 June	
	2011 RMB'million Unaudited	2010 RMB'million Unaudited
Dividend income from available-for-sale financial assets	26	18
Rental income	176	130
Income from disposal of investment properties	51	—
Government grants	183	220
Others	102	77
	538	445

Notes to the Unaudited Condensed Consolidated Interim Financial Information

16. OTHER GAINS/(LOSSES) - NET

	Six months ended 30 June	
	2011 RMB'million Unaudited	2010 RMB'million (See note 2(b))
Financial assets at fair value through profit or loss		
— Fair value losses	—	(1)
Net foreign exchange losses	(152)	(197)
Gain on disposal of property, plant and equipment	37	29
Gain on disposal of financial assets	196	16
Others	61	—
	142	(153)

17. EXPENSES BY NATURE

	Six months ended 30 June	
	2011 RMB'million Unaudited	2010 RMB'million (See note 2(b))
Raw materials, purchased equipment and consumables used	43,211	39,612
Changes in inventories of finished goods and work-in-progress	(7,653)	(9,043)
Subcontracting charges	47,317	38,688
Employee benefits	6,906	5,607
Depreciation of property, plant and equipment	1,037	987
Fuel and heating expenditure	495	328
Business tax and other transaction taxes	2,767	2,257
Travelling expenses	643	607
Office expenses	1,033	824
Transportation costs	429	261
Operating lease rentals	1,859	1,456
Provision for impairment of trade and other receivables	414	396
Research and development costs	507	385
Repairs and maintenance	539	446
Advertising expenditure	200	109
Provision for/(reversal of) foreseeable losses on construction contracts	113	(1)
Amortisation of land use rights	89	64
Amortisation of mining rights	6	3
Depreciation of investment property	19	11
Amortisation of intangible assets	49	33
Insurance expenditure	49	56
Provision for impairment on inventories	10	20
Professional and technical consulting fees	433	335
Bank charges relating to operating activities	86	217
Provision for impairment of property, plant and equipment (Note 5)	1	—
Provision for impairment of land use rights	40	—
Others	1,060	736
Total cost of sales, selling and marketing expenses and administrative expenses	101,659	84,394

Notes to the Unaudited Condensed Consolidated Interim Financial Information

18. FINANCE INCOME AND COSTS

	Six months ended 30 June	
	2011 RMB'million Unaudited	2010 RMB'million Unaudited
Interest expense		
— Bank borrowings wholly repayable within 5 years	1,839	1,520
— Bank borrowings wholly repayable over 5 years	172	215
— Other borrowings	954	422
	2,965	2,157
Less: Amounts capitalised in construction-in-progress (a)	(194)	(234)
Less: Amounts capitalised in properties under development (b)	(959)	(549)
	1,812	1,374
Net foreign exchange gains on borrowings	(150)	(20)
Discount charges on bank acceptance notes	116	67
	1,778	1,421
Finance costs		
Interest income on bank deposits	(555)	(187)
Interest income on held-to-maturity financial assets	—	(2)
Interest income on loans to related parties	(27)	(47)
Gain on debt restructuring	(3)	(46)
	(585)	(282)
Finance income		
	1,193	1,139

(a) Interest expenses was capitalised as construction-in-progress at the average effective rate of 4.86% (six months ended 30 June 2010: 4.42%) per annum for the six months ended 30 June 2011.

(b) Interest expense was capitalised as properties under development at the average effective rate of 5.63% (six months ended 30 June 2010: 5.47%) per annum for the six months ended 30 June 2011.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

19. TAXATION

Income tax expense

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

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

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

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

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

	Six months ended 30 June	
	2011 <i>RMB'million</i> Unaudited	2010 <i>RMB'million</i> (See note 2(b))
Current income tax:		
— PRC enterprise income tax	1,334	968
— Overseas taxation	2	2
	1,336	970
PRC land appreciation tax	142	138
Deferred income tax	(196)	(93)
	1,282	1,015

Notes to the Unaudited Condensed Consolidated Interim Financial Information

19. TAXATION (Continued)

Income tax expense (Continued)

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

	Six months ended 30 June	
	2011 RMB'million Unaudited	2010 RMB'million (See note 2(b))
Profit before income tax	3,567	3,538
Tax calculated at the statutory tax rate of 25%	892	885
Effect of difference between applicable tax rate and statutory tax rate to Group companies	(221)	(145)
Tax losses for which no deferred income tax asset was recognised	393	244
Income not subject to taxation	(49)	(83)
Expense not deductible for tax purpose	118	78
Additional tax relief	(21)	(39)
Utilisation of previously unrecognised tax losses and other deferred tax assets	(20)	(43)
Effect of higher tax rate for the appreciation of land in the PRC	106	104
Others	84	14
Income tax expense	1,282	1,015

Notes to the Unaudited Condensed Consolidated Interim Financial Information

20. EARNINGS PER SHARE

(a) Basic

Basic earnings per share for the six months ended 30 June 2011 is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2011 RMB'million Unaudited	2010 RMB'million (See note 2(b))
Profit attributable to equity holders of the Company	1,969	2,224
Weighted average number of ordinary shares in issue (<i>million</i>)	19,110	19,110
Basic earnings per share (<i>RMB</i>)	0.10	0.12

(b) Diluted

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

21. DIVIDENDS

A 2010 final dividend of RMB0.047 per ordinary share, totalling RMB898 million, was approved by the Company's shareholders in the annual general meeting on 17 June 2011.

No interim dividend for the six months ended 30 June 2011 was declared by the Board of Directors (six months ended 30 June 2010: Nil).

22. BUSINESS COMBINATIONS OTHER THAN COMMON CONTROL COMBINATIONS

On 20 May 2011, one of the Group's subsidiary, MCC Tiangong Group Corporation Limited acquired 100% of interest in Chengde Tiangong Architectural Design Co., Ltd. from a third party at a consideration of RMB37 million. The fair value of total identifiable net assets of the acquiree at acquisition date is RMB4 million. Goodwill of RMB33 million is recognised.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

23. DISPOSAL OF PARTIAL INTERESTS IN A SUBSIDIARY WITHOUT LOSS OF CONTROL

In April 2011, one of the Group's subsidiary, MCC Huludao Nonferrous Metals Group Co., Ltd., disposed 0.95% of interest in Huludao Zinc Industry Co., Ltd. at a consideration of RMB66 million. The Group recognised an increase in non-controlling interests of RMB38 million and an increase in equity attributable to owners of the Company of RMB28 million.

In May 2011, MCC Huludao Nonferrous Metals Group Co., Ltd., disposed 1.80% of interest in Huludao Zinc Industry Co., Ltd. at a consideration RMB218 million. The Group recognised an increase in non-controlling interests of RMB116 million and an increase in equity attributable to owners of the Company of RMB102 million.

The effect of changes in the ownership interest of Huludao Zinc Industry Co., Ltd. on the equity attributable to owners of the Company during the period is summarised as follows:

	As at 30 June 2011
	<i>RMB'million</i>
Carrying amount of disposed non-controlling interests	(30)
Consideration received from non-controlling interests	284
	<hr/>
Gain on disposal within equity	254
	<hr/> <hr/>
Attributable to:	
Equity holders of the Company	130
Non-controlling interests	124
	<hr/>
	254
	<hr/> <hr/>

Notes to the Unaudited Condensed Consolidated Interim Financial Information

24. FINANCIAL GUARANTEE

The nominal values of the financial guarantees issued by the Group as at 30 June 2011 is analysed as below:

	As at 30 June 2011 RMB'million Unaudited	As at 31 December 2010 RMB'million Audited
Outstanding guarantees (i)		
— Third parties	264	288
— Related parties	100	100
	364	388

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

The Group considers that the fair value of these contracts at the date of inception was not material, the repayment was on schedule and risk of default in payment was remote. Therefore no provision has been made in the financial statements for the guarantees.

25. CONTINGENCIES

(a) Pending lawsuits/arbitrations

	As at 30 June 2011 RMB'million Unaudited	As at 31 December 2010 RMB'million Audited
Pending lawsuits/arbitrations	977	318

The Group has been named in a number of lawsuits and other legal proceedings arising in the ordinary course of business. Pending lawsuits and arbitrations include a lawsuit with a claim of payment of AUD80 million (Equal to RMB553 million). Such amount has been recognised as trade payables of the Group. The Group believes that no additional provision should be provided. Such lawsuit is only related to the payment of the money owed by the Group.

Provision has been made for the probable losses to the Group on those claims when management can reasonably estimate the outcome of the lawsuits based on management's judgments and legal advice. No provision has been made for the above disclosed amount as the outcome of the pending lawsuits cannot be reasonably estimated or management believes the outflow of resources is not probable.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

25. CONTINGENCIES (Continued)

(b) Onerous contract

For certain engineering and construction contracts, the Group is negotiating with the proprietor on the amendment of contracts. As of 30 June 2011, the accumulated project costs incurred and the total value of signed subcontracts are not more than the total contract value agreed with the proprietor. Therefore, the Group concluded that the costs incurred as of 30 June 2011 could be recoverable and no contract loss existed. However, since the outcome of the amendments of the scope of contract, the change of design or the complexity of project execution etc., the related additional cost of the contracts and additional contract billings that may be agreed upon between the Group and the proprietor in the future cannot be reliably estimated. Therefore, the Group adopts the cost recovery method to recognize contractual revenue based on recoverable costs in the 2011 interim financial report.

The Group will continuously assess the profitability of the project based on the negotiation with the proprietor and the progress of the project. In the future, should the Group incurred additional costs that cannot be recovered by additional billings, a contract loss will be recognized.

26. COMMITMENTS

(a) Capital commitments

	As at 30 June 2011 RMB'million Unaudited	As at 31 December 2010 RMB'million Audited
Contracted but not yet incurred		
— Property, plant and equipment	27,925	29,294
— Land use rights	10,017	10,017
— Mining rights	4,599	4,945
— Intangible assets	583	805
Total	43,124	45,061

Notes to the Unaudited Condensed Consolidated Interim Financial Information

26. COMMITMENTS (Continued)

(b) Operating leasing commitments

The Group leases various offices, warehouses, residential properties and machinery under non-cancellable operating lease agreements. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	As at 30 June 2011 RMB'million Unaudited	As at 31 December 2010 RMB'million Audited
Less than 1 year	28	30
1 year to 5 years	41	58
Over 5 years	22	23
Total	91	111

27. RELATED PARTY DISCLOSURES

Related parties are those parties that have the ability to control the other party or exercise significant influence in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. The Group is subject to the control of the PRC government which also controls a significant portion of the productive assets and entities in the PRC (collectively referred as the "state-owned enterprises").

In accordance with IAS 24 "Related Party Disclosures", other state-owned enterprises and their subsidiaries, directly or indirectly controlled by the PRC Government are regarded as related parties of the Group (collectively referred as the "other state-owned enterprises"). On that basis, related parties include the Parent and its subsidiaries, other state-owned enterprises and their subsidiaries, other entities and corporations in which the Group is able to control or exercise significant influence and key management personnel of the Company and the Parent as well as their close family members. For the purpose of the related party transaction disclosures, the Group adopted IAS 24 (Revised), and management believes that meaningful information relating to related party transactions has been adequately disclosed.

In addition to the related party information shown elsewhere in the Interim Financial Information, the following is a summary of significant related party transactions entered into in the ordinary course of business between the Group and its related parties during the period ended and balances as at 30 June 2011 arising from related party transactions.

The transactions with related parties are carried out on pricing and settlement terms agreed with counter parties in the ordinary course of business.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

27. RELATED PARTY DISCLOSURES (Continued)

(a) Significant related party transactions

With Parent and fellow subsidiaries:

	Six months ended 30 June	
	2011 <i>RMB'million</i> Unaudited	2010 <i>RMB'million</i> Unaudited
Sales of goods or provision of services	10	2,648
Purchases of goods or services	25	200
Rental income	—	1
Rental expense	24	28

With associates:

	Six months ended 30 June	
	2011 <i>RMB'million</i> Unaudited	2010 <i>RMB'million</i> Unaudited
Sales of goods or provision of services	65	120
Purchases of goods or services	14	1
Loans to associates	133	83
Guarantees provided to associates	—	50
Interest income	30	47

Impairment charges of receivables due from associates amounted to nil (six months ended 30 June 2010: RMB2 million) were recognised as expense for the six months ended 30 June 2011.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

27. RELATED PARTY DISCLOSURES (Continued)

(b) Balances with related parties

(i) Trade and other receivables

	As at 30 June 2011 RMB'million Unaudited	As at 31 December 2010 RMB'million Audited
Trade receivables due from		
— Parent and fellow subsidiaries	252	576
— Associates	34	9
Less: provision	—	—
	286	585
Other receivables due from		
— Parent and fellow subsidiaries	—	30
— Associates	1,195	1,048
Less: provision	—	—
	1,195	1,078
	1,481	1,663

As at 30 June 2011, other receivables comprise loans to associates of approximately RMB861 million (31 December 2010: RMB811 million). These unsecured loans bear interests at rates ranging from 6.31% to 8.25% per annum with loan periods within 1 year.

Other than loans to associates, other receivables due from Parent and fellow subsidiaries, associates are unsecured, interest free and repayable on demand.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

27. RELATED PARTY DISCLOSURES (Continued)

(b) Balances with related parties (Continued)

(ii) Trade and other payables

	As at 30 June 2011 RMB'million Unaudited	As at 31 December 2010 RMB'million Audited
Trade payables due to		
— Parent and fellow subsidiaries	26	27
— Associates	11	17
	37	44
Other payables due to		
— Parent and fellow subsidiaries	696	124
— Associates	5	5
	701	129
	738	173

Other payables are unsecured, interest free and have no fixed term of repayment.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

27. RELATED PARTY DISCLOSURES (Continued)

(c) Key management compensation

Key management includes directors (executive and non-executive), supervisors, president, vice presidents, secretary to the Board of Directors and chief accountant of the Company. The compensation paid or payable to key management for employee services is shown below:

	Six months ended 30 June	
	2011 <i>RMB'thousand</i> Unaudited	2010 <i>RMB'thousand</i> Unaudited
Basic salaries, housing allowances, other allowances and benefits-in-kind	2,333	1,649
Contributions to pension plans	163	188
	2,496	1,837

(d) Transactions and balances with other state-owned enterprises

In the ordinary course of business, the Group sells goods and services to, and purchase goods and services from other state-owned enterprises based on terms as set out in the underlying agreements, market prices or actual cost incurred, or as mutually agreed.

Group places deposits with and receives loans mainly from state-owned financial institutions in the ordinary course of business. The deposits and loans are in accordance with the terms as set out in the respective agreements, and the interest rates are set at prevailing market rates.

Definitions and Glossary of Technical Terms

Definitions and Glossary of Technical Terms

DEFINITIONS

2010 AGM	the 2010 annual general meeting of the Company held on 17 June 2011
Ansteel	Anshan Iron and Steel Group Corporation and, except where the context otherwise requires, all of its associates
Articles of Association	Articles of Association of Metallurgical Corporation of China Ltd.*
A Shares	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
A Share Prospectus	the prospectus of the Company in relation to the A Share Offering dated 18 September 2009
Board	the board of directors of the Company
China or the 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
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 Shares	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
H Share Prospectus	the prospectus of the Company in relation to the H Share offering dated 11 September 2009
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
Stock Exchange, Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited

Definitions and Glossary of Technical Terms

PRC GAAP	the PRC Accounting Standard and Accounting Regulation for Business Enterprises and its supplementary regulations
IFRS	International Financial Reporting Standards promulgated by the International Accounting Standards Board, which include the International Accounting Standards
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.*, a joint stock limited company with limited liability incorporated under the laws of the PRC on 1 December 2008 and, except where the context otherwise requires, all of its subsidiaries or, where the context refers to any time prior to its incorporation, the businesses which its predecessors or the predecessors of its present subsidiaries were engaged in and which were subsequently assumed by it pursuant to the Parent Reorganization
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Hong Kong Listing Rules
Pansteel	Pansteel Group Corporation and, except where the context otherwise requires, all of its associates
connected person(s)	connected party(ies) under the A Share Listing Rules and the connected person(s) under the H Share 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 2011 to 30 June 2011
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
Shanghai Stock Exchange	the Shanghai Stock Exchange
Shareholder(s)	holder(s) of share(s) of the Company

Definitions and Glossary of Technical Terms

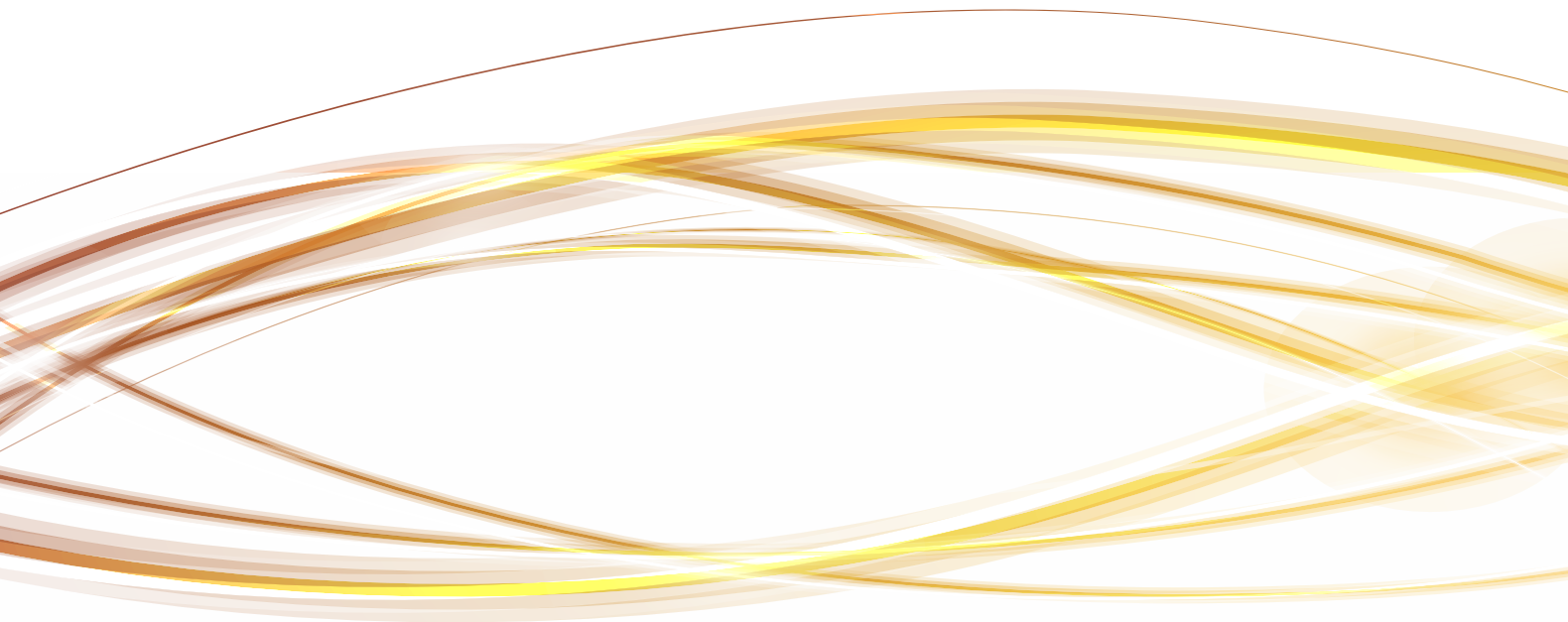
State Council	the State Council of the People's Republic of China
Supervisor(s)	the supervisor(s) of the Company
Supervisory Committee	the Supervisory Committee of the Company

GLOSSARY

BOT	Build-Operate-Transfer, a business model in which the proprietor grants the rights to a contracted enterprise by concession agreement to undertake the financing, design, construction, operation and maintenance of a project (mainly infrastructure projects), which enterprise can charge users a fee during the concession period to cover its costs of investment, operations and maintenance as well as reasonable returns, and, upon expiration of the concession period, the relevant facilities will be transferred back to the proprietor
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
Design	application of engineering theories and techno-economic approaches, based on the prevailing technical standards, for conducting all-round design (including requisite non-standardized 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
EPC, EPC contracting	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
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
mineral resources	a concentration or occurrence of minerals of intrinsic economic interest in or on the earth's crust in such form, quality and quantity such that there are reasonable prospects for eventual economic extraction

Definitions and Glossary of Technical Terms

non-ferrous metals	the group of metals other than ferrous metals (iron, manganese and chromium)
social welfare housing	social welfare housing provided by the government to medium- and low income households with certain restrictions on the eligibility of applicants, construction standards, selling price or rent standards, including, but not limited to, dually restricted commodity housing (with restrictions on price and size), economically affordable housing, policy-based rental housing and low-rent housing
steel making	the process whereby impurities in pig iron and scrap steel are oxidized and removed to an appropriate degree, followed by the addition of iron alloys, to produce a material with appropriate amounts of carbon and constituent elements of the alloys
survey	survey, explore, test and undertake overall assessment on landscape, geology and water for planning, design, implementation, operations and integrated management of a project; provide feasibility assessment and required information on the exploration results for construction; and carry out exploration, design, management and monitoring activities in rock engineering



Address : MCC Tower, No.28 Shuguang Xili, Chaoyang District, Beijing, China
Website : www.mccchina.com
Contact No. : +86-10-5986 8666
Fax : +86-10-5986 8999
Post Code : 100028
Email : ir@mccchina.com