



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

2013
INTERIM
REPORT



** For identification purpose only*

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President's Statement



Shen Heting

President and
Executive Director

President's Statement

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

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

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

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

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

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



Corporate Information

Company name (in Chinese)	中國冶金科工股份有限公司
Abbreviation in Chinese	中國中冶
Company name (in English)	Metallurgical Corporation of China Ltd.*
Abbreviation in English	MCC
Legal representative of the Company	Shen Heting
Registered address	28 Shuguang Xili Chaoyang District Beijing
First registration date of the Company	1 December 2008
Business address in the PRC	MCC Tower 28 Shuguang Xili, Chaoyang District Beijing, PRC
Place of business in Hong Kong	Room 3205, 32/F Office Tower, Convention Plaza 1 Harbour Road, Wanchai, Hong Kong
Website address of the Company	http://www.mccchina.com
E-mail	ir@mccchina.com
Joint company secretaries	Kang Chengye, Ma Sau Kuen Gloria
Contact address	MCC Tower 28 Shuguang Xili, Chaoyang District Beijing, PRC
Tel	86-10-59868666
Fax	86-10-59868999
Places of listing	The Stock Exchange of Hong Kong Limited, Shanghai Stock Exchange
Abbreviation of stock name	MCC
Stock codes	1618 (Hong Kong), 601618 (Shanghai)
H Share registrar and transfer office	Computershare Hong Kong Investor Services Limited

Corporate Information

Address of H Share registrar and transfer office	17M Floor Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
PRC auditor	PricewaterhouseCoopers Zhong Tian LLP
Office address of the PRC auditor	26/F, Office Tower A, Beijing Fortune Plaza 7 Dongsanhuan Zhonglu Chaoyang District, Beijing, PRC
International auditor	PricewaterhouseCoopers Certified Public Accountants
Office address of the international auditor	22/F, Prince's Building Central Hong Kong
PRC legal advisor	Beijing Jiayuan Law Firm
Office address of the PRC legal advisor	F407, Ocean Plaza 158 Fuxingmennei Avenue Beijing, PRC
Hong Kong legal advisor	King & Wood Mallesons
Office address of the Hong Kong legal advisor	13th Floor, Gloucester Tower The Landmark 15 Queen's Road Central Central, Hong Kong

* For identification purpose only

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 2009 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 its 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 302nd among the 2013 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, CSI 300 Index and SSE Corporate Governance Index, while the H Shares had been selected to be a constituent stock of, among others, the Hang Seng Conglomerate Index.

As at 30 June 2013, the Company has 54 principal wholly-owned or non-wholly owned subsidiaries (二級全資及控股子公司) both in the PRC and abroad, which are detailed as follows:

Central Research Institute of Building and Construction Co., Ltd., MCC Group	MCC Baosteel Technology Services Co., Ltd.
Beijing MCC Equipment Research & Design Corporation Ltd.	MCC Hi-Tech Engineering Co., Ltd.
Wuhan Research Institute of Metallurgical Construction, Co., Ltd.	MCC Communication Engineering Technology Co., Ltd.
China Enfi Engineering Co., Ltd.	MCC Mining (Western Australia) Pty Ltd.
MCC Capital Engineering & Research Incorporation Limited	MCC Tongsin Resources Ltd.
CISDI Group Corp. Ltd.	MCC Australia Holding Pty Ltd.
WISDRI Engineering & Research Incorporation Limited	MCC Minera Sierra Grande S.A
Huatian Engineering & Technology Corporation, MCC	MCC-JJJ Mining Development Company Limited
ACRE Coking & Refractory Engineering Consulting Corporation, MCC	Ramu NiCo Management (MCC) Limited
Zhong Ye Chang Tian International Engineering Co., Ltd.	MCC Xiangxi Mining Co., Ltd.
Beris Group Corporation	MCC Real Estate Group Co., Ltd.

Company Profile

Northern Engineering & Technology Corporation, MCC	MCC Finance Corporation Ltd.
CCTEC Engineering Co., Ltd.	MCC International Incorporation Ltd.
Shen Kan Engineering & Technology Corporation, MCC	MCC Overseas Ltd.
Wuhan Surveying Geotechnical Research Institute Co., Ltd. of MCC	China MCC International Economic and Trade Co., Ltd.
China First Metallurgical Group Co., Ltd.	MCC (Guangxi) Mawu Expressway Construction & Development Co., Ltd.
China Second Metallurgical Group Corporation Limited	MCC Seawater Desalination Investment Co., Ltd.
China MCC 3 Group Co., Ltd.	MCC Holding (Hong Kong) Corporation Limited
China MCC 5 Group Co., Ltd.	MCC-SFRE Heavy Industry Equipment Co., Ltd.
MCC TianGong Group Corporation Limited	Beijing Central Engineering and Research Incorporation of Iron & Steel Industry Ltd.
China MCC 17 Group Co., Ltd.	Wuhan Iron and Steel Design & Research Incorporation Limited
China Metallurgical Construction Engineering Group Co., Ltd.	MCC Maanshan I&S Design and Research Institute Co., Ltd
China MCC 19 Group Co., Ltd.	Anshan Engineering & Research Incorporation of Metallurgical Industry
China MCC 20 Group Co., Ltd.	Anshan Coking and Refractory Engineering Consulting Corporation
China 22MCC Group Co., Ltd.	Changsha Metallurgical Design & Research Institute Co., Ltd.
Shanghai Baoye Group Corp., Ltd.	Shenyang Institute of Geotechnical Investigation Corporation, MCC
China Huaye Group Co., Ltd.	China 13th Metallurgical Construction Corporation

Financial Highlights

I. OVERVIEW

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

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

Financial Highlights

II. REVENUE FROM PRINCIPAL BUSINESS SEGMENTS

During the Reporting Period, the Company:

- **Engineering and construction business**

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

- **Equipment manufacturing business**

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

- **Resources development business**

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

- **Property development business**

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

- **Other businesses**

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

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

Financial Highlights

III. SUMMARY OF FINANCIAL STATEMENTS

Summary of financial statements prepared in accordance with IFRS

Unaudited Condensed Consolidated Interim Income Statement

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

Financial Highlights

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

Financial Highlights

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

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

Details of dividends attributable to equity holders of the Company for the six months ended 30 June 2013 and 2012 are set out in Note 23 to the Unaudited Condensed Consolidated Interim Financial Information.

Summary of Unaudited Condensed Consolidated Interim Total Assets and Total Liabilities

	30 June 2013	31 December 2012
	RMB 'million	<i>RMB 'million</i>
	Unaudited	<i>Restated</i>
Total assets	330,819	326,227
Total liabilities	276,833	273,392
Total equity	53,986	52,835

Directors' Report

I. INVESTMENT ANALYSIS

(I) External Equity Investments

1. Securities investment

Stock No.	Stock variety	Stock code	Stock abbreviation	Initial investment amount (RMB)	Number of shares held (share)	Carrying amount at the end of the period (RMB)	Percentage in securities investment held at the end of the period (%)	Gain or loss incurred in the Reporting Period (RMB)
1	Shares	600787	CMST Development Corp (中儲股份)	498,768	57,528	367,029	100	-77,663
Total				498,768	57,528	367,029	100	-77,663

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

Unit: RMB'000

Stock code	Stock abbreviation	Initial investment cost	Shareholding percentage at the beginning of the period (%)	Shareholding percentage at the end of the period (%)	Carrying value at the end of the period	Gain or loss incurred in the Reporting Period	Changes in owners' equity during the Reporting Period	Account category	Source of shares
601328	Bank of Communications	92,839	0.06	0.06	181,497	0	-37,712	Available-for-sale financial assets	Partly are initial shares and partly are purchased from the secondary market
000939	Kaidi Electric Power	2,562	1.11	1.11	51,280	0	-18,771	Available-for-sale financial assets	Initial shares
600643	AJ Corporation	2,166	0.15	0.15	10,436	0	-2,638	Available-for-sale financial assets	Initial shares
600729	Chongqing Department Store	450	0.12	0.12	8,957	0	-2,876	Available-for-sale financial assets	Initial shares
000709	Hebei Steel	5,800	0.03	0.03	5,264	28	-2,362	Available-for-sale financial assets	Initial shares
600117	Xining Special Steel	1,400	0.20	0.20	5,542	0	-1,822	Available-for-sale financial assets	Initial shares
600322	Tianjin Reality Development	1,600	0.09	0.09	3,010	0	-860	Available-for-sale financial assets	Initial shares
600282	Nanjing Iron & Steel Corp	530	0.03	0.03	2,016	0	-627	Available-for-sale financial assets	Initial shares
000005	Fountain	420	0.04	0.04	851	0	-257	Available-for-sale financial assets	Initial shares
600665	Tande	1,122	0.02	0.02	512	0	-154	Available-for-sale financial assets	Initial shares
Total		108,889	/	/	269,365	28	-68,079	/	/

Directors' Report

3. Equity interests in financial companies held by the Company

Name of investee	Initial investment cost (RMB)	Shareholding percentage at the beginning of the period (%)	Shareholding percentage at the end of the period (%)	Carrying value at the end of the period (RMB)	Gain or loss	Account category	Source of shares
					incurred in the Reporting Period (RMB)		
Changcheng Life Insurance Co., Ltd (長城人壽保險股份有限公司)	30,000,000	1.92	1.52	30,000,000	0	Available-for sale financial assets	By acquisition
Hankou Bank Company Limited (漢口銀行股份有限公司)	27,696,000	1.34	1.34	27,696,000	3,600,000	Available-for sale financial assets	By acquisition
Baosteel Group Finance Co., Ltd. (寶鋼集團財務有限公司)	10,497,680	2.20	2.20	10,497,680	0	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	0.26	4,416,900	0	Available-for sale financial assets	By acquisition
Wusteel Group Financial Company (武鋼集團財務有限公司)	2,000,000	0.20	0.20	2,000,000	0	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	0.02	2,000,000	0	Available-for sale financial assets	By acquisition
Nanjing Bank of Communications (南京交通銀行)	563,096	1.00	1.00	563,096	0	Available-for sale financial assets	By acquisition
Total	77,173,676	/	/	77,173,676	3,600,000	/	/

Directors' Report

(II) Entrusted Asset Management and Derivative Investments of Non-financial Institutions

1. Entrusted Asset Management

Unit: 0'000 Currency: RMB

No.	Name of the principal	Name of the trustee	Product categories of entrusted assets	Amount of entrusted assets	Commencement and expiry date of investment	Calculation method of remuneration	Estimated returns	Actual principal amount recovered as at the end of the Reporting Period	Actual revenue earned	Whether it is subject to legal procedures	Amount provided for impairment	Whether it is a connected transaction	Is it involved in litigation	Whether it is financed by the proceeds raised	Note
1	China MCC 17 Group Co., Ltd.	Anhui Guoyuan Trust Co., Ltd.	Trusted asset management product	500	2012/1/1 to 2013/12/31	Annual rate of return 8.5%, settled once a year, and all principal to be returned at maturity	Revenue for 2013 expected to be RMB425,000	0	Interest accrued annually	N/A	0	No	No	No	
2	MCC Finance Corporation Ltd.	China Construction Bank Corporation	Open-end asset management products	20,000	2012/12/7 to 2013/1/29	Correspond different rates of return based on actual holding period of products	Redeem from time to time according to liquidity need and determined by holding period of products	20,000	83.44	N/A	0	No	No	No	
3	MCC Finance Corporation Ltd.				2012/12/31 to 2013/1/29	Correspond different rates of return based on actual holding period of products	Redeem from time to time according to liquidity need and determined by holding period of products	10,000	23.18	N/A	0	No	No	No	
4	MCC Finance Corporation Ltd.	China Construction Bank Corporation	Open-end asset management products	30,000	2012/12/31 to 2013/4/25	Correspond different rates of return based on actual holding period of products	Redeem from time to time according to liquidity need and determined by holding period of products	20,000	207.85	N/A	0	No	No	No	Purchased in one lot and redeemed in two lots
5	MCC Finance Corporation Ltd.	China Construction Bank Corporation	Corporate asset management products with principal guaranteed	20,000	2012/12/31 to 2013/2/1	Fixed income	71.8	20,000	71.89	N/A	0	No	No	No	

Directors' Report

2. Entrusted Loans

Unit: 0'000 Currency: RMB

No.	Name of the lender (the lending party)	Name of the borrower	Relationship of the borrower with the listed company	Amount of entrusted loan	Commencement and expiry date of loan	Annual interest rate of loan (%)	Use of proceeds (Use of borrowing)	Pledged asset or pledger	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 revenue	Investment gain/loss	Note
1	Metallurgical Corporation of China Ltd.	Xiangyang Enfi Green Energy Company Ltd. (襄陽恩菲環保能源有限公司)	Subsidiary	2,581.00	2013/3/28 to 2016/3/27	4.305	Waste incineration power generation	None	No	No	No	No	No	337.97	29.01	
2	Metallurgical Corporation of China Ltd.	Wuxi Xidong Green Energy Company Ltd. (無錫錫東環保能源有限公司)	Subsidiary	2,092.00	2013/3/28 to 2016/3/27	4.305	Waste incineration power generation	None	No	No	No	No	No	273.93	23.52	
3	Metallurgical Corporation of China Ltd.	Beijing MCC Equipment Research & Design Corporation Ltd.	Subsidiary	1,167.00	2013/3/28 to 2016/3/27	4.305	Engineering segment	None	No	No	No	No	No	152.81	13.12	
4	Metallurgical Corporation of China Ltd.	MCC-SFRE Heavy Industry Equipment Co., Ltd.	Subsidiary	547.00	2013/3/28 to 2016/3/27	4.305	Manufacturing segment	None	No	No	No	No	No	71.63	6.15	
5	Metallurgical Corporation of China Ltd.	Central Research Institute of Building and Construction Co., Ltd., MCC Group	Subsidiary	1,511.00	2013/3/28 to 2016/3/27	4.305	Engineering segment	None	No	No	No	No	No	197.86	16.98	
6	Metallurgical Corporation of China Ltd.	MCC-JJ Mining Development Company Limited	Subsidiary	162,500.00	2009/11/18 to 2017/11/17	5.94	Mineral exploration	None	No	No	No	No	Yes	78,319.31	4,826.25	See note 1
7	Huaitan Engineering & Technology Corporation, MCC	Ma'anshan MCC Water Service Company Limited (馬鞍山中冶水務有限公司)	Subsidiary	2,100.00	2012/8/31 to 2015/8/30	6.15	Environmental works	None	No	No	No	No	No	387.45	65.29	
8	Huaitan Engineering & Technology Corporation, MCC	Lu'an MCC Water Service Company Limited (六安市中冶水務有限公司)	Subsidiary	2,400.00	2012/8/31 to 2015/8/30	6.15	Environmental works	None	No	No	No	No	No	442.80	74.62	
9	MCC Capital Engineering & Research Incorporation Limited	MCC Capital (Xiangtan) Heavy Industrial Equipment Co., Ltd.	Associate	8,287.50	2012/6/28 to 2014/6/28	6.00	Manufacturing segment	None	No	No	Yes	No	No	994.50	251.39	See note 2
10	MCC Capital Engineering & Research Incorporation Limited	MCC Capital (Xiangtan) Heavy Industrial Equipment Co., Ltd.	Associate	9,500.00	2013/5/29 to 2013/11/29	5.60	Manufacturing segment	None	No	No	No	No	No	285.00	33.99	

Directors' Report

No.	Name of the lender (the lending party)	Name of the borrower	Relationship of the borrower with the listed company	Amount of entrusted loan	Commencement and expiry date of loan	Annual interest rate of loan (%)	Use of proceeds (Use of borrowing)	Pledged asset or pledger	Is it overdue	Whether it is a connected transaction	Whether the payment is involved in litigation	Whether it is financed by the proceeds raised	Expected revenue	Investment gain/loss	Note
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	2011/1/5 to 2014/1/31	6.40	Engineering segment	None	No	No	No	No	283.04	48.53	
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	1,500.00	2011/5/10 to 2014/1/31	6.40	Engineering segment	None	No	No	No	No	273.30	48.53	
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	1,200.00	2011/6/15 to 2014/1/31	6.40	Engineering segment	None	No	No	No	No	181.22	38.83	
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	1,500.00	2011/8/16 to 2014/1/31	6.40	Engineering segment	None	No	No	No	No	225.51	48.53	
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	2011/02/24 to 2014/1/31	6.40	Engineering segment	None	No	No	No	No	119.51	25.88	
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	1,000.00	2011/10/25 to 2014/1/31	6.40	Engineering segment	None	No	No	No	No	153.93	32.36	
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	800.00	2011/1/13 to 2014/1/31	6.40	Engineering segment	None	No	No	No	No	113.76	25.88	
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	200.00	2011/1/21 to 2014/1/31	6.40	Engineering segment	None	No	No	No	No	31.20	6.47	
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	550.00	2011/12/26 to 2014/1/31	6.40	Engineering segment	None	No	No	No	No	73.15	17.80	
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	470.00	2012/1/16 to 2014/1/31	6.15	Engineering segment	None	No	No	No	No	62.51	14.61	
21	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	6.15	Engineering segment	None	No	No	No	No	34.14	8.71	
22	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	6.15	Engineering segment	None	No	No	No	No	44.33	12.44	
23	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	6.15	Engineering segment	None	No	No	No	No	80.00	31.09	
24	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	320.00	2012/11/20 to 2014/1/31	6.15	Engineering segment	None	No	No	No	No	23.89	9.95	

Directors' Report

No.	Name of the lender (the lending party)	Name of the borrower	Relationship of the borrower with the listed company	Amount of entrusted loan	Commencement and expiry date of loan	Annual interest rate of loan (%)	Use of proceeds (Use of borrowing)	Pledged asset or pledger	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 revenue	Investment gain/loss	Note
25	MCC Baosteel Technology Services Co., Ltd.	Weifang MCC Infrastructure Construction Investment Co., Ltd. (潍坊中冶基礎 設施投資建設有限公司)	Subsidiary	700.00	2012/12/20 to 2014/1/31	6.15	Engineering segment	None	No	No	No	No	No	48.53	21.76	
26	Shanghai Baorong International Container Co., Ltd. (上海寶樂國際 集裝箱有限公司)	Shanghai Baowuan Metallic Products Co., Ltd. (上海寶 鋼金屬製品有限公司)	Subsidiary	500.00	2012/5/25 to 2013/5/24	6.31	Manufacturing segment	None	No	No	No	No	No	31.55	14.03	
27	Shanghai Baorong International Container Co., Ltd. (上海寶樂國際 集裝箱有限公司)	Shanghai Baowuan Metallic Products Co., Ltd. (上海寶 鋼金屬製品有限公司)	Subsidiary	500.00	2013/6/14 to 2014/6/13	6.00	Manufacturing segment	None	No	No	No	No	No	30.50	0.58	
28	Shanghai Baorong International Container Co., Ltd. (上海寶樂國際 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	2,000.00	2012/6/16 to 2013/8/15	5.40	Manufacturing segment	None	No	No	No	No	No	108.00	54.60	
29	Shanghai Baorong International Container Co., Ltd. (上海寶樂國際 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	500.00	2012/9/19 to 2013/9/18	5.40	Manufacturing segment	None	No	No	No	No	No	27.00	13.65	
30	Shanghai Baoye Group Corp., Ltd.	Shaoying Zhongye Xinyu Real Estate Company Limited (紹興中冶新域置業 有限公司)	Subsidiary	25,000.00	2012/9/26 to 2013/9/26	6.60	Real Estate	None	No	No	No	No	No	1,668.50	829.58	
31	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)	None	1,850.00	2007/6/14 to 2007/1/0/15	Default fine of 0.05% per day	Real Estate	Guaranteed by Dalian Xi Gang Branch of Shenzhen Development Bank	Yes	No	No	Yes	No	—	—	See note 3
32	China Enfi Engineering Corporation (中國恩菲工程技術 有限公司)	Wuxi Xidong Green Energy Company Ltd. (無錫錫東環保能源 有限公司)	Subsidiary	11,222.00	2013/6/14 to 2016/6/13	4.31	Waste incineration power generation	None	No	No	No	No	No	1,449.32	21.47	
33	China Enfi Engineering Corporation (中國恩菲 工程技術有限公司)	Luoyang China Silicon Hi-tech Corporation (洛陽中硅高科技有限公司)	Subsidiary	4,800.00	2013/6/21 to 2014/6/20	4.31	Resources segment	None	No	No	No	No	No	206.64	5.17	

Note1: As disclosed in the Company's A Share prospectus, proceeds raised through the A Share offering were earmarked for the Ramu nickel laterite mine project by way of entrusted loans.

Note2: As applied by MCC Capital (Xiangtan) Heavy Industrial Equipment Co., Ltd. and agreed by MCC Capital Engineering & Research Incorporation Limited, the entrusted loan would roll over to another one year from 28 June 2013, the due date.

Note3: 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 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 November 2011, as the loan entered into the phase of actual execution, MCC 20 Group applied to the court for enforcement on Dalian Haoyi and Shenzhen Development Bank, with appraisal and auction of the frozen assets of Dalian Haoyi, and RMB1.50 million was repaid through enforcement of the court. During the Reporting Period, the loan was still at the actual enforcement stage without progress.

Directors' Report

(III) Use of Proceeds and Projects Undertaken

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 Company has not used proceeds raised through the H Share offering. As at the end of the Reporting Period, the used H Share proceeds amounted to HK\$10,909 million in aggregate, while the balance of the unused H Share proceeds amounted to HK\$5,005 million (including unused listing expenses, 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 of the Company. The H Share proceeds which remain temporarily unused have been deposited in the account designated for raised proceeds of the Company.

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 RMB119 million. As at the end of the Reporting Period, the used A Share proceeds amounted to RMB13,902 million in aggregate, while the unused portion amounted to RMB4,688 million (including interest accrued from proceeds deposited in the bank and unused proceeds for temporary replenishment of the Company's working capital). Except for temporarily replenishing the working capital, the A Share proceeds which remain temporarily unused have been deposited in the account designated for raised proceeds of the Company.

(2) Unused A Share proceeds during the Reporting Period to temporarily replenish the working capital and its repayment

Upon consideration and approval at the 40th meeting of the first session of the Board held by the Company in August 2012, the Company approved the utilisation of a fraction of the unused A Share proceeds of not more than RMB1,800 million to temporarily replenish working capital of the Company for a period of not more than 6 months (for details, please refer to the Company's overseas regulatory announcement disclosed on 30 August 2012). Pursuant to the above resolution, the Company and its subsidiaries had utilised RMB1,702 million of aggregate unused A Share proceeds to temporarily replenish working capital. As at 25 February 2013, the Company had fully returned the aforementioned proceeds to the Company's designated account for A Share proceeds.

Upon consideration and approval at the 48th meeting of the first session of the Board held by the Company in March 2013, the Company approved the utilisation of a fraction of the unused A Share proceeds of not more than RMB3,240 million to temporarily replenish working capital of the Company for a period of not more than 1 year (for details, please refer to the Company's overseas regulatory announcement disclosed on 28 March 2013). Pursuant to the aforementioned resolution, the Company and its subsidiaries had utilised RMB3,237 million of aggregate unused A Share proceeds to temporarily replenish working capital.

Directors' Report

2. Use of proceeds for projects undertaken

(1) Projects financed by H Share proceeds

Unit: 0'000 Currency: HKD

Name of the project undertaken	Any changes to the project	Amount of proceeds to be invested	Actual amount of proceeds invested	Progress of utilisation of proceeds	Revenue generated from project	Explanation of projects falling behind schedule or failing to achieve returns as expected
Overseas resources development projects	No	Approximately 33% of H Share proceeds	216,250.04	In progress	Cannot be confirmed until completion of the project	Project still in injection period
Overseas construction projects	No	Approximately 45% of H Share proceeds	700,000.00	Completed	Cannot be confirmed until completion of the project	Project still in 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	Project still in 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
Sub-total			1,090,864.32			

Directors' Report

(2) Projects financed by A Share proceeds

Unit: 0'000 Currency: RMB

Name of the project undertaken	Any changes to the project	Amount of proceeds to be invested	Amount of proceeds invested during the Reporting Period		Is it up to 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
			Amount of proceeds invested during the Reporting Period	Actual amount of proceeds invested						
Afghanistan Aynak copper mine project	No	85,000.00	0.00	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, the Afghanistan government has carried out land acquisition that involves village relocation pursuant to the confirmed relocation plan. The experts of relics designated by the Afghanistan government had been excavating relics in the most urgent sites of the mining area in operation. The Afghanistan government is putting more effort in the excavation of relics. Pursuant to the mining contract signed by both parties, the Company is actively communicating with the Afghanistan government and negotiating on revisions of the mining contract involving scope of the contract, product solution, economy of the project, security measures and conditions for commencement of construction, etc. At present, negotiation is still underway.
Ramu nickel laterite mine project	No	250,000.00	0.00	250,000.04 ^(Note 1)	Yes	100.00%	Internal rate of return of 12.67%	Cannot be confirmed until the project ramps up to targeted production	—	Influenced by the rainy season, the strike and the fact that part of production equipments did not match, production volume in the first half of 2013 was relatively low.
The innovation base project of the National Steel Structures Engineering Technology Research Centre	Yes	75,000.00 ^(Note 2)	347.71	42,568.88	No	56.76%	N/A	N/A	N/A	Project is in progress, and actual proceeds used were below the planned amount.
Equipment purchase for engineering, contracting and research and development	No	500,000.00	8,158.25	196,698.02	No	39.34%	Internal rate of return of 15.99%	Cannot be confirmed until completion of the project	—	Acquisition of equipment has been commenced, including large-scale engineering machines, production line for non-standard products, research and development equipment and environment protection equipment. Actual proceeds used were below the planned amount.
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	8.53	64,308.53 ^(Note 1)	Yes	100.00%	Internal rate of return of 10.65%	Cannot be confirmed until the project ramps up to targeted production	—	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 satisfactorily. Since the project has not been ramped up to its production capacity, the revenue to be generated from the project cannot be confirmed.
The project in Caofeidian, Tangshan in relation to 500,000 tons of cold bend steel and steel structures project	No	44,000.00	0.00	44,044.10 ^(Note 1)	Yes	100.00%	Internal rate of return of 17.60%	Profit accumulated to RMB17,395,400	Yes	

Directors' Report

Name of the project undertaken	Any changes to the project	Amount of proceeds to be invested	Amount of proceeds invested during		Is it up to 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 Reporting Period	Actual amount of proceeds invested						
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	1,062.73	20,476.06	No	59.35%	Internal rate of return of 20.90%	Cannot be confirmed until completion of the project	—	Production line runs in good conditions, final accounts at completion of the project has been completed and a part of payment has not been fulfilled.
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 2)	0.00	0.00	—	—	—	—	—	Upon approval at the 2010 annual general meeting, this project had been entirely substituted for "large multi-ram die forgings and heavy equipment automation industrial base construction project".
Large multi-ram die forgings and heavy equipment automation industrial base construction project	No	48,200.00 ^(Note 2)	2,300.64	36,554.61	No	75.84%	Internal rate of return of 17.10%	Profit accumulated to RMB210,600	Yes	Actual proceeds used were below the planned amount. Trial production of the production line of 40MN multi-ram forging hydraulic pressure machine was in good condition. The main part of 120MN multi-ram forging hydraulic pressure machine was built with 70% of installation of equipment and 80% of hydraulic pressure system completed. It was endeavoured to commence heat trial in the third quarter of 2013.
The land development project in Gaohang Town, Pudong	No	58,800.00	0.00	58,800.00	Yes	100.00%	Internal rate of return of 16.35%	Profit accumulated to RMB573,077,000	Yes	
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	0.00	50,693.73 ^(Note 1)	Yes	100.00%	Internal rate of return of 29.07%	Profit accumulated to RMB291,557,800	Yes	
Replenishment of working capital and repayment of bank loans	No	475,000.00 ^(Note 2)	0.00	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	0.00	151,097.24	N/A	N/A	N/A	N/A	N/A	
Sub-total		1,835,897.24	11,877.86	1,390,241.21						

Directors' Report

Note 1: The actual amount of proceeds invested in the Ramu nickel laterite mine project, the new project on the manufacturing of forged steel rolling mill and the expansion of the hot processing production capacity in Fuping County, Shaanxi Province, the project in Caofeidian, Tangshan in relation to 500,000 tons of cold bend steel and steel structures project and the land development project of old town area renovation work (Phase II) in Yuan Yang Old Town, Jing Kai Yuan, North New District, Chongqing, in excess 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 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 the large multi-ram die forgings and heavy equipment automation industrial base construction project.

(IV) Use of major non-proceeds investments

During the Reporting Period, the Company had no major project not invested by proceeds with project investment totalling over 10% of the audited net asset of the Company as at the end of last year.

II. IMPLEMENTATION OR ADJUSTMENT OF THE PROFIT DISTRIBUTION PLAN

Pursuant to provisions of the Company Law and the Articles of Association, and as considered and approved at the 2012 AGM of the Company, no profit allocation was made by the Company for the year of 2012.

III. ANALYSIS ON CORE COMPETENCY

During the Reporting Period, core competency of the Company has not experienced major changes.

Management Discussion and Analysis

I. OVERVIEW

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

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

II. UNAUDITED CONDENSED CONSOLIDATED OPERATING RESULTS

1. Revenue

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

2. Cost of sales and gross profit

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

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

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

Management Discussion and Analysis

3. Operating profit

For the six months ended 30 June 2013, the operating profit of the Company amounted to RMB4,851 million, representing an increase of RMB1,836 million or 60.90% compared to RMB3,015 million for the same period of 2012. The increase in operating profit was mainly attributable to the loss of segment results of the resources development business of the Company of RMB562 million for the six months ended 30 June 2013, compared to the loss of segment results of RMB1,932 million for the six months ended 30 June 2012. The equipment manufacturing business recorded a loss of segment results of RMB152 million for the six months ended 30 June 2013 compared to a loss of segment results of RMB229 million for the six months ended 30 June 2012. The operating profit of the engineering and construction business and property development business increased by RMB67 million or 1.50% and RMB401 million or 55.62% respectively compared to the six months ended 30 June 2012. The operating profit of other businesses decreased by RMB59 million or 54.13% compared to that for the six months ended 30 June 2012. (all segments' information is before elimination of inter-segment transactions)

4. Finance income

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

5. Finance costs

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

Management Discussion and Analysis

6. Share of (losses)/profits of associates

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

7. Profit before income tax

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

8. Income tax expense

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

9. Loss attributable to non-controlling interests

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

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

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

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 2013 and the six months ended 30 June 2012.

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

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

Management Discussion and Analysis

1. Engineering and construction business

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

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

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

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

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

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

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

Management Discussion and Analysis

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

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

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

2. Equipment manufacturing business

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

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

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

Management Discussion and Analysis

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

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

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

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

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

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

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

Management Discussion and Analysis

3. Resources development business

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

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

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

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

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

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

Management Discussion and Analysis

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

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

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

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

4. Property development business

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

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

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

Management Discussion and Analysis

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

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

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

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

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

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

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

Management Discussion and Analysis

5. Other businesses

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

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

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

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

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

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

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

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

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

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

IV. LIQUIDITY AND CAPITAL RESOURCES

The 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 its 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 flows

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

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

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2. Cash flows from operating activities

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

3. Cash flows from investing activities

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

4. Cash flows from financing activities

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

Management Discussion and Analysis

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 2013 and the six months ended 30 June 2012.

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

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

6. Working capital

Trade receivables and trade payables

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

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

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

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

Management Discussion and Analysis

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

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

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

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

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

Management Discussion and Analysis

7. Retentions

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

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

8. Assets-liabilities ratio

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

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

9. Gearing ratio

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

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

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

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V. INDEBTEDNESS

1. Borrowings

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

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

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

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

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(b) Non-current portion of debentures

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

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

Management Discussion and Analysis

(c) Current portion of debentures

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

- (i) As approved by the acceptance notice for registration(中市協注[2011]CP157號) from the National Association of Financial Market Institutional Investors, the Company issued its Tranche II Short-Term Debentures on 27 September 2012 at par value of RMB3,000 million, with a maturity of one year from issuance. The debentures are unsecured and bear interests at a fixed rate of 4.48% per annum. Principal and interests are paid upon maturity date.
- (ii) As approved by the acceptance notice for registration(中市協注[2012]CP340號) from the National Association of Financial Market Institutional Investors, the Company issued its Tranche III Short-Term Debentures on 22 November 2012 at par value of RMB4,000 million, with a maturity of one year from issuance. The debentures were unsecured and bear interests at a fixed rate of 4.46% per annum. Principal and interests are paid upon maturity date.
- (iii) As approved by the acceptance notice for registration(中市協注[2013]CP28號) from the National Association of Financial Market Institutional Investors, the Company issued its Tranche I Short-Term Debentures on 12 March 2013 at par value of RMB2,000 million, with a maturity of one year from issuance. The debentures were unsecured and bear interests at a fixed rate of 4.03% per annum. Principal and interests are paid upon maturity date.
- (iv) As approved by the acceptance notice for registration(中市協注[2013]CP28號) from the National Association of Financial Market Institutional Investors, the Company issued its Tranche II Short-Term Debentures on 25 April 2013 at par value of RMB3,000 million, with a maturity of one year from issuance. The debentures were unsecured and bear interests at a fixed rate of 4.10% per annum. Principal and interests are paid upon maturity date.
- (v) As approved by the acceptance notice for registration(中市協注[2012]SCP17號) from the National Association of Financial Market Institutional Investors, the Company issued its Tranche I Extra Short-Term Debentures on 7 May 2013 at par value of RMB4,000 million, with a maturity of 270 days from issuance. The debentures are unsecured, and bear interests at a fixed rate of 3.90% per annum. Principal and interests are paid upon maturity date.
- (vi) As approved by the acceptance notice for registration(中市協注[2012]SCP17號) from the National Association of Financial Market Institutional Investors, the Company issued its Tranche II Extra Short-Term Debentures on 22 May 2013 at par value of RMB3,000 million, with a maturity of 270 days from issuance. The debentures are unsecured, and bear interests at a fixed rate of 3.85% per annum. Principal and interests are paid upon maturity date.

(d) For the six months ended 30 June 2013, the Company repaid debentures amounted to RMB14,400 million.

Management Discussion and Analysis

2. Financial guarantee

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

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

- (i) The Company 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 Company holds a small portion of equity interest or they are the Company's long-term suppliers.

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

3. Contingencies

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

- (i) 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 such lawsuits that the Company is named as defendants. Provision will be 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.

Management Discussion and Analysis

- (ii) As explained in Note 12 to the unaudited condensed consolidated interim financial information, during the year ended 31 December 2012, due to unexpected events including the severe weather, such as hurricane, the schedule of Western Australia Sino Iron Ore project has been delayed, which led to substantial increase in project costs and exceeded the Company's expectations. Management believes the Company has taken various measures to accelerate the construction progress and control the project costs, and thus mitigated the delays it may have caused and decreased the related losses. On the clauses in the contract that the Company signed with the owner in relation to the claim for the losses arising from the schedule delays caused by the contractor, the Company has negotiated with CITIC Group and reached an agreement that the project delays were caused by various reasons and both parties agreed to consider from each other's perspectives to resolve the problems properly, and complete the loaded linkage commissioning of the second main process production line by 15 April 2013. During the six months ended 30 June 2013, there was a further delay in commissioning of the second production line due to the technical issues of the cyclo electric motors. For details, refer to Note 12 to the unaudited condensed consolidated interim financial information.

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

VI. MARKET RISKS

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

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

(a) Liquidity risks

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Company aims to maintain flexibility in funding by keeping committed credit lines available. The Company 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.

Management Discussion and Analysis

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 to their carrying balances, as the impact of discounting is not significant.

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

(b) 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 risks relates principally to its trade and other receivables, cash and cash equivalents, trade and other payables and borrowings that were denominated mainly in USD, Australian Dollar ("AUD") and European Dollar ("EUR").

To monitor the impact of exchange rate fluctuations, the Company continually assesses and monitors its exposure to foreign exchange risks. The Company 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.

Management Discussion and Analysis

(c) 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 and cash equivalents and borrowings at fixed rates expose the Company to fair value interest-rate risks. To monitor the impact of interest rate fluctuations, the Company continually assesses and monitors its exposure to interest rate risks and enters into fixed rate borrowing arrangements.

(d) Price risks

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

(e) Credit risks

The carrying amounts of cash and cash equivalents, restricted cash, trade and other receivables (except for prepayment and staff advances), and the nominal value of the guarantees provided on liabilities represent the 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. Most of cash at bank, bank deposits and restricted cash of the Company that were fully performing had not been renegotiated.

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

Significant Events

I. MATERIAL LITIGATION AND ARBITRATION

The Company disclosed in “Western Australian Cape Lambert Iron Ore Project Dispute”, an announcement published on 10 September 2010, that there were disputes between the Company and its subsidiary MCC Australia Sanjin Mining Pty Ltd. (“MCC Sanjin”) and Cape Lambert Resources Limited and Mt Anketell Pty Ltd. (collectively, the “CFE Party”) in respect of the final tranche of AUD80 million under the relevant transaction agreement for the mining tenements of Cape Lambert Iron Ore in Western Australia. The Supreme Court of Western Australia granted the judgment on 8 August 2012 and 12 March 2013, respectively, pursuant to which the parties should refer such disputes to arbitral proceedings for settlement. On 18 April 2013, the CFE Party submitted application for arbitration on the disputes in relation to the final tranche to the Arbitration Centre in Singapore. Arbitration Centre in Singapore has ordered the Company to deposit the final tranche of AUD80 million into an escrow account in the joint names of the parties, which is opened in a major commercial bank in Australia, within 21 business days from the date of such order. The order does not constitute the final judgment of the disputes over the final tranche of AUD80 million between the parties (for details, please refer to the announcement issued by the Company on 12 August 2013).

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

II. EVENTS IN RELATION TO BANKRUPTCY AND REORGANISATION

During the Reporting Period, the Company had no events in relation to bankruptcy and reorganisation.

III. TRANSACTION OF ASSETS AND AMALGAMATION

During the Reporting Period, the Company had no material asset acquisition and sale or amalgamation.

IV. EVENTS IN RELATION TO SHARE INCENTIVE

During the Reporting Period, the Company had no events in relation to share incentive.

V. CONNECTED TRANSACTION

1. On 5 February 2013, the Company entered into the Loan Transfer Agreement with MCC Group in Beijing, pursuant to which the Company transferred to MCC Group loans owed by Huludao Nonferrous amounting to approximately RMB7.75 billion (as at the reference date of 31 December 2012) at a consideration of RMB859.823 million as appraised value. Under the Loan Transfer Agreement, the amount of the final total repayment from Huludao Nonferrous (or its successor) in respect of such loans in excess of the transfer price shall belong to the Company, and MCC Group shall deliver such excess amount to the Company within 30 days upon receipt (for details, please refer to the announcement issued by the Company on 5 February 2013). The Company has received the full amount of the transfer price on 7 February 2013.

Significant Events

2. Various types of continuing connected transactions between the Company and MCC Group which actually occurred during the Reporting Period are set out in the following table:

Unit: 0'000 Currency: RMB

Item	Type of Transaction	Annual Cap for 2013	Amount actually occurred as at 30 June 2013
With MCC Group			
1	Leasing of properties from MCC Group and its subsidiaries to the Company and its subsidiaries	9,000	2,812
2	Provision of raw materials, products and services from MCC Group and its subsidiaries to the Company and its subsidiaries	40,000	244
3	Provision of raw materials, products and services from the Company and its subsidiaries to MCC Group and its other subsidiaries	100,000	5,590

3. Pangang Group Steel Vanadium & Titanium Co., Ltd., a subsidiary of Pansteel Group Corporation, and Wuhan Iron and Steel Engineering and Technology Group Limited Company, a subsidiary of Wuhan Iron and Steel (Group) Corporation, respectively owned over 10% of equity interests in CISDI Engineering Co., Ltd. and WISDRI Engineering & Research Incorporation Limited, subsidiaries of the Company. According to the assessment based on the audited financial data of the recent three years, the above two subsidiaries do not meet the standards for major subsidiaries set by relevant regulations. Pursuant to Chapter 14A of the Hong Kong Listing Rules, the connected transactions between the Company and Pansteel Group Corporation and its subsidiaries, and those between the Company and Wuhan Iron and Steel (Group) Corporation and its subsidiaries are deemed as connected transactions that can be exempted from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

VI. MATERIAL CONTRACTS AND THE PERFORMANCE THEREOF

1. Major trusteeship, contracting and leasing

During the Reporting Period, the Company had no substantial trusteeship, contracting and leasing.

Significant Events

2. Guarantees

Unit: '000 Currency: RMB

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

Guarantor	Relationship between guarantor and the listed company	Guaranteed party	Guaranteed amount	Date of guarantee			Type of guarantee	Whether fully fulfilled	Whether		
				(agreement execution date)	Commencement date of guarantee	Expiry date of guarantee			any counterparty	Whether guarantee was available for a related party	
China 22 MCC Group Co., Ltd.	Wholly-owned Subsidiary	Hebei Steel Luan County Sijaying Iron Ore Co., Ltd.	20,580	7 September 2007	7 September 2007	6 September 2015	Under joint and several liabilities	No	No	No	No
MCC Capital Engineering & Research Incorporation Limited	Controlled subsidiary	MCC (Xiangtan) Heavy Industrial Equipment Co., Ltd.	20,000	25 November, 2011	25 November, 2011	19 August 2013	Under joint and several liabilities	No	No	No	No
China 22 MCC Group Co., Ltd.	Wholly-owned Subsidiary	Hebei Steel Luan County Sijaying Iron Ore Co., Ltd.	60,000	10 October, 2007	10 October, 2007	30 August 2014	Under joint and several liabilities	No	No	No	No
China 22 MCC Group Co., Ltd.	Wholly-owned Subsidiary	Xi'an Sanjiao Aviation Technology Co., Ltd.	65,000	9 September, 2008	9 September, 2008	31 December, 2014	Under joint and several liabilities	No	No	No	No
China Huaye Group Co., Ltd.	Wholly-owned Subsidiary	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

Total amount of guarantees occurred during the Reporting Period (excluding guarantees to subsidiaries)	-109,271 ^(Note 1)
Total balance of guarantees as at the end of the Reporting Period (A) (excluding guarantees to subsidiaries)	194,341

Guarantees provided by the Company to its subsidiaries ^(Note 2)

Total amount of guarantees occurred by the Company to its subsidiaries during the Reporting Period	-499,756 ^(Note 1)
Total balance of guarantees provided by the Company to its subsidiaries as at the end of the Reporting Period (B)	13,408,021

Total guarantees provided by the Company (including guarantees to subsidiaries)

Total amount of guarantees (A+B)	13,602,362
Total amount of guarantees as a percentage of the Company's net assets (%)	25.20
Including:	
Amount of guarantees provided to shareholders, the ultimate controlling person and other related parties (C)	0
Debt guarantees directly or indirectly provided to parties with gearing ratio of over 70% (D)	9,727,036
The excess of total amount of guarantees over 50% of the net assets (E)	0
Total amount of above 3 guarantees (C+D+E)	9,727,036

Note 1: During the Reporting Period, the amount of guarantees occurred was negative mainly because of the fact that the amount of guarantees that was due surpassed the amount of new guarantees.

Note 2: Guarantees provided among the subsidiaries and guarantees provided by the subsidiaries to the Parent are included.

Significant Events

3. Other material contracts

1. Material contracts in the PRC

Number	Name of project	Contractual amounts (RMB 'million)	Signing Party/Parties	Term (months)
1	General Contracting of 605 Sintering Production Line of Cangzhou China Railway (滄州中鐵605平燒結生產線總包工程)	1,880	Northern Engineering & Technology Corporation, MCC	30
2	Phase I Project of Comprehensive Utilisation and Coal Grading of Qinghua Group (慶華集團煤炭分質綜合利用一期項目)	1,300	China 22 MCC Group Co., Ltd.	Depends on progress
3	Housing Development Project in Suzhou-Maanshan Modern Industrial Park (宿馬現代產業園區住房代開發項目)	1,300	China MCC 17 Group Co., Ltd.	Depends on progress
4	Bozhou Newspaper Communications Square Project (亳州報業傳媒廣場項目工程)	1,200	China MCC 17 Group Co., Ltd.	18
5	Tianzi Four Seasons Project in Tongcheng City (桐城市天紫四季城項目)	1,200	China MCC 20 Group Co., Ltd.	25
6	General Construction Contracting of the Commercial Land Project at the East to Hu Tai Road (滬太路東側商業地塊項目施工總承包工程)	1,170	China MCC 20 Group Co., Ltd.	20
7	Road Construction of Xianjia Lingang New City (咸嘉臨港新城道路工程)	1,050	China First Metallurgical Group Co., Ltd.	19
8	Construction of Hebei International Business Plaza (河北國際商務廣場工程)	1,000	Shanghai Baoye Group Corp., Ltd.	29

2. Material contracts of overseas projects

Number	Name of project	Contractual amounts (RMB 'million)	Signing Party/Parties	Term (months)
1	New Turnkey Project of Sinter Plant (Phase I) of Formosa Ha Tinh Steel Corporation (台塑河靜鋼鐵興業有限責任公司燒結廠一期統包新建工程)	1,100	China MCC 5 Group Co., Ltd.	38
2	Contract of New Flats of the Housing Development Board of the Government — No. 15 Contract for No. 4 Neighbourhood, Choa Chu Kang in Singapore (新加坡蔡厝港第4鄰里第15合同政府新建組屋合同)	1,020	Central Research Institute of Building and Construction Co., Ltd., MCC Group	32

Significant Events

VII. PERFORMANCE STATUS OF THE UNDERTAKINGS

(I) The undertakings which should be carried out by MCC Group, the controlling shareholder

1. Undertaking for share lock-up

For the long-term sound development of the Company, MCC Group has undertaken to lock its 12,265,108,500 shares of the Company, which represents 64.18% of the total shares of the Company, for three years upon the expiry of the lock-up period from 21 September 2012 to 20 September 2015.

During the Reporting Period, MCC Group has complied with the above undertaking of share lock-up.

2. Non-competition Undertakings

As disclosed in the A Share prospectus of the Company, MCC Group, the controlling shareholder has undertaken to avoid being engaged in or taking part in the business which may compete with the principal business of the Company.

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

(II) Undertakings regarding housing property rights and land use rights

The disclosure of undertakings regarding application for certificates of lands and buildings in the A Share prospectus of the Company is as follows:

1. Undertakings of confirmation of ownership to the buildings that have not been granted building ownership certificate: As at the date on which the A share prospectus was executed, MCC and its subsidiaries still owned 324 buildings with total gross floor area of 653,547.95 square meters for which building ownership certificates have not been granted. The Company and MCC Group are actively applying for building ownership certificates for those buildings and undertook to obtain the relevant certificates within 18 months from the completion of the public offering and listing of MCC.

As at the end of the Reporting Period, among the aforementioned 324 buildings for which certificates of confirmations of ownership were outstanding, 139 buildings have been granted building ownership certificates, whereas the building ownership certificates for the rest of the 185 buildings are still outstanding due to the reasons such as application not completed, pending approval from local government and involvement in relocation. Confirmations of ownership are still actively in progress.

Significant Events

2. Undertakings of confirmation of ownership to the land use rights of the land parcels that have not been granted or are in the process of renewing State-owned Land Use Rights Certificates: Of the land for which the Company had obtained the land use rights, 204 parcels of land were obtained by means of state capital injection, with total area of 4,363,756.56 square meters. As at the date on which the A share prospectus was executed, 26 parcels of land out of the above were in the process of renewing their State-owned Land Use Rights Certificates. In addition, among the lands for which MCC and its subsidiaries had obtained land use rights, 15 parcels had not undergone transfer procedures of land use rights and were not granted State-owned Land Use Rights Certificates, with the total area of 1,423,838.49 square meters. The Company and MCC Group are actively applying for State-owned Land Use Rights Certificates for the above land parcels for which State-owned Land Use Rights Certificates have not been granted or renewed and have undertaken to complete the application within 18 months from the completion of the public offering and listing of MCC.

As at the end of the Reporting Period, among the above 26 parcels of land for which State-owned Land Use Rights Certificates were subject to renewal, 22 parcels of land had their certificates renewed as State-owned Land Use Rights Certificates in capital-injection nature while 1 parcel was recovered by the local government with compensation. The renewal of certificates of the remaining 3 parcels is actively in progress and not yet completed due to the reasons such as being reviewed by local government. Among the above 15 parcels for which transfer procedures had not been completed, 6 parcels had undergone transfer procedures and had been granted State-owned Land Use Rights Certificates. The remaining 9 parcels are still undergoing relevant procedures due to reasons such as change of planning and being reviewed by local government.

The Company will enhance the communication with the relevant departments of government and expedite the application of certificates for the confirmation of ownership of the buildings and land for which the progress of certificate application has been slow. The Company will also expedite the progress of disposal through the ways of joint development with government, introduction of investors and asset exchange for the confirmation of ownership of the buildings and land to be disposed of.

Significant Events

VIII. APPOINTMENT OF ACCOUNTING FIRM AND REMUNERATION PAID DURING THE REPORTING PERIOD

Upon approval at the 2012 AGM of the Company, the Company had appointed PricewaterhouseCoopers Zhong Tian CPA Limited Company (which has now converted to and renamed as PricewaterhouseCoopers Zhong Tian LLP, the same hereinafter) and PricewaterhouseCoopers as the domestic and international auditor of the Company for the year of 2013 respectively, and also appointed PricewaterhouseCoopers Zhong Tian CPA Limited Company, as the internal control auditor of the Company for the year of 2013 to hold office until the 2013 annual general meeting. The Board of the Company has been authorised to determine their remunerations.

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

During the Reporting Period, none of the Company, its Directors, Supervisors, senior management, Shareholders holding more than 5% of the Company's shares or ultimate controlling person was subject to any investigations, administrative penalties and criticisms by notice by CSRC and any public censure from stock exchanges.

X. REVIEW OF INTERIM RESULTS BY FINANCE AND AUDIT COMMITTEE

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

XI. OTHER SIGNIFICANT EVENTS

1. Change of accounting policy

For details about the change of accounting policy of the Company during the Reporting Period, please refer to Note 3.1 "Amended standards or interpretations that are effective for the first time for the six months ended 30 June 2013" to the "Notes to the Unaudited Condensed Consolidated Interim Financial Information".

2. Status of the substantial resources projects

(1) Saindak Copper-Gold Mine Project, Pakistan

In the first half of 2013, the mining and processing of Saindak Copper-Gold Mine were under smooth progress, however, the reverberatory furnace in the smelting plant did not complete the overhaul and resume the production of blister copper until the middle of May as planned. As a result, only 3,142 tons of blister copper were produced as at the end of June, a figure significantly lower than that in the same period of last year. Currently, the project is producing at full speed in order to meet the annual production target of 12,500 tons of blister copper.

Significant Events

(2) Ramu Project, Papua New Guinea

The Ramu Project, invested by MCC-JJJ Mining Development Limited (“MCC-JJJ”), a subsidiary of the Company, conducted load commissioning for the third series in April 2013, which represents the completion of load commissioning for all the three series in the smelting plant. In the first half of 2013, the project, at its preliminary stage, was affected by factors such as immature production techniques and unsystematic production, thus resulting in a relatively low output, with 12,529 tons of nickel and cobalt hydroxide products (on dry basis) (equivalent to 4,822 tons of nickel and 404 tons of cobalt), and 19,356 tons of chromium concentrates (on dry basis), representing only approximately 30% of the total capacity. All fixed costs and expenses were high. Besides, as the prices of nickel metal and cobalt remained low in the global market, the revenue and net loss of MCC-JJJ for the first half of 2013 amounted to RMB420 million and RMB804 million respectively.

(3) Aynak Copper Mine Project, Afghanistan

Considering many problems in relation to economy, safety and other aspects involved in this project, the Company, based on the principle of “protecting the mining rights and controlling the investment” and the provision in the mining contract signed by both sides, took proactive steps in liaising with the Afghanistan government and negotiated on the amendments to the mining contracts as for the contract scope, product solution, economy of the project, security measures and conditions for starting the construction. As at the end of the Reporting Period, the negotiation was still ongoing.

(4) Sierra Grande Iron Ore Project, Argentina

In the first half of 2013, Sierra Grande Iron Ore, Argentina produced 0.435 million tons of raw ores and 0.229 million tons of iron ore concentrates. The sales of iron ore concentrate reached 0.317 million tons with an income of RMB0.24 billion, representing a net loss of RMB0.03 billion due to foreign exchange losses.

3. The loaded linkage commissioning of the first line of the Western Australia SINO Iron Ore Project of CITIC Pacific undertaken by MCC Mining (Western Australia) Pty Ltd., a wholly-owned subsidiary of the Company, has been completed in mid-November 2012 and it was transferred to the owner gradually since mid-January 2013 for trial production.

The loaded linkage commissioning of the second main process production line did not take place as scheduled as the automatic grinding cyclo electric motor in the second line failed to pass the voltage test continuously. The automatic grinding cyclo electric motor in the second line was specifically designed by producer Siemens. Every process ranging from installation to testing of the automatic grinding cyclo electric motor was approved by Siemens and subject to its guidance and supervision on site. On 15 August, the automatic grinding cyclo electric motor in the second line passed the voltage test under the testing voltage of 8.4KV as suggested by Siemens and acknowledged by the owner. Thus far, all parties have been pushing forward all tasks relating to the loaded linkage commissioning of the second main process production line with the best endeavors.

Significant Events

4. As published by the Company in the overseas regulatory announcement dated 28 October 2009 regarding the newly signed material project agreements, 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 RMB11.175 billion. The main construction of the bunds was basically completed and the railings were under construction. The main construction of Huandao East Road and its extension line were completed and connected for traffic, currently under examination and acceptance test.
5. 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. ("MCC Real Estate"), a wholly-owned subsidiary of the Company, won the bid of the land use rights of land no. 1 and land no. 3 at the west of Jiangbian Road, Binjiang, Xiaguan District of Nanjing city ("Land No. 1 and No. 3") on 19 September 2010. The consideration of the land transfers was RMB12,141 million and RMB7,893 million respectively, aggregating RMB20,034 million (for details, please refer to the announcement published by the Company on 20 September 2010). On 30 November 2012, Nanjing Linjiang Old Town Renovation, Construction and Investment Co., Ltd. won the bid for the land use right of land no. 2 ("Land No. 2") at the west of Jiangbian Road, Binjiang, Xiaguan District of Nanjing at a consideration of RMB5,620 million (for details, please refer to the announcement published by the Company on 30 November 2012).

In July 2013, The Bureau of Land Resources Nanjing (南京市國土資源局) terminated the land transfer procedures of Land No. 2. Through the communication with The Bureau of Land Resources Nanjing, the bidding deposit of Land No. 2 amounting to RMB1,130 million and the corresponding financial expenses had been settled on 12 July 2013 (for details, please refer to the announcements published by the Company on 8 and 12 July 2013, respectively). The termination of the land transfer procedures of Land No. 2 and hindered relocations on Land No. 1 and No. 3 significantly affected the specific implementation relating to the adjusted detailed control plan of Binjiang Project at Xiaguan District of Nanjing as well as the development of Land No. 1 and No. 3. MCC Real Estate and the Control Department of Development and Renovation of Binjiang, Xiaguan District of Nanjing (南京市下關區濱江開發改造指揮部) have reached a consensus, pursuant to which the conditions for the development of each of the land parcels will be optimized so as to ensure a breakeven. Currently, the Company and MCC Real Estate are actively communicating with relevant departments in Nanjing city and have proceeded with relevant tasks based on consensus.

Changes in Share Capital and Particulars of Shareholders

I. CHANGES IN SHARE CAPITAL

(I) Changes in Shares

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

Class of shares	Number of shares
H Shares	2,871,000,000
A Shares	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 share of the Company subject to selling restrictions during the Reporting Period.

(III) Changes in Total Number of Shares and Share Capital Structure of the Company

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

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

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

Changes in Share Capital and Particulars of Shareholders

II. PARTICULARS OF SHAREHOLDERS AND ULTIMATE CONTROLLING PERSON

(I) Number of Shareholders and their shareholding

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

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

Unit: Share

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

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

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

Note 2: The H Shares held by HKSCC Nominees Limited are those held on behalf of 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 held not subject to selling restrictions	Type of shares
China Metallurgical Group Corporation	12,265,108,500	A Shares
HKSCC Nominees Limited ^(Note 2)	2,838,464,000	H Shares
Baosteel Group Corporation	121,891,500	A Shares
Bank of China Limited — Harvest CSI 300 Trading Open-end Index Securities Investment Fund (中國銀行股份有限公司 — 嘉實滬深300交易型開放式指數證券投資基金)	29,575,904	A Shares
China Life Insurance Company Limited — Dividends — Individual dividends-005L-FH002 Shanghai (中國人壽保險股份有限公司 — 分紅 — 個人分紅 — 005L - FH002滬)	23,995,230	A Shares
Industrial and Commercial Bank of China Limited — Huaxia CSI 300 Trading Open-end Index Securities Investment Fund (中國工商銀行股份有限公司 — 華夏滬深300交易型開放式指數證券投資基金)	20,280,400	A Shares
Industrial and Commercial Bank of China Limited — Huatai Bairui CSI 300 Trading Open-end Index Securities Investment Fund (中國工商銀行股份有限公司 — 華泰柏瑞滬深300交易型開放式指數證券投資基金)	17,183,221	A Shares
China Petroleum Finance Co., Limited (中油財務有限責任公司)	16,537,948	A Shares
China Heavy Shipping Finance Co., Limited (中船重工財務有限責任公司)	16,537,948	A Shares
Guosen Securities Co., Ltd Detailed Account of Refinancing Warrant Securities (國信證券股份有限公司轉融通擔保證券明細帳戶)	15,350,000	A Shares

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

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

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

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

Changes in Share Capital and Particulars of Shareholders

(II) Specifications on Controlling Shareholder and Ultimate Controlling Person

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

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

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

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

(III) 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.

Changes in Share Capital and Particulars of Shareholders

(IV) Substantial Shareholders' and Other Persons' Interests and Short Positions of the Shareholdings in Shares and Underlying Shares

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

Holders of A Shares

Unit: Share

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

Holders of H Shares

Unit: Share

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

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

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

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 2013.

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

1. 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 2013, 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 SFO) 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 Supervisors 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 (%)
Directors							
Jing Tianliang	Chairman	A Shares	Long position	Beneficial owner	150,000	0%	0%
Shen Heting	President and Executive Director	A Shares	Long position	Beneficial owner	150,000	0%	0%
Guo Wenqing	Vice Chairman and Executive Director	A Shares	Long position	Beneficial owner	130,000	0%	0%
Chen Yongkuan	Independent non-executive Director	A Shares	Long position	Beneficial owner	30,000	0%	0%
Lin Jinzhen	Employee Representative Director (Non-executive Director)	H Shares	Long position	Beneficial owner	100,000	0%	0%
		A Shares	Long position	Beneficial owner	60,000	0%	0%
Supervisors							
Shan Zhongli	Chairman of the Supervisory Committee	A Shares	Long position	Beneficial owner	50,000	0%	0%
Peng Haiqing	Supervisor	A Shares	Long position	Beneficial owner	55,000	0%	0%
Shao Bo	Employee Representative Supervisor	A Shares	Long position	Beneficial owner	45,000	0%	0%
				Interests of spouse	1,000	0%	0%

Directors, Supervisors and Senior Management

Save as disclosed above and as at 30 June 2013, 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 SFO) 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.

2. 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 2013, 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	80,000	0%	0%
Li Shiyu	Vice President, Chief Accountant (chief financial officer)	A Shares	Long position	Beneficial owner	80,000	0%	0%
Zhang Zhaoxiang	Vice President	A Shares	Long position	Beneficial owner	80,000	0%	0%
Wang Xiufeng	Vice President	A Shares	Long position	Beneficial owner	80,000	0%	0%
Kang Chengye	Secretary to the Board and Joint Company Secretary	A Shares	Long position	Beneficial owner	80,000	0%	0%

Directors, Supervisors and Senior Management

III. EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2013, the Company employed a total of 112,250 members of staff.

Level of Education of Current Employees:

Level of Education	Number of Current Employees	Percentage
Postgraduate	6,982	6.22%
Undergraduate	35,392	31.53%
College degree	24,291	21.64%
Below college degree	45,585	40.61%
Total	112,250	100%

Structure of Ages of Current Employees:

Structure of ages	Number of Current Employees	Percentage
Aged 56 or above	3,401	3.03%
Aged 51-55	8,610	7.67%
Aged 46-50	16,523	14.72%
Aged 41-45	19,408	17.29%
Aged 36-40	15,670	13.96%
Aged 35 or below	48,638	43.33%
Total	112,250	100%

The Company implements a remuneration system on the basis of market-orientation and performance appraisal. In accordance with applicable regulations, the Company established the pension contribution plan, 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 approved by higher authorities, the Company also set up its enterprise annuity for employees according to applicable PRC regulations.

Corporate Governance Report

During the Reporting Period, the Company has been in strict compliance with relevant laws and regulations such as the Company Law and Securities Law of the PRC and the Hong Kong Listing Rules. The level of corporate governance was further boosted as the information disclosure was duly made in compliance with laws and regulations, the interaction with investors was active, and internal control system was strict and effective.

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

On 7 June 2013, the Company convened the 2012 AGM. Except for Mr Liu Li, a Director, who was not able to be present due to other business engagement, all the other 8 Directors and all the Supervisors attended the meeting. Senior management of the Company was also present at the meeting. The work report of the Board and the work report of the Supervisory Committee for 2012, the proposed final account report and the proposed profit distribution plan for 2012, the appointment of domestic and overseas auditors for 2013, the remunerations for Directors and Supervisors for 2012, as well as the guarantee plans and the plans of bond issuance for 2013 were considered and approved at the meeting. Meanwhile, the 2012 Performance Report by Independent Directors (《2012年度獨立董事述職報告》) was received. During the Reporting Period, the Company has convened 7 Board meetings, 11 Special Committee meetings and 2 meetings of the Supervisory Committee. The convention of each meeting of the Company was in compliance with relevant requirements of the Company Law and its Articles of Association.

During the Reporting Period, in consideration of the regulatory requirements and actual situation of the Company, the Company further optimised its corporate framework, streamlined relevant management procedures and improved internal management. Firstly, it improved the method for assessing the comprehensive performance of the persons in charge of the subsidiaries by systematically reflecting the comprehensive condition and level of the all-rounded development of each subsidiary. Results of the comprehensive performance assessments were also linked with appointment and dismissal of management, distribution of remuneration and allocation of resources, which would comprehensively facilitate the Company to build on its scale and strength. Secondly, the supervisory system for key items was formulated, which on institutional level guaranteed the timely and efficient implementation of key resolutions, decisions and requirements etc. from important meetings including relevant meetings of Board. This measure promoted the standardisation of operation of the Company. Thirdly, the system of press spokesmen was established to regulate relevant responsibilities and procedures of press release of the Company, and effectively improved the management of public opinions in an increasingly complex environment of public voices.

Corporate Governance Report

During the Reporting Period, the Company further reinforced its information disclosure and investor relations. Firstly, it studied and researched into the latest changes of supervisory regulations. In consideration of actual situation of the Company, it revised the Information Reporting Manual which was guiding daily operations and carried out the new supervisory requirements in compilation of regular reports and temporary announcements, so as to ensure the truthfulness, accuracy, completeness and timeliness of information disclosure. Secondly, it attached importance to prejudgment on major events and enhanced voluntary disclosure. For major events which may call for the attention of the capital market, the Company took the initiative to disclose relevant issues in compliance with relevant supervisory requirements, so as to dismiss speculations from the market. Thirdly, through further studying and streamlining collection and disclosure of information, the Company improved the quality and efficiency of its activities and actively met relevant requirements of the Shanghai Stock Exchange on direct information disclosure. Fourthly, quality and timeliness of information delivery were included in the comprehensive performance assessment of the persons in charge of the subsidiaries to further ensure the efficient operation of information transmission system. Fifthly, the Company actively carried out discussions on special topics such as annual results discussion meeting for 2012. After the disclosure of 2012 annual report, the Company held results discussion meetings for 2012 in both Shanghai and Hong Kong, and paid special attention to and studied the questions raised by investors and analysts on issues such as the business model and product combination of the Company. Sixthly, the Company further facilitated the communication and interaction with investors, analysts and financial press, and improved the understanding of relevant parties in the market about the Company through various means such as daily communication, discussion on special topics and AGM communication, etc.

During the Reporting Period, pursuant to Basic Standard for Enterprise Internal Control (《企業內部控制基本規範》) and its supporting guidelines, the Company further consolidated internal control system and implemented the standards of internal control in an orderly manner. Firstly, the Company completed a self-evaluation report on internal control for 2012 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. Secondly, based on the general requirements on establishment and planning of internal control of the Company, the Company defined the scope and annual goals for implementation of internal control for 2013. It organised the preparation of annual working proposal for establishment, evaluation and auditing for internal control system and worked out the framework for annual internal control inspection in a timely manner. Thirdly, the Company included the operation of internal control system into the comprehensive performance assessment system of the persons in charge of subsidiaries, and established a mechanism with clearly defined responsibilities of persons in charge of internal control in subsidiaries. Fourthly, the Company further consolidated the establishment of internal control departments of the headquarters of the Company and its subsidiaries, and requested each subsidiary to appoint or establish a leading department and an internal assessment department for implementation of internal control which were in charge of organisation and assessment of internal control respectively. A check-and-balance working scheme was established to promote the simultaneous improvement and effective operation of internal control system within MCC, so as to ensure the realisation of the goals for internal control. Fifthly, the Company initiated trainings on internal control to ensure the universality, differentiation and regularity of the trainings in internal control.

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

Corporate Governance Report

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

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 fully complied with the requirements set out in the Model Code for the six months ended 30 June 2013.

Report on Review of Interim Financial Information



羅兵咸永道

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

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

INTRODUCTION

We have reviewed the interim financial information set out on pages 70 to 125, which comprises the condensed consolidated interim balance sheet of Metallurgical Corporation of China Ltd. (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2013 and the related condensed consolidated interim income statement, condensed consolidated interim statement of comprehensive income, condensed consolidated interim statement of changes in equity and condensed consolidated interim 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".

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 30 August 2013

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Unaudited Condensed Consolidated Interim Balance Sheet

	Note	30 June 2013 RMB 'million Unaudited	31 December 2012 <i>RMB 'million</i> Restated
ASSETS			
Non-current assets			
Property, plant and equipment	7	38,611	39,333
Land use rights		6,104	6,323
Mining rights	8	2,294	2,457
Investment properties		1,749	1,574
Intangible assets	9	7,060	7,041
Investments in associates		2,805	2,504
Available-for-sale financial assets	10	1,322	1,348
Deferred income tax assets		2,761	2,670
Trade and other receivables	11	31,016	23,492
Other non-current assets		516	222
Total non-current assets		94,238	86,964
Current assets			
Inventories		10,972	9,467
Properties under development		55,892	56,677
Completed properties held for sale		6,561	7,694
Trade and other receivables	11	98,294	93,713
Amounts due from customers for contract work	12	40,460	36,502
Available-for-sale financial assets	10	—	700
Financial assets at fair value through profit or loss		—	302
Restricted cash		1,899	2,124
Cash and cash equivalents		22,503	32,084
Total current assets		236,581	239,263
Total assets		330,819	326,227

The notes on pages 78 to 125 form an integral part of this condensed consolidated interim financial information.

Unaudited Condensed Consolidated Interim Balance Sheet

	Note	30 June 2013 RMB 'million Unaudited	31 December 2012 RMB 'million Restated
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	13	19,110	19,110
Reserves	14	23,759	22,075
— Proposed dividend		—	—
— Other reserves		23,759	22,075
		42,869	41,185
Non-controlling interests		11,117	11,650
Total equity		53,986	52,835
LIABILITIES			
Non-current liabilities			
Borrowings	16	56,484	57,065
Deferred income		1,477	1,477
Retirement and other supplemental benefit obligations		4,708	4,674
Provisions for other liabilities and charges		65	66
Trade and other payables	15	299	222
Deferred income tax liabilities		498	536
Total non-current liabilities		63,531	64,040
Current liabilities			
Trade and other payables	15	127,847	121,867
Amounts due to customers for contract work	12	11,863	11,029
Current income tax liabilities		1,105	1,414
Borrowings	16	72,117	74,437
Retirement and other supplemental benefit obligations		370	605
Total current liabilities		213,302	209,352
Total liabilities		276,833	273,392
Total equity and liabilities		330,819	326,227
Net current assets		23,279	29,911
Total assets less current liabilities		117,517	116,875

On behalf of the board

Jing Tianliang
Director

Shen Heting
Director

The notes on pages 78 to 125 form an integral part of this condensed consolidated interim financial information.

Unaudited Condensed Consolidated Interim Income Statement

	Note	Six months ended 30 June	
		2013 RMB 'million Unaudited	2012 RMB 'million Restated
Continuing operations			
Revenue	6	90,953	104,434
Cost of sales	19	(81,700)	(94,728)
Gross profit		9,253	9,706
Selling and marketing expenses	19	(711)	(692)
Administrative expenses	19	(4,695)	(6,595)
Other income	17	523	425
Other gains - net	18	553	232
Other expenses		(72)	(61)
Operating profit		4,851	3,015
Finance income	20	754	855
Finance costs	20	(2,970)	(2,329)
Share of (loss)/profit of associates		(7)	5
Profit before income tax		2,628	1,546
Income tax expense	21	(1,271)	(1,179)
Profit for the period from continuing operations		1,357	367
Discontinued operations			
Loss for the period from discontinued operations	25	—	(824)
Profit/(loss) for the period		1,357	(457)
Profit/(loss) attributable to:			
Equity holders of the Company		1,481	(182)
Non-controlling interests		(124)	(275)
		1,357	(457)
Profit/(loss) attributable to equity holders of the Company arising from:			
Continuing operations		1,481	43
Discontinued operations		—	(225)
		1,481	(182)

The notes on pages 78 to 125 form an integral part of this condensed consolidated interim financial information.

Unaudited Condensed Consolidated Interim Income Statement

	Note	Six months ended 30 June	
		2013 RMB Unaudited	2012 RMB Restated
Earnings/(loss) per share from continuing and discontinued operations attributable to equity holders of the Company during the period			
Basic earnings/(loss) per share			
From continuing operations		0.08	—*
From discontinued operations		—	(0.01)
Profit/(loss) for the period	22	0.08	(0.01)
Diluted earnings/(loss) per share			
From continuing operations		0.08	—*
From discontinued operations		—	(0.01)
Profit/(loss) for the period	22	0.08	(0.01)

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

Details of dividends attributable to equity holders of the Company for the six months ended 30 June 2013 and 2012 are set out in Note 23.

The notes on pages 78 to 125 form an integral part of this condensed consolidated interim financial information.

Unaudited Condensed Consolidated Interim Statement of Comprehensive Income

	Six months ended 30 June	
	2013 RMB 'million Unaudited	2012 RMB 'million Restated
Profit/(loss) for the period	1,357	(457)
Other comprehensive income/(loss):		
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Remeasurements of retirement and other supplemental benefit obligations	(1)	(63)
Total items that will not be reclassified subsequently to profit or loss	(1)	(63)
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Fair value losses on available-for-sale financial assets, net of tax	(51)	(15)
Currency translation differences	247	(45)
Total items that may be reclassified subsequently to profit or loss	196	(60)
Other comprehensive income/(loss) for the period, net of tax	195	(123)
Total comprehensive income/(loss) for the period	1,552	(580)
Total comprehensive income/(loss) attributable to:		
Equity holders of the Company	1,685	(305)
Non-controlling interests	(133)	(275)
	1,552	(580)
Total comprehensive income/(loss) attributable to equity holders of the Company arising from:		
Continuing operations	1,685	(79)
Discontinued operations	—	(226)
	1,685	(305)

The notes on pages 78 to 125 form an integral part of this condensed consolidated interim financial information.

Unaudited Condensed Consolidated Interim Statement of Changes in Equity

Unaudited	Note	Attributable to equity holders of the Company					Non-controlling interests	Total equity
		Share capital	Capital premium	Other reserves	Retained earnings	Total		
		RMB'million	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million
As at 1 January 2013								
(As previously reported)		19,110	17,948	93	3,998	41,149	11,653	52,802
Adjustment for adoption of IAS 19 (revised)	3	—	—	298	(262)	36	(3)	33
As at 1 January 2013 (As restated)		19,110	17,948	391	3,736	41,185	11,650	52,835
Profit/(loss) for the period		—	—	—	1,481	1,481	(124)	1,357
Other comprehensive (loss)/income:								
Fair value losses on available-for-sale financial assets, net of tax		—	—	(50)	—	(50)	(1)	(51)
Currency translation differences		—	—	255	—	255	(8)	247
Remeasurements of retirement and other supplemental benefit obligations		—	—	(1)	—	(1)	—	(1)
Total comprehensive income/(loss) for the period		—	—	204	1,481	1,685	(133)	1,552
Transactions with owners:								
Dividends	23	—	—	—	—	—	(98)	(98)
Transaction with non-controlling interests		—	—	(1)	—	(1)	(11)	(12)
Attributable to set-up of subsidiaries		—	—	—	—	—	2	2
Additional capital injection from owners and non-controlling interest proportionally		—	—	—	—	—	13	13
Liquidation/disposal of subsidiaries		—	—	—	—	—	(128)	(128)
Investments in subsidiaries transferred to investments in associates		—	—	—	—	—	(178)	(178)
Total transactions with owners		—	—	(1)	—	(1)	(400)	(401)
As at 30 June 2013		19,110	17,948	594	5,217	42,869	11,117	53,986

The notes on pages 78 to 125 form an integral part of this condensed consolidated interim financial information.

Unaudited Condensed Consolidated Interim Statement of Cash Flows

	Note	Six months ended 30 June	
		2013 RMB 'million Unaudited	2012 RMB 'million Unaudited
Cash flows from operating activities			
Cash used in operations		(2,221)	(7,460)
Income tax paid		(1,887)	(1,711)
Net cash used in operating activities		(4,108)	(9,171)
Cash flows from investing activities			
Purchases of property, plant and equipment		(1,040)	(2,048)
Purchases of land use rights		(141)	(23)
Purchases of mining rights		—	(331)
Purchases of investment properties		—	(5)
Purchases of intangible assets		(128)	(176)
Purchases of available-for-sale financial assets		(39)	—
Increase in investments in associates		(10)	(1)
Entrusted loans and other amount received from/(paid to) related parties and third parties		733	(169)
Proceeds on disposal of property, plant and equipment		261	142
Proceeds on disposal of land use rights		19	3
Proceeds on disposal of investment properties		—	1
Proceeds on disposal of intangible assets		—	13
Proceeds on disposal of available-for-sale financial assets		705	55
Proceeds from disposal of investments in associates		54	30
Net cash inflow/(outflow) from disposal of subsidiaries	24	415	(26)
Withdrawal of the prepayment for investments		604	—
Dividends received		44	20
Cash inflow from government grants related to assets		75	75
Net cash generated from/(used in) investing activities		1,552	(2,440)
Cash flows from financing activities			
Proceeds from borrowings		49,400	46,378
Repayments of borrowings		(52,547)	(39,863)
Contribution received from non-controlling interests		3	336
Dividends paid		(293)	(103)
Interest paid		(3,579)	(3,878)
Changes in restricted cash		197	(352)
Cash outflow from lease payments under finance leases		(5)	(13)
Cash paid to non-controlling interests		(123)	—
Net cash (used in)/generated from financing activities		(6,947)	2,505
Net decrease in cash and cash equivalents			
Cash and cash equivalents at beginning of the period		32,084	42,721
Exchange losses on cash and cash equivalents		(78)	(9)
Cash and cash equivalents at end of the period		22,503	33,606

The notes on pages 78 to 125 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 and ultimate holding company is China Metallurgical Group Corporation (the “Parent”, a wholly state-owned company established in the PRC).

- (b) The Company and its subsidiaries (the “Group”) are principally engaged in following activities (Core operations):

- Provision of engineering, construction and other related contracting services for metallurgical and non-metallurgical projects (“engineering and construction activities”);
- Development and production of metallurgical equipment, steel structures and other metal products (“equipment manufacturing”);
- Development, mining and processing of mineral resources and the production of nonferrous metal and polysilicon (“resources development”); and
- Development and sale of residential and commercial properties, affordable housing and primary land development (“property development”).

- (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 2013 was approved for issue by the Board of Directors of the Company on 30 August 2013.

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

Notes to the Unaudited Condensed Consolidated Interim Financial Information

2. BASIS OF PREPARATION

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

Discontinued operations

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

Details are disclosed in Note 25.

3. ACCOUNTING POLICIES

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

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

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

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

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

Notes to the Unaudited Condensed Consolidated Interim Financial Information

3. ACCOUNTING POLICIES (CONTINUED)

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

IFRS 13 "Fair value measurement". IFRS 13 measurement and disclosure requirements are applicable for the December 2013 year end. The Group has included the disclosures required by IAS 34 paragraph 16A (j) in Note 5.

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

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

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

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

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

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

Notes to the Unaudited Condensed Consolidated Interim Financial Information

3. ACCOUNTING POLICIES (CONTINUED)

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

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

Amendment to IAS 34, "Interim financial reporting", the amendment clarifies the disclosure requirements for segment assets and liabilities in interim financial statements. The Group has applied the disclosure requirements in accordance with the amendment in Note 6.

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

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

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

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

Notes to the Unaudited Condensed Consolidated Interim Financial Information

3. ACCOUNTING POLICIES (CONTINUED)

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

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

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

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 2012.

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.

The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group’s annual financial statements as at 31 December 2012. There have been no changes in any risk management policies since the year end.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.1 Financial risk factors (Continued)

(a) 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.

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 2013					
Borrowings	81,748	19,378	17,597	28,766	147,489
Trade and other payables	87,574	299	—	—	87,873
	169,322	19,677	17,597	28,766	235,362
As at 31 December 2012					
Borrowings	81,885	19,421	20,597	27,633	149,536
Trade and other payables	84,417	222	—	—	84,639
	166,302	19,643	20,597	27,633	234,175

Notes to the Unaudited Condensed Consolidated Interim Financial Information

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

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).

The following table presents the Group's assets that are measured at fair value as at 30 June 2013:

	Level 1 RMB 'million	Level 2 RMB 'million	Level 3 RMB 'million	Total RMB 'million
Assets				
Available-for-sale financial assets (Note 10)	269	1,053	—	1,322
Total assets	269	1,053	—	1,322

The following table presents the Group's assets that are measured at fair value as at 31 December 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	302	—	—	302
Available-for-sale financial assets (Note 10)	338	1,710	—	2,048
Total assets	640	1,710	—	2,350

Notes to the Unaudited Condensed Consolidated Interim Financial Information

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.2 Fair value estimation (Continued)

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.

5.3 Fair value of financial assets and liabilities measured at amortised cost

The fair value of borrowings is as follows:

	As at 30 June 2013 RMB 'million Unaudited	As at 31 December 2012 RMB 'million Audited
Non-current	56,127	56,471
Current	72,117	74,437
	128,244	130,908

The fair value of the following financial assets and liabilities approximate their carrying amount:

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables

Notes to the Unaudited Condensed Consolidated Interim Financial Information

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 results are operating profits without unallocated costs deducted.

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

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

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

Notes to the Unaudited Condensed Consolidated Interim Financial Information

6. SEGMENT INFORMATION (CONTINUED)

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

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

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

Notes to the Unaudited Condensed Consolidated Interim Financial Information

6. SEGMENT INFORMATION (CONTINUED)

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

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

Unaudited	Engineering and construction	Equipment manufacturing	Resources development	Property development	Others	Total
	RMB 'million	RMB 'million	RMB 'million	RMB 'million	RMB 'million	RMB 'million
Depreciation (Note 19)	615	267	348	23	8	1,261
Amortisation	134	20	11	4	15	184
Provision for impairment of property, plant and equipment (Note 7,19)	12	1	—	—	—	13
(Reversal of)/provision for impairment of inventories (Note 19)	(9)	10	206	(32)	5	180
Foreseeable losses on construction contracts (Note 19)	34	—	—	—	—	34
Provision for/(reversal of) impairment of trade and other receivables (Note 19)	373	39	1	(10)	(40)	363

(b) As at 30 June 2013:

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

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

Notes to the Unaudited Condensed Consolidated Interim Financial Information

6. SEGMENT INFORMATION (CONTINUED)

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

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

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

Notes to the Unaudited Condensed Consolidated Interim Financial Information

6. SEGMENT INFORMATION (CONTINUED)

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

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

Restated	Engineering and construction	Equipment manufacturing	Resources development	Property development	Others	Total
	RMB 'million	RMB 'million	RMB 'million	RMB 'million	RMB 'million	RMB 'million
Depreciation (Note 19)	613	261	199	19	12	1,104
Amortisation	107	19	10	1	13	150
Provision for impairment of property, plant and equipment (Note 19)	—	23	—	—	—	23
Provision for impairment of mining rights (Note 8, 19)	—	—	1,809	—	—	1,809
Provision for impairment of inventories (Note 19)	1	80	63	—	—	144
Foreseeable losses on construction contracts (Note 19)	31	—	—	—	—	31
Provision for impairment on trade and other receivables (Note 19)	520	32	—	4	1	557

Notes to the Unaudited Condensed Consolidated Interim Financial Information

6. SEGMENT INFORMATION (CONTINUED)

(d) As at 31 December 2012:

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

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

Notes to the Unaudited Condensed Consolidated Interim Financial Information

6. SEGMENT INFORMATION (CONTINUED)

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

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

There has been no material change in total assets or total liabilities 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.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

7. PROPERTY, PLANT AND EQUIPMENT

Unaudited	Mining structure	Buildings	Plant and machinery	Transportation equipment	Furniture, office and other equipment	Construction -in-progress	Total
	RMB 'million	RMB 'million	RMB 'million	RMB 'million	RMB 'million	RMB 'million	RMB 'million
Cost							
As at 1 January 2013	117	18,215	21,632	2,457	3,369	5,046	50,836
Additions	—	86	116	137	112	835	1,286
Transfer upon completion	4	839	56	—	2	(901)	—
Disposals/write-off	—	(86)	(129)	(60)	(15)	—	(290)
Disposal of subsidiaries (Note 24)	—	(9)	(1)	(3)	(1)	—	(14)
Exchange differences	—	(52)	(210)	(31)	(36)	(26)	(355)
Transfer to investment properties	—	(68)	—	—	—	—	(68)
As at 30 June 2013	121	18,925	21,464	2,500	3,431	4,954	51,395
Accumulated depreciation							
As at 1 January 2013	19	2,912	5,782	1,179	549	—	10,441
Depreciation	6	352	853	136	154	—	1,501
Disposals/write-off	—	(30)	(72)	(44)	(13)	—	(159)
Disposal of subsidiaries (Note 24)	—	(7)	—	(1)	—	—	(8)
Exchange differences	—	(4)	(14)	(6)	(3)	—	(27)
Transfer to investment properties	—	(31)	—	—	—	—	(31)
As at 30 June 2013	25	3,192	6,549	1,264	687	—	11,717
Impairment provision							
As at 1 January 2013	—	235	452	8	10	357	1,062
Additions (a)	—	—	12	1	—	—	13
Exchange differences	—	(1)	(1)	—	—	(6)	(8)
As at 30 June 2013	—	234	463	9	10	351	1,067
Net book value							
As at 30 June 2013	96	15,499	14,452	1,227	2,734	4,603	38,611

Notes to the Unaudited Condensed Consolidated Interim Financial Information

7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Unaudited	Mining structure	Buildings	Plant and machinery	Transportation equipment	Furniture, office and other equipment	Construction -in-progress	Total
	RMB 'million	RMB 'million	RMB 'million	RMB 'million	RMB 'million	RMB 'million	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

Notes to the Unaudited Condensed Consolidated Interim Financial Information

7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

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

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

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

- (d) As at 30 June 2013, bank borrowings were secured by certain property, plant and equipment of the Group with an aggregate carrying amount of approximately RMB1,096 million (31 December 2012: RMB784 million) (Note 16).

Notes to the Unaudited Condensed Consolidated Interim Financial Information

8. MINING RIGHTS

	Six months ended 30 June	
	2013 RMB 'million Unaudited	2012 RMB 'million Unaudited
Cost		
At beginning of the period	4,840	5,155
Additions	2	331
Exchange differences	(459)	(32)
At end of the period	4,383	5,454
Accumulated amortisation		
At beginning of the period	33	130
Amortisation (Note 19)	6	7
Exchange differences	(1)	—
At end of the period	38	137
Provision for impairment		
At beginning of the period	2,350	—
Additions (Note 19)	—	1,809
Exchange differences	(299)	—
At end of the period	2,051	1,809
Net book value	2,294	3,508

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

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

Notes to the Unaudited Condensed Consolidated Interim Financial Information

9. INTANGIBLE ASSETS

Unaudited	Goodwill RMB 'million	Patent and proprietary technologies RMB 'million	Computer software RMB 'million	Concession assets RMB 'million	Total RMB 'million
Cost					
As at 1 January 2013	678	45	322	6,757	7,802
Additions	—	—	11	140	151
Exchange differences	(16)	—	—	—	(16)
Disposal of subsidiaries (Note 24)	(23)	—	—	—	(23)
Others	—	—	—	(10)	(10)
As at 30 June 2013	639	45	333	6,887	7,904
Accumulated amortisation					
As at 1 January 2013	—	28	166	265	459
Amortisation	—	1	22	60	83
As at 30 June 2013	—	29	188	325	542
Impairment provision					
As at 1 January 2013	302	—	—	—	302
As at 30 June 2013	302	—	—	—	302
Net book value					
As at 30 June 2013	337	16	145	6,562	7,060
Unaudited					
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

Notes to the Unaudited Condensed Consolidated Interim Financial Information

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets include the following:

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

Notes to the Unaudited Condensed Consolidated Interim Financial Information

11. TRADE AND OTHER RECEIVABLES

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

Notes to the Unaudited Condensed Consolidated Interim Financial Information

11. TRADE AND OTHER RECEIVABLES (CONTINUED)

As at 30 June 2013, bank borrowings were secured by certain trade receivables of the Group with an aggregate carrying amount of approximately RMB14,755 million (31 December 2012: RMB10,151 million) (Note 16).

Please refer to Note 29 for the Group's trade and other receivables due from related parties.

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

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

Settlement of trade receivables generated through engineering and construction services is made in accordance with terms specified in the contracts governing the relevant transactions.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

12. CONTRACT WORK-IN-PROGRESS

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

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

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

Notes to the Unaudited Condensed Consolidated Interim Financial Information

12. CONTRACT WORK-IN-PROGRESS (CONTINUED)

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

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

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

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

Notes to the Unaudited Condensed Consolidated Interim Financial Information

13. SHARE CAPITAL

	As at 30 June 2013		As at 31 December 2012	
	Number of shares million Unaudited	Nominal Value RMB' million Unaudited	Number of shares million Audited	Nominal Value RMB' million Audited
Registered, issued and fully paid				
— State-owned Shares of RMB 1.00 each	12,387	12,387	12,651	12,651
— A Shares of RMB 1.00 each	3,852	3,852	3,588	3,588
— 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 2013								
(As previously reported)		17,948	81	70	(347)	289	3,998	22,039
Adjustment for adoption of IAS 19 (revised)	3	—	298	—	—	—	(262)	36
As at 1 January 2013								
(As restated)		17,948	379	70	(347)	289	3,736	22,075
Profit for the period		—	—	—	—	—	1,481	1,481
Other comprehensive (loss)/income:								
Fair value losses on available-for-sale financial assets, net of tax		—	—	(50)	—	—	—	(50)
Currency translation differences		—	—	—	255	—	—	255
Remeasurements of retirement and other supplemental benefit obligations		—	(1)	—	—	—	—	(1)
Total comprehensive (loss)/ income for the period		—	(1)	(50)	255	—	1,481	1,685
Transactions with owners:								
Transaction with non-controlling interests		—	(1)	—	—	—	—	(1)
Total transactions with owners		—	(1)	—	—	—	—	(1)
As at 30 June 2013		17,948	377	20	(92)	289	5,217	23,759

Notes to the Unaudited Condensed Consolidated Interim Financial Information

14. RESERVES (CONTINUED)

Restated	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									
(As previously reported)		17,948	83	94	(271)	289	10,950	29,093	
Adjustment for adoption of IAS 19 (revised)		3	—	304	—	—	—	(271)	33
As at 1 January 2012									
(As restated)		17,948	387	94	(271)	289	10,679	29,126	
Loss for the period		—	—	—	—	—	(182)	(182)	
Other comprehensive loss:									
Fair value losses on available-for-sale financial assets, net of tax		—	—	(18)	—	—	—	(18)	
Currency translation differences		—	—	—	(44)	—	—	(44)	
Remeasurements of retirement and other supplemental benefit obligations		—	(61)	—	—	—	—	(61)	
Total comprehensive loss for the period		—	(61)	(18)	(44)	—	(182)	(305)	
Transactions with owners:									
Transaction with non-controlling interests		—	7	—	—	—	—	7	
Total transactions with owners		—	7	—	—	—	—	7	
As at 30 June 2012		17,948	333	76	(315)	289	10,497	28,828	

Notes to the Unaudited Condensed Consolidated Interim Financial Information

15. TRADE AND OTHER PAYABLES

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

Please refer to Note 29 for the Group's trade and other payables to related parties.

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

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

Notes to the Unaudited Condensed Consolidated Interim Financial Information

16. BORROWINGS

	As at 30 June 2013 RMB 'million Unaudited	As at 31 December 2012 RMB 'million Audited
Non-current		
Long-term bank borrowings		
Secured (a)	12,529	10,543
Unsecured	16,512	18,988
	29,041	29,531
Other long-term borrowings		
Secured (a)	—	75
Unsecured	6,008	6,011
Debentures (b)	21,435	21,448
	27,443	27,534
Total non-current borrowings	56,484	57,065
Current		
Short-term bank borrowings		
Secured (a)	1,160	1,615
Unsecured	38,327	37,433
	39,487	39,048
Other short-term borrowings		
Secured (a)	160	160
Unsecured	5,202	3,305
Debentures (c)	19,000	21,400
	24,362	24,865
Current portion of long-term bank borrowings		
Secured (a)	846	1,508
Unsecured	7,422	9,016
	8,268	10,524
Total current borrowings	72,117	74,437
Total borrowings	128,601	131,502

- (a) Secured borrowings were secured by the Group's property, plant and equipment (Note 7), land use rights, properties under development and trade receivables (Note 11).

Notes to the Unaudited Condensed Consolidated Interim Financial Information

16. BORROWINGS (CONTINUED)

(b) Non-current portion of debentures

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

- (i) As approved by the National Development and Reform Commission, the Company issued debentures in July 2008 at par value of RMB3,500 million, with a maturity of ten years from issuance and interest rate of 6.10% per annum.
- (ii) As approved by the acceptance notice for registration (中市協注[2010]MTN90號) from the National Association of Financial Market Institutional Investors, the Company issued its Tranche I Medium-Term Notes ("MTN") on 19 September 2010 at a discounted price of RMB9,971 million with a par value of RMB10,000 million, a maturity of ten years from issuance and interest rate of 3.95% per annum and with the issuer's redemption rights 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%.
- (iii) As approved by the acceptance notice for registration (中市協注[2010]MTN90號) from the National Association of Financial Market Institutional Investors, the Company issued its Tranche II MTN on 15 November 2010 at a discounted price of RMB4,686 million with a par value of RMB4,700 million, a maturity of five years from issuance and interest rate of 4.72% per annum.
- (iv) MCC Holding (Hong Kong) Co., Ltd., a subsidiary of the Company, issued USD debentures on 29 July 2011 at a discount to par value of USD497 million, the aggregate principal amount is USD500 million, with a maturity of five years from issuance. The debentures bear interests at a fixed rate of 4.875% per annum. Interest will be paid every half year and principal will be paid upon maturity date. The debentures are guaranteed by the Parent.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

16. BORROWINGS (CONTINUED)

(c) Current portion of debentures

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

- (i) As approved by the acceptance notice for registration (中市協註[2011]CP157號) from the National Association of Financial Market Institutional Investors, the Company issued its Tranche II Short-Term Debentures on 27 September 2012 at par value of RMB3,000 million, with a maturity of one year from issuance. The debentures are unsecured and bear interests at a fixed rate of 4.48% per annum. Principal and interests are paid upon maturity date.
- (ii) As approved by the acceptance notice for registration (中市協註[2012]CP340號) from the National Association of Financial Market Institutional Investors, the Company issued its Tranche III Short-Term Debentures on 22 November 2012 at par value of RMB4,000 million, with a maturity of one year from issuance. The debentures were unsecured and bear interests at a fixed rate of 4.46% per annum. Principal and interests are paid upon maturity date.
- (iii) As approved by the acceptance notice for registration (中市協註[2013]CP28號) from the National Association of Financial Market Institutional Investors, the Company issued its Tranche I Short-Term Debentures on 12 March 2013 at par value of RMB2,000 million, with a maturity of one year from issuance. The debentures were unsecured and bear interests at a fixed rate of 4.03% per annum. Principal and interests are paid upon maturity date.
- (iv) As approved by the acceptance notice for registration (中市協註[2013]CP28號) from the National Association of Financial Market Institutional Investors, the Company issued its Tranche II Short-Term Debentures on 25 April 2013 at par value of RMB3,000 million, with a maturity of one year from issuance. The debentures were unsecured and bear interests at a fixed rate of 4.10% per annum. Principal and interests are paid upon maturity date.
- (v) As approved by the acceptance notice for registration (中市協註[2012]SCP17號) from the National Association of Financial Market Institutional Investors, the Company issued its Tranche I Extra Short-Term Debentures on 7 May 2013 at par value of RMB4,000 million, with a maturity of 270 days from issuance. The debentures are unsecured, and bear interests at a fixed rate of 3.90% per annum. Principal and interests are paid upon maturity date.
- (vi) As approved by the acceptance notice for registration (中市協註[2012]SCP17號) from the National Association of Financial Market Institutional Investors, the Company issued its Tranche II Extra Short-Term Debentures on 22 May 2013 at par value of RMB3,000 million, with a maturity of 270 days from issuance. The debentures are unsecured, and bear interests at a fixed rate of 3.85% per annum. Principal and interests are paid upon maturity date.
- (d) For the six months ended 30 June 2013, the Group repaid debentures amounted to RMB14,400 million.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

17. OTHER INCOME

	Six months ended 30 June	
	2013 RMB 'million Unaudited	2012 RMB 'million Restated
Dividend income from available-for-sale financial assets	33	7
Rental income	163	135
Government grants/subsidies	247	231
Others	80	52
	523	425

18. OTHER GAINS - NET

	Six months ended 30 June	
	2013 RMB 'million Unaudited	2012 RMB 'million Restated
Financial assets at fair value through profit or loss		
fair value losses	(2)	(1)
Net foreign exchange (losses)/gains	(75)	2
Gain on disposal of associates	6	10
Gain on disposal of subsidiaries (Note 24)	478	26
Gain on disposal of property, plant and equipment	147	122
Gain on disposal of financial assets	11	36
Others	(12)	37
	553	232

Notes to the Unaudited Condensed Consolidated Interim Financial Information

19. EXPENSES BY NATURE

	Six months ended 30 June	
	2013 RMB 'million Unaudited	2012 RMB 'million Restated
Raw materials, purchased equipment and consumables used	25,012	34,590
Changes in inventories of finished goods and work-in-progress	1,469	(5,435)
Subcontracting charges	42,989	51,667
Employee benefits	6,533	6,904
Fuel and heating expenditure	430	351
Business tax and other transaction taxes	2,562	2,983
Travelling expenses	587	635
Office expenses	914	930
Transportation costs	332	293
Operating lease rentals	1,623	2,329
Research and development costs	597	716
Repairs and maintenance	463	502
Depreciation of property, plant and equipment	1,238	1,086
Depreciation of investment properties	23	18
Amortisation of land use rights	71	73
Amortisation of mining rights (Note 8)	6	7
Amortisation of intangible assets (Note 9)	83	70
Foreseeable losses on construction contracts	34	31
Provision for impairment of property, plant and equipment	13	23
Provision for impairment of mining rights (Note 8)	—	1,809
Provision for impairment of trade and other receivables	363	557
Provision for impairment of inventories	180	144
Advertising expenses	125	109
Insurance expenses	54	58
Professional and technical consulting fees	294	314
Bank charges relating to operating activities	100	109
Others	1,011	1,142
Total cost of sales, selling and marketing expenses and administrative expenses	87,106	102,015

Notes to the Unaudited Condensed Consolidated Interim Financial Information

20. FINANCE COSTS

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

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

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

Notes to the Unaudited Condensed Consolidated Interim Financial Information

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 interim income statement represents:

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

Notes to the Unaudited Condensed Consolidated Interim Financial Information

21. TAXATION (CONTINUED)

Income tax expense (Continued)

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

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

Notes to the Unaudited Condensed Consolidated Interim Financial Information

22. EARNINGS/(LOSS) PER SHARE

(a) Basic

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

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

(b) Diluted

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

23. DIVIDENDS

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

Notes to the Unaudited Condensed Consolidated Interim Financial Information

24. DISPOSAL OF SUBSIDIARIES

For the six months ended 30 June 2013:

Company name	Disposal date	Percentage of equity interests disposed		Sales Proceeds RMB 'million
		Directly held	Indirectly held	
Beijing Huayuan Hotel Co., Ltd.(i)	30 June 2013	—	100%	418
Chengdu Pastoral World Junfeng Real Estate Co., Ltd.(i)	27 June 2013	—	100%	17
Baotou MCC Real Estate Co., Ltd.(ii)	22 May 2013	—	24%	—
Qinhuangdao MCC Real Estate Development Co., Ltd.(ii)	25 April 2013	—	90%	—
Shanghai United Automobile Road Construction Development Co., Ltd.(iii)	17 May 2013	—	0%	—
				435

(i) The Group disposed of its 100% equity interest in Beijing Huayuan Hotel Co., Ltd. on 30 June 2013 and its 100% equity interest in Chengdu Pastoral World Junfeng Real Estate Co., Ltd. on 27 June 2013.

(ii) Due to new capital injection into Baotou MCC Real Estate Co., Ltd. on 22 May 2013 and Qinhuangdao MCC Real Estate Development Co., Ltd. on 25 April 2013 from their non-controlling interest holders, the Group lost its controlling interests in these entities.

(iii) Due to the change of percentage in shareholders' voting rights, the Group lost its controlling interests in Shanghai United Automobile Road Construction Development Co., Ltd. on 17 May 2013.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

24. DISPOSAL OF SUBSIDIARIES (CONTINUED)

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

The Group deconsolidated the companies above with effect from the disposal dates. Details of the sales proceeds and gains on disposal are as follows:

	<i>RMB 'million</i>
Sales proceeds:	
Cash received	435
Fair value of the remaining 36% equity interest in Baotou MCC Real Estate Co., Ltd. on disposal date	240
Fair value of the remaining 10% equity interest in Qinhuangdao MCC Real Estate Development Co., Ltd. on disposal date	4
Fair value of the remaining 40% equity interest in Shanghai United Automobile Road Construction Development Co., Ltd. on disposal date	132
Less: Net assets disposed - as shown below	488
Non-controlling interests	(178)
Goodwill recognised for the acquisition of subsidiaries	23
	<hr/>
Gains on disposal	478
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The details of the net assets disposed are as follows:

	<i>RMB 'million</i>
Cash and cash equivalents	20
Restricted cash	16
Property, plant and equipment (Note 7)	6
Inventories	393
Properties under development	2,374
Completed properties held for sale	914
Deferred income tax assets	1
Trade and other receivables	543
Trade and other payables	(3,722)
Current income tax liabilities	(25)
Deferred income tax liabilities	(32)
	<hr/>
Net assets	488
Non-controlling interests	(178)
	<hr/>
Net assets disposed	310
	<hr/> <hr/>
Sales proceeds - cash received	435
Less: Cash and cash equivalents of subsidiaries disposed	(20)
	<hr/>
Net cash inflow on disposal of subsidiaries	415
	<hr/> <hr/>

Notes to the Unaudited Condensed Consolidated Interim Financial Information

24. DISPOSAL OF SUBSIDIARIES (CONTINUED)

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

The operating results of the companies disposed are summarized as follows:

	For the period from 1 January 2013 to the effective dates of disposal RMB 'million	Six months ended 30 June 2012 RMB 'million
Revenue	497	116
Expense	(379)	(115)
Profit before tax	118	1
Income tax expense	(23)	—
Profit for the period	95	1
Attributable to:		
Equity holders of the Company	95	1
Non-controlling interests	—	—
	95	1

25. DISCONTINUED OPERATIONS

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

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

Notes to the Unaudited Condensed Consolidated Interim Financial Information

26. FINANCIAL GUARANTEE

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

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

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

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

27. CONTINGENCIES

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

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

Notes to the Unaudited Condensed Consolidated Interim Financial Information

27. CONTINGENCIES (CONTINUED)

- (ii) As explained in Note 12, during the year ended 31 December 2012, due to unexpected events including the severe weather, such as hurricane, the schedule of Western Australia Sino Iron Ore project has been delayed, which led to substantial increase in project costs and exceeded the Group's expectations. Management believes the Group has taken various measures to accelerate the construction progress and control the project costs, and thus mitigated the delays it may have caused and decreased the related losses. On the clauses in the contract that the Group signed with the owner in relation to the claim for the losses arising from the schedule delays caused by the contractor, the Group has negotiated with CITIC Group and reached an agreement that the project delays were caused by various reasons and both parties agreed to consider from each other's perspectives to resolve the problems properly, and complete the loaded linkage commissioning of the second main process production line by 15 April 2013. During the six months ended 30 June 2013, there was a further delay in commissioning of the second production line due to the technical issues of the cyclo electric motors. For details, refer to Note 12.

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

28. COMMITMENTS

(a) Capital commitments

	As at 30 June 2013 RMB 'million Unaudited	As at 31 December 2012 RMB 'million Audited
Contracted but not yet incurred:		
Property, plant and equipment	25,056	25,288
Land use rights	3,947	3,947
Mining rights	4,287	4,287
Intangible assets	211	255
Total	33,501	33,777

Notes to the Unaudited Condensed Consolidated Interim Financial Information

28. COMMITMENTS (CONTINUED)

(b) Operating leasing commitments

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

	As at 30 June 2013 RMB 'million Unaudited	As at 31 December 2012 RMB 'million Audited
Less than 1 year	12	15
1 year to 5 years	31	20
Over 5 years	19	20
Total	62	55

29. RELATED PARTY DISCLOSURES

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

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

In addition to the related party information shown elsewhere in the unaudited condensed consolidated 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 six months ended 30 June 2013 and balances arising from related party transactions as at 30 June 2013.

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

Notes to the Unaudited Condensed Consolidated Interim Financial Information

29. RELATED PARTY DISCLOSURES (CONTINUED)

(a) Significant related party transactions

With Parent and fellow subsidiaries:

	Six months ended 30 June	
	2013 RMB 'million Unaudited	2012 RMB 'million Unaudited
Sales of goods or provision of services	56	15
Purchases of goods or services	2	88
Rental expense	28	26
Entrusted loan received	79	—
Interest expense	1	—

With associates:

	Six months ended 30 June	
	2013 RMB 'million Unaudited	2012 RMB 'million Unaudited
Sales of goods or provision of services	667	291
Purchases of goods or services	27	25
Loans to associates	162	133
Guarantees provided to associates	20	134
Interest income	104	58

Impairment charges of receivables due from associates amounting to RMB120 million (six months ended 30 June 2012: RMB10 million) were recognised as expense for the six months ended 30 June 2013.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

29. RELATED PARTY DISCLOSURES (CONTINUED)

(b) Balances with related parties

(i) Trade and other receivables

	As at 30 June 2013 RMB 'million Unaudited	As at 31 December 2012 RMB 'million Audited
Trade receivables due from		
— Parent and fellow subsidiaries	172	172
— Associates	804	369
Less: provision	(129)	(81)
	847	460
Other receivables due from		
— Parent and fellow subsidiaries	—	7,747
— Associates	2,925	1,934
Less: provision	(102)	(6,918)
	2,823	2,763
	3,670	3,223

As at 30 June 2013, loans to associates of RMB2,076 million (31 December 2012: RMB1,208 million) included in other receivables due from associates bear interests at rates ranging from 5.60% to 12% (31 December 2012: 6.10% to 12%) per annum and with loan periods due within 1 year. Loans to associates are unsecured.

Other than the above loans to associates, trade and other receivables due from Parent, fellow subsidiaries and associates are interest free, unsecured and repayable on demand or within the period as agreed in relevant contract terms.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

29. RELATED PARTY DISCLOSURES (CONTINUED)

(b) Balances with related parties (Continued)

(ii) Trade and other payables

	As at 30 June 2013 RMB 'million Unaudited	As at 31 December 2012 RMB 'million Audited
Trade payables due to		
— Parent and fellow subsidiaries	14	14
— Associates	96	99
	110	113
Other payables due to		
— Parent and fellow subsidiaries	606	512
— Associates	42	49
	648	561
	758	674

As at 30 June 2013, other payables due to Parent and fellow subsidiaries included an entrusted loan from Parent amounting to RMB79 million, which bears interest at rate of 4.31% per annum, with loan periods of 3 years. The entrusted loan is unsecured.

Other than the entrusted loan mentioned above, other trade and other payables due to Parent, fellow subsidiaries and associates are interest free, unsecured and payable on demand or within the period as agreed in relevant contract terms.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

29. 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	
	2013 <i>RMB 'thousand</i> Unaudited	2012 <i>RMB 'thousand</i> Unaudited
Basic salaries, housing allowances, other allowances and benefits-in-kind	2,139	2,196
Contributions to pension plans	205	192
	2,344	2,388

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

In the ordinary course of business, the Group sells goods and services to, and purchases goods and services from other state-owned enterprises based on terms as set out in the underlying agreements that are mutually agreed.

The 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 set out in the respective agreements, and the interest rates are set at prevailing market rates.

Definitions and Glossary of Technical Terms

DEFINITIONS

2012 AGM	the 2012 annual general meeting of the Company held on 7 June 2013
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
Articles of Association	Articles of Association of Metallurgical Corporation of China Ltd.*
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
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 Corporate Governance Code as set out in Appendix 14 to the Hong Kong Listing Rules
CSRC	the China Securities Regulatory Commission
Director(s)	the director(s) of the Company, including all executive, non-executive and independent non-executive Directors
H Share(s)	the overseas listed foreign invested shares, with a nominal value of RMB1.00 each in the ordinary share capital of the Company, which are listed on the Hong Kong Stock Exchange and subscribed and traded in Hong Kong dollars
HK\$ or Hong Kong dollars	Hong Kong dollars, the lawful currency of Hong Kong
Hong Kong	the Hong Kong Special Administrative Region of the People's Republic of China
Hong Kong Listing Rules	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Huludao Nonferrous	MCC Huludao Nonferrous Metals Group Co., Ltd.

Definitions and Glossary of Technical Terms

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 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
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 2013 to 30 June 2013
SASAC	the State-owned Assets Supervision and Administration Commission of the State Council
SFO or Securities and Futures Ordinance	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
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.*
Ramu Project	Ramu Nico Project, Papua New Guinea

Definitions and Glossary of Technical Terms

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
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

* For identification purpose only



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