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)

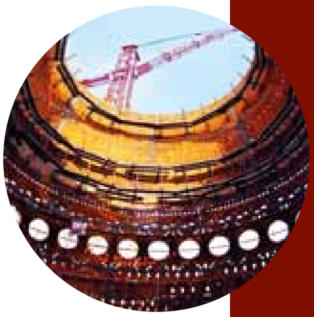
Stock Code: 1618

2012
INTERIM REPORT

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

Shen Heting

President and

Executive Director

President’s Statement

DEAR SHAREHOLDERS AND FRIENDS,

In the first half of 2012, the prolonged economic slowdown led to a downward trend in overall economy performance, hindered the recovery of economies in the PRC and around the world and maintained the raw material prices at a high level. Though part of the obsolete production capacity was replaced by the newly-launched iron and steel projects, thanks to the easing up of the national monetary policy, the domestic and international environment remained grave for MCC’s development. However, backed by the care and support from investors and friends from all the sectors of the society and the unremitting efforts of all our staff, MCC had marked another significant milestone in its development. Hence, I would like to express my most cordial regards and deepest gratitude to everyone on behalf of all our staff.

During the first half of the year, MCC, with adherence to the concept of scientific development, strived to deal with the aftermath of the global financial crisis and confront the formidable challenges posed by the state’s austerity macro-control policy. MCC carried forward the transformation on its development mode and forged ahead with economic restructuring. It remained actively engaged in the settlement of substantial loss and problems left over by history and tightened risk management on capital and assets. By umbarking on comprehensive management development activities, tiding over operational difficulties and a variety of adverse factors and had done a lot of solid and effective work. In the first half of the year, the value of newly signed contracts of MCC totaled RMB123,612 million and its revenue amounted to RMB106,845 million with a total profit of RMB717 million.

In the first half of the year, MCC conscientiously fulfilled its responsibilities in social undertakings and willingly took on the obligations of environmental protection. It is dedicated to build itself into a resource-efficient and environmental-friendly enterprise. Given its cutting edges in research and development of environmental protection technologies, it spared no efforts in energy saving and environmental protection in the metallurgical industry and gathered pace in tapping into emerging markets of the green industry such as green buildings and clean energy. With the commitment to build people-oriented and harmonious labor relations, MCC endeavors to grow together with its staff and vitalise the local economies through its projects, aspiring for mutual benefits for the Company and the society.

At present, MCC is at a crucial time of transformation and upgrade. Only if it transforms itself from being a leader in scale to a leader in terms of management, technologies and mechanisms can it maintain a long-term and steady growth. In the second half of the year, MCC will commence the management development activities in full swing under the guidance of the concept of scientific development. With a focus on budget control, it will press ahead with cost-saving and efficiency-improvement, in an attempt to prevent debt risks. Leveraging on the tilt towards quality and efficiency rather than scale and speed, it will manage to fulfil its targets set for the year, with emphases on improving the quality of asset operation, streamlined management, market development, risk control and technology innovation.

Under the strong leadership of the Board of the Company, and with the continuous support from public investors and friends from all sectors of the society, MCC will prevail against all odds with confidence, capitalise on enhanced management and effective transformation to build on its scale and strength and commit itself to developing into a first-rated enterprise with international competitiveness in the world.

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
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	86-10-5986 8666
Fax	86-10-5986 8999
Places of listing	The Stock Exchange of Hong Kong Limited, Shanghai Stock Exchange
Abbreviation of stock name	MCC

Corporate Information

Stock codes	1618 (Hong Kong), 601618 (Shanghai)
H Share registrar and transfer office	Computershare Hong Kong Investor Services Limited
Address of H Share registrar and transfer office	17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
PRC auditor	PricewaterhouseCoopers Zhong Tian 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	King & Wood Mallesons
Office address of the Hong Kong legal advisor	9th Floor, Hutchison House, 10 Harcourt Road, 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 board of the Shanghai Stock Exchange and The Stock Exchange of Hong Kong Limited on 21 September and 24 September 2009 respectively.

The Company is a large conglomerate operating in various specialised fields, across different industries and countries, with engineering and construction, equipment manufacturing, resources development, and property development as our principal businesses. The Company has core competency in innovation and industrialisation of technology and strong construction capabilities in metallurgical engineering. The Company is one of the largest comprehensive companies of engineering and construction in the PRC and even in the world. MCC Group, which holds the Company as its core asset, ranked 280th among the 2012 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 had been selected to be a constituent stock of, among others, the Hang Seng Conglomerate Index, Hang Seng China A Industry Top Index.

As at 30 June 2012, the Company has 56 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

Beijing MCC Equipment Research & Design Corporation Ltd.

Wuhan Research Institute of Metallurgical Construction, Co., Ltd.

China Enfi Engineering Co., Ltd.

MCC Capital Engineering & Research Incorporation Limited

CISDI Group Corp. Ltd.

WISDRI Engineering & Research Incorporation Limited

Huatian Engineering & Technology Corporation, MCC

ACRE Coking & Refractory Engineering Consulting Corporation, MCC

Zhong Ye Chang Tian International Engineering Co., Ltd.

Beris Group Corporation

MCC Baosteel Technology Services Co., Ltd.

MCC Hi-Tech Engineering Co., Ltd.

MCC Communication Engineering Technology Co., Ltd.

MCC Mining (Western Australia) Pty Ltd.

MCC Tongsin Resources Ltd.

MCC Australia Holding Pty Ltd.

MCC Minera Sierra Grande S.A

MCC-JJJ Mining Development Company Limited

Ramu NiCo Management (MCC) Limited

MCC Huludao Nonferrous Metals Group Co., Ltd.

MCC Xiangxi Mining Co., Ltd.

Company Profile

Northern Engineering & Technology Corporation, MCC

CCTEC Engineering Co., Ltd.

Shen Kan Engineering & Technology Corporation, MCC

Wuhan Surveying Geotechnical Research Institute Co., Ltd. of MCC

Cheng Du Surveying Geotechnical Research Institute Co., Ltd. of MCC

China First Metallurgical Group Co., Ltd.

China Second Metallurgical Group Corporation Limited

China MCC 3 Group Co., Ltd.

China MCC 5 Group Co., Ltd.

MCC TianGong Group Corporation Limited

China MCC 17 Group Co., Ltd.

China Metallurgical Construction Engineering Group Co., Ltd.

China MCC 19 Group Co., Ltd.

China MCC 20 Group Co., Ltd.

China 22MCC Group Co., Ltd.

Shanghai Baoye Group Corp., Ltd.

China Huaye Group Co., Ltd.

MCC Real Estate Group Co., Ltd.

MCC Finance Corporation Ltd.

MCC International Engineering Technology Co., Ltd.

MCC Overseas Ltd.

China MCC International Economic and Trade Co., Ltd.

MCC (Guangxi) Mawu Expressway Construction & Development Co., Ltd.

MCC Seawater Desalination Investment Co., Ltd.

MCC Holding (Hong Kong) Corporation Limited

MCC-SFRE Heavy Industry Equipment Co., Ltd.

Beijing Central Engineering and Research Incorporation of Iron & Steel Industry Ltd.

Wuhan Iron and Steel Design & Research Incorporation Limited

MCC Maanshan I&S Design and Research Institute Co., Ltd

Anshan Engineering & Research Incorporation of Metallurgical Industry

Anshan Coking and Refractory Engineering Consulting Corporation

Changsha Metallurgical Design & Research Institute Co., Ltd.

Shenyang Institute of Geotechnical Investigation Corporation, MCC

China 13th Metallurgical Construction Corporation

Financial Highlights

Financial Highlights

I. OVERVIEW

The Company's financial position as at 30 June 2012 and the operating results for the six months ended 30 June 2012 are highlighted as follows:

- Revenue amounted to RMB106,845 million, representing a year-on-year increase of RMB1,007 million or 0.95% from RMB105,838 million for the same period of 2011.
- Loss amounted to RMB461 million for the six months ended 30 June 2012, while profit amounted to RMB2,285 million for the same period of 2011.
- Loss attributable to equity holders of the Company amounted to RMB186 million for the six months ended 30 June 2012, while profit attributable to equity holders of the Company amounted to RMB1,969 million for the same period of 2011.
- Basic loss per share amounted to RMB0.01 for the six months ended 30 June 2012, while basic earnings per share amounted to RMB0.10 for the same period of 2011.
- As at 30 June 2012, the total assets amounted to RMB348,172 million, representing an increase of RMB16,141 million or 4.86% from RMB332,031 million as at 31 December 2011.
- As at 30 June 2012, the total equity amounted to RMB57,778 million, representing a decrease of RMB397 million or 0.68% from RMB58,175 million as at 31 December 2011.
- Value of newly-signed contracts amounted to RMB123,612 million, representing a decrease of RMB42,101 million or 25.41% from RMB165,713 million over the same period of 2011, including USD1,625 million of newly-signed overseas contracts.

Financial Highlights

II. REVENUE FROM PRINCIPAL BUSINESS SEGMENTS

During the Reporting Period, the Company:

- **Engineering and construction business**

  Revenue amounted to RMB88,620 million, representing an increase of RMB5,860 million or 7.08% from RMB82,760 million for the six months ended 30 June 2011.

- **Equipment manufacturing business**

  Revenue amounted to RMB6,053 million, representing a decrease of RMB720 million or 10.63% from RMB6,773 million for the six months ended 30 June 2011.

- **Resources development business**

  Revenue amounted to RMB3,764 million, representing a decrease of RMB2,852 million or 43.11% from RMB6,616 million for the six months ended 30 June 2011.

- **Property development business**

  Revenue amounted to RMB7,223 million, representing a decrease of RMB1,419 million or 16.42% from RMB8,642 million for the six months ended 30 June 2011.

- **Other businesses**

  Revenue amounted to RMB2,776 million, representing a decrease of RMB354 million or 11.31% from RMB3,130 million for the six months ended 30 June 2011.

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

III. SUMMARY OF FINANCIAL STATEMENTS

Summary of financial statements prepared in accordance with IFRS

Unaudited Interim Condensed Consolidated Income Statement

	For the six months ended 30 June	
	2012	2011
	RMB million	*RMB million*
Revenue	**106,845**	105,838
Cost of sales	**(97,220)**	(95,960)
Gross profit	**9,625**	9,878
Selling and marketing expenses	**(711)**	(844)
Administrative expenses	**(6,921)**	(4,855)
Other income	**427**	538
Other gains-net	**231**	142
Other expenses	**(64)**	(121)
Operating profit	**2,587**	4,738
Finance income	**865**	585
Finance costs	**(2,740)**	(1,778)
Share of profits of associates	**5**	22
Profit before income tax	**717**	3,567
Income tax expense	**(1,178)**	(1,282)
(Loss)/profit for the period	**(461)**	2,285
Attributable to:		
Equity holders of the Company	**(186)**	1,969
Non-controlling interests	**(275)**	316
	(461)	2,285
(Loss)/earnings per share for (loss)/profit attributable to equity holders of the Company		
— Basic (loss)/earnings per share *(RMB)*	**(0.01)**	0.10
— Diluted (loss)/earnings per share *(RMB)*	**(0.01)**	0.10
Dividends	**—**	—

Summary of Unaudited Interim Condensed Consolidated Total Assets and Total Liabilities

	As at 30 June 2012	As at 31 December 2011
	RMB million	*RMB million*
Total assets	**348,172**	332,031
Total liabilities	**290,394**	273,856
Total equity	**57,778**	58,175

Changes in Share Capital and Particulars of Shareholders

Changes in Share Capital and Particulars of Shareholders

I. CHANGES IN SHARE CAPITAL

(I) Changes in shares

As of 30 June 2012, the Company had a registered capital of RMB19,110,000,000, divided into 19,110,000,000 shares with a nominal value of RMB1.00 each. These shares include:

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

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

(II) Changes in shares subject to selling restrictions

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

(III) 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.

(IV) Existing internal employee shares

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

(V) 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.

(VI) 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 requirements under the Articles of Association, the Company may increase its registered capital by issuing shares through public or non-public offering, issuing new shares to existing Shareholders, converting capital reserve to share capital or by using other methods as permitted by laws and administrative regulations or approved by relevant authorities.

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

Changes in Share Capital and Particulars of Shareholders

II. PARTICULARS OF SHAREHOLDERS AND ULTIMATE CONTROLLING PERSON

(I) Number of Shareholders and their shareholding

At the end of the Reporting Period, the Company had a total of 345,378 Shareholders. Among which, 336,798 were holders of A Shares and 8,580 were holders of H Shares.

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

Unit: Share

Name of Shareholder	Change during the Reporting Period	Total number of shares held at the end of the period	Percentage of shareholdings (%)	Number of shares 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)	–185,000	2,838,590,000	14.85	—	Unknown	Others
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)	0	346,500,000	1.82	346,500,000	Unknown	State
Baosteel Group Corporation	–2,000,000	121,891,500	0.64	—	Unknown	State-owned legal person
PICC Life Insurance Company Limited — Dividend — Dividend of Group Insurance (中國人民人壽保險股份有限公司—分紅—團險分紅)	0	44,224,263	0.23	—	Unknown	Others
PICC Health Insurance Company Limited — traditional — general insurance product (中國人民健康保險股份有限公司—傳統—普通保險產品)	–3,963,749	41,691,484	0.22	—	Unknown	Others
PICC Life Insurance Company Limited — dividend — Dividend of Individual Insurance (中國人民人壽保險股份有限公司—分紅—個險分紅)	–1,359,357	35,105,209	0.18	—	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 of shareholdings (%)	Number of shares subject to selling restrictions held	Status of shares pledged or frozen	Nature of Shareholder
China Construction Bank — China AMC Dividend Mixed Open-end Securities Investment Fund (中國建設銀行—華夏紅利混合型開放式證券投資基金)	-1,022,832	26,124,217	0.14	—	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)	-950,700	25,706,816	0.13	—	Unknown	Others
Industrial and Commercial Bank of China Limited — Huatai-PineBridge CSI 300 Open-end Securities Fund (中國工商銀行股份有限公司—華泰柏瑞滬深300交易型開放式指數證券投資基金)	23,632,060	23,632,060	0.12	—	Unknown	Others

Note 1: Figures in the table were extracted from the Company's register of Shareholders as at 30 June 2012.

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

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)*	2,838,590,000	H Shares
Baosteel Group Corporation	121,891,500	A Shares
PICC Life Insurance Company Limited — Dividend — Dividend of Group Insurance (中國人民人壽保險股份有限公司 — 分紅 — 團險分紅)	44,224,263	A Shares
PICC Health Insurance Company Limited — traditional — general insurance product (中國人民健康保險股份有限公司 — 傳統 — 普通保險產品)	41,691,484	A Shares
PICC Life Insurance Company Limited — dividend — Dividend of Individual Insurance (中國人民人壽保險股份有限公司 — 分紅 — 個險分紅)	35,105,209	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)	26,124,217	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)	25,706,816	A Shares
Industrial and Commercial Bank of China Limited — Huatai-PineBridge CSI 300 Open-end Trading Index Securities Investment Fund (中國工商銀行股份有限公司－華泰柏瑞滬深300交易型開放式指數證券投資基金)	23,632,060	A Shares
PICC Life Insurance Company Limited — proprietary funds (中國人民人壽保險股份有限公司 — 自有資金)	21,781,498	A Shares
Huatai Securities Company Limited — Client Credit Trading Guarantee Securities Account (華泰證券股份有限公司客戶信用交易擔保證券帳戶)	17,739,558	A Shares

Explanations on the connections or parties acting in concert with the aforesaid Shareholders	Save that part of the aforesaid Shareholders are managed by the same administrator, the Company is not aware of the existence of any connections or parties acting in concert with the aforesaid Shareholders.

Note 1: Figures in the table were extracted from the Company's register of Shareholders as at 30 June 2012.

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

Changes in Share Capital and Particulars of Shareholders

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

Unit: Share

No.	Name of holder of shares subject to selling restrictions	Number of shares subject to selling restrictions held	Trading of shares subject to selling restrictions: Date for listed trading	Trading of shares subject to selling restrictions: Number of new shares for listed trading	Selling restrictions
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	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 in the table were extracted from the Company's register of Shareholders as at 30 June 2012.

Changes in Share Capital and Particulars of Shareholders

(II) Specifications on Controlling Shareholder and Ultimate Controlling Person

1. Controlling shareholder

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

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

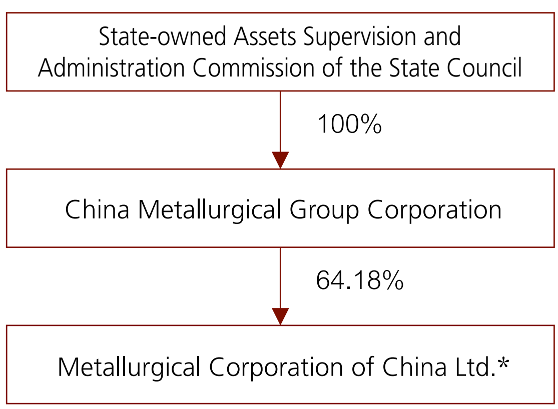
2. Ultimate controlling person

The 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.

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



(IV) 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.

(V) Substantial Shareholders' and other persons' interests and short positions in the Company's shares and underlying shares

As at 30 June 2012, the Company had been informed by the following persons that they had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Holders of A Shares

Unit: Share

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

Holders of H Shares

Unit: Share

Name of substantial Shareholder	Capacity	Number of H Shares	Nature of interest	Approximate percentage of total issued H Shares (%)	Approximate percentage of total issued shares (%)
China Life Insurance (Group) Company	Interest in a controlled corporation	148,356,000	Long position	5.17	0.78
China Life Insurance (Overseas) Company Limited (Note)	Beneficial owner	148,356,000	Long position	5.17	0.78

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

Save as disclosed above, to the knowledge of the Directors, Supervisors and chief executives of the Company, as at 30 June 2012, no other person or corporation was recorded in the register required to be kept under section 336 of the SFO as having an interest or short position in the Company's share capital that would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO.

Management Discussion and Analysis

Management Discussion and Analysis

I. OVERVIEW

For the six months ended 30 June 2012, the Company's revenue amounted to RMB106,845 million, representing an increase of 0.95% compared to the same period last year. Loss attributable to equity holders of the Company amounted to RMB186 million. Basic loss per share for the six months ended 30 June 2012 was RMB0.01.

The following are the unaudited financial results of the Company for the six months ended 30 June 2012 compared to that for the six months ended 30 June 2011.

II. UNAUDITED 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 2012, the revenue of the Company amounted to RMB106,845 million, representing an increase of RMB1,007 million or 0.95% compared to RMB105,838 million for the six months ended 30 June 2011. The increase was mainly attributable to the increase in segment revenue of engineering and construction of RMB5,860 million or 7.08% before elimination of inter-segment transaction. Segment revenues of equipment manufacturing, resources development, property development and other business segments have decreased by RMB720 million or 10.63%, RMB2,852 million or 43.11%, RMB1,419 million or 16.42% and RMB354 million or 11.31% respectively before elimination of inter-segment revenue.

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 2012, cost of sales of the Company amounted to RMB97,220 million, representing an increase of RMB1,260 million or 1.31% compared to RMB95,960 million for the six months ended 30 June 2011. The increase was mainly attributable to the rise in subcontracting cost and labour cost following the expansion of the Company's business.

For the six months ended 30 June 2012, the gross profit of the Company amounted to RMB9,625 million, representing a decrease of RMB253 million or 2.56% compared to RMB9,878 million for the six months ended 30 June 2011. Gross profit margin of the Company was 9.01% for the six months ended 30 June 2012, representing a decrease of 0.32% compared to 9.33% for the six months ended 30 June 2011.

For the six months ended 30 June 2012, all business segments of the Company, namely engineering and construction, equipment manufacturing, resources development, property development and other businesses, recorded a gross profit of RMB8,012 million, RMB410 million, RMB103million, RMB1,018 million and RMB130 million respectively, and the gross profit margins were 9.04%, 6.77%, 2.74%, 14.09% and 4.68% respectively before elimination of inter-segment transactions.

3. Operating profit

For the six months ended 30 June 2012, the operating profit of the Company amounted to RMB2,587 million, representing a decrease of RMB2,151 million or 45.40% compared to RMB4,738 million for the six months ended 30 June 2011. The decrease was mainly attributable to the operating loss of RMB2,355 million of the resources development business of the Company for the six months ended 30 June 2012 compared to an operating profit of RMB854 million for the six months ended 30 June 2011. The equipment manufacturing business recorded an operating loss of RMB229 million for the six months ended 30 June 2012 compared to an operating loss of RMB7 million for the six moths ended 30 June 2011. The operating profit of the engineering and construction, property development and other businesses increased by RMB1,169 million or 35.56%, RMB112 million or 18.39% and RMB26 million or 31.33% respectively compared to the six months ended 30 June 2011 (all segments' data are before elimination of inter-segment transactions).

4. Finance income

The Company's finance income mainly consists 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 2012 amounted to RMB865 million, representing an increase of RMB280 million or 47.86% compared to RMB585 million for the six months ended 30 June 2011, mainly attributable to the significant increase in interest income arising from advances prepaid by the Company for BT projects during the period over the same period of last year.

5. Finance costs

The Company's finance costs mainly consists of interest expenses on bank borrowings and borrowings from other financial institutions 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 RMB962 million or 54.11% from RMB1,778 million for the six months ended 30 June 2011 to RMB2,740 million for the six months ended 30 June 2012, mainly attributable to the increase in the financial expenses following the expansion in borrowings scale.

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 2012, the Company's share of profits of associates was RMB5 million, representing a decrease of RMB17 million or 77.27% compared to RMB22 million for the six months ended 30 June 2011.

7. Profit before income tax

As a result of the foregoing, the Company's profit before income tax decreased by RMB2,850 million or 79.90% from RMB3,567 million for the six months ended 30 June 2011 to RMB717 million for the six months ended 30 June 2012, mainly attributable to the impairment provision of the Company's assets such as exploration rights and equipments, and the increase of financial costs.

8. Income tax expense

For the six months ended 30 June 2012, the Company's income tax expense decreased by RMB104 million or 8.11% from RMB1,282 million for the six months ended 30 June 2011 to RMB1,178 million. For the six months ended 30 June 2012, the Company's effective tax rate was 164.30%, representing an increase of 128.36% compared to 35.94% for the six months ended 30 June 2011, it was mainly attributable to the increase in losses incurred by subsidiaries with unrecognized deferred tax assets for the six months ended 30 June 2012, given the fact that losses were incurred and based on the estimation that a turnaround to profit is impossible within the year prescribed for compensation of losses under the tax laws.

9. (Loss)/profit attributable to non-controlling interests

(Loss)/profit attributable to non-controlling interests represents the interests of external shareholders in the operating results of non-wholly owned subsidiaries of the Company. The loss attributable to non-controlling interests for the six months ended 30 June 2012 amounted to RMB275 million, while the profit attributable to non-controlling interests for the six months ended 30 June 2011 amounted to RMB316 million.

10. (Loss)/profit attributable to equity holders of the Company

Based on the above, the loss attributable to equity holders of the Company amounted to RMB186 million for the six months ended 30 June 2012, while the profit attributable to equity holders of the Company amounted to RMB1,969 million for the six months ended 30 June 2011.

Management Discussion and Analysis

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 2012 and the six months ended 30 June 2011.

	Segment revenue For the six months ended 30 June		Gross profit For the six months ended 30 June		Gross profit margin For the six months ended 30 June		Segment result For the six months ended 30 June		Segment result margin(note) For the six months ended 30 June	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
	RMB million	*RMB million*	***RMB million***	*RMB million*	**%**	%	***RMB million***	*RMB million*	**%**	%
Engineering and construction	**88,620**	82,760	**8,012**	6,882	**9.04%**	8.32%	**4,456**	3,287	**5.03%**	3.97%
% of the total	**81.73%**	76.68%	**82.83%**	69.61%			**164.93%**	68.11%		
Equipment manufacturing	**6,053**	6,773	**410**	500	**6.77%**	7.38%	**(229)**	(7)	**-3.78%**	-0.10%
% of the total	**5.58%**	6.28%	**4.24%**	5.06%			**-8.48%**	-0.15%		
Resources development	**3,764**	6,616	**103**	1,401	**2.74%**	21.18%	**(2,355)**	854	**-62.57%**	12.91%
% of the total	**3.47%**	6.13%	**1.06%**	14.17%			**-87.16%**	17.70%		
Property development	**7,223**	8,642	**1,018**	982	**14.09%**	11.36%	**721**	609	**9.98%**	7.05%
% of the total	**6.66%**	8.01%	**10.52%**	9.93%			**26.68%**	12.62%		
Other businesses	**2,776**	3,130	**130**	122	**4.68%**	3.90%	**109**	83	**3.93%**	2.65%
% of the total	**2.56%**	2.90%	**1.35%**	1.23%			**4.03%**	1.72%		
Subtotal	**108,436**	107,921	**9,673**	9,887	**8.92%**	9.16%	**2,702**	4,826	**2.49%**	4.47%
Inter-segment elimination	**(1,591)**	(2,083)	**(48)**	(9)			**(48)**	(9)		
Total	**106,845**	105,838	**9,625**	9,878	**9.01%**	9.33%	**2,654**	4,817	**2.48%**	4.55%
Unallocated administrative expenses							**(67)**	(79)		
Total operating profit							**2,587**	4,738		

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

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 profit or loss information for engineering and construction business for the six months ended 30 June 2012 and the six months ended 30 June 2011.

	For the six months ended 30 June	
	2012	2011
	(RMB million)	*(RMB million)*
Segment revenue	**88,620**	82,760
Cost of sales	**(80,608)**	(75,878)
Gross profit	**8,012**	6,882
Selling and marketing expenses	**(339)**	(356)
Administrative expenses	**(3,633)**	(3,615)
Other income and gains	**416**	376
Segment results	**4,456**	3,287
Depreciation and amortization	**720**	593

Segment revenue. Segment revenue from engineering and construction business increased by RMB5,860 million or 7.08% from RMB82,760 million for the six months ended 30 June 2011 to RMB88,620 million for the six months ended 30 June 2012. The increase was mainly attributable to the implementation of a large number of previously undertaken projects which were still ongoing and the undertaking 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 RMB4,730 million or 6.23% from RMB75,878 million for the six months ended 30 June 2011 to RMB80,608 million for the six months ended 30 June 2012. Percentage of cost of sales against segment revenue decreased to 90.96% for the six months ended 30 June 2012 from 91.68% for the six months ended 30 June 2011, mainly attributable to the tightening of cost control among all subsidiaries of the Company.

Gross profit of the engineering and construction business increased by RMB1,130 million or 16.42% from RMB6,882 million for the six months ended 30 June 2011 to RMB8,012 million for the six months ended 30 June 2012. Gross profit margin of engineering and construction business increased from 8.32% for the six months ended 30 June 2011 to 9.04% for the six months ended 30 June 2012. The increase was mainly attributable to the increase in contribution of income from projects with high gross profit margin. Meanwhile facing the ever mounting market pressure arising from subcontracting costs, all subsidiaries of the Company have further strengthened their optimized control on costs.

Selling and marketing expenses. Selling and marketing expenses incurred for the engineering and construction business decreased by RMB17 million or 4.78% from RMB356 million for the six months ended 30 June 2011 to RMB339 million for the six months ended 30 June 2012.

Administrative expenses. Administrative expenses incurred for the engineering and construction business increased by RMB18 million or 0.50% from RMB3,615 million for the six months ended 30 June 2011 to RMB3,633 million for the six months ended 30 June 2012, mainly attributable to the rise in the labour cost and research and development expenses.

Other income and gains. Other income and gains from the engineering and construction business increased by RMB40 million or 10.64% from RMB376 million for the six months ended 30 June 2011 to RMB416 million for the six months ended 30 June 2012. This was mainly attributable to the increase in the gain from the disposal of fixed assets.

Segment results. Segment results of the engineering and construction business increased by RMB1,169 million or 35.56% from RMB3,287 million for the six months ended 30 June 2011 to RMB4,456 million for the six months ended 30 June 2012.

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 profit or loss information for equipment manufacturing business for the six months ended 30 June 2012 and the six months ended 30 June 2011.

	For the six months ended 30 June	
	2012	2011
	(RMB million)	*(RMB million)*
Segment revenue	**6,053**	6,773
Cost of sale	**(5,643)**	(6,273)
Gross profit	**410**	500
Selling and marketing expenses	**(133)**	(128)
Administrative expenses	**(596)**	(444)
Other income and gains	**90**	65
Segment results	**(229)**	(7)
Depreciation and amortization	**280**	256

Segment revenue. Segment revenue from the equipment manufacturing business decreased by RMB720 million or 10.63% from RMB6,773 million for the six months ended 30 June 2011 to RMB6,053 million for the six months ended 30 June 2012, mainly attributable to the substantial decrease of sales resulted from strategically suspended production of CERI Yingkou Equipment Development and Manufacturing Co., Ltd. (中冶京誠(營口)裝備技術有限公司), a subsidiary of the Company.

Cost of sales and gross profit. Cost of sales incurred from the equipment manufacturing business decreased by RMB630 million or 10.04% from RMB6,273 million for the six months ended 30 June 2011 to RMB5,643 million for the six months ended 30 June 2012. Percentage of cost of sales against segment revenue increased from 92.62% for the six months ended 30 June 2011 to 93.23% for the six months ended 30 June 2012.

Gross profit of the equipment manufacturing business decreased by RMB90 million or 18.00% from RMB500 million for the six months ended 30 June 2011 to RMB410 million for the six months ended 30 June 2012. Gross profit margin of the equipment manufacturing business decreased from 7.38% for the six months ended 30 June 2011 to 6.77% for the six months ended 30 June 2012, mainly attributable to the substantial increase in the cost of sales following the substantial inventory impairment provision accrued by the loss-generating enterprises.

Selling and marketing expenses. Selling and marketing expenses incurred for the equipment manufacturing business increased by RMB5 million or 3.91% from RMB128 million for the six months ended 30 June 2011 to RMB133 million for the six months ended 30 June 2012.

Administrative expenses. Administrative expenses incurred for the equipment manufacturing business increased by RMB152 million or 34.23% from RMB444 million for the six months ended 30 June 2011 to RMB596 million for the six months ended 30 June 2012, mainly attributable to the increase in expenses resulted from the suspension of production of CERI Yingkou Equipment Development and Manufacturing Co., Ltd. (中冶京誠(營口)裝備技術有限公司), a subsidiary of the Company.

Other income and gains. Other income and gains from the equipment manufacturing business increased by RMB25 million or 38.46% from RMB65 million for the six months ended 30 June 2011 to RMB90 million for the six months ended 30 June 2012.

Segment results. Segment results of the equipment manufacturing business recorded a loss of RMB229 million for the six months ended 30 June 2012 compared to the loss of RMB7 million for the six months ended 30 June 2011.

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 profit or loss information for resources development business for the six months ended 30 June 2012 and the six months ended 30 June 2011.

	For the six months ended 30 June	
	2012	2011
	(RMB million)	*(RMB million)*
Segment revenue	**3,764**	6,616
Cost of sales	**(3,661)**	(5,215)
Gross profit	**103**	1,401
Sales and marketing expenses	**(90)**	(123)
Administrative expenses	**(2,363)**	(450)
Other (expenses)/income and gains	**(5)**	26
Segment results	**(2,355)**	854
Depreciation and amortization	**331**	305

Segment revenue. Segment revenue from resources development business decreased by RMB2,852 million or 43.11% from RMB6,616 million for the six months ended 30 June 2011 to RMB3,764 million for the six months ended 30 June 2012, mainly attributable to the decrease of sales volume and price in the market.

Cost of sales and gross profit. Cost of sales incurred from resources development business decreased by RMB1,554 million or 29.80% from RMB5,215 million for the six months ended 30 June 2011 to RMB3,661 million for the six months ended 30 June 2012. Percentage of the cost of sales against segment revenue increased from 78.82% for the six months ended 30 June 2011 to 97.26% for the six months ended 30 June 2012, which was caused by the fact that the fall in sales prices exceeded the fall in costs, despite the great efforts of the Company exerted in minimizing the cost.

Gross profit of the resources development business decreased by RMB1,298 million or 92.65% from RMB1,401 million for the six months ended 30 June 2011 to RMB103 million for the six months ended 30 June 2012. Gross profit margin of the resources development business decreased from 21.18% for the six months ended 30 June 2011 to 2.74% for the six months ended 30 June 2012, mainly attributable to a number of the Company's subsidiaries, which were engaged in resources development, made lower gross profit margin or even negative gross profit resulted from decrease in sales volume and selling price.

Selling and marketing expenses. Selling and marketing expenses incurred for the resources development business decreased by RMB33 million or 26.83% from RMB123 million for the six months ended 30 June 2011 to RMB90 million for the six months ended 30 June 2012.

Administrative expenses. Administrative expenses incurred for the resources development business increased by RMB1,913 million or 425.11% from RMB450 million for the six months ended 30 June 2011 to RMB2,363 million for the six months ended 30 June 2012, mainly attributable to the provision for impairment of exploration rights accrued by MCC Australia Holding Pty Ltd. (中冶澳大利亞控股有限公司), a subsidiary of the Company. Meanwhile, the increase in expenses resulted from the suspension of production and in impairment provision accrued on long-lined assets of MCC Huludao Nonferrous Metals Group Co., Ltd., (中冶葫蘆島有色金屬集團有限公司), a subsidiary of the Company, was another reason for the increase in administrative expenses.

Other (expenses)/income and gains. Other expenses from the resources development business for the six months ended 30 June 2012 reached RMB5 million and other income and gains for the six months ended 30 June 2011 recorded RMB26 million.

Segment results. Segment results of the resources development business recorded a loss of RMB2,355 million for the six months ended 30 June 2012, while a profit of RMB854 million was recorded for the six months ended 30 June 2011. The loss arisen for the six months ended 30 June 2012 was mainly attributable to a number of subsidiaries engaging in resources development, recorded lower gross profit margin or even negative gross profit resulted from decrease in sales volume and selling price. Meanwhile, the provision for impairment of exploration rights accrued by MCC Australia Holding Pty Ltd. (中冶澳大利亞控股有限公司) a subsidiary of the Company, was another reason for the loss.

4. Property development

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

The following table sets forth the principal profit or loss information for the property development business for the six months ended 30 June 2012 and the six months ended 30 June 2011.

	For the six months ended 30 June	
	2012	2011
	(RMB million)	*(RMB million)*
Segment revenue	**7,223**	8,642
Cost of sales	**(6,205)**	(7,660)
Gross profit	**1,018**	982
Selling and marketing expenses	**(108)**	(204)
Administrative expenses	**(227)**	(240)
Other income and gains	**38**	71
Segment results	**721**	609
Depreciation and amortization	**20**	24

Segment revenue. Segment revenue from the property development business decreased by RMB1,419 million or 16.42% from RMB8,642 million for the six months ended 30 June 2011 to RMB7,223 million for the six months ended 30 June 2012, which was mainly caused by the fact that some of the Company's subsidiaries slowed down the working progress of certain municipal projects due to the financing pressure for the six months ended 30 June 2012. Meanwhile, some of the welfare housing construction projects are close to completion, thus reducing the Company's segment revenue for the six months ended 30 June 2012.

Cost of sales and gross profit. Cost of sales incurred from the property development business decreased by RMB1,455 million or 18.99% from RMB7,660 million for the six months ended 30 June 2011 to RMB6,205 million for the six months ended 30 June 2012. Percentage of the cost of sales against segment revenue decreased from 88.64% for the six months ended 30 June 2011 to 85.91% for the six months ended 30 June 2012.

Gross profit of the property development business increased by RMB36 million or 3.67% from RMB982 million for the six months ended 30 June 2011 to RMB1,018 million for the six months ended 30 June 2012. Gross profit margin of the property development business increased from 11.36% for the six months ended 30 June 2011 to 14.09% for the six months ended 30 June 2012, mainly attributable to the increase in the contribution of revenue from certain projects with higher gross profit margins.

Selling and marketing expenses. Selling and marketing expenses incurred for the property development business decreased by RMB96 million or 47.06% from RMB204 million for the six months ended 30 June 2011 to RMB108 million for the six months ended 30 June 2012.

Administrative expenses. Administrative expenses incurred for the property development business decreased by RMB13 million or 5.42% from RMB240 million for the six months ended 30 June 2011 to RMB227 million for the six months ended 30 June 2012.

Other income and gains. Other income and gains from the property development business for the six months ended 30 June 2012 amounted to RMB38 million, representing a decrease of RMB33 million or 46.48% from RMB71 million for the six months ended 30 June 2011.

Segment results. Segment results of property development business increased by RMB112 million or 18.39% from RMB609 million for the six months ended 30 June 2011 to RMB721 million for the six months ended 30 June 2012, mainly attributable to the increase in revenue contribution from projects with higher gross profit margin.

5. Other businesses

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

The following table sets forth the principal profit or loss information for other businesses for the six months ended 30 June 2012 and the six months ended 30 June 2011.

	For the six months ended 30 June	
	2012	2011
	(RMB million)	*(RMB million)*
Segment revenue	**2,776**	3,130
Cost of sales	**(2,646)**	(3,008)
Gross profit	**130**	122
Selling and marketing expenses	**(41)**	(33)
Administrative expenses	**(35)**	(27)
Other income and gains	**55**	21
Segment results	**109**	83
Depreciation and amortization	**25**	22

Segment revenue. Segment revenue from the other businesses decreased by RMB354 million or 11.31% from RMB3,130 million for the six months ended 30 June 2011 to RMB2,776 million for the six months ended 30 June 2012. Segment revenue from the other businesses is substantially derived from imports and exports trading. The revenue decrease was mainly attributable to the market influence which led to a decrease in trade volume.

Cost of sales and gross profit. Cost of sales incurred from the other businesses decreased by RMB362 million or 12.03% from RMB3,008 million for the six months ended 30 June 2011 to RMB2,646 million for the six months ended 30 June 2012. Percentage of the cost of sales against segment revenue decreased from 96.10% for the six months ended 30 June 2011 to 95.32% for the six months ended 30 June 2012.

Gross profit of the other businesses increased by RMB8 million or 6.56% from RMB122 million for the six months ended 30 June 2011 to RMB130 million for the six months ended 30 June 2012. Gross profit margin of the other businesses increased from 3.90% for the six months ended 30 June 2011 to 4.68% for the six months ended 30 June 2012, which is mainly attributable to the fact that some trading companies of the Company with higher revenue contributions took advantage of the market fluctuation via the practice of buying low and selling high, which resulted in the slight growth in the gross profit margin.

Selling and marketing expenses. Selling and marketing expenses incurred for the other businesses increased by RMB8 million or 24.24% from RMB33 million for the six months ended 30 June 2011 to RMB41 million for the six months ended 30 June 2012.

Administrative expenses. Administrative expenses incurred for the other businesses increased by RMB8 million or 29.63% from RMB27 million for the six months ended 30 June 2011 to RMB35 million for the six months ended 30 June 2012.

Other income and gains. Other income and gains of the other businesses increased by RMB34 million or 161.90% from RMB21 million for the six months ended 30 June 2011 to RMB55 million for the six months ended 30 June 2012.

Segment results. Segment results of the other businesses increased by RMB26 million or 31.33% from RMB83 million for the six months ended 30 June 2011 to RMB109 million for the six months ended 30 June 2012.

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 liquidity requirements involve primarily our working capital needs, purchases of property, plant and equipment, and its debt repayment.

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

1. Information on cash flow

The following cash flows information is extracted from the unaudited interim condensed consolidated statement of cash flows of the Company for the six months ended 30 June 2012 and the six months ended 30 June 2011.

	For the six months ended 30 June	
	2012	2011
	(RMB million)	*(RMB million)*
Net cash used in operating activities	**(9,171)**	(13,500)
Net cash used in investing activities	**(2,440)**	(4,173)
Net cash generated from financing activities	**2,505**	15,267
Net decrease in cash and cash equivalents	**(9,106)**	(2,406)
Cash and cash equivalents at the beginning of the period	**42,721**	39,302
Exchange (losses)/gains on cash and cash equivalents	**(9)**	8
Cash and cash equivalents at the end of the period	**33,606**	36,904

2. Cash flows from operating activities

For the six months ended 30 June 2012, the Company's net cash used in operating activities amounted to RMB9,171 million compared to net cash used in operating activities of RMB13,500 million for the six months ended 30 June 2011. The decrease of RMB4,329 million in net cash used in operating activities was mainly due to the fact that the decrease in cash from sales of commodities and provision of labour is lower than the decrease in cash paid for procurement of commodities and acceptance of services. However, as the BT projects like welfare housing and roads and bridges construction required the Company to make advances in the process of the project implementation, the net cash flow from operating activities remained negative, even though the Company strengthened its management over funding.

3. Cash flows from investing activities

For the six months ended 30 June 2012, the Company's net cash used in investing activities amounted to RMB2,440 million compared to RMB4,173 million for the six months ended 30 June 2011. The net cash flow used in investing activities decreased by RMB1,733 million, which was mainly due to the scaling down in the purchase and construction of fixed assets and intangible assets for the six months ended 30 June 2012.

4. Cash flows from financing activities

For the six months ended 30 June 2012, the Company's net cash generated from financing activities amounted to RMB2,505 million, representing a decrease of RMB12,762 million from RMB15,267 million for the six months ended 30 June 2011, which was mainly attributable to the substantial increase in the payment of debts and interests.

5. Capital expenditures

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

The following table sets forth the capital expenditures of the Company by business for the six months ended 30 June 2012 and the six months ended 30 June 2011.

	For the six months ended 30 June	
	2012	2011
	(RMB million)	*(RMB million)*
Engineering and construction business	**1,290**	1,585
Equipment manufacturing business	**517**	1,046
Resources development business	**1,358**	1,714
Property development business	**12**	31
Other businesses	**10**	6
Total	**3,187**	4,382

The Company's capital expenditures for the six months ended 30 June 2012 amounted to RMB3,187 million, representing a decrease of RMB1,195 million or 27.27% from RMB4,382 million for the six months ended 30 June 2011.

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 2012 and for the twelve months ended 31 December 2011.

	For the six months ended 30 June 2012 *days*	For the twelve months ended 31 December 2011 *days*
The turnover days of the average trade receivables *(Note 1)*	**147**	113
The turnover days of the average trade payables *(Note 2)*	**121**	106

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).

The following table sets forth the aging analysis of trade receivables as at 30 June 2012 and 31 December 2011.

	As at 30 June 2012 ***(RMB million)***	As at 31 December 2011 *(RMB million)*
Less than one year	**66,217**	59,659
One to two years	**19,612**	15,102
Two to three years	**4,807**	3,108
Three to four years	**1,732**	1,213
Four to five years	**585**	721
Over five years	**986**	739
Total	**93,939**	80,542

As at 30 June 2012, the Company's trade receivables of all ages, except for the range of four to five years, represented an increase compared to those as at 31 December 2011, mainly due to BT projects such as roads and bridges, public facilities and welfare housing carried out by the Company's subsidiaries in the past two years through cooperation with governments, which usually required the Company to make advances, thus leading to an increase in trade receivables compared to the end of the previous year.

The following table sets forth the aging analysis of trade payables as at 30 June 2012 and 31 December 2011.

	As at 30 June 2012 ***(RMB million)***	As at 31 December 2011 *(RMB million)*
Less than one year	**53,018**	46,958
One to two years	**9,735**	9,060
Two to three years	**3,308**	2,821
Over three years	**2,980**	2,470
Total	**69,041**	61,309

7. **Retentions**

The following table sets forth the book value of retentions as at 30 June 2012 and 31 December 2011.

	As at 30 June 2012 ***(RMB million)***	As at 31 December 2011 *(RMB million)*
Current portion	**1,986**	1,815
Non-current portion	**279**	278
Total	**2,265**	2,093

8. Assets-liabilities ratio

The following table sets forth the assets-liabilities ratio of the Company as at 30 June 2012 and 31 December 2011.

	As at 30 June 2012 ***(RMB million)***	As at 31 December 2011 *(RMB million)*
Total liabilities	**290,394**	273,856
Total assets	**348,172**	332,031
Assets-liabilities ratio	**83.41%**	82.48%

9. Gearing ratio

The following table sets forth the gearing ratio of the Company as at 30 June 2012 and 31 December 2011.

	As at 30 June 2012 ***(RMB million)***	As at 31 December 2011 *(RMB million)*
Total borrowings	**143,481**	137,161
Less: Cash and cash equivalents	**(33,606)**	(42,721)
Net debt	**109,875**	94,440
Total equity	**57,778**	58,175
Total capital	**167,653**	152,615
Gearing ratio	**66%**	62%

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

V. INDEBTEDNESS

1. Borrowings

The following table sets forth the Company's total borrowings as at 30 June 2012 and 31 December 2011.

	As at 30 June 2012 (RMB million)	As at 31 December 2011 (RMB million)
Non-current		
Long-term bank borrowings		
— Secured (Note 1)	**10,255**	6,200
— Unsecured	**20,883**	24,634
	31,138	30,834
Other long-term borrowings		
— Secured (Note 1)	**75**	75
— Unsecured	**11**	212
— Debentures (Note 2(i))	**21,416**	21,364
	21,502	21,651
Total non-current borrowings	**52,640**	52,485
Current		
Short-term bank borrowings		
— Secured (Note 1)	**3,452**	2,824
— Unsecured	**41,632**	42,171
	45,084	44,995
Other short-term borrowings		
— Secured (Note 1)	**1,315**	1,315
— Unsecured	**5,094**	5,200
— Debentures (Note 2(ii))	**21,400**	17,000
	27,809	23,515

	As at 30 June 2012 (RMB million)	As at 31 December 2011 (RMB million)
Current portion of long-term bank borrowings		
— Secured (Note 1)	**2,266**	2,274
— Unsecured	**9,382**	7,292
	11,648	9,566
Current portion of other long-term borrowings		
— Unsecured	**6,300**	6,600
	6,300	6,600
Total current borrowings	**90,841**	84,676
Total borrowings	**143,481**	137,161

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

Note 2: *(i)* As approved by the National Development and Reform Commission, the Company 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 Company 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, a maturity of ten years from issuance and interest rate of 3.95% per annum and 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 at a discounted price of RMB4,686 million with a par value of RMB4,700 million, a maturity of five years from issuance and interest rate of 4.72% per annum.

MCC Holding (Hong Kong) Co., Ltd., a subsidiary of the Company, issued US dollar debentures on 29 July 2011 at a discount to par value of US dollar 497 million, the aggregate principal amount is US dollar 500 million, with a maturity of five years from issuance. The debentures bear interests at a rate of 4.875% per annum. Interest will be paid every half year and principal will be paid upon maturity date. The debentures are guaranteed by the Parent.

(ii) As approved by the National Association of Financial Market Institutional Investors, the Company issued its Tranche I Short-Term Debentures on 3 August 2011 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 5.71% per annum. Principal and interests are paid upon maturity date.

As approved by the National Association of Financial Market Institutional Investors, the Company issued its Tranche II Short-Term Debentures on 30 August 2011 at par value of RMB3,000 million, with a maturity of one year from issuance. The debentures are unsecured and bear interests at a rate of 5.78% per annum. Principal and interests are paid upon maturity date.

As approved by the National Association of Financial Market Institutional Investors, the Company issued its Tranche III Short-Term Debentures on 12 October 2011 at par value of RMB10,000 million, with a maturity of one year from issuance. The debentures were unsecured and bear interests at a rate of 6.12% per annum. Principal and interests are paid upon maturity date.

The Company issued its Tranche I Short-Term Debentures on 10 April 2012 at par value of RMB 4,400 million, with a maturity of one year from issuance. The debentures are unsecured, and bear interests at a fixed rate of 4.46% per annum, Principal and interests are paid upon maturity date.

Note 3: As at 30 June 2012, there are no significant overdue short-term borrowings of the Company. Due to tight liquidity of one subsidiary of the Company, short-term borrowings amounted to RMB331 million and bank acceptance bill amounted to RMB41 million are overdue after reporting period, including secured borrowings amounted to RMB190 million, which are secured by land use rights with a carrying amount of RMB307 million. At the date of approval of condensed consolidated interim financial information, the Company has been negotiating with related banks to find appropriate solutions. Compulsory execution procedures such as disposal of secured assets have not been involved yet.

2. Financial Guarantee

The nominal values of the financial guarantees issued by the Company as at 30 June 2012 and 31 December 2011 are set out as below:

	As at 30 June 2012 *(RMB million)*	As at 31 December 2011 *(RMB million)*
Outstanding guarantees *(Note)*		
— Third parties	**234**	234
— Related parties	**140**	11
	374	245

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

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

3. Contingencies

	As at 30 June 2012 *(RMB million)*	As at 31 December 2011 *(RMB million)*
Pending lawsuits/arbitrations	**819**	706

The Company has been named in a number of lawsuits and other legal proceedings arising in the ordinary course of business. The balance is the maximum exposure of pending lawsuits that the Company is claimed as defendants. Provision indicated 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 pending lawsuits since management believes the outflow of resources is not probable.

VI. MARKET RISKS

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

1. Foreign exchange risks

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 foreign currency denominated transactions arising from the Company's foreign operations, sales and purchases of machinery and equipment to and 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 United States Dollars ("US dollar"), Australian Dollar ("AUD") and European Dollar ("EUR").

To monitor the impact of exchange rate fluctuations, the Company continually assesses and monitors its exposure to foreign exchange risk. The Company currently does not have a foreign exchange hedging policy. However, management is responsible for monitoring foreign exchange exposure and will prudently consider hedging significant foreign exchange exposure should the need arise.

As at 30 June 2012, if RMB had strengthened/weakened by 5% (30 June 2011: 5%) against US dollar, AUD, EUR and other foreign currencies with all other variables held constant, which were considered reasonably possible by management, the profit after tax for the six months ended 30 June 2012 would have been approximately RMB370 million higher/lower (for the six months ended 30 June 2011: RMB78 million higher/lower), mainly as a result of foreign exchange gains/losses on translation of US dollar, AUD, EUR and other foreign currencies denominated trade and other receivables, cash and cash equivalents, trade and other payables and borrowings.

2. Interest rate risks

The Company's exposure to interest rate risks relates principally to its restricted cash, cash and cash equivalents, trade and other receivables, trade and other payables and borrowings. Restricted cash, cash and cash equivalents, and borrowings at variable rates expose the Company to cash flow interest-rate risks, and those restricted cash, cash, cash equivalents and borrowings at fixed rates expose the Company to fair value interest-rate risk. As at 30 June 2012, approximately RMB310 million (31 December 2011: RMB498 million) of the Company's restricted cash, approximately RMB448 million (31 December 2011: RMB503 million) of the Company's cash and cash equivalents and approximately RMB59,842 million (31 December 2011: RMB54,658 million) of the Company's borrowings were at fixed rates.

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

Management has used 100 basis points to illustrate the sensitivity as the fluctuation in interest rate is unpredictable.

As at 30 June 2012, if the respective interest rates on RMB-denominated borrowings and US dollar and other currency-denominated borrowings had been 100 basis points higher/lower with all other variables held constant, which was considered reasonably possible by management, profit after income tax for the six months ended 30 June 2012 would have been RMB176 million lower/higher and RMB31 million lower/higher respectively (For the six months ended 30 June 2011: RMB233 million and RMB15 million lower/higher), mainly as a result of higher/lower interest expenses on bank borrowings and trade and other payables.

3. Credit risks

The carrying amounts of cash and cash equivalents, restricted cash, held-to-maturity financial assets, trade and other receivables (except for the book value of prepayment and staff advances), and the nominal value of the guarantees provided on liabilities represent the Company's main exposure to credit risks in relation to 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 cash at bank, bank deposits, restricted cash and held-to-maturity financial assets of the Company that were fully performing has been renegotiated during the year.

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 collaterals from trade debtors. The directors consider the Company does not have a significant concentration of credit risk. No single customer accounted for more than 5% of the Company's total revenues for the six months ended 30 June 2012.

4. Liquidity risks

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

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

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

	Less than 1 year *(RMB million)*	**Between 1 and 2 years** *(RMB million)*	**Between 2 and 5 years** *(RMB million)*	**Over 5 years** *(RMB million)*	**Total** *(RMB million)*
As at 30 June 2012					
Borrowings	97,699	16,760	23,153	25,849	163,461
Trade and other payables	86,018	333	—	—	86,351
	183,717	17,093	23,153	25,849	249,812
As at 31 December 2011					
Borrowings	85,659	13,467	23,682	25,349	148,157
Trade and other payables	74,622	357	—	—	74,979
	160,281	13,824	23,682	25,349	223,136

Directors, Supervisors and Senior Management

Directors, Supervisors and Senior Management

I. CHANGE OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

There was no change of Directors, Supervisors or members of senior management of the Company during the six months ended 30 June 2012.

II. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT'S INTERESTS IN SECURITIES

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2012, as far as the Company is aware, interests or short positions of the Directors, Supervisors and the chief executive of the Company or their associates 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 were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or otherwise notified to the Company and the Hong Kong Stock Exchange by the Directors or Supervisor pursuant to the Model Code or the rights granted for the purchase of shares or debentures of the Company or any of its associated corporations 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 number of shares in issue (%)
Jing Tianliang	Chairman	A Shares	Long position	Beneficial owner	50,000	0	0
Wang Weimin	Vice Chairman and Executive Director	A Shares	Long position	Beneficial owner	50,000	0	0
Shen Heting	President and Executive Director	A Shares	Long position	Beneficial owner	50,000	0	0
Han Changlin	Chairman of Supervisory Committee	A Shares	Long position	Beneficial owner	30,000	0	0
Guo Wenqing	Employee Representative Director	A Shares	Long position	Beneficial owner	30,000	0	0
Chen Yongkuan	Independent non- executive Director	A Shares	Long position	Beneficial owner	30,000	0	0
Peng Haiqing	Supervisor	A Shares	Long position	Beneficial owner	30,000	0	0
Shao Bo	Employee Representative Supervisor	A Shares	Long position	Beneficial owner	25,000	0	0
				Interests of spouse	1,000	0	0

Save as disclosed above and as at 30 June 2012, as far as the Company is aware, none of the Directors, Supervisors or the chief executive of the Company or their associates 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 were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

OTHER SENIOR MANAGEMENT'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2012, as far as the Company is aware, interests of other senior management of the Company in the shares of the Company 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 number of shares in issue (%)
Huang Dan	Vice President	A Shares	Long position	Beneficial owner	30,000	0	0
Li Shiyu	Vice President, Chief Accountant (chief financial officer)	A Shares	Long position	Beneficial owner	30,000	0	0
Zhang Zhaoxiang	Vice President	A Shares	Long position	Beneficial owner	30,000	0	0
Wang Xiufeng	Vice President	A Shares	Long position	Beneficial owner	30,000	0	0
Kang Chengye	Secretary to the Board and Joint Company Secretary	A Shares	Long position	Beneficial owner	30,000	0	0

Directors, Supervisors and Senior Management

III. EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2012, the Company employed a total of 132,849 staff.

Structure of profession of current employees:

Profession	Number of Current Employees	Percentage
Engineering and construction	111,041	83.58%
Equipment manufacturing	6,840	5.15%
Resources development	11,817	8.90%
Property development and others	3,151	2.37%
Total	132,849	100.00%

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, medical insurance, unemployment insurance, maternity insurance, workers' injury compensation insurance and housing fund for employees. In accordance with applicable PRC laws and regulations, the amount of contribution to the aforesaid social securities and housing fund are strictly based on state, provincial and municipal requirements of the PRC. As resolved by the Board and approved by the SASAC and the Ministry of Human Resources and Social Security of the PRC, the Company also set up its enterprise annuity for employees according to applicable PRC regulations.

Corporate Governance

Corporate Governance

During the Reporting Period, the Company, being listed in Mainland China and in Hong Kong, had standardized its operation and continuously improved its governance and transparency of information disclosure in strict compliance with the requirements of relevant laws and regulations, such as the PRC's Company Law, 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, during the Reporting Period, except the relevant provisions as stipulated in code provisions A.4.2 and C.3.3 to Corporate Governance Code, the Company had complied with the code provisions of the Code on Corporate Governance Practices and the code provisions of the Corporate Governance Code (with effect on 1 April 2012).

On 15 June 2012, the Company convened the 2011 AGM. All the Directors and Supervisors attended the meeting, considered various resolutions such as work report of the Board, report of Supervisory Committee, the final account of the Company for year 2011, the profit distribution plan for year 2011, appointment of audit institutions, emoluments of the Directors and the Supervisors, 2012 guarantee plan, purchasing liability insurance policy for the Directors, Supervisors and senior management, waivers of daily connected transactions/ continuing connected transactions, registration and issuance of short-term financing bills, and amendments to rules and procedures for the Board (for details, please refer to the Company's announcement of the poll results of the general meeting disclosed on 15 June 2012). During the Reporting Period, 8 Board meetings, 7 meetings of the special committees under the Board and 2 meetings of the Supervisory Committee were held, all of which were convened and held in compliance with the requirements of the Company Law and the Articles of Association.

Pursuant to the requirements of the Corporate Governance Code which came into effect on 1 April 2012, the Company had diligently reviewed, actively implemented and further optimised the governance system of the Company. During the Reporting Period, after taking into account the actual needs of management of the Company and upon the consideration and approval of the Board and the 2011 AGM, the Company amended the Rules and Procedures for the Board (《董事會議事規則》) and the Working Rules for Special Committees (專門委員會工作細則), for the purpose of emphasising the requirements of the time devoted by Directors to perform their duties, to optimise the corporate governance functions of the Board. In order to improve the terms of reference of relevant special committees, the Company had strengthened the Strategy Committee's function in evaluating the management structure and organizational structure of the Company regularly, enhanced the Finance and Audit Committee's function in assessing the channels for employees of the Company to report occurrences of possible improprieties in financial reporting and internal control and had conferred the Nomination Committee a new function of reviewing the structure, number of members and composition of the Board of the Company on a regular basis. Meanwhile, the Company had also actively implemented practices in respect of purchasing liability insurance policy for the Directors, Supervisors and senior management, with a view to satisfying the new requirements of the Corporate Governance Code by lowering potential risk of personal liability when the Directors, Supervisors, senior management are performing their duties. Upon consideration and approval of the insurance plan at the 2011 AGM, the Company had procured insurance coverage from Huatai Property Insurance Company Limited and PICC Property and Casualty Company Limited. Pursuant to the requirements of Corporate Governance Code, the Company has publicised corporate governance documents such as member list of the Board, the Articles of Association, the working rules of each special committee of the Board and nomination process of candidates for the Board by Shareholders.

During the Reporting Period, the Company had improved information disclosure and management of investor relations continuously. The Company had classified the functions and division of work of each of the relevant departments in respect of information disclosure, and had amended the Implementation Rules of Information Disclosure of Metallurgical Corporation of China Ltd.* (《中國冶金科工股份有限公司信息披露管理實施細則》) according to the actual status of information disclosure of the Company since it was listed. Meanwhile, it strengthened the voluntary disclosure by disclosing newly signed contracts regularly every month and making timely disclosure of the progress of major projects and enhancing the transparency of the daily operation of the Company. Meanwhile, based on adequate information disclosure, the Company highly valued the enhancement of investor relations management: 1) in strict compliance with the requirements of the "Notice on Further Enhancement of the Management of Investor Relations of Listed Companies (關於進一步加強上市公司投資者關係管理工作的通知)" issued by relevant regulatory authorities and in consideration of the practices in management on investor relations since its listing, the Company amended the "Management System of Investor Relations of Metallurgical Corporation of China Ltd. (中國冶金科工股份有限公司投資者關係管理制度)"; and 2) in accordance with the requirements of the "Notice on Further Enhancement of the Management of Investor Relations of Listed Companies (關於進一步加強上市公司投資者關係管理工作的通知)" and the Company's actual conditions, the Company gradually established a management and organization system involving Directors, Supervisors, senior management, department of investor relations management, business departments and subsidiaries at various levels; 3) to further strengthen communication between the Company and investors. During the Reporting Period, the Company organized communication and exchange activities with specific topics such as the 2011 analyst meeting on estimated decrease in results (2011年度業績預減事項分析師會議), the first quarterly results discussion meetings in 2011 and 2012 as well as the 2011 AGM. It also stepped up efforts in communications with investors, analysts and financial media on a daily basis. During the first half of the year, the Company held 14 reception events with 50 visits of investors. Based on a daily accumulation, the Company remained in contact with 93 domestic analysts and 47 analysts overseas, conducted several rounds of communications with Capital Week and other dozens of financial publications, received over 1,600 phone calls from medium and small investors and replied over 200 e-mails. In addition, for the purpose of further satisfying the demand from the capital market in terms of corporate governance, risk management and control, internal control and information dissemination of listed companies, the Company conducted training courses for secretaries to the Board and spokesmen of subsidiaries of MCC. The curriculum included corporate risk management and internal control, regulatory trends and management practices of information disclosure, news handling and news announcements of unexpected incidents, practices of spokesmen. Efforts were also made in enhancing the awareness of internal control of the subsidiaries, strengthening and standardising corporate risk management and internal control whilst enhancing media relationship management and capability of handling unexpected incidents of spokesmen at different levels of the Company.

Corporate Governance

In the first half of 2012, the Company conducted internal control work in an orderly manner under an established internal control system, given its efforts in refining relevant rules in this regard. During the Reporting Period, the Company completed a self-evaluation report on internal control for 2011 and assisted the auditors to finish the audit on internal control related to the financial statements with disclosure to the public in compliance with regulatory requirements. The Company had effectively promoted the work on internal control evaluation since the formulation of the "Management Rules on Internal Control Evaluation of MCC (中國中冶內部控制評價管理辦法)", which not only further standardized the procedures of internal control evaluation and the requirements for the evaluation report, but also streamlined and improved the planning and procedures of internal control evaluation, thus effectively promoting internal control evaluation. It drafted the "2012 Work Proposal of Standardization and Implementation of Internal Control of MCC (中國中冶2012年度內控規範實施工作方案)", which specified the priorities of internal control in 2012. The Company continued to conduct internal control investigation on its subsidiaries. Based on the analysis on the deficiencies in internal control of its subsidiaries, the Company strived to underpin the framework of internal control inspection work which fully specified the imperatives in investigation, and rectified the problems detected in a timely manner, thus bolstering up the overall management of the Company. In close cooperation with relevant regulatory authorities in their routine internal control inspections, the Company lifted up its standards in internal control management in such process by summarizing and streamlining the design and implementation of the internal control system.

As at the end of the Reporting Period, the first session of the Board and the Supervisory Committee of the Company had been in office for 3 years. Pursuant to the provisions of the Articles of Association, prior to the establishment of the second session of the Board and the Supervisory Committee as well as the election of new Directors and Supervisors, the members of the first session of the Board and the Supervisory Committee shall still continue to discharge their duties. The Company is currently considering the composition of the second session of the Board and the Supervisory Committee, which is subject to relevant regulatory approvals, and any proposed nomination or re-election of Directors and Supervisors will be submitted to a general meeting of the Company for consideration or approval once the Company is in a position to do so. Certain deviations have been found in aforementioned situation as the code provision A.4.2 of Corporate Governance Code requires that ''every director should be subject to retirement by rotation at least once every three years''. In addition, as stipulated in paragraphs (f), (g) and (h) of the code provision C.3.3 of Corporate Governance Code, the terms of reference of the Finance and Audit Committee of the Board shall include reviewing financial control, internal control and risk management system of the Company; discussing the internal control system with management to ensure that the management have performed their duties in establishing an effective internal control system; and considering major investigation findings on internal control matters and management's response to these findings as delegated by the Board or on its own initiative. Since the Company attaches great importance to risk management, it established the Risk Management Committee in 2010 to be responsible for internal control and risk management, and therefore leading to a technical deviation from the requirement of paragraphs (f), (g) and (h) of the code provision C.3.3.

Furthermore, the Company has adopted the Model Code as the code governing the dealings in the Company's securities by Directors and Supervisors. Having made specific enquiries with all Directors and Supervisors, the Company confirmed that all Directors and Supervisors had complied with the required standards set out in the Model Code for the six months ended 30 June 2012.

Significant Events

Significant Events

I. INVESTMENTS OF THE COMPANY

(I) Entrusted Asset Management

Unit: RMB 0,000

Name of the principal	Name of the trustee	Value of entrusted assets	Commencement date of entrusted asset management	Termination date of entrusted asset management	Method of remuneration	Actual principal amount recovered	Actual revenue earned	Whether it is subject to legal procedures	Amount provided for impairment	Whether it is a connected transaction	Whether it is financed by the proceeds raised
China MCC 17 Group Co., Ltd.	Maanshan Office of Housing System Reform (馬鞍山市住房制度改革辦公室)	500	2012/1/1	2013/12/31	Fixed Return	0	Annual interest-bearing	N/A	0	No	No
MCC Finance Corporation Ltd.	Construction Bank	5,000	2011/11/10	2012/3/29	Fixed Return	5,000	68.47	N/A	0	No	No
Total	–	5,500	–	–	–	5,000		–	0	–	–

Cumulative amount of principal and revenue overdue: 0

(II) Entrusted Loans

Unit: RMB 0,000

No.	Name of the lender (the lending party)	Name of borrower	Relationship of borrower with the listed company	Amount of entrusted loan	Commencement and expiry date of loan	Annual interest rate *(%)*	Is it overdue	Whether it is a connected transaction	Whether the payment is extended	Is it involved in litigation	Whether it is financed by the proceeds raised	Expected gain within the term of the loan	Investment gain/loss during the Reporting Period	Explanation on note
1	Metallurgical Corporation of China Ltd.*	MCC Huludao Nonferrous Metals Group Co., Ltd.	Subsidiary	7,551.00	2009/5/27 to 2010/5/26	5.31	Yes	No	Yes	No	No	1,220.69	163.72	
2	Metallurgical Corporation of China Ltd.*	MCC Huludao Nonferrous Metals Group Co., Ltd.	Subsidiary	5,734.00	2009/5/27 to 2010/5/26	5.31	Yes	No	Yes	No	No	926.96	124.33	Have been repaid on 27 May 2012. For detailed explanation on payment extension, please see note 1.
3	Metallurgical Corporation of China Ltd.*	MCC Huludao Nonferrous Metals Group Co., Ltd.	Subsidiary	94,000.00	2009/6/30 to 2010/6/29	5.602	Yes	No	Yes	No	No	16,031.68	2,150.23	
4	Metallurgical Corporation of China Ltd.*	MCC Huludao Nonferrous Metals Group Co., Ltd.	Subsidiary	20,000.00	2009/10/26 to 2010/10/25	5.31	Yes	No	Yes	No	No	3,233.20	433.65	
5	Metallurgical Corporation of China Ltd.*	MCC-JJJ Mining Development Company Limited	Subsidiary	162,500.00	2009/11/18 to 2017/11/17	5.94	No	No	No	No	Yes	78,319.31	4,853.06	Note 2
6	MCC Capital Engineering & Research Incorporation Limited	MCC (Xiangtan) Heavy Industrial Equipment Co., Ltd.	Associates	8,287.50	2011/6/28 to 2012/6/28	6.31	No	No	No	No	No	522.94	285.78	
7	MCC Capital Engineering & Research Incorporation Limited	MCC (Xiangtan) Heavy Industrial Equipment Co., Ltd.	Associates	8,287.50	2012/6/28 to 2013/6/28	6.31	No	No	No	No	No	522.94	—	
8	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	1,500.00	2011/1/5 to 2014/1/31	6.22	No	No	No	No	No	283.04	52.61	

No.	Name of the lender (the lending party)	Name of borrower	Relationship of borrower with the listed company	Amount of entrusted loan	Commencement and expiry date of loan	Annual interest rate (%)	Is it overdue	Whether it is a connected transaction	Whether the payment is extended	Is it involved in litigation	Whether it is financed by the proceeds raised	Expected gain within the term of the loan	Investment gain/loss during the Reporting Period	Explanation on note
9	MCC Baosteel Technologyt 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	1,500.00	2011/5/10 to 2014/1/31	6.65	No	No	No	No	No	273.30	52.61	
10	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	1,200.00	2011/6/15 to 2014/1/31	6.65	No	No	No	No	No	181.22	42.04	
11	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	1,500.00	2011/8/16 to 2014/1/31	6.65	No	No	No	No	No	225.51	52.61	
12	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	1,000.00	2011/10/25 to 2014/1/31	6.65	No	No	No	No	No	153.93	35.08	
13	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	800.00	2011/10/24 to 2014/1/31	6.65	No	No	No	No	No	119.51	28.06	
14	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	200.00	2011/11/21 to 2014/1/31	6.65	No	No	No	No	No	31.20	7.01	
15	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	800.00	2011/11/3 to 2014/1/31	6.65	No	No	No	No	No	113.76	28.06	
16	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	550.00	2011/12/26 to 2014/1/31	6.65	No	No	No	No	No	73.15	18.76	

No.	Name of the lender (the lending party)	Name of borrower	Relationship of borrower with the listed company	Amount of entrusted loan	Commencement and expiry date of loan	Annual interest rate (%)	Is it overdue	Whether it is a connected transaction	Whether the payment is extended	Is it involved in litigation	Whether it is financed by the proceeds raised	Expected gain within the term of the loan	Investment gain/loss during the Reporting Period	Explanation on note
17	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	470.00	2012/1/16 to 2014/1/31	6.65	No	No	No	No	No	62.51	13.54	
18	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	280.00	2012/3/19 to 2014/1/31	6.65	No	No	No	No	No	34.14	4.80	
19	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	400.00	2012/5/24 to 2014/1/31	6.65	No	No	No	No	No	44.33	2.07	
20	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	1,000.00	2012/6/19 to 2014/1/31	6.4	No	No	No	No	No	80.00	0.36	
21	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.（上海寶煊金屬製品有限公司）	Subsidiary	500.00	2011/5/16 to 2012/5/5	6.31	No	No	No	No	No	31.90	11.83	
22	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.（上海寶煊金屬製品有限公司）	Subsidiary	500.00	2012/5/25 to 2013/5/24	6.31	No	No	No	No	No	31.55	2.46	
23	Shanghai Baorong International Container Co., Ltd.（上海寶榮國際集裝箱有限公司）	Equipment Engineering of Shanghai No.5 Steel Co., Ltd. (上海五鋼設備工程有限公司)	Subsidiary	3,000.00	2011/7/13 to 2012/7/12	5.904	No	No	No	No	No	179.08	89.54	
24	China MCC 20 Group Co., Ltd.	Dalian Haoyi Real Estate Development Co., Ltd.（大連豪億房地產開發有限公司）	—	1,850.00	2007/6/14 to 2007/10/15	0.05% per day	Yes	No	No	Yes (the verdict has been made)	No	—	—	Note 3

Note 1: MCC Huludao Nonferrous Metals Group Co., Ltd. (the "Huludao Nonferrous") is a controlled subsidiary of the Company. After the entrusted loans provided in favor of Huludao Nonferrous were overdue, the Company had demanded repayment by issuing a demand letter for several times. After taking into account the elevating risk after the loans became overdue, the Company also requested Huludao Nonferrous to increase effective assets for collateral, so as to ensure assets security of the entrusted loans. The Company had reviewed the application for payment extension of the entrusted loan submitted by Huludao Nonferrous. After taking into account various relevant factors proposed by the company, the Company agreed to proceed with such extension till 27 September 2012. As at the end of the Reporting Period, all of entrusted loans provided by the Company in favor of Huludao Nonferrous Group have been repaid.

Note 2: As disclosed in the A Share prospectus, proceeds raised through the A Share offering were earmarked for the Ramu nickel laterite mine project by way of entrusted loans.

Note 3: Since the borrower, Dalian Haoyi Real Estate Development Co., Ltd.（大連豪億房地產開發有限公司）("Dalian Haoyi") failed to repay the due loans as scheduled, the lender, China MCC 20 Group Co., Ltd. ("MCC 20 Group"), lodged a litigation and the verdict went in its favor. According to the verdict made by Shanghai No.2 Intermediate People's Court, the responsibility to settle the unpaid principal and interest amount shall be undertaken by Shenzhen Development Bank, Dalian Xi Gang Branch. In 2011, RMB1.50 million has been repaid to MCC 20 Group upon the execution of the court. During the Reporting Period, the frozen assets of Dalian Haoyi（大連豪億）with an asset value of RMB33 million are subject to approval procedures on audition as required by the court.

(III) USE OF PROCEEDS

1. Overall status of the use of proceeds

(1) Overall status of the use 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$521 million. As at the end of the Reporting Period, the used H Share proceeds amounted to HK$10,854 million in aggregate, while the unused H Share proceeds amounted to HK$5,384 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 RMB234 million. As at the end of the Reporting Period, the used A Share proceeds amounted to RMB13,322 million in aggregate, while the unused portion amounted to RMB5,225 million (including interest accrued from proceeds deposited in the bank). 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) *Capital raising during the Reporting Period to temporarily supplement the liquidity and its repayment*

Upon consideration and approval at the 28th meeting of the first session of the Board held by the Company in October 2011, the Company was approved to utilise a faction of the unused A Share proceeds of no more than RMB1.8 billion to temporarily replenish working capital of the Company for a period of no more than 6 months. Pursuant to the above resolution, the Company and its subsidiaries had utilised RMB1.735 billion of aggregate unused A Share proceeds to temporarily replenish working capital. The Company had fully returned the aforementioned proceeds to the Company's designated account for A Share proceeds on 25 April 2012. (For details, please refer to the Company's overseas regulatory announcement disclosed on 26 April 2012).

2. Use of proceeds for projects undertaken

(1) *Use of proceeds raised from 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 H Share proceeds	210,781.38	In progress	Cannot be confirmed until completion of the project	Injection period
Overseas construction projects	No	Approximately 45% of H Share proceeds	700,000.00	Completed	Cannot be confirmed until completion of the project	Injection period
Potential acquisitions of overseas resources	No	Approximately 11% of H Share 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 H Share proceeds	173,551.66	Completed	N/A	N/A
Subtotal			1,085,395.66			

(2) *Use of proceeds in projects undertaken to be financed by A Share proceeds*

Unit: RMB0'000

Name of the project undertaken	Any changes to the project	Amount of proceeds to be invested	Actual amount of proceeds invested	Is it upto schedule	Project progress	Estimated returns	Revenue generated	Is it in line with estimated returns	Explanation of projects falling behind schedule or failing to achieve return as expected
Afghanistan Aynak copper mine project	No	85,000.00	0.00	No	0.00%	Internal rate of return of 11.01%	Cannot be confirmed until completion of the project	—	The infrastructure stripping and large scale construction could be commenced upon the handover of land ownership by the Afghanistan government due to excavation of relics in the mining area, land acquisition and village relocation. As at the end of the Reporting Period, pursuant to the confirmed relocation plan, the Afghanistan government carried out land acquisition that involves village relocation. The experts of relics designated by the Afghanistan government had been excavating relics in the most urgent sites of the mining area in operation. At present, the Afghanistan government is putting more effort in the excavation of relics. The Company and relevant parties have taken various 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	—	
The innovation base project of the National Steel Structures Engineering Technology Research Center	Yes	75,000.00 *Note 2*	39,617.24	No	52.82%	N/A	N/A	N/A	The construction of the major investment project is making progress in accordance with the modified plan of the use of proceeds. Part of the proceeds has not been put in place.
Equipment purchase for engineering, contracting and research and development	No	500,000.00	179,346.21	No	35.87%	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 was under progress.

Name of the project undertaken	Any changes to the project	Amount of proceeds to be invested	Actual amount of proceeds invested	Is it upto schedule	Project progress	Estimated returns	Revenue generated	Is it in line with estimated returns	Explanation of projects falling behind schedule or failing to achieve return as expected
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%	All of the construction and inspection procedures of the project, as well as its debugging and trial run, were completed. The trial production of project equipment ran smoothly. Since the project has not been 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	—	
The project in Caofeidian, Tangshan in relation to 500,000 tons of cold bend steel and steel structures project	No	44,000.00	44,044.10 *Note 1*	Yes	100.00%	Internal rate of return of 17.60%	Profit accumulated to RMB13.3445 million	Yes	
The project in relation to an annual production of 400,000 tons of ERW welded pipes by MCC Liaoning Dragon Pipe Industries Co., Ltd. (中冶遼寧德龍鋼管有限公司)	No	34,500.00	18,950.45	No	54.93%	Internal rate of return of 20.90%	Cannot be confirmed until completion of the project	—	Actual proceeds used were below the planned amount. As at the end of the Reporting Period, the project entered into the winding up period. Part of the final payment for equipment remains outstanding. The production line is under trial run.
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	0.00 *Note 3*	0.00	—	—	—	—	—	
Land 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 RMB593.6712 million	Yes	

Significant Events

Name of the project undertaken	Any changes to the project	Amount of proceeds to be invested	Actual amount of proceeds invested	Is it upto schedule	Project progress	Estimated returns	Revenue generated	Is it in line with estimated returns	Explanation of projects falling behind schedule or failing to achieve return as expected
The Land development project of old town area renovation work (Phase II) in Yuan Yang Old Town, Jing Kai Yuan, North New District, Chongqing	No	50,000.00	49,032.25	No	98.06%	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.
Large multi-ram die forgings and heavy equipment automation industrial base construction project	No	48,200.00 *Note 3*	2,014.31	No	4.18%	Internal rate of return of 17.10%	Cannot be confirmed until completion of the project	—	Actual proceeds used were below the planned amount. The production line of 40MN multi-ram forging hydraulic pressure machine had passed the joint debugging and entered trial production stage. The design of 120MN multi-ram forging hydraulic pressure machine was completed. The heavy equipment workshop had commenced production.
Replenishment of working capital and repayment of bank loans	No	475,000.00 *Note 2*	475,000.00	N/A	N/A	N/A	N/A	N/A	
Replenishment of working capital and repayment of bank loans by oversubscription proceeds	No	151,097.24	151,097.24	N/A	N/A	N/A	N/A	N/A	
Subtotal		1,835,897.24	1,332,201.84						

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.

Note 2: upon consideration and approval at the 2010 annual general meeting held on 17 June 2011, it was agreed that the use of RMB750 million out of RMB1,500 million, the proceeds intended to be invested in the innovation base project of the National Steel Structures Engineering Technology Research Center, to be changed as replenishment of working capital of the Company.

Note 3: upon consideration and approval at the 2010 annual general meeting held on 17 June 2011, 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 had been entirely substituted for "large multi-ram die forgings and heavy equipment automation industrial base construction project".

(IV) MAJOR 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 has been put into operation since July 2009. Phase II of the project, the civil engineering of the steel slag powder composites production line with an annual production capacity of 160,000 tons has consumed 85.56% of the amount of investment for Phase II. Production lines A and B are currently under trial run and the main machine (主機設備) of the steel slag powder production line is under installation and are expected to be put into trial run at the end of August 2012.	The operation of Phase I in the first half of 2012 are set out as below: revenue amounted to RMB11.6983 million with profit of RMB3.6149 million. As the Phase II, the production lines A and B of steel slag powder are currently under trial run and the main machine (主機設備) of steel slag powder production line is under installation, phase II has not been officially put into operation, and therefore no revenue is generated.
Wuxi Xidong waste incineration power generation project (無錫錫東垃圾焚燒發電項目)	98,000.00	The main production technology system of the project was basically completed, part of the public auxiliary system has not completed yet. The Company is communicating and coordinating with the municipal government of Wuxi.	The project has not been put into operation and therefore no revenue is generated.
Wuhan electromechanical industrial park project (武漢機電產業園項目)	55,357.00	The project progressed smoothly. Phase I has been put into full operation since the end of December 2010. For Phase II of the project, construction and major procurement of equipment for Phase II plant of WISDRI (Wuhan) Heavy Machinery Co., Ltd was completed. As at the end of Reporting Period, Phase II was under the process of pipeline installation, partial equipment installation and greening.	From January to June of 2012, the three subsidiaries under the Company which were moved to the industrial park had achieved an aggregate production value of RMB330 million in equipment manufacturing.
Project of grid-connected photovoltaic plant at Zhongwei, Ningxia (寧夏中衛併網光伏電站項目)	35,609.00	The preparation for the project was completed and the project will commence construction in late July 2012. It is expected to be completed, connected to the grid and to generate power at the end of this year.	The project has not been put into operation and therefore no revenue is generated.
CISDI heavy machinery project	66,180.00	Phase I has been put into operation, Phase II is under construction. Domestically supplied equipments were installed but imported equipments have not arrived yet.	The project achieved revenue amounted to RMB179.11 million, production value in equipment manufacturing of RMB247.96 million, output of 12,458 tons and profit of RMB2.06 million from January to June of 2012.
Total	308,704.17	—	—

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

No profit distribution plan or share incentive scheme was implemented during the Reporting Period.

III. MATERIAL LITIGATION AND ARBITRATION

It was disclosed in the announcement of "Explanation on the Dispute in Respect of the Cape Lambert Iron Ore Project in Western Australia"(《關於西澳大利亞蘭伯特角鐵礦項目糾紛的說明》issued by the Company on 10 September 2010 that disputes in relation to the final tranche of AUD$80.00 million for the mining tenements and related asset of Cape Lambert Iron Ore in Western Australia between the Company, the MCC Australia Sanjin Mining Pty Ltd ("MCC Sanjin"), a subsidiary of the Company and Cape Lambert Resources Limited and Mt Anketell Pty Ltd (collectively the "CFE Party"). On 29 September 2010, the Company and MCC Sanjin submitted its objection to the jurisdiction to the Supreme Court of Western Australia in Australia and demanded a stay of the legal proceedings and actions filed by the CFE Party in a bid to resolve the dispute in accordance with the dispute settlement mechanism set out in the Tenenment and Ralated Asset Sale Agreement and the Parent Company Guarantee (including mediation by the authorities as specified in the above agreements and then arbitration by relevant arbitration body when mediation failed). As at 8 August 2012, the Supreme Court of Western Australia granted the judgment that parties involved should refer such disputes to arbitral proceedings for settlement in accordance with the dispute settlement mechanism set out in the Tenenment and Ralated Asset Sale Agreement and the Parent Company Guarantee.

Save as the litigation mentioned above, the Company had no material litigation or arbitration which had material adverse effect on production and operations as at the end of the Reporting Period.

IV. EQUITY INTERESTS IN OTHER LISTED COMPANIES AND INVESTEE FINANCIAL COMPANIES HELD BY THE COMPANY

1. Securities investment

No.	Stock Variety	Stock Code	Stock Abbreviation	Initial Investment Amount *(RMB)*	Number of Shares held *(share)*	Carrying Amount at the End of the Reporting Period *(RMB)*	Percentage in Securities Investment held at the end of the Reporting Period *(%)*	Gain or Loss Occurred in the Reporting Period *(RMB)*
1	Shares	600787	CMST Development Corp (中儲股份)	498,768	57,528	498,768	100	48,324
Total				498,768	/	498,768	100	48,324

2. Equity interests in other listed companies held by the Company

Unit: RMB'000

Stock Code	Stock Abbreviation	Initial Investment cost	Percentage of the company's total equity (%)	Carrying value at the end of the Reporting Period	Gain or Loss Occurred in the Reporting Period	Changes in owners' equity during the Reporting Period	Account category	Source of shares
601328	Bank of Communications	92,839	1.04	201,459	4,162	2,662	Available-for-sale financial assets	Partly are initial shares and partly are purchased from the secondary market
000939	KaiDi Electric	2,562	0.01	88,928	—	-22,232	Available-for-sale financial assets	Initial shares
600643	AJ Corp	2,166	2.01	13,602	—	3,050	Available-for-sale financial assets	Initial shares
600729	Chongqing Department Store	450	0.01	13,049	—	-1,720	Available-for-sale financial assets	Initial shares
601318	Ping An of China	276	0.01	8,736	—	2,158	Available-for-sale financial assets	Initial shares
600117	Xining Special Steel	1,400	0.19	8,335	—	-1,255	Available-for-sale financial assets	Initial shares
000709	Hebei Steel	5,800	0.80	7,769	59	-351	Available-for-sale financial assets	Initial shares
600322	Tianjin Reality Development	1,600	0.09	3,570	—	360	Available-for-sale financial assets	Initial shares
600282	Nanjing Iron & Steel Corp	530	0.03	2,811	—	-302	Available-for-sale financial assets	Initial shares
000005	Fountain	420	0.41	1,123	—	-317	Available-for-sale financial assets	Initial shares
600665	Tande	1,179	0.24	763	—	201	Available-for-sale financial assets	Initial shares
600618	Chlor-alkali Chemical	216	0.01	305	—	16	Available-for-sale financial assets	Initial shares
Total		109,438	/	350,450	4,221	-17,730	/	/

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

Name of investee	Initial investment cost (RMB)	Shareholding percentage of the investee (%)	Carrying value at the end of the Reporting Period (RMB)	Gain or Loss occurred in the Reporting Period (RMB)	Account category	Source of shares
Wuhan Hankou Bank Company Limited (武漢市漢口銀行股份有限公司)	27,696,000	1.34	27,696,000	—	Available-for-sale financial assets	By acquisition
Jinzhou Commercial Bank Co., Ltd. (錦州市商業銀行股份有限公司)	31,000,000	5.00	31,000,000	—	Available-for-sale financial assets	By acquisition
Huludao Bank Co., Ltd. (葫蘆島銀行股份有限公司)	15,000,000	2.09	44,053,726	—	Available-for-sale financial assets	By acquisition
Baosteel Group Finance Co., Ltd. (寶鋼集團財務有限責任公司)	10,497,680	2.20	10,497,680	2,119,458	Available-for-sale financial assets	By acquisition
Changcheng Life Insurance Co., Ltd (長城人壽保險股份公司)	30,000,000	1.92	30,000,000	—	Available-for-sale financial assets	By acquisition
Wusteel Group Financial Company (武鋼集團財務公司)	2,000,000	0.20	2,000,000	—	Available-for-sale financial assets	By acquisition
Pansteel Group Financial Company (攀鋼集團財務有限公司)	4,416,900	0.26	4,416,900	—	Available-for-sale financial assets	By acquisition
Nanjing Bank of Communications (南京交通銀行)	563,096	1.00	563,096	—	Available-for-sale financial assets	By acquisition
Shenyin & Wanguo Securities Co. Ltd. (申銀萬國證券股份有限公司)	2,000,000	0.02	2,000,000	—	Available-for-sale financial assets	By acquisition
Total	123,173,676	/	152,227,402	2,119,458	/	/

V. TRANSACTIONS OF ASSETS

1. Acquisition of Assets

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

2. Disposal of assets

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

VI. SIGNIFICANT CONNECTED TRANSACTIONS

1. The "Application for Waivers of Daily Connected Transactions/ Continuing Connected Transactions with Wusteel from 2012 to 2014"(《關於申請2012年至2014年與武鋼日常關聯／持續性關連交易豁免額度的議案》) was considered and approved at the 33rd meeting of the first session of the Board held by the Company on 27 to 29 March 2012. It was approved to determine the caps of various continuing connected transactions entered into between the Company and Wusteel from 2012 to 2014. Relevant caps that were considered and approved at the 2011 AGM and the details are as follows:

Unit: RMB0'000

Type of continuing connected transaction	2012	2013	2014
Provision of integrated products to the Company by Wusteel	130,000	150,000	150,000
Provision of services to Wusteel by the Company	420,000	510,000	500,000

For details, please refer to the Company's announcement of "New Annual Caps for Continuing Connected Transactions with Wusteel in Respect of 2012 to 2014 (《新訂與武鋼二零一二年至二零一四年持續關連交易年度上限》)" published on the website of the Hong Kong Stock Exchange on 29 March 2012.

2. The "Resolution on the Related Matters of Renewal of Agreements of Connected Transactions"(《關於關聯／連交易協定續簽等相關事宜的議案》) was considered and approved at the 33rd meeting of the first session of the Board held by the Company on 27 to 29 March 2012, and the followings had been approved:

   (1). to review "Mutual Supply of Comprehensive Raw Materials, Products and Services Agreement" entered into between the Company and the Parent, with an agreed period of 3 years, and the caps of the relevant continuing connected transactions are as follows:

Unit: RMB0'000

Type of continuing connected transaction	**2012**	**2013**	**2014**
Provision of raw materials, products and services to the Company by the Parent Group	37,000	40,000	42,000
Provision of raw materials, products and services to the Parent Group by the Company	95,000	100,000	110,000

   (2) according to the result of assessment of the rent payable, the Company re-launched the decision making process of the ten-year term Properties Leasing Agreement which was entered into between the Company and the Parent on 5 December 2008 and agreed to further execute such agreement.

   For details, please refer to the Company's announcement of "Renewal and Assessment of Continuing Connected Transaction Agreements" (《有關持續關連交易協定的續簽及評估》) published on the website of the Hong Kong Stock Exchange on 29 March 2012.

3. Under the arrangement of the Parent's reorganisation, certain properties, buildings and pipeline trenches originally held by Chaoyang Jinchang Mining Co., Ltd. ("Chaoyang Jinchang"), a subsidiary of the Company, were disposed to Beijing Dongxing Metallurgical New-Tech & Development Corp. ("Dongxing Company") by way of transfer through agreement in 2008, while Chaoyang Jinchang leased these assets from Dongxing Company. In order to maintain the integrity of the assets of Chaoyang Jinchang and reduce rental expenses, the repurchase of the aforesaid Dongxing Company held properties, buildings and pipeline trenches by Chaoyang Jinchang was considered and approved at the 33rd meeting of the first session of the Board held by the Company on 27 to 29 March 2012. For details, please refer to the Company's announcement of "Acquisition of Certain Assets of Properties, Buildings and Pipeline Trenches" (《購買房產、構築物和管道溝槽等資產》) published on the website of the Hong Kong Stock Exchange on 29 March 2012. According to the result of assessment, the final amount of appraised value of such transaction was RMB62.7978 million. As at the end of Reporting Period, the transaction was completed.

4. Various types of continuing connected transactions of the Company occurred during the Reporting Period are set out in the following table:

Unit: RMB0'000

Item	Type of transaction	Annual Cap for 2012	As at 30 June 2012 (Unaudited)
A	Continuing connected transactions with Pansteel		
	1 Provision of integrated products by Pansteel to the Company	50,000	3,960
	2 Provision of service by the Company to Pansteel	600,000	131,722
B	Continuing Connected Transactions with Wusteel		
	3 Provision of integrated products by Wusteel to the Company	130,000	7,818
	4 Provision of service by the Company to Wusteel	420,000	58,176
C	Continuing Connected Transactions with the Parent Group		
	5 Leasing of properties from the Parent Group to the Company	9,000	2,607
	6 (a) Provision of raw materials, products and services to the Company by the Parent Group	37,000	2,518
	6 (b) Provision of raw materials, products and services to the Parent Group by the Company	95,000	1,539

VII. MATERIAL CONTRACTS AND THE PERFORMANCE THEREOF

(I) Trusteeship, contracting arrangement and leasing arrangement

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.

(II) Guarantee

Unit: RMB'000

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

Guarantor	Relationship between guarantor and the listed company	Guaranteed party	Guaranteed amount	Date of guarantee (agreement execution date)	Commencement date of guarantee	Expiry date of guarantee	Type of guarantee	Whether fully fulfilled	Whether overdue	Overdue amount	Whether any counter guarantee available	Whether guarantee for a related party	Related party relationship
MCC Capital Engineering & Research Incorporation Limited	Controlled subsidiary	MCC (Xiangtan) Heavy Industrial Equipment Co., Ltd.	125,000	25 November 2011	25 November 2011	30 May 2013	Under joint and several liabilities	No	No	—	No	No	—
China 22 MCC Group Co., Ltd.	Wholly-owned Subsidiaries	Hebei Steel Luan County Sijiaying 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 Sijiaying Iron Ore Co., Ltd.	20,580	7 September 2007	7 September 2007	6 September 2012	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	—
CCTEC Engineering Co., Ltd.	Controlled subsidiary	Yichang Heavy-duty Engineering Machinery Co. Ltd. of China	15,480	7 March 2011	7 March 2011	28 August 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	—

Total amount of guarantee occurred during the Reporting Period (excluding guarantee to subsidiaries)	129,380
Total amount of outstanding guarantee as at the end of the Reporting Period *(A)* (excluding guarantee to subsidiaries)	404,821
Guarantee provided by the Company to its controlled subsidiaries *(Note)*	
Total amount of guarantee occurred by the Company to its subsidiaries during the Reporting Period	2,379,619
Balance of guarantee provided by the Company to its subsidiaries at the end of the Reporting Period *(B)*	17,285,923
Total guarantee provided by the Company (including guarantee to controlled subsidiaries)	
Total amount of guarantee *(A+B)*	17,690,744
Total amount of guarantee as a percentage of the Company's net assets *(%)*	30.41
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)*	12,336,576
The excess of total amount of guarantee over 50% of the net assets *(E)*	0
Total amount of above 3 guarantees *(C+D+E)*	12,336,576

Note: Guarantee provided among the subsidiaries and guarantees provided by the subsidiaries to parent company are included in guarantee provided by the Company to its controlled subsidiaries.

(III) Other Material Contracts

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

Number	Name of project	Contractual amounts *(RMB in million)*	Parties	Term *(month)*
1	Coking construction of the magnesium integration project with an annual production capacity of 2.4 million ton in Yanhu, Qinghai (青海鹽湖金屬鎂一體項目240萬噸/年焦化工程)	2,420	ACRE Coking & Refractory Engineering Consulting Corporation, MCC	26
2	1-million ton high strength steel production line for Kezhou Ganxin Iron & Steel Co., Ltd. (克州贛鑫鋼鐵有限公司100萬噸高強度鋼生產線)	1,750	WISDRI Engineering & Research Incorporation Limited	12
3	The pipeline construction (Phase II) for roads, drains, gas, heat and low-voltage for the eastern section of Yingkou industrial base, Liaoning (遼寧營口產業基地二期東區道路、排水、燃氣、供熱、弱電管道工程)	1,500	MCC Capital Engineering & Research Incorporation Limited	9
4	Construction of Kunshan financial street (Phase I)	1,310	Shanghai Baoye Group Corp., Ltd.	33
5	Section I of relocation housing project of New Town New Yizhou (Phase II), Chengdu (成都新益州新城(富士康生活配套區)二期拆遷安置房建設項目一標段)	1,280	China MCC 5 Group Co., Ltd.	18
6	Construction contract of Jinda Coal Co.,Ltd., Xiaoyi (孝義市金達煤焦有限公司工程合同)	1,230	MCC TianGong Group Corporation Limited	18
7	Coking construction of South Xinjiang steel industrial base project for Baosteel Group Xinjiang Bayi Iron & Steel Co., Ltd. (寶鋼集團新疆八一鋼鐵有限公司南疆鋼鐵基地項目焦化工程)	1,160	ACRE Coking & Refractory Engineering Consulting Corporation, MCC	14
8	Construction (Phase I) of redevelopment project of "inner-city villages" of Yangchang village in Kunming, Yunnan (雲南昆明羊腸村「城中村」改造項目一期工程)	1,000	China 22 MCC Group Co., Ltd.	36

Material contracts of overseas projects are set out below:

Number	Name of project	Contractual amounts *(RMB in million)*	Parties	Term *(month)*
1	Projects of science institution and staff entertainment center for Sabah Al-Salem University town of Kuwait University (科威特大學Sabah Al-Salem 大學城科學學院及教工俱樂部項目)	4,190	China MCC 17 Group Co., Ltd.	46

VIII. PERFORMANCE STATUS OF THE UNDERTAKINGS

The undertakings which should be carried out during the Reporting Period made by MCC Group, the controlling shareholder in the A Share prospectus of the Company 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 public offering and listing of the Company's domestic shares on Shanghai Stock Exchange, MCC Hengtong shall be disposed by way of, inter alia, transfer of equity in MCC Hengtong.

   Since the end of 2010, MCC Hengtong had fully ceased production and there were no competitions between MCC Hengtong and the Company. In March 2012, with approval from the SASAC, the Parent Group transferred MCC Hengtong to China National Travel Service (HK) Group Corporation at nil consideration. As at 31 August 2012, the relevant procedures for the registration modification with Administration for Industry and Commerce was under progress.

3. Non-competition Undertakings

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

IX. 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.

X. 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.

During the Reporting Period, pursuant to legislative amendments of the Hong Kong Listing Rules and in line with the Company's need of strengthening internal control, the Board conferred the Finance and Audit Committee additional responsibilities of evaluating the channels through which employees report the improprieties that possibly occurs in financial reporting, internal control and other fields.

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 formulate guarantee management policy, to consider guarantee business, to consider the annual financial budget plan and final accounts and supervise their implementation, to consider financial analysis of substantial investment project(s), to supervise the performance of investment project(s), to audit post-evaluation of substantial investment and financing projects, to consider the Company's proposals for profit distribution and recovery of losses, to consider Company's asset and financial quality indicators and recommend to the Board, 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 for financial statements, 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, to examine the Company's feedback channels to ensure employees can raise objections to the improprieties in financial reporting, internal control and other fields, and to discharge other duties authorised 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 has a technical deviation from the requirements of paragraphs (f),(g) and (h) of C.3.3 of the "Corporate Governance Code" 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 "Corporate Governance Code" 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 2012. The committee was of the opinion that the unaudited interim results for the six months ended 30 June 2012 had been in compliance with General Accepted Accounting Principles as well as laws and regulations and had been disclosed in a proper manner.

XI. APPOINTMENT AND DISMISSAL OF ACCOUNTANTS

Upon approval at the Company's 2011 AGM, the Company had appointed PricewaterhouseCoopers Zhong Tian Certified Public Accountants Co., Ltd. and PricewaterhouseCoopers as the domestic and international auditor of the Company for the year 2012 respectively, and also appointed PricewaterhouseCoopers Zhong Tian Certified Public Accountants Co., Ltd. as the internal control auditor of the Company for year 2012, with their terms up to the conclusion of the 2012 annual general meeting. The Board of the Company has been authorized to determine their remuneration details.

XII. EXPLANATIONS OF THE BOARD OF THE COMPANY ON THE AUDITOR'S REVIEW REPORT WITH EMPHASES OF MATTER FOR THE REPORTING PERIOD

PricewaterhouseCoopers ("PwC Hong Kong") issued a review report with an emphasis of matter on the financial information of the Company for the first half year of 2012.

1. The details of PwC Hong Kong's emphasis of matters are as follows:

We draw attention to Note 12 to the interim financial information, which explained that the accumulated costs of certain contracts have exceeded their current contract values agreed by the customer. Based on the Group's assessment, management believes that all the contract costs are recoverable and no provision for foreseeable losses is needed. There is a significant uncertainty surrounding this matter in respect of whether losses would eventually arise on these contracts, which depends on the results of the special purpose audits to be undertaken on the contract costs incurred and the relevant negotiations. Our conclusion is not qualified in respect of this matter.

2. Description of relevant information

Relevant information about specific contracts disclosed in Note 12: in August 2007, the Parent signed an agreement with Sino Iron Pty Ltd, a subsidiary of CITIC Pacific, regarding Western Australia ("WA") SINO Iron Ore Project, with a total contract value of USD1.75 billion conditional to the deployment of Chinese skills and technologies, equipments and labour. Subsequently with the agreement of both parties and the execution of supplementary agreement, the Parent's contractual rights and obligations under the agreement were amended to be undertaken by MCC Mining (Western Australia) Pty Ltd. ("MCC WA"), a subsidiary of the Company. The project commenced in April 2009. Due to multiple adjustments of the process plan by CITIC Pacific and the underestimation of Australian laws and standards and exchange rate fluctuations by the both parties, the parties had begun to negotiate to adjust contract prices since the second half of 2009, and signed the Supplemental Agreement II on 11 May 2010 which increased the contract value by USD835 million, and then signed the Supplementary Agreement III on 30 December 2011 which further increased the contract value by USD822 million. The contract value of the project has so far increased to USD3.407 billion. Although the final outcome of the project is depending on the special purpose audits results on project costs and will be determined through negotiations, the Company believes that MCC and CITIC Pacific have established a good communication and coordination mechanism for the WA SINO Iron Ore Project, so the problem of project cost will be reasonably resolved. The Company believes that the costs incurred under the contracts and the estimated contract costs to complete the contracts are expected to be recoverable, thus revenues of the project are recognised to the extent of actual costs incurred, without recognising any profit margin, and the Company also believes that it is not necessary to make any provision for foreseeable contract losses.

The aforesaid emphasis has been disclosed in the Notes to the financial information for the first half of 2012, which complies with the International Financial Reporting Standards and the related disclosure requirements.

3. Measures adopted by the Company

The Company will continue to strengthen the on-site management of WA SINO Iron Ore Project, strictly control the costs and constantly improve the delicacy management. According to the agreements signed with CITIC Pacific, it will start the collation of data and complete the relevant preparation for the special purpose audits on project costs. It will also accelerate the construction of the project and manage to put the first and second major technique production lines into operation in line with the requirements of the owner and the on-site supporting conditions of the projects. In the meantime, it will endeavor to promote the project settlement and follow-up negotiations with the owner, CITIC Pacific. In cases when contract costs and discovered to be unrecoverable or when the total contract costs are expected to exceed total contract revenues, unrecoverable cost will be recognized as estimated contract loss for the period when it is discovered.

4. The management's opinion on the auditor's report with an emphasis of matter

As at 30 June 2012, the accumulated costs of WA SINO iron ore project have exceeded its current contract value agreed by the owner by RMB3,025 million (which had been included in the contracts whose outcomes cannot be estimated reliably in Note 6(a)(i)). As at 30 June 2012, the amounts due from customers for contract work less the advances received from the owner amounted to approximately RMB2,964 million. The Company is currently following up with the customer on the settlement of the amounts due from customers for contract work. Meanwhile, the Company has agreed with the customer to jointly implement a mechanism to better control future contract costs to be incurred. The final outcome of this contract cannot be estimated reliably since the final contract value will depend on the results of the special purpose audits to be undertaken on the contract costs incurred and the relevant negotiations. At the date of approval of this interim financial information, the Company believes that the contract costs incurred and the estimated costs to complete these contracts are recoverable. Accordingly, the Company has recognized revenue from these contracts to the extent of costs incurred without recognizing any profit margin, and no provision for foreseeable losses has been made.

There is a significant uncertainty surrounding the final outcome of this contract since the final contract value will depend on the results of the special purpose audits to be undertaken on the contract costs incurred and the relevant negotiations. Therefore, the assets, liabilities, revenues and costs associated with this contract recognized in the reporting period may be subject to significant adjustments in subsequent years as the contract work progresses. The Company will continue to monitor the developments of this contract including status of settlement with the customer, the future special purpose audits and the relevant negotiation. In cases when certain contract costs become unrecoverable or when it is probable that the total contract costs will exceed total contract value, the Company will make provision for foreseeable losses on any irrecoverable costs in the period when they are identified.

5. Opinion of the board and independent directors on the auditor's report with an emphasis of matter

The Board of the Company is of the opinion that the review report issued by PwC Hong Kong has given an objective conclusion on the Company's financial position as at 30 June 2012 and the operating results for the first half of 2012, and the relevant information about its report with an emphasis of matters is true. The Company has disclosed relevant information about these matters in the notes to the 2012 interim financial information, which conforms to the International Financial Reporting Standards and its disclosure requirements. The management has adopted various measures and formulated proactive solutions to address these matters. The Board has approved and would support the measures taken by the management, and will continue to pay attention and jointly promote the implementation of relevant tasks with the management.

The independent directors consider that, according to the reports and information provided by the management, the report on review of the financial position of the Company as at 30 June 2012 and the evaluation on its operating results for the first half of the year issued by PwC Hong Kong had no discrepancies with our view on the Company's situation. We have no objection to the review conclusion made by the Board based on the report and information provided by the management in respect of the review conclusion which was given by PwC Hong Kong. In order to recover costs incurred by the project, we will keep a closer eye on, and request the management to carry through the management of SINO ore mine construction project in Western Australia conscientiously, especially in respect of the coordination and communications with CITIC Pacific (中信泰富), progress of construction, cost control, relevant documentation and filing of relevant records and specialized auditing for project costs.

XIII. EXPLANATION OF THE BOARD OF THE COMPANY ON THE CHANGES AND COUNTER-MEASURES INVOLVED IN THE AUDITOR'S REPORT WITH AN EMPHASIS OF MATTER FOR THE LAST YEAR

The auditor issued an auditor's report with an emphasis of matter on the financial statements of the Company for the year ended 31 December 2011, the content of which was: "We draw attention to Note 18 to the consolidated financial statements, which explained that the accumulated costs of certain contracts have exceeded their current contract values agreed by the customer. Based on the Group's assessment, management believes that all the contract costs are recoverable and no provision for foreseeable losses is needed. There is a significant uncertainty surrounding this matter in respect of whether losses would eventually arise on these contracts, which depends on the results of the special purpose audits to be undertaken on the contract costs incurred and the relevant negotiations. Our opinion is not qualified in respect of this matter."

The details of Note 18 to the aforementioned 2011 auditor's report of MCC was that, "as at 31 December 2011, the accumulated costs of certain construction contracts have exceeded their current contract values agreed by the owner by RMB750 million. The remaining costs to be incurred to complete these contracts are estimated to be approximately RMB5,500 million (which had been included in the total estimated costs to complete those construction contracts whose outcomes cannot be estimated reliably in Note 5(a)(i) to the financial statements). As at 31 December 2011, the amounts due from customers for contract work less the advances received from the owner amounted to approximately RMB4,450 million. The Group is currently following up with the owner on the settlement of the amounts due from customers for contract work. Meanwhile, the Group has agreed with the customer to jointly implement a mechanism to better control future contract costs to be incurred. The final outcome of these contracts cannot be estimated reliably since the final contract value will depend on the results of the special purpose audits to be undertaken on the contract costs incurred and the relevant negotiations. At the date of approval of these financial statements, based on its assessment, the Group believes that the contract costs incurred and the estimated costs to complete these contracts are recoverable. Accordingly, the Group has recognised revenue from these contracts to the extent of costs incurred without recognising any profit margin, and no provision for foreseeable losses has been made.

There is a significant uncertainty surrounding the final outcome of this contract since the final contract value will depend on the results of the special purpose audits to be undertaken on the contract costs incurred and the relevant negotiations. Therefore, the assets, liabilities, revenues and costs associated with this contract recognised in the current year may be subject to significant adjustments in subsequent years as the contract work progresses. The Group will continue to monitor the developments of this contract including status of settlement with the customer, the relevant negotiation results of the future special purpose audits. In cases when certain contract costs become unrecoverable or when it is probable that the total contract costs will exceed total contract value, the Group will make provision for foreseeable losses on any irrecoverable costs in the period when they are identified."

As at 30 June 2012, the project was under smooth progress and the accumulated costs of this construction contract had exceeded its current contract value agreed by the owners by RMB3,025 million, however there was no significant change in the estimated total contract cost compared to the end of last year. As at 30 June 2012, the amounts due from customers for contract work less the advances received from the owner amounted to approximately RMB2,964 million. As at the end of the Reporting Period, the agreement between the Company and owners, the evaluation results on whether the contract costs incurred are recoverable and the ongoing concerns of the projects remain the same as the information disclosed in the aforesaid annual report.

As stated in the 2011 annual report of the Company, the Company will continue to strengthen the on-site management of Western Australia SINO Iron Ore Project, strictly control the costs and constantly improve the streamlined management. According to the agreements signed with CITIC Pacific, it will start the collation of historic data and complete the relevant preparation for the special purpose audits on project costs. It will also accelerate the construction of the project and manage to put the first and second major technique production lines into operation in line with the requirements of the owner and the on-site supporting conditions of the projects. In the meantime, it will endeavor to promote the project settlement and follow-up negotiations with the owner, CITIC Pacific. In cases when the contract costs become unrecoverable or when it is probable that the total contract costs will exceed total contract values, a foreseeable loss on irrecoverable costs will be recognized immediately.

XIV. OTHER SIGNIFICANT EVENTS

1. Status of the Company's substantial resources projects under development in the first half of 2012

   (1) Ramu nickel cobalt project, Papua New Guinea

   At the end of February 2012, the load commissioning of the Ramu nickel laterite mine project, a project financed by the proceeds of the Company obtained final approval by the Ministry of Mining of the government of Papua New Guinea and officially commenced a single series of loading commissioning for all the sections in the project (except for the section of acid production from sulphur). It commenced production of nickel and cobalt hydroxide products on 19 March 2012 (for details, please refer to the overseas regulatory announcement published by the Company on 27 March 2012). The project shifted from the third series to the first series in loading commissioning on 21 April 2012 and completed the routine maintenance work for the third series on 20 May 2012. In June 2012, it conducted commissioning for the system of acid production from sulphur. As at the end of the reporting period, the investment in such project amounted to RMB10,096 million, with 100% of the tangible facilities in the project completed. Thanks to the steady operation of a single-series system, the project saw a solid growth in product indicators. The production volume of nickel and cobalt hydroxides as well as chromium concentrates accumulated to 2,750 dry metric tons and 17,840 tons, respectively. At present, the smelting plants and mines are under steady production and operation, with various endeavors in production and commissioning under progress, aiming to realize paralleled production lines of two series.

   (2) Aynak Copper Mine Project in Afghanistan

   The Company has been actively carrying out tasks relating to preliminary preparation for construction. As at the end of the Reporting Period, the Company had completed mine area resources validation, supplementary exploration, study of ore processing tests, hydro-geological exploration of water source land（水源地水文地質勘探）, and part of temporary facilities construction. The design department is refining the feasibility study report and environment evaluation report according to opinions of the Afghanistan government. The Company will urge the design department to complete the above tasks and submit the report to the Afghanistan government after going through certain procedures. The Company is carrying forward its research on rock mechanics and heap leach and floatation tests on oxide ores, as well as the formulation of feasibility studies for power supply projects and railway projects as scheduled. The Afghanistan government is in charge of the excavation of relics, land acquisition, village relocation and security work, which remain to be the major factors hindering the progress of the project. At present, the Afghanistan government is expediting the excavation work of the 8 spots of relics in the middle mine area that require immediate excavation, and the excavation work will be completed by the end of 2012 as specified in the latest excavation report presented by the Ministry of Mines of Afghanistan on 1 July 2012. It is expected that the land acquisition and relocation work will be accomplished by the end of October 2012, according to the tripartite land acquisition agreement（土地徵用三方協議）entered into by the Company, the Ministry of Mines of Afghanistan and the Logar province in April 2012. In the first half of 2012, given the poor safety condition of the mine area, the Department of Asian Affairs of the Ministry of Foreign Affairs (外交部亞洲司) and Embassy in Afghanistan had negotiated with related departments of Afghanistan government on several occasions. Besides taking effective measures to safeguard person and property safety, the Company is urging the Afghanistan government to strengthen security work and submit security plans.

(3) Cape Lambert Iron Ore Project in Australia

The Company had completed the supplementary geological exploration of the Cape Lambert Iron Ore project in Australia and the resource reserves increased to 1.915 billion tons. Environmental impact assessment memorandum had been approved and the environmental impact assessment report had been submitted to the Western Australian Environmental Protection Authority（西澳環保局）. In order to gain leasing contract for mining, multi-party negotiation had been held with relevant stakeholders and a first-stage compensation agreement had been signed with original inhabitants. The port is in its preliminary preparation stage and will be jointly constructed by Fortescue Metals Group Ltd, Australian Premium Iron Joint Venture and the Company.

2 As one of the major domestic polysilicon producer, the Company possesses leading edge in research and development and its products quality has won wide recognition from the customers. During the Reporting Period, affected by the European debt crisis and competition from the imported polysilicon products, the photovoltaic market saw a sluggish development and a drop in the price of polysilicon products, which influenced the Company's polysilicon business to a certain extent. In face of such unfavorable situation, the Company's polysilicon production subsidiaries have actively coordinated with relevant departments during the "Anti-Dumping and Countervailing" investigation.

3. As disclosed by the Company in the overseas regulatory announcement dated 28 October 2009 regarding the newly signed material project agreement, the Company had entered into the Master Agreement of Specific Investment and Construction of Municipal Infrastructure (BT) Project in Hengqin District, Zhuhai City（珠海市橫琴區市政基礎設施(BT)項目投資建設總體協議）with Zhuhai Dahengqin Investment Co., Ltd (珠海大橫琴投資有限公司). The total investment amount of the project was estimated at RMB12,600 million. The project officially started on 28 March 2010 and had its municipal project plan（市政專項規劃）approved in March 2011 with a total construction period of 3 years. As at the end of the Reporting Period, the project had an accumulated investment of RMB5.946 billion, while acquisition for the project and resettlement work had been basically completed by the owner who was held responsible. The project surveying work and tender for EPC project general contractor and bulk materials procurement had also been completed. Design, construction and other tasks progressed as scheduled.

4. In the Announcement in Relation to the Acquisition of Land Use Rights Through Auctions by Subsidiaries (《關於下屬公司競拍取得土地使用權的公告》) 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）, which is owned by MCC Real Estate Group Co., Ltd., a 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 and resettlement work of the project have proceeded as scheduled. Optimisation and adjustment of the regulatory detailed planning had been basically completed. Currently, the planning and positioning of the project area are under way and the Company has selected a design company to commence designing for the project.

Significant Events

5. The situation of two engineering and construction projects undertaken by the China First Metallurgical Group Co., Ltd ("First Metallurgical") in Libya was disclosed in the "Announcement in Relation to Projects in Libya" of the Company on 2 March 2011. As the situation in Libya remained in turmoil, all projects of First Metallurgical had been suspended in Libya. The Company had organised evacuation of the Company's employees from Libya under the united arrangement of the PRC government. As at the end of the Reporting Period, First Metallurgical had established a working group to handle the claim in Libya in adherence to the united plan of related departments and associations in China. Claim reports and materials had been compiled while relevant plans had been formulated. First Metallurgical also paid attention to negotiation and consultation with the domestic general contractors of its projects of cement plants. In addition, outstanding construction payments had been recovered. The Company and First Metallurgical will continue to organise and implement preservation work of relevant assets.

6. As the issuance was considered and passed at the general meeting of the Company, and registered by the National Association of Financial Market Institutional Investors, the Company issued the first tranche of short-term financing bills for 2012 on 10 April 2012. An aggregate of RMB4.4 billion of short-term financing bills were issued for a term of 365 days at an interest rate of 4.46% and are repayable on maturity with a one-off interest payment. The raised proceeds were fully received on 12 April 2012 (for details, please refer to the overseas regulatory announcement published by the Company on 13 April 2012).

7. As at the approval date of this report, due to tight liquidity of MCC Huludao Nonferrous Metals Group Co., Ltd. (the "Huludao Nonferrous"), a subsidiary of the Company, overdue short-term borrowings of the Company amounted to RMB330.94 million and overdue bank acceptance bill amounted to RMB40.5 million. Currently, the Company is still under negotiation with relevant banks, in pursuit of proper countermeasures that favorable to the continuing operation of the Huludao Nonferrous.

Report on Review of Interim Financial Information

pwc

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 84 to 132, which comprises the interim condensed consolidated balance sheet of Metallurgical Corporation of China Ltd. (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2012 and the related interim condensed consolidated income statement, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows 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". The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". 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". 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 International Accounting Standard 34 "Interim Financial Reporting".

EMPHASIS OF MATTER

We draw attention to Note 12 to the interim financial information, which explained that the accumulated costs of certain contracts have exceeded their current contract values agreed by the customer. Based on the Group's assessment, management believes that all the contract costs are recoverable and no provision for foreseeable losses is needed. There is a significant uncertainty surrounding this matter in respect of whether losses would eventually arise on these contracts, which depends on the results of the special purpose audits to be undertaken on the contract costs incurred and the relevant negotiations. Our conclusion is not qualified in respect of this matter.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 30 August 2012

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

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

Unaudited Interim Condensed Consolidated Balance Sheet

	Note	30 June 2012 *RMB 'million* Unaudited	31 December 2011 *RMB 'million* Audited
ASSETS			
Non-current assets			
Property, plant and equipment	7	**42,687**	42,533
Land use rights		**7,940**	8,195
Mining rights	8	**3,508**	5,025
Investment properties		**1,085**	978
Intangible assets	9	**7,105**	6,992
Investments in associates		**2,322**	1,980
Available-for-sale financial assets	10	**1,564**	1,479
Deferred income tax assets		**2,627**	2,592
Trade and other receivables	11	**28,642**	22,239
Other non-current assets		**234**	334
Total non-current assets		**97,714**	92,347
Current assets			
Inventories		**14,148**	13,896
Properties under development		**61,144**	54,844
Completed properties held for sale		**3,720**	4,277
Trade and other receivables	11	**98,068**	87,880
Amounts due from customers for contract work	12	**36,871**	33,104
Available-for-sale financial assets	10	**—**	50
Financial assets at fair value through profit or loss		**1**	352
Restricted cash		**2,900**	2,560
Cash and cash equivalents		**33,606**	42,721
Total current assets		**250,458**	239,684
Total assets		**348,172**	332,031
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	13	**19,110**	19,110
Reserves	14	**28,852**	29,093
— Proposed dividend		**—**	—
— Other reserves		**28,852**	29,093
		47,962	48,203
Non-controlling interests		**9,816**	9,972
Total equity		**57,778**	58,175

The notes on pages 92 to 132 form an integral part of this condensed consolidated interim financial information.

Unaudited Interim Condensed Consolidated Balance Sheet

	Note	30 June 2012 *RMB 'million* Unaudited	31 December 2011 *RMB 'million* Audited
LIABILITIES			
Non-current liabilities			
Borrowings	16	**52,640**	52,485
Deferred income		**1,617**	1,636
Retirement and other supplemental benefit obligations		**5,284**	5,405
Provisions for other liabilities and charges		**81**	79
Trade and other payables	15	**333**	357
Deferred income tax liabilities		**538**	524
Total non-current liabilities		**60,493**	60,486
Current liabilities			
Trade and other payables	15	**126,148**	114,773
Amounts due to customers for contract work	12	**11,398**	11,825
Current income tax liabilities		**962**	1,464
Borrowings	16	**90,841**	84,676
Retirement and other supplemental benefit obligations		**552**	632
Total current liabilities		**229,901**	213,370
Total liabilities		**290,394**	273,856
Total equity and liabilities		**348,172**	332,031
Net current assets		**20,557**	26,314
Total assets less current liabilities		**118,271**	118,661

On behalf of the board

Jing Tianliang
Director

Shen Heting
Director

The notes on pages 92 to 132 form an integral part of this condensed consolidated interim financial information.

Unaudited Interim Condensed Consolidated Income statement

	Note	Six months ended 30 June **2012** ***RMB 'million*** **Unaudited**	 2011 *RMB 'million* Unaudited
Revenue	6	**106,845**	105,838
Cost of sales	19	**(97,220)**	(95,960)
Gross profit		**9,625**	9,878
Selling and marketing expenses	19	**(711)**	(844)
Administrative expenses	19	**(6,921)**	(4,855)
Other income	17	**427**	538
Other gains — net	18	**231**	142
Other expenses		**(64)**	(121)
Operating profit		**2,587**	4,738
Finance income	20	**865**	585
Finance costs	20	**(2,740)**	(1,778)
Share of profits of associates		**5**	22
Profit before income tax		**717**	3,567
Income tax expense	21	**(1,178)**	(1,282)
(Loss)/profit for the period		**(461)**	2,285
(Loss)/profit attributable to:			
Equity holders of the Company		**(186)**	1,969
Non-controlling interests		**(275)**	316
		(461)	2,285
(Loss)/earnings per share for (loss)/profit attributable to the equity holders of the Company			
— Basic (loss)/earnings per share *(RMB)*	22	**(0.01)**	0.10
— Diluted (loss)/earnings per share *(RMB)*	22	**(0.01)**	0.10
Dividends	23	**—**	—

The notes on pages 92 to 132 form an integral part of this condensed consolidated interim financial information.

Unaudited Interim Condensed Consolidated Statement of Comprehensive Income

	Six months ended 30 June	
	2012	2011
	RMB 'million	*RMB 'million*
	Unaudited	Unaudited
(Loss)/profit for the period	**(461)**	2,285
Other comprehensive loss:		
Fair value losses on available-for-sale financial assets, net of tax	**(15)**	(70)
Currency translation differences	**(45)**	(66)
Other comprehensive loss for the period, net of tax	**(60)**	(136)
Total comprehensive (loss)/income for the period	**(521)**	2,149
Total comprehensive (loss)/income attributable to:		
Equity holders of the Company	**(248)**	1,839
Non-controlling interests	**(273)**	310
	(521)	2,149

The notes on pages 92 to 132 form an integral part of this condensed consolidated interim financial information.

Unaudited Interim Condensed Consolidated Statement of Changes in Equity

		Attributable to equity holders of the Company						
Unaudited	Note	Share capital *RMB'million*	Capital premium *RMB'million*	Other reserves *RMB'million*	Retained earnings *RMB'million*	Sub total *RMB'million*	Non-controlling interests *RMB'million*	Total *RMB'million*
As at 1 January 2012		**19,110**	**17,948**	**195**	**10,950**	**48,203**	**9,972**	**58,175**
Loss for the period		—	—	—	(186)	(186)	(275)	(461)
Other comprehensive (loss)/income:								
Fair value (losses)/gains on available-for-sale financial assets, net of tax		—	—	(18)	—	(18)	3	(15)
Currency translation differences		—	—	(44)	—	(44)	(1)	(45)
Total comprehensive loss for the period		—	—	(62)	(186)	(248)	(273)	(521)
Transactions with owners								
Dividends		—	—	—	—	—	(51)	(51)
Transaction with non-controlling interests		—	—	7	—	7	(37)	(30)
Attributable to set-up of subsidiaries		—	—	—	—	—	18	18
Additional capital injection from owners and non-controlling interest proportionally		—	—	—	—	—	370	370
Liquidation/disposal of subsidiaries		—	—	—	—	—	(183)	(183)
Total transactions with owners		—	—	7	—	7	117	124
As at 30 June 2012		**19,110**	**17,948**	**140**	**10,764**	**47,962**	**9,816**	**57,778**

The notes on pages 92 to 132 form an integral part of this condensed consolidated interim financial information.

Unaudited Interim Condensed Consolidated Statement of Changes in Equity

Unaudited	Note	Share capital RMB'million	Capital premium RMB'million	Other reserves RMB'million	Retained earnings RMB'million	Sub total RMB'million	Non-controlling interests RMB'million	Total RMB'million
		Attributable to equity holders of the Company						
As at 1 January 2011		19,110	17,948	308	7,605	44,971	8,541	53,512
Profit for the period		—	—	—	1,969	1,969	316	2,285
Other comprehensive loss:								
Fair value losses on available-for-sale financial assets, net of tax		—	—	(70)	—	(70)	—	(70)
Currency translation differences		—	—	(60)	—	(60)	(6)	(66)
Total comprehensive (loss)/income for the period		—	—	(130)	1,969	1,839	310	2,149
Transactions with owners								
Dividends		—	—	—	(898)	(898)	(79)	(977)
Transaction with non-controlling interests		—	—	(29)	—	(29)	143	114
Disposal of partial interests in a subsidiary without loss of control		—	—	130	—	130	154	284
Attributable to set-up/acquisition of subsidiaries		—	—	—	—	—	141	141
Additional capital injection from owners and non-controlling interests proportionally		—	—	—	—	—	272	272
Total transactions with owners		—	—	101	(898)	(797)	631	(166)
As at 30 June 2011		19,110	17,948	279	8,676	46,013	9,482	55,495

The notes on pages 92 to 132 form an integral part of this condensed consolidated interim financial information.

Unaudited Interim Condensed Consolidated Statement of Cash Flows

	Six months ended 30 June	
	2012	2011
	RMB 'million	*RMB 'million*
	Unaudited	Unaudited
Cash flows from operating activities		
Cash used in operations	**(7,460)**	(11,279)
Income tax paid	**(1,711)**	(2,221)
Net cash used in operating activities	**(9,171)**	(13,500)
Cash flows from investing activities		
Purchases of property, plant and equipment	**(2,048)**	(3,208)
Purchases of land use rights	**(23)**	(169)
Purchases of mining rights	**(331)**	(424)
Purchases of investment properties	**(5)**	—
Purchases of intangible assets	**(176)**	(331)
Purchases of available-for-sale financial assets	**—**	(253)
Increase in investment in associates	**(1)**	(166)
Net cash outflow for acquisition of subsidiaries	**—**	(26)
Entrusted loans and other amount paid to related parties and third parties	**(169)**	(481)
Proceeds from disposal of property, plant and equipment	**142**	118
Proceeds from disposal of land use rights	**3**	15
Proceeds from disposal of mining rights	**—**	8
Proceeds from disposal of investment properties	**1**	23
Proceeds from disposal of intangible assets	**13**	11
Proceeds from disposal of available-for-sale financial assets	**55**	527
Net cash inflow from disposal of investment in associates	**30**	—
Net cash outflow for disposal of subsidiaries	**(26)**	—
Acquisition of non-controlling interests	**—**	(10)
Dividends received	**20**	28
Net cash inflow from government grants related to assets	**75**	165
Net cash used in investing activities	**(2,440)**	(4,173)

The notes on pages 92 to 132 form an integral part of this condensed consolidated interim financial information.

Unaudited Interim Condensed Consolidated Statement of Cash Flows

	Six months ended 30 June	
	2012	2011
	RMB 'million	*RMB 'million*
	Unaudited	Unaudited
Cash flows from financing activities		
Proceeds from borrowings	**46,378**	42,003
Repayments of borrowings	**(39,863)**	(25,346)
Contribution received from non-controlling interests	**336**	819
Dividends paid	**(103)**	(89)
Interest paid	**(3,878)**	(2,166)
Changes in restricted cash	**(352)**	47
Net cash outflow from finance leases	**(13)**	(1)
Net cash generated from financing activities	**2,505**	15,267
Net decrease in cash and cash equivalents	**(9,106)**	(2,406)
Cash and cash equivalents at beginning of the period	**42,721**	39,302
Exchange (losses)/gains on cash and cash equivalents	**(9)**	8
Cash and cash equivalents at end of the period	**33,606**	36,904

The notes on pages 92 to 132 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 nonferrous metal and polysilicon ("resources development"); and
- Development and sale of residential and commercial properties, affordable housing 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 2012 was approved for issue by the Board of Directors of the Company on 30 August 2012.

This condensed consolidated interim financial information has not been audited.

2. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2012 has been prepared in accordance with International accounting standard 34, "Interim Financial Reporting". The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2011, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

3. ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2011, as described in those annual financial statements.

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

4. ESTIMATES

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2011.

5. FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

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

(a) Foreign exchange risk

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

The Group'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 United States Dollars ("US dollar"), Australian Dollar ("AUD") and European Dollar ("EUR").

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

5. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

5.1 Financial risk factors *(Continued)*

(a) Foreign exchange risk (Continued)

As at 30 June 2012, if RMB had strengthened/weakened by 5% (30 June 2011: 5%) against US dollar, AUD, EUR and other foreign currencies with all other variables held constant, which were considered reasonably possible by management, the profit after tax for the six months ended 30 June 2012 would have been approximately RMB370 million higher/lower (For the six months ended 30 June 2011: RMB78 million higher/lower), mainly as a result of foreign exchange gains/losses on translation of US dollar, AUD, EUR and other foreign currencies denominated trade and other receivables, cash and cash equivalents, trade and other payables and borrowings.

(b) Interest rate risk

The Group's exposure to interest rate risk relates principally to its restricted cash, cash and cash equivalents, trade and other receivables, trade and other payables and borrowings. Restricted cash, cash and cash equivalents, and borrowings at variable rates expose the Group to cash flow interest-rate risk, and those at fixed rates expose the Group to fair value interest-rate risk. As at 30 June 2012, approximately RMB310 million (31 December 2011: RMB498 million) of the Group's restricted cash, approximately RMB448 million (31 December 2011: RMB503 million) of the Group's cash and cash equivalents and approximately RMB59,842 million (31 December 2011: RMB54,658 million) of the Group's borrowings were at fixed rates.

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

Management has used 100 basis points to illustrate the interest rate risk as the fluctuation in interest rate is unpredictable.

As at 30 June 2012, if the respective interest rates on RMB-denominated borrowings and US dollar and other currency-denominated borrowings had been 100 basis points higher/lower with all other variables held constant, which was considered reasonably possible by management, profit after income tax for the six months ended 30 June 2012 would have been RMB176 million lower/higher and RMB31 million lower/higher respectively (For the six months ended 30 June 2011: RMB233 million lower/higher and RMB15 million lower/higher), mainly as a result of higher/lower interest expenses on bank borrowings and trade and other payables.

5. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

5.1 Financial risk factors *(Continued)*

(c) Credit risk

The carrying amounts of cash and cash equivalents, restricted cash, held-to-maturity financial assets, trade and other receivables (except for prepayment and staff advances), and the nominal value of the guarantees provided on liabilities as disclosed in Note 24 represent the Group's main exposure to credit risk in relation to those financial assets.

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

The Group has policies in place to ensure that services are rendered and products are sold to customers with appropriate credit history and the Group performs periodic credit evaluations of its customers. Normally the Group does not require collaterals from trade debtors. The directors consider the Group does not have a significant concentration of credit risk. No single customer accounted for more than 5% of the Group's total revenues for the six months ended 30 June 2012.

(d) Liquidity risk

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

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

5. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

5.1 Financial risk factors *(Continued)*

(d) Liquidity risk (Continued)

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

	Less than 1 year *RMB 'million*	Between 1 and 2 years *RMB 'million*	Between 2 and 5 years *RMB 'million*	Over 5 years *RMB 'million*	Total *RMB 'million*
As at 30 June 2012					
Borrowings	**97,699**	**16,760**	**23,153**	**25,849**	**163,461**
Trade and other payables	**86,018**	**333**	**—**	**—**	**86,351**
	183,717	**17,093**	**23,153**	**25,849**	**249,812**
As at 31 December 2011					
Borrowings	85,659	13,467	23,682	25,349	148,157
Trade and other payables	74,622	357	—	—	74,979
	160,281	13,824	23,682	25,349	223,136

5.2 Fair value estimation

The table below analyses financial instruments carried at fair value. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

5. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

5.2 Fair value estimation *(Continued)*

The following table presents the Group's assets that are measured at fair value as at 30 June 2012:

	Level 1 ***RMB 'million***	**Level 2** ***RMB 'million***	**Level 3** ***RMB 'million***	**Total** ***RMB 'million***
Assets				
Financial assets at fair value through profit or loss	**1**	**—**	**—**	**1**
Available-for-sale financial assets *(Note 10)*	**350**	**1,214**	**—**	**1,564**
Total assets	**351**	**1,214**	**—**	**1,565**

The following table presents the Group's assets that are measured at fair value as at 31 December 2011:

	Level 1 *RMB 'million*	**Level 2** *RMB 'million*	**Level 3** *RMB 'million*	**Total** *RMB 'million*
Assets				
Financial assets at fair value through profit or loss	352	—	—	352
Available-for-sale financial assets *(Note 10)*	368	1,161	—	1,529
Total assets	720	1,161	—	1,881

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

5. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

5.3 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as the total borrowings, as shown in the consolidated balance sheets, less cash and cash equivalents. Total capital is calculated as total equity, as shown in the consolidated balance sheets, plus net debt. The Group aims to maintain the gearing ratio at a reasonable level.

The gearing ratios as at 30 June 2012 are as follows:

	30 June 2012 ***RMB 'million***	31 December 2011 *RMB 'million*
Total borrowings *(Note 16)*	**143,481**	137,161
Less: Cash and cash equivalents	**(33,606)**	(42,721)
Net debt	**109,875**	94,440
Total equity	**57,778**	58,175
Total capital	**167,653**	152,615
Gearing ratio	**66%**	62%

6. SEGMENT INFORMATION

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

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

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

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

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

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

Additions to non-current assets comprises additions to property, plant and equipment (Note 7), land use rights, mining rights (Note 8), investment properties, intangible assets (Note 9), investment in associates and other non-current assets.

6. SEGMENT INFORMATION *(CONTINUED)*

(a) For the six months ended 30 June 2012:

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

Unaudited	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	88,620	6,053	3,764	7,223	2,776	(1,591)	106,845
Inter-segment revenue	(1,223)	(255)	(94)	—	(19)	1,591	—
Revenue	87,397	5,798	3,670	7,223	2,757	—	106,845
Segment result	4,456	(229)	(2,355)	721	109	(48)	2,654
Unallocated costs							(67)
Operating profit							2,587
Finance income	677	19	20	169	275	(295)	865
Interest income	675	19	20	169	275	(295)	863
Other finance income	2	—	—	—	—	—	2
Finance costs	(2,062)	(164)	(530)	(78)	(201)	295	(2,740)
Interest expense	(2,049)	(161)	(445)	(78)	(200)	295	(2,638)
Other finance costs	(13)	(3)	(85)	—	(1)	—	(102)
Share of (loss)/profit of associates	(4)	10	—	(1)	—	—	5
Profit before income tax							717
Income tax expense	(754)	(20)	57	(407)	(54)	—	(1,178)
Loss for the period							(461)

6. SEGMENT INFORMATION *(CONTINUED)*

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

(i) As at 30 June 2012, the outcome of certain construction contracts being undertaken by the Group cannot be estimated reliably due to the uncertainties surrounding the contract values, which will depend on various factors including the results of special purpose audits to be undertaken on the contract costs and the negotiations upon completion of such contracts. The aggregate contract values of these construction contracts did not exceed 5% of the total contract values of all construction contracts in progress. The Group estimates that, as at 30 June 2012, the remaining costs to be incurred to complete these contracts amounted to approximately RMB4,072 million (Please refer to Note 12(i) for certain construction contracts in progress). Despite the uncertainties surrounding the contract values depending on the results of future special purpose audits or the negotiations, based on its assessment, the Group believes that the contract costs incurred and the estimated costs to complete these contracts are recoverable. Accordingly, the Group has recognised revenue from these contracts to the extent of costs incurred without recognising any profit margin, and no provision for foreseeable losses has been made. The Group will continue to monitor the developments including the results of the future special purpose audits and status of the negotiations. In cases when certain contract costs become unrecoverable or when it is probable that the total contract costs will exceed total contract values, a loss will be recognised immediately. When the uncertainties that prevented the outcome of the contracts being estimated reliably no longer exist, revenue, costs and gross profits associated with those construction contracts will then be recognised by reference to the stage of completion of the contract activity.

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

Unaudited	**Engineering and construction** *RMB 'million*	**Equipment manufacturing** *RMB 'million*	**Resources development** *RMB 'million*	**Property development** *RMB 'million*	**Others** *RMB 'million*	**Total** *RMB 'million*
Depreciation *(Note 19)*	613	261	301	19	12	1,206
Amortisation *(Note 19)*	107	19	30	1	13	170
Provision for impairment of property, plant and equipment *(Note 7,19)*	—	23	74	—	—	97
Provision for impairment of inventories *(Note 19)*	1	80	216	—	—	297
Provision for impairment of mining rights *(Note 8, 19)*	—	—	1,809	—	—	1,809
Foreseeable losses on construction contracts *(Note 19)*	31	—	—	—	—	31
Provision for impairment on trade and other receivables *(Note 19)*	520	32	5	4	1	562

6. SEGMENT INFORMATION *(CONTINUED)*

(b) As at 30 June 2012:

The segment assets and liabilities as at 30 June 2012 are as follows:

Unaudited	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
Assets							
Segment assets	214,257	23,160	34,218	106,767	16,503	(53,247)	341,658
Investments in associates	1,702	10	2	608	—	—	2,322
Unallocated assets							4,192
Total assets							348,172
Liabilities							
Segment liabilities	195,308	15,883	31,275	87,529	12,675	(52,814)	289,856
Unallocated liabilities							538
Total liabilities							290,394
Additions to non-current assets	1,758	529	1,376	45	10	—	3,718

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

Unaudited	Assets RMB 'million	Liabilities RMB 'million
Segment assets/liabilities	341,658	289,856
Investments in associates	2,322	—
Unallocated:		
Deferred income tax	2,627	538
Available-for-sale financial assets	1,564	—
Financial assets at fair value through profit or loss	1	—
Total	348,172	290,394

6. SEGMENT INFORMATION *(CONTINUED)*

(c) 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 *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	82,760	6,773	6,616	8,642	3,130	(2,083)	105,838
Inter-segment revenue	(1,278)	(270)	(22)	—	(513)	2,083	—
Revenue	81,482	6,503	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	495	9	21	78	273	(291)	585
Interest income	494	9	20	78	272	(291)	582
Other finance income	1	—	1	—	1	—	3
Finance costs	(1,241)	(120)	(376)	(159)	(173)	291	(1,778)
Interest expense	(1,284)	(111)	(378)	(159)	(171)	291	(1,812)
Other finance costs	43	(9)	2	—	(2)	—	34
Share of profit/(loss) of associates	26	(2)	—	(2)	—	—	22
Profit before income tax							3,567
Income tax expense	(749)	(28)	(142)	(307)	(56)	—	(1,282)
Profit for the period							2,285

6. SEGMENT INFORMATION *(CONTINUED)*

(c) For the six months ended 30 June 2011 *(Continued)*:

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

Unaudited	**Engineering and construction** *RMB 'million*	**Equipment manufacturing** *RMB 'million*	**Resources development** *RMB 'million*	**Property development** *RMB 'million*	**Others** *RMB 'million*	**Total** *RMB 'million*
Depreciation *(Note 19)*	503	244	277	21	11	1,056
Amortisation *(Note 19)*	90	12	28	3	11	144
Provision for impairment of property, plant and equipment (Note 7,19)	1	—	—	—	—	1
Provision for impairment of land use rights *(Note 19)*	40	—	—	—	—	40
Provision for impairment of inventories *(Note 19)*	—	10	—	—	—	10
Foreseeable losses on construction contracts *(Note 19)*	113	—	—	—	—	113
Provision for impairment on trade and other receivables *(Note 19)*	350	24	28	12	—	414

6. SEGMENT INFORMATION *(CONTINUED)*

(d) As at 31 December 2011:

The segment assets and liabilities as at 31 December 2011 are as follows:

Audited	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*
Assets							
Segment assets	204,455	23,172	35,367	98,780	21,504	(57,700)	325,578
Investments in associates	1,368	—	2	610	—	—	1,980
Unallocated assets							4,473
Total assets							332,031
Liabilities							
Segment liabilities	186,076	15,487	30,090	80,797	18,162	(57,280)	273,332
Unallocated liabilities							524
Total liabilities							273,856
Additions to non-current assets	4,547	2,386	3,836	160	16	—	10,945

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

Audited	Assets *RMB 'million*	Liabilities *RMB 'million*
Segment assets/liabilities	325,578	273,332
Investments in associates	1,980	—
Unallocated:		
Deferred income tax	2,592	524
Available-for-sale financial assets	1,529	—
Financial assets at fair value through profit or loss	352	—
Total	332,031	273,856

6. SEGMENT INFORMATION *(CONTINUED)*

(d) As at 31 December 2011 *(Continued)***:**

There has been no material change in total assets from the amount disclosed in the last annual financial statements.

There are no differences from the last annual financial statements in the basis of segmentation or in the basis of measurement of segment profit or loss.

7. PROPERTY, PLANT AND EQUIPMENT

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

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

Unaudited	Mining structure *RMB 'million*	Buildings *RMB 'million*	Plant and machinery *RMB 'million*	Trans-portation equipment *RMB 'million*	Furniture, office and other equipment *RMB 'million*	Construction-in-progress *RMB 'million*	Total *RMB 'million*
Cost							
As at 1 January 2011	62	14,858	15,857	2,075	757	13,463	47,072
Additions	4	52	348	157	69	2,747	3,377
Attributable to acquisition of subsidiaries	—	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

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

(a) For the six months ended 30 June 2012, the Group made a specific impairment provision amounted to RMB74 million (six months ended 30 June 2011: RMB1 million) for obsolete property, plant and equipment. Meanwhile, for other property, plant and equipment with indicators of impairment, the Group performed an impairment assessment based on their estimated recoverable amounts. The estimated recoverable amounts are calculated using the present value of future cash flows based on the financial forecasts approved by management and the before tax discount rates ranging from 10% to 12%. The future cash flows of these assets during the forecast period are determined based on the forecasted growth rates and forecasted gross margin rates, after considering historical trends and expected market development. Based on results of impairment assessment, the Group has made an impairment provision for property, plant and equipment amounting to RMB23 million for the six months ended 30 June 2012 (six months ended 30 June 2011: Nil). Due to uncertainties in future business development and fluctuations of future market prices of related products, the Group will continue to monitor the recoverability of property, plant and equipment. If there is indication that the recoverable amount is lower than its book value in future, an impairment loss will be recognised to further write down the carrying value of the relevant property, plant and equipment to its recoverable amount. An impairment loss will then be charged to the consolidated income statement and the related impairment provision for property, plant and equipment will be recognised.

(b) As at 30 June 2012, bank borrowings are secured by certain property, plant and equipment of the Group with an aggregate carrying amount of approximately RMB1,413 million (31 December 2011: RMB1,215 million) (Note 16).

8. MINING RIGHTS

	Six months ended 30 June	
	2012	2011
	RMB 'million	*RMB 'million*
	Unaudited	Unaudited
Cost		
At beginning of the period	**5,155**	4,907
Additions	**331**	433
Exchange differences	**(32)**	73
Disposals	**—**	(8)
At end of the period	**5,454**	5,405
Accumulated amortisation		
At beginning of the period	**130**	50
Amortisation *(Note 19)*	**7**	6
Disposals	**—**	(1)
At end of the period	**137**	55
Provision for impairment		
At beginning of the period	**—**	—
Additions *(Note 19)*	**1,809**	—
At end of the period	**1,809**	—
Net book value	**3,508**	5,350

8. MINING RIGHTS *(CONTINUED)*

(a) As at 30 June 2012, there was an indication that the Cape Lambert Iron Project assets ("Cape Lambert Asset") owned by a wholly-owned subsidiary of the Company, MCC Australia Holding Pty Ltd, may have been impaired. As such, the Group performed an impairment assessment based on its estimated recoverable amount. The estimated recoverable amount is determined based on fair value less costs to sell. The fair value of the Cape Lambert Asset is determined by a valuation performed by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer. The valuation is based on the Adjusted Prior Sales Multiples Method, a market approach technique. Based on the valuation report, the Group has made an impairment provision on the mining rights amounting to RMB1,809 million for the six months ended 30 June 2012 (six months ended 30 June 2011: Nil), which was charged to administrative expenses and the related impairment provision for mining rights was recognised.

9. INTANGIBLE ASSETS

Unaudited	**Goodwill** *RMB 'million*	**Patent and proprietary technologies** *RMB 'million*	**Purchased computer software** *RMB 'million*	**Concession assets** *RMB 'million*	**Total** *RMB 'million*
Cost					
As at 1 January 2012	798	45	275	6,482	7,600
Additions	—	—	18	185	203
Exchange differences	(7)	—	—	—	(7)
Disposal	—	—	—	(13)	(13)
As at 30 June 2012	791	45	293	6,654	7,783
Accumulated amortisation					
As at 1 January 2012	—	27	128	169	324
Amortisation	—	1	22	47	70
As at 30 June 2012	—	28	150	216	394
Impairment provision					
As at 1 January 2012	284	—	—	—	284
As at 30 June 2012	284	—	—	—	284
Net book value					
As at 30 June 2012	507	17	143	6,438	7,105

9. INTANGIBLE ASSETS *(CONTINUED)*

Unaudited	Goodwill *RMB 'million*	Patent and proprietary technologies *RMB 'million*	Purchased computer software *RMB 'million*	Concession assets *RMB 'million*	Total *RMB 'million*
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

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets include the following:

	As at 30 June 2012 *RMB 'million* **Unaudited**	As at 31 December 2011 *RMB 'million* Audited
Listed securities		
— Equity securities — China	**350**	368
Unlisted securities		
— Equity securities — China	**1,214**	1,161
At end of the period	**1,564**	1,529
Less: non-current portion	**(1,564)**	(1,479)
Current portion	**—**	50

11. TRADE AND OTHER RECEIVABLES

	As at 30 June 2012 RMB 'million Unaudited	As at 31 December 2011 RMB 'million Audited
Trade receivables		
Trade receivables	**82,874**	67,219
Retentions	**2,265**	2,093
Notes receivables	**8,800**	11,230
	93,939	80,542
Less: Provision for impairment	**(4,833)**	(4,374)
Trade receivables — net	**89,106**	76,168
Other receivables		
Prepayments to suppliers	**21,155**	19,875
Deposits	**9,489**	8,319
Amounts due from related parties and third parties	**1,737**	1,518
Staff advances	**992**	596
Prepayment for investments	**1,867**	1,867
Others	**3,541**	2,868
	38,781	35,043
Less: Provision for impairment	**(1,177)**	(1,092)
Other receivables — net	**37,604**	33,951
Total trade and other receivables	**126,710**	110,119
Less: Non-current portion		
— Trade and other receivables	**(28,363)**	(21,961)
— Retentions	**(279)**	(278)
	(28,642)	(22,239)
Current portion	**98,068**	87,880

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

11. 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 2012 *RMB 'million* **Unaudited**	As at 31 December 2011 *RMB 'million* Audited
Less than 1 year	**66,217**	59,659
1 year to 2 years	**19,612**	15,102
2 years to 3 years	**4,807**	3,108
3 years to 4 years	**1,732**	1,213
4 years to 5 years	**585**	721
Over 5 years	**986**	739
Trade receivables — gross	**93,939**	80,542
Less: Provision for impairment	**(4,833)**	(4,374)
Trade receivables — net	**89,106**	76,168

The 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.

12. CONTRACT WORK-IN-PROGRESS

	As at 30 June 2012 RMB 'million Unaudited	As at 31 December 2011 RMB 'million Audited
Contract cost incurred plus recognised profit less recognised losses	**573,964**	533,966
Less: Progress billings	**(548,491)**	(512,687)
Contract work-in-progress*(i)*	**25,473**	21,279
Representing:		
Amounts due from customers for contract work	**36,871**	33,104
Amounts due to customers for contract work	**(11,398)**	(11,825)
	25,473	21,279

	Six months ended 30 June	
	2012 *RMB 'million* **Unaudited**	2011 *RMB 'million* Unaudited
Contract revenue recognised as revenue	**87,397**	81,482

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

(i) As at 30 June 2012, the accumulated costs of certain construction contracts have exceeded their current contract values agreed by the owner by RMB3,025 million. The remaining costs to be incurred to complete these contracts are estimated to be approximately RMB3,238 million (which had been included in the total estimated costs to complete those construction contracts whose outcomes cannot be estimated reliably in Note 6(a)(i)). As at 30 June 2012, the amounts due from customers for contract work less the advances received from the owner amounted to approximately RMB2,964 million. The Group is currently following up with the owner on the settlement of the amounts due from customers for contract work. Meanwhile, the Group has agreed with the customer to jointly implement a mechanism to better control future contract costs to be incurred. The final outcome of these contracts cannot be estimated reliably since the final contract value will depend on the results of the special purpose audits to be undertaken on the contract costs incurred and the relevant negotiations. At the date of approval of this interim financial information, the Group believes that the contract costs incurred and the estimated costs to complete these contracts are recoverable. Accordingly, the Group has recognised revenue from these contracts to the extent of costs incurred without recognising any profit margin, and no provision for foreseeable losses has been made.

There is a significant uncertainty surrounding the final outcome of these contracts since the final contract value will depend on the results of the special purpose audits to be undertaken on the contract costs incurred and the relevant negotiations. Therefore, the assets, liabilities, revenues and costs associated with these contracts recognised in the current period may be subject to significant adjustments in subsequent years as the contract work progresses. The Group will continue to monitor the developments of these contracts including status of settlement with the customer, the future special purpose audits and the relevant negotiations. In cases when certain contract costs become unrecoverable or when it is probable that the total contract costs will exceed total contract value, the Group will make provision for foreseeable losses on any irrecoverable costs in the period when they are identified.

13. SHARE CAPITAL

	As at 30 June 2012		As at 31 December 2011	
	Number of shares	**Nominal Value**	Number of shares	Nominal Value
	million	***RMB' million***	*million*	*RMB' million*
	Unaudited	**Unaudited**	Audited	Audited
Registered, issued and fully paid				
— State-owned Shares of RMB 1.00 each	**12,734**	**12,734**	12,736	12,736
— A Shares of RMB 1.00 each	**3,505**	**3,505**	3,503	3,503
— H Shares of RMB 1.00 each	**2,871**	**2,871**	2,871	2,871
	19,110	**19,110**	19,110	19,110

14. RESERVES

Unaudited	Note	Capital premium RMB 'million	Other capital reserve RMB 'million	Available-for-sale investments RMB 'million	Translation differences RMB 'million	Other reserves RMB 'million	Retained earnings RMB 'million	Total RMB 'million
As at 1 January 2012		**17,948**	**83**	**94**	**(271)**	**289**	**10,950**	**29,093**
Loss for the period		**—**	**—**	**—**	**—**	**—**	**(186)**	**(186)**
Other comprehensive loss:								
Fair value losses on available-for-sale financial assets, net of tax		**—**	**—**	**(18)**	**—**	**—**	**—**	**(18)**
Currency translation differences		**—**	**—**	**—**	**(44)**	**—**	**—**	**(44)**
Total comprehensive loss for the period		**—**	**—**	**(18)**	**(44)**	**—**	**(186)**	**(248)**
Transactions with owners								
Transaction with non-controlling interests		**—**	**7**	**—**	**—**	**—**	**—**	**7**
Total transactions with owners		**—**	**7**	**—**	**—**	**—**	**—**	**7**
As at 30 June 2012		**17,948**	**90**	**76**	**(315)**	**289**	**10,764**	**28,852**
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 loss:								
Fair value losses on available-for-sale financial assets, net of tax		—	—	(70)	—	—	—	(70)
Currency translation differences		—	—	—	(60)	—	—	(60)
Total comprehensive (loss)/ 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		—	130	—	—	—	—	130
Total transactions with owners		—	101	—	—	—	(898)	(797)
As at 30 June 2011		17,948	18	149	(177)	289	8,676	26,903

15. TRADE AND OTHER PAYABLES

	As at 30 June 2012 *RMB 'million* Unaudited	As at 31 December 2011 *RMB 'million* Audited
Trade payables	**69,041**	61,309
Other payables		
Accrued payroll and related expenses	**2,438**	2,574
Accrued expenses	**653**	768
Purchase deposits from customers	**32,728**	32,719
Deposits payable	**5,839**	4,832
Rental payable	**284**	248
Utilities payable	**343**	364
Repair and maintenance payable	**402**	450
Other taxes payable	**4,964**	4,858
Payables due to third parties	**584**	566
Others	**9,205**	6,442
	57,440	53,821
Total trade and other payables	**126,481**	115,130
Less: Non-current portion		
Other payables	**(333)**	(357)
Current portion	**126,148**	114,773

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

As at 30 June 2012, the payables due to third parties are secured, bear interests at rates ranging from 6.15% to 7.05% (31 December 2011: 6.12% to 7.05%) per annum and repayable within 1 year (31 December 2011: From 1 to 2 years).

15. TRADE AND OTHER PAYABLES *(CONTINUED)*

As at 30 June 2012, the ageing analysis of the trade payables (including amounts due to related parties of trading in nature) is as follow:

	As at 30 June 2012	As at 31 December 2011
	RMB 'million	*RMB 'million*
	Unaudited	Audited
Less than 1 year	**53,018**	46,958
1 year to 2 years	**9,735**	9,060
2 years to 3 years	**3,308**	2,821
Over 3 years	**2,980**	2,470
	69,041	61,309

16. BORROWINGS

	As at 30 June 2012	As at 31 December 2011
	RMB 'million	*RMB 'million*
	Unaudited	Audited
Non-current		
Long-term bank borrowings		
— Secured *(a)*	**10,255**	6,200
— Unsecured	**20,883**	24,634
	31,138	30,834
Other long-term borrowings		
— Secured *(a)*	**75**	75
— Unsecured	**11**	212
— Debentures *(b(i))*	**21,416**	21,364
	21,502	21,651
Total non-current borrowings	**52,640**	52,485

16. BORROWINGS *(CONTINUED)*

	As at 30 June 2012 *RMB 'million* **Unaudited**	As at 31 December 2011 *RMB 'million* Audited
Current		
Short-term bank borrowings		
— Secured *(a)*	**3,452**	2,824
— Unsecured	**41,632**	42,171
	45,084	44,995
Other short-term borrowings		
— Secured *(a)*	**1,315**	1,315
— Unsecured	**5,094**	5,200
— Debentures *(b(ii))*	**21,400**	17,000
	27,809	23,515
Current portion of long-term bank borrowings		
— Secured *(a)*	**2,266**	2,274
— Unsecured	**9,382**	7,292
	11,648	9,566
Current portion of other long-term borrowings		
— Unsecured	**6,300**	6,600
	6,300	6,600
Total current borrowings	**90,841**	84,676
Total borrowings	**143,481**	137,161

16. BORROWINGS *(CONTINUED)*

(a) Secured borrowings were secured by the Group's property, plant and equipment (Note 7), 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 Company 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 Company 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, a maturity of ten years from issuance and interest rate of 3.95% per annum and with the issuer's redemption rights at the end of fifth year. If the Company does not exercise its redemption rights in the fifth year, the coupon rate of the MTN for the 6th year to the 10th year will increase to 5.09%.

The Company issued its Tranche II MTN on 15 November 2010 at a discounted price of RMB4,686 million with a par value of RMB4,700 million, a maturity of five years from issuance and interest rate of 4.72% per annum.

MCC Holding (Hong Kong) Co., Ltd., a subsidiary of the Company, issued US dollar debentures on 29 July 2011 at a discount to par value of US dollar 497 million, the aggregate principal amount is US dollar 500 million, with a maturity of five years from issuance. The debentures bear interests at a rate of 4.875% per annum. Interest will be paid every half year and principal will be paid upon maturity date. The debentures are guaranteed by the Parent.

(ii) As approved by the National Association of Financial Market Institutional Investors, the Company issued its Tranche I Short-Term Debentures on 3 August 2011 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 5.71% per annum. Principal and interests are paid upon maturity date.

As approved by the National Association of Financial Market Institutional Investors, the Company issued its Tranche II Short-Term Debentures on 30 August 2011 at par value of RMB3,000 million, with a maturity of one year from issuance. The debentures are unsecured and bear interests at a rate of 5.78% per annum. Principal and interests are paid upon maturity date.

As approved by the National Association of Financial Market Institutional Investors, the Company issued its Tranche III Short-Term Debentures on 12 October 2011 at par value of RMB10,000 million, with a maturity of one year from issuance. The debentures were unsecured and bear interests at a rate of 6.12% per annum. Principal and interests are paid upon maturity date.

The Company issued its Tranche I Short-Term Debentures on 10 April 2012 at par value of RMB 4,400 million, with a maturity of one year from issuance. The debentures are unsecured, and bear interests at a fixed rate of 4.46% per annum, Principal and interests are paid upon maturity date.

(c) As at 30 June 2012, there are no significant overdue short-term borrowings of the Group. Due to tight liquidity of one subsidiary of the Group, short-term borrowings amounted to RMB331 million and bank acceptance bill amounted to RMB41 million are overdue subsequent to balance sheet date, including secured borrowings amounted to RMB190 million, which are secured by land use rights amounted to RMB307 million. At the date of approval of this condensed consolidated interim financial information, the Group has been negotiating with related banks to find appropriate solutions. Compulsory execution procedures such as disposal of secured assets have not been involved yet.

17. OTHER INCOME

	Six months ended 30 June	
	2012	2011
	RMB 'million	*RMB 'million*
	Unaudited	Unaudited
Dividend income from available-for-sale financial assets	**7**	26
Rental income	**135**	176
Income from disposal of investment properties	**—**	51
Government grants	**232**	183
Others	**53**	102
	427	538

18. OTHER GAINS — NET

	Six months ended 30 June	
	2012	2011
	RMB 'million	*RMB 'million*
	Unaudited	Unaudited
Financial assets at fair value through profit or loss		
— Fair value losses	**(1)**	—
Net foreign exchange gains/(losses)	**2**	(152)
Gain on disposal of associates	**10**	—
Gain on disposal of subsidiaries	**26**	—
Gain on disposal of property, plant and equipment	**121**	37
Gain on disposal of financial assets	**36**	196
Others	**37**	61
	231	142

19. EXPENSES BY NATURE

	Six months ended 30 June	
	2012	2011
	RMB 'million	*RMB 'million*
	Unaudited	Unaudited
Raw materials, purchased equipment and consumables used	**36,392**	43,211
Changes in inventories of finished goods and work-in-progress	**(5,142)**	(7,653)
Subcontracting charges	**51,667**	47,317
Employee benefits	**7,119**	6,906
Depreciation of property, plant and equipment	**1,188**	1,037
Fuel and heating expenditure	**354**	495
Business tax and other transaction taxes	**3,011**	2,767
Travelling expenses	**636**	643
Office expenses	**936**	1,033
Transportation costs	**314**	429
Operating lease rentals	**2,329**	1,859
Provision for impairment of trade and other receivables	**562**	414
Research and development costs	**717**	507
Repairs and maintenance	**546**	539
Advertising expenses	**109**	200
Provision for foreseeable losses on construction contracts	**31**	113
Amortisation of land use rights	**93**	89
Amortisation of mining rights *(Note 8)*	**7**	6
Depreciation of investment properties	**18**	19
Amortisation of intangible assets	**70**	49
Insurance expenses	**60**	49
Provision for impairment on inventories	**297**	10
Provision for impairment of mining rights *(Note 8)*	**1,809**	—
Professional and technical consulting fees	**315**	433
Bank charges relating to operating activities	**118**	86
Provision for impairment of property, plant and equipment *(Note 7)*	**97**	1
Provision for impairment of land use rights	**—**	40
Others	**1,199**	1,060
Total cost of sales, selling and marketing expenses and administrative expenses	**104,852**	101,659

20. FINANCE INCOME AND COSTS

	Six months ended 30 June	
	2012	2011
	RMB 'million	*RMB 'million*
	Unaudited	Unaudited
Interest expense		
— Bank borrowings wholly repayable within 5 years	**3,509**	1,839
— Bank borrowings wholly repayable over 5 years	**294**	172
— Other borrowings	**911**	954
	4,714	2,965
Less: Amounts capitalised in construction-in-progress *(a)*	**(227)**	(194)
Less: Amounts capitalised in properties under development *(b)*	**(1,849)**	(959)
	2,638	1,812
Net foreign exchange gains on borrowings	**—**	(150)
Discount charges on bank acceptance notes	**102**	116
Finance costs	**2,740**	1,778
Interest income on bank deposits	**(863)**	(555)
Interest income on loans to related parties	**—**	(27)
Gain on debt restructuring	**(2)**	(3)
Finance income	**(865)**	(585)
Finance costs, net	**1,875**	1,193

(a) Interest expenses was capitalised as construction-in-progress at the average effective rate of 2.47% (six months ended 30 June 2011: 4.86%) per annum for the six months ended 30 June 2012.

(b) Interest expense was capitalised as properties under development at the average effective rate of 7.83% (six months ended 30 June 2011: 5.63%) per annum for the six months ended 30 June 2012.

21. TAXATION

Income tax expense

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

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

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

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

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

	Six months ended 30 June	
	2012	2011
	RMB 'million	*RMB 'million*
	Unaudited	Unaudited
Current income tax:		
— PRC enterprise income tax	**1,067**	1,334
— Overseas taxation	**3**	2
	1,070	1,336
Deferred income tax	**(25)**	(196)
PRC land appreciation tax	**133**	142
	1,178	1,282

21. TAXATION *(CONTINUED)*

Income tax expense *(Continued)*

The difference between the actual income tax charged in the condensed 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	
	2012	2011
	RMB 'million	*RMB 'million*
	Unaudited	Unaudited
Profit before income tax	**717**	3,567
Tax calculated at the statutory tax rate of 25%	**179**	892
Effect of difference between applicable tax rate and statutory tax rate to Group companies	**(83)**	(221)
Tax losses and other temporary differences for which no deferred income tax asset was recognised	**950**	393
Income not subject to taxation	**(57)**	(49)
Expense not deductible for tax purpose	**101**	118
Additional tax relief	**(25)**	(21)
Utilisation of previously unrecognised tax losses and other temporary differences	**(9)**	(20)
Effect of higher tax rate for the appreciation of land in the PRC	**100**	106
Others	**22**	84
Income tax expense	**1,178**	1,282

22. (LOSS)/EARNINGS PER SHARE

(a) Basic

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

	Six months ended 30 June	
	2012	2011
	Unaudited	Unaudited
(Loss)/profit attributable to equity holders of the Company *(RMB' million)*	**(186)**	1,969
Weighted average number of ordinary shares in issue *(million)*	**19,110**	19,110
Basic (loss)/earnings per share *(RMB)*	**(0.01)**	0.10

(b) Diluted

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

23. DIVIDENDS

No interim dividend for the six months ended 30 June 2012 was declared by the Board of Directors (six months ended 30 June 2011: Nil).

24. FINANCIAL GUARANTEE

The nominal values of the financial guarantees issued by the Group as at 30 June 2012 is analysed as below:

	As at 30 June 2012	As at 31 December 2011
	RMB 'million	*RMB 'million*
	Unaudited	Audited
Outstanding guarantees *(i)*		
— Third parties	**234**	234
— Related parties	**140**	11
	374	245

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

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

25. CONTINGENCIES

	As at 30 June 2012	As at 31 December 2011
	RMB 'million	*RMB 'million*
	Unaudited	Audited
Pending lawsuits/arbitrations	**819**	706

The Group has been named in a number of lawsuits and other legal proceedings arising in the ordinary course of business. The balance is the maximum exposure of such lawsuits that the Group is claimed as defendants. 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 pending lawsuits since management believes the outflow of resources is not probable.

26. COMMITMENTS

(a) Capital commitments

	As at 30 June 2012	As at 31 December 2011
	RMB 'million	*RMB 'million*
	Unaudited	Audited
Contracted but not yet incurred		
— Property, plant and equipment	**25,904**	26,691
— Land use rights	**3,947**	4,787
— Mining rights	**4,287**	4,603
— Intangible assets	**268**	299
Total	**34,406**	36,380

(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 2012	As at 31 December 2011
	RMB 'million	*RMB 'million*
	Unaudited	Audited
Less than 1 year	**30**	54
1 year to 5 years	**11**	12
Over 5 years	**20**	21
Total	**61**	87

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").

27. RELATED PARTY DISCLOSURES *(CONTINUED)*

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 2012 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.

(a) Significant related party transactions

With Parent and fellow subsidiaries:

	Six months ended 30 June	
	2012 ***RMB 'million*** **Unaudited**	2011 *RMB 'million* Unaudited
Sales of goods or provision of services	**15**	9
Purchases of goods or services	**88**	11
Rental expense	**26**	24

With associates:

	Six months ended 30 June	
	2012 ***RMB 'million*** **Unaudited**	2011 *RMB 'million* Unaudited
Sales of goods or provision of services	**291**	65
Purchases of goods or services	**25**	14
Loans to associates	**133**	133
Interest income	**58**	30

Impairment charges of receivables due from associates amounted to RMB10 million (six months ended 30 June 2011: Nil) were recognised as expense for the six months ended 30 June 2012.

27. RELATED PARTY DISCLOSURES *(CONTINUED)*

(b) Balances with related parties

(i) Trade and other receivables

	As at 30 June 2012 *RMB 'million* Unaudited	As at 31 December 2011 *RMB 'million* Audited
Trade receivables due from		
— Parent and fellow subsidiaries	**72**	126
— Associates	**419**	209
Less: provision	**(19)**	(9)
	472	326
Other receivables due from		
— Parent and fellow subsidiaries	**—**	1
— Associates	**1,423**	1,291
Less: provision	**(3)**	(1)
	1,420	1,291
	1,892	1,617

As at 30 June 2012, other receivables comprise loans to associates of approximately RMB1,009 million (31 December 2011: RMB811 million). These unsecured loans bear interests at rates ranging from 6.31% to 12% (2011: 6.31% to 12%) per annum with loan periods within 1 year. Loans to associates are unsecured.

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

27. RELATED PARTY DISCLOSURES *(CONTINUED)*

(b) Balances with related parties *(Continued)*

(ii) Trade and other payables

	As at 30 June 2012	As at 31 December 2011
	RMB 'million	*RMB 'million*
	Unaudited	Audited
Trade payables due to		
— Parent and fellow subsidiaries	**26**	41
— Associates	**39**	28
	65	69
Other payables due to		
— Parent and fellow subsidiaries	**68**	27
— Associates	**7**	7
	75	34
	140	103

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

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	
	2012	2011
	RMB 'thousand	*RMB 'thousand*
	Unaudited	Unaudited
Basic salaries, housing allowances, other allowances and benefits-in-kind	**2,196**	2,333
Contributions to pension plans	**192**	163
	2,388	2,496

(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, 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

2011 AGM	the 2011 annual general meeting of the Company held on 15 June 2012
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 Share(s)	the domestic shares, with a nominal value of RMB1.00 each in the ordinary share capital of the Company, which are listed on the Shanghai Stock Exchange and traded in RMB
Board	the board of Directors of the Company
China or PRC	the People's Republic of China, excluding, for purposes of this document only, Hong Kong, Macao and Taiwan
Code on Corporate Governance Practices	the Code on Corporate Governance Practices as set out in Appendix 14 to the Hong Kong Listing Rules prior to Corporate Governance Code coming into effect on 1 April 2012
connected person(s)	connected party/parties under A Share listing requirements and connected person(s) under Listing Rules of H Shares
controlling shareholder	has the meaning ascribed thereto under the Hong Kong Listing Rules
Corporate Governance Code	the revised Corporate Governance Code as set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 to the Hong Kong Listing Rules coming into effect from 1 April 2012
CSRC	the China Securities Regulatory Commission
Director(s)	the director(s) of the Company, including all executive, non-executive and independent non-executive Directors
H Share(s)	the overseas listed foreign invested shares, with a nominal value of RMB1.00 each in the ordinary share capital of the Company, which are listed on the Hong Kong Stock Exchange and subscribed and traded in Hong Kong dollars
HK$ or Hong Kong dollars	Hong Kong dollars, the lawful currency of Hong Kong

Definitions and Glossary of Technical Terms

Hong Kong	the Hong Kong Special Administrative Region of the People's Republic of China
Hong Kong Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
independent Director or independent non-executive Director	a director who is independent of the Shareholders of the Company and is not an employee of the Company, has no material business connections or professional connections with the Company or its management and is responsible for exercising independent judgment over the Company's affairs
MCC, our Company, the Company	means Metallurgical Corporation of China Ltd.*, a joint stock limited company with limited liability incorporated under the laws of the PRC on 1 December 2008 and (unless 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 were engaged in and which were subsequently assumed by it pursuant to the Parent reorganisation
MCC Group, Parent	China Metallurgical Group Corporation
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
Wusteel	Wuhan Iron and Steel (Group) Corp., Ltd. and, except where the context otherwise requires, all of its associates
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 2012 to 30 June 2012
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

* *For identification purpose only*

Definitions and Glossary of Technical Terms

Shanghai Stock Exchange	the Shanghai Stock Exchange
Shareholder(s)	holder(s) of share(s) of the Company
State Council	the State Council of the People's Republic of China
Stock Exchange, Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
Supervisor(s)	the supervisor(s) of the Company
Supervisory Committee	the Supervisory Committee of Metallurgical Corporation of China Ltd.
USD, US dollars	US dollars, the lawful currency of the United States of America

TECHNICAL TERMS

BT	Build-Transfer, a business model in which the contractor undertakes the financing of construction expenditures and transfers the project back to the proprietor upon completion and inspection for acceptance and the proprietor will pay the contractor for such construction expenditures, financing costs and return on project in instalments pursuant to relevant agreements
design	application of engineering theories and techno-economic approaches, based on the prevailing technical standards, for conducting all-round design (including requisite non-standardised equipment design) and techno-economic analysis on newly constructed, expansion and reconstruction projects in respect of their technical process, land construction, civil works and environmental works; provision of design papers and blueprints as the basis for construction work
dry metric ton	the mineral weight excluding moisture
EPC	commissioned by the owner to contract such project work as design, procurement, construction and trial operations pursuant to the contract and be responsible for the quality, safety, timely delivery and cost of the project
exploration	activity to prove the location, volume and quality of a mineral occurrence
smelting	a pyro-metallurgical process of separating metal by fusion from those impurities with which it is chemically combined or physically mixed in ores
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

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